



# Managing our tax affairs responsibly and sustainably



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# Foreword

In 2024, we focused on the execution of our strategy to deliver sustainable, long-term value across our life and health business in Asia and Africa. Our priority is to continue to achieve goals in enhancing customer experiences, agency productivity, technology-powered distribution channels, and our health and wealth business.

We believe that the foundation of sustainable business is good governance and responsible business practices. As such, we made a total tax contribution of \$1,086 million in 2024, contributing to the health and development of the communities we serve. Our total tax contribution includes both taxes borne and taxes collected by our businesses. The responsibility on our businesses to collect taxes from employees, customers and third parties and pay over these collected taxes is an additional valuable contribution we make to the governments of the countries where we operate.

Our Tax Strategy Report sets out the taxes we pay in all our major markets, clearly linking the locations of our business operations with the jurisdictions of our tax contributions. We are committed to complying with tax laws and regulations in all the countries where we operate. Our high standards on governance structures for tax matters and our clear procedures for managing tax risks are embedded into the day-to-day operations of our businesses and our Group Code of Conduct. The Prudential Group has no appetite for tax avoidance, tax evasion, or aggressive tax planning.

2024 global total tax contribution

## \$1,086 million

(2023: \$969 million)

In 2024, the new OECD global minimum tax rules took effect in a small number of jurisdictions relevant to Prudential. No tax arose under the new tax rules for these jurisdictions in 2024. The global minimum tax rules will apply to the whole Prudential Group once they are implemented in Hong Kong, where implementation is on track to take effect in 2025. Management's assessment is that in periods where investment returns are in line with, or below, long-term expected returns, there should be no material impact from the new tax rules.

This report has been prepared to meet the requirements of Paragraph 16(2), Schedule 19 of the UK Finance Act 2016 to publish a tax strategy annually. It also contains information on our responsible and sustainable tax practices worldwide, alongside additional tax disclosures, which complement the existing disclosures in our Annual Report 2024. While the financial information within this report covers 2024, the strategy set out applies to 2025, demonstrating our intentions for the year ahead.

This report was approved by Prudential plc's Group Audit Committee in May 2025.

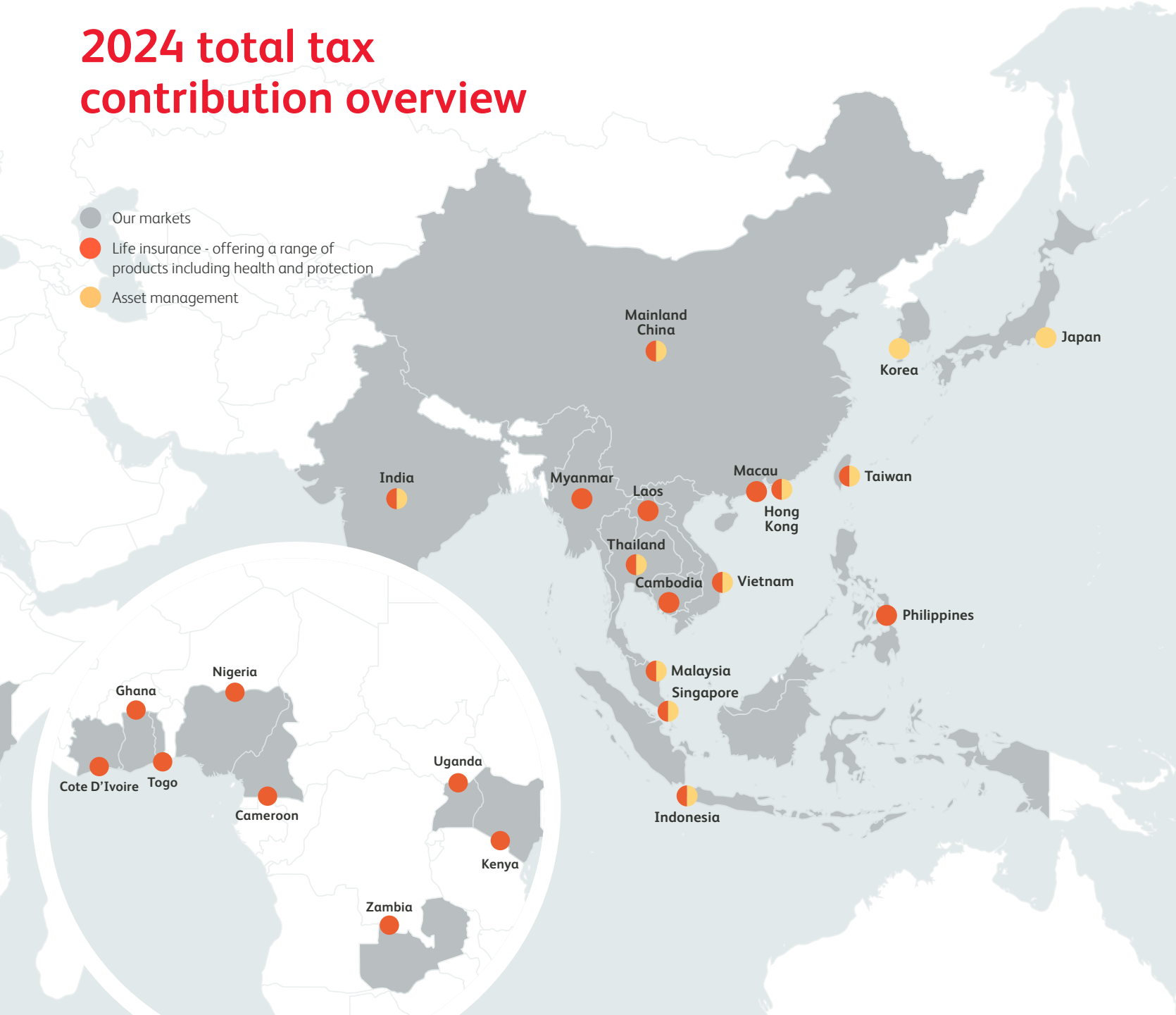
**Ben Bulmer**  
Group Chief Financial Officer  
Prudential plc





# 2024 total tax contribution overview

- Our markets
- Life insurance - offering a range of products including health and protection
- Asset management



Taxes borne are taxes paid by Prudential that are a cost to the Group and are recorded against the jurisdiction to which they are remitted. These include corporate income tax, withholding taxes, irrecoverable Value Added Tax (VAT) and other indirect taxes, employer payroll taxes and property taxes.

Taxes collected are taxes that Prudential collects on behalf of the relevant tax authority. These include employee payroll taxes, indirect taxes, premium taxes and other taxes.

	Taxes borne \$m	Taxes collected \$m
Hong Kong	69	–
Indonesia	38	31
Malaysia	32	16
Philippines	57	29
Singapore	125	12
Taiwan	50	3
Thailand	21	23
Vietnam	47	18
United Kingdom	19	15
Rest of the world		
Other Asia subsidiaries	12	15
Africa	8	20
Other subsidiaries	186*	1
Share of joint ventures and associates		
Share of Mainland China and India joint ventures and associates	102	119
Share of other joint ventures and associates	12	6
<b>Total</b>	<b>778</b>	<b>308</b>
<b>Total tax contribution</b>	<b>1,086</b>	

\* Includes withholding taxes incurred by the Group's insurance businesses on investments outside their home jurisdictions.

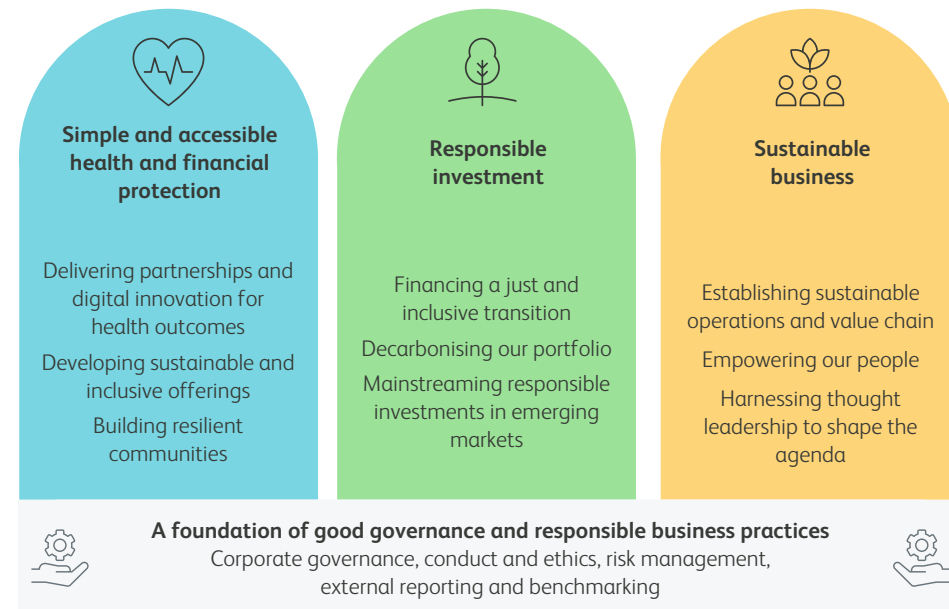
# Our tax strategy

At Prudential, it is our mission to be the most trusted partner and protector for this generation and generations to come, by providing simple and accessible financial and health solutions. Sustainability is fundamental to how we deliver long-term value for our shareholders and stakeholders. We have embedded sustainability into our business strategy and operations. As set out in our Annual Report 2024 and Sustainability Report 2024 respectively, our aspiration to reach underserved communities with inclusive insurance solutions, our position on investing in reducing our carbon footprint, and how we empower employees to integrate sustainability principles are examples of embedding sustainability into our daily business practices.

Our tax strategy and the responsible management of our tax affairs are important components of our sustainability strategic foundation of good governance and responsible business practices.

In delivering our tax strategy through our day-to-day operations, we follow a set of guiding principles.

## Sustainability pillars



## Guiding principles

### 1 Tax compliance

We respect and comply with all applicable tax laws. We consider that full tax compliance is key and therefore we act responsibly and with integrity in all of our tax matters. We understand the importance to governments and wider society of paying the right amount of tax on time, and so we take our tax compliance obligations seriously.

### 2 Approach to tax

We take an objective view of the generally understood interpretation of the tax laws and regulations in each jurisdiction in which we operate. We do not participate in tax evasion or undertake aggressive tax planning. We do not artificially transfer profits from one business location to another to avoid tax.

### 3 Governance

We seek to comply fully with all our tax obligations, including paying the right amount of tax in each jurisdiction in which we operate. We adopt a formal process in identifying and managing risks and apply rigorous management over our tax uncertainties and risks through our Group Code of Conduct, Group Governance Manual and risk management procedures.

### 4 Transparency and engagement with stakeholders

We provide transparent disclosure of our tax affairs, the amounts and types of taxes we pay and where we pay tax. We believe that transparency is key to the responsible and sustainable management of our tax affairs, and better informs our stakeholders about how tax works in our Group and our tax governance practices. We respect the tax authorities with which we interact. Where possible, and following prevailing practice, we seek to build constructive relationships with tax authorities, discussing and resolving matters in real time.

#### What do we mean by 'responsible and sustainable management of our tax affairs'?

By 'responsible', we mean that our tax decisions balance our responsibility to support our business strategy with our responsibility to the communities in which we operate, which need sustainable tax revenues. By 'sustainable', we mean that when making tax decisions we take the long view.

#### What do we mean by paying the 'right' amount of tax?

Tax is inherently complex, particularly when it involves financial services and international dimensions. Where the tax treatment of a particular transaction or activity is unclear, we will follow the generally understood interpretation of tax law.

#### What do we mean by 'generally understood interpretation'?

Within each of the jurisdictions in which we operate there arises over time a common view across the informed tax community (comprising taxpayers, tax advisers and the prevailing practice followed by the tax authority) of how the tax laws and regulations are interpreted and applied. This forms a 'generally understood interpretation'.

## How we consider our stakeholders in our approach to tax

### Customers

Our customers are at the heart of what we do. Our mission is to provide simple and accessible financial health solutions. Our responsible tax practices mean providing tax-efficient products and investment returns, ensuring accurate reporting of customer information to tax authorities (where required) and paying the right amount of tax in each jurisdiction in which we operate. We believe this is critical in meeting the needs of our customers and providing them with peace of mind.

### Shareholders

We are committed to the objective of long-term delivery of shareholder return through a combination of value appreciation and dividends. We act in the best interests of our shareholders by managing the taxes we pay in a responsible and sustainable manner.

### Communities

We support our wider communities through investment in business and infrastructure, paying tax, and community contributions.

### Employees

Our focus is on creating an environment where talent thrives and our employees can grow, connect and succeed. We undertake our role as employers seriously and ensure all employment tax obligations are met.

# What taxes do our businesses pay?

We set out in Figure 1 the taxes borne by our businesses in 2024 – which represent a cost to the Group – and in Figure 2 the taxes our businesses collected and remitted to tax authorities in 2024. Together these represent the total tax contribution of the Group (\$1,086 million) to the societies and economies in which our businesses operate and invest. The taxes in Figures 1 and 2 include both taxes contributed by our subsidiaries and our share of taxes contributed by our joint ventures and associates.

Figure 1: 2024 total tax borne

**\$778m**

2023: \$656m



The taxes borne in 2024 of **\$778 million** were higher than the **\$656 million** taxes borne in 2023 principally due to higher withholding tax on investment income and higher corporate income tax payments.

## Corporate income tax

The Group pays corporate income tax on taxable profits as computed under the relevant tax laws of the jurisdictions in which we operate or have a taxable presence.

## Other withholding taxes

The Group incurs withholding tax on intra-group dividends and other intra-group fees paid in certain jurisdictions. In addition, as a large institutional investor, the Group incurs withholding tax on investment income (eg dividends and interest) received in certain jurisdictions. Where these withholding taxes cannot be offset against corporate income tax or otherwise recovered, they represent a cost to the Group.

## Irrecoverable VAT and other indirect taxes

The Group incurs VAT, Goods and Services Tax (GST) and other indirect taxes on goods and services that it purchases. In most jurisdictions, life insurance products are exempt from VAT and other indirect taxes and our insurance businesses can usually only recover a small proportion of the VAT and other indirect taxes incurred. Our asset management, service and holding companies will typically have higher VAT recovery rates than our insurance businesses, as fewer of their activities will be exempt from VAT. The VAT and other indirect taxes incurred across our various businesses that we cannot recover result in a cost to the Group.

## Employer payroll taxes

This represents the payroll taxes, such as national insurance and social security, that the Group's businesses pay as employers.

## Property taxes

This relates to stamp duty or transfer tax paid on properties we have bought, and other property-related duties.

Figure 2: 2024 total tax collected

**\$308m**

2023: \$313m



Taxes collected in 2024 of **\$308 million** were similar to the **\$313 million** collected in 2023.

## Employee payroll taxes

In the majority of jurisdictions in which we operate, we are required to deduct tax and social security levies from payments made to our employees and then remit these tax and social security monies to the local tax authority.

## Indirect taxes and premium taxes

The Group collects indirect taxes (eg VAT/GST) on some services it provides to third parties and its customers, and in some jurisdictions in which we operate we collect tax in relation to insurance premiums. The tax collected is then remitted to the relevant tax authority.

## Other withholding taxes

The withholding taxes collected represent tax deducted by our businesses on certain payments to third parties.

# How much tax do we pay and where?

We continue to make significant tax contributions in the jurisdictions in which we operate. In 2024, our global total tax contribution, covering both our subsidiaries and our share of our joint ventures and associates, was \$1,086 million.

Figure 3 breaks down corporate income taxes paid, other taxes borne and taxes collected for each jurisdiction in which our subsidiaries paid \$10 million or more in total tax to the local tax authority in 2024. Revenue, profit and employee numbers for these jurisdictions are also shown, to give context for the tax disclosures. As can be seen from Figure 3, the Group's tax footprint (where we pay taxes) is consistent with the Group's economic footprint (where we earn revenues and profits).

## Effective tax rate

In 2024, the effective tax rate on the Group's total IFRS profit was 18 per cent (2023: 18 per cent). Note B3.2 of the Group's Annual Report 2024 includes a reconciliation of the Group expected tax rate of 20 per cent to the Group effective tax rate of 18 per cent. The Group expected tax rate reflects the corporate income tax rates that are expected to apply to the taxable profit or loss of our businesses. It reflects the statutory corporate income tax rates of each jurisdiction weighted by reference to the amount of profit or loss contributing to the aggregate result from our businesses. Further details regarding our effective tax rates compared to the statutory corporate income tax rate ('expected tax rate') at a jurisdictional level and the types of taxes remitted for our Asia jurisdictions that have been separately identified in Figure 3 are set out in the 'Overview of key Asia jurisdictions' section. For other Asia jurisdictions, not separately disclosed in Figure 3, including those where we have joint ventures and associates, similar drivers of effective tax rates such as investment income and gains and losses either being exempt from tax or being taxed at rates different to the statutory rate are present, and taxes collected are typically mainly payroll taxes and indirect taxes.

Figure 3: 2024 Prudential total tax contribution by jurisdiction

Country/Region	Number of entities <sup>1</sup>	Total taxes remitted	Corporate income taxes paid <sup>2</sup>	Other taxes borne <sup>3</sup>	Taxes collected <sup>4</sup>	Revenue from external customers <sup>5</sup>	Profit (loss) before tax attributable to shareholders' returns <sup>6</sup>	Average employee numbers
Hong Kong	13	69	56	13	—	3,729	450	1,850
Indonesia	3	69	21	17	31	1,181	210	1,905
Malaysia <sup>7</sup>	6	48	28	4	16	687	209	1,925
Philippines	2	86	30	27	29	356	139	869
Singapore	11	137	107	18	12	2,268	691	2,189
Taiwan	2	53	4	46	3	464	141	969
Thailand	4	44	7	14	23	455	183	1,297
Vietnam	2	65	33	14	18	587	198	1,599
United Kingdom	10	34	13	6	15	—	109	105
Rest of the world <sup>8</sup>	27	242	9	197	36	381	42	2,704
<b>Total subsidiaries</b>	<b>80</b>	<b>847</b>	<b>308</b>	<b>356</b>	<b>183</b>	<b>10,108</b>	<b>2,372</b>	<b>15,412</b>
Joint ventures and associates <sup>9</sup>	11	239	77	37	125	—	477	—
Loss attaching to corporate transactions	—	—	—	—	—	—	(71)	—
<b>Group total 2024 (before non-controlling interests)</b>	<b>91</b>	<b>1,086</b>	<b>385</b>	<b>393</b>	<b>308</b>	<b>10,108</b>	<b>2,778</b>	<b>15,412</b>
Non-controlling interests <sup>7</sup>	—	—	—	—	—	632	175	—
<b>Group total 2024 (after non-controlling interests)</b>	<b>91</b>	<b>1,086</b>	<b>385</b>	<b>393</b>	<b>308</b>	<b>10,740</b>	<b>2,953</b>	<b>15,412</b>
Group total 2023	91	969	329	327	313	9,740	2,097	15,030

## Footnotes to Figure 3

- Number of entities reflects the entities which are resident for tax purposes in each jurisdiction (in limited cases the jurisdiction of tax residence is different to the jurisdiction of incorporation). The jurisdiction totals include only subsidiaries which are consolidated in the Group accounts (as well as 11 entities making up the Group's joint ventures and associates). The totals exclude investment entities including funds. Refer to note D6.4 of our Annual Report 2024 for more detail.
- Corporate income taxes paid includes (i) corporate income tax paid on taxable profits, and (ii) withholding tax on certain investment income derived in Indonesia, the Philippines and Taiwan, where this tax is a form of corporate income tax. In addition, for some jurisdictions, the corporate income tax paid includes amounts paid on policyholder investment returns on some life insurance products. The taxable profit on which corporate income tax is calculated will be based on local tax laws and regulations, typically using either local generally accepted accounting principles (GAAP) profits or local regulatory return surplus as a starting point.

- Other taxes borne include irrecoverable VAT and other indirect taxes, employer payroll taxes, withholding taxes and property taxes. Withholding taxes are disclosed against the jurisdiction to which the withholding tax has been paid, apart from withholding tax on investment income (see footnote 8).
- Taxes collected are taxes that Prudential is required to collect from employees, customers and third parties which are paid to tax authorities.
- Revenue from external customers includes insurance revenue and asset management revenue but excludes intra-group revenue and investment returns. See note B1.4 of our Annual Report 2024 for details of the amounts included within this total. There are slight differences in the jurisdictional breakdown between Figure 3 and note B1.4, which relate to external revenue from asset management business which is not included in the figures in note B1.4, in the row 'Total revenue from external customers'. For example the external revenue number for Singapore in note B1.4 is \$2,253 million and in Figure 3 above is \$2,268 million; the difference of \$15 million relates to external revenue from asset management business which is included in Eastspring 'other revenue' in note B1.4.

- This measure is not the formal profit before tax measure under IFRS. Profit before tax attributable to shareholders' returns is more representative of the pre-tax profit attributable to shareholders, and is determined by adjusting the IFRS profit before tax for taxes borne by policyholders.
- Whilst the Group consolidates 100% of Prudential Assurance Malaysia Berhad, or PAMB, in its financial statements, the Malaysia row above includes 51% of the total tax contribution, revenue and profit of PAMB. The remaining 49% of PAMB has been included in the 'Non-controlling interests' row. Employee numbers and number of entities have not been split 51%/49%. For further information refer to note D2 of our Annual Report 2024.

- Rest of the world comprises (i) all remaining subsidiaries and (ii) within other taxes borne, \$187 million of withholding taxes incurred by the Group's insurance businesses on investments outside their home jurisdictions. This is made up of \$129 million of US withholding tax, \$35 million of withholding tax remitted to jurisdictions in Asia where we have operations, and \$23 million of withholding tax remitted to other jurisdictions.
- Includes the Group's share of our insurance and asset management joint ventures and associates in Mainland China, Hong Kong, India and Malaysia. See note D6.3 of our Annual Report 2024 for more detail.

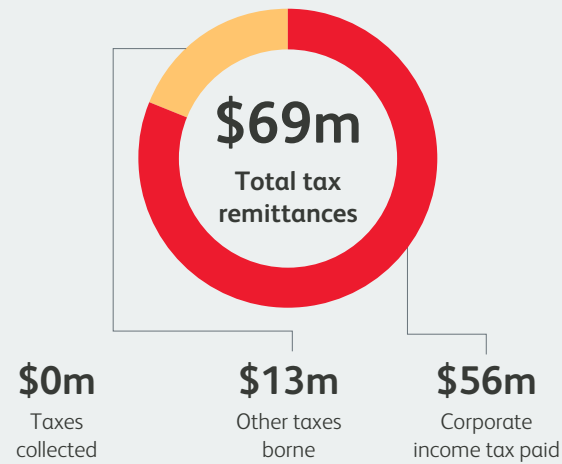


How much tax do we pay and where? continued

Overview of key Asia jurisdictions<sup>1</sup>

## Hong Kong

### Insurance, asset management and head office holding companies



IFRS profit before tax	\$450 million
Employee numbers	1,850
Number of entities*	13

1. The IFRS profit before tax number shown is the amount of the Group's IFRS profit before tax (computed under IFRS 17) referable to the jurisdiction in question. This will differ from the profit before tax in the local financial statements where those financial statements are prepared under local GAAP or local IFRS.

\* Number of entities tax-resident in this jurisdiction; excludes fund vehicles. See note D6.4 of the Group's Annual Report 2024 for further details.

#### Insurance, asset management and head office holding companies

Our insurance business incurs policyholder tax, which mainly comprises withholding tax incurred on non-Hong-Kong investments.

In common with other Hong Kong insurers, the taxable profit of our Hong Kong insurance business is not based on accounting profit or regulatory surplus; it is instead computed as 5 per cent of premium income (net of reinsurance). This measure of taxable profit is typically lower than the accounting profit and so usually leads to a low effective tax rate.

The effective tax rate of the asset management business is typically very close to the 16.5 per cent expected tax rate.

Our head office and other costs in our Hong Kong head office entities give rise to losses in these respective entities. The Hong Kong tax system does not allow tax losses to be offset against taxable profits of other Hong Kong group companies.

Other taxes borne mainly reflect stamp duty and levies on the purchase of investments.

There are no taxes collected by our Hong Kong businesses. Hong Kong does not have a VAT or equivalent regime. There are no payroll taxes that need to be paid or collected in respect of our Hong Kong employees.



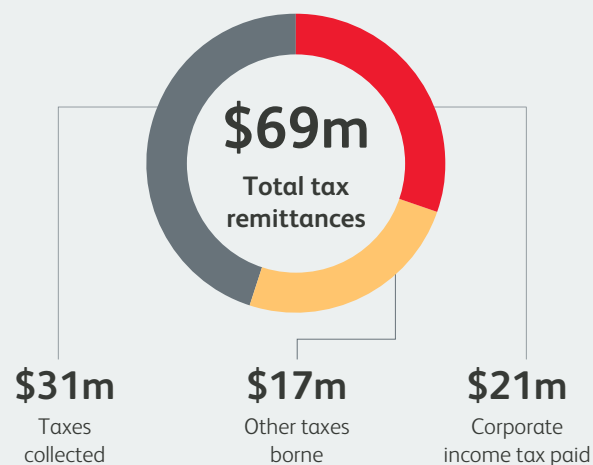


How much tax do we pay and where? continued

Overview of key Asia jurisdictions<sup>1</sup>

# Indonesia

## Insurance and asset management companies



IFRS profit before tax	\$210 million
Employee numbers	1,905
Number of entities*	3

1. The IFRS profit before tax number shown is the amount of the Group's IFRS profit before tax (computed under IFRS 17) referable to the jurisdiction in question. This will differ from the profit before tax in the local financial statements where those financial statements are prepared under local GAAP or local IFRS.

\* Number of entities incorporated in this jurisdiction; excludes fund vehicles. See note D6.4 of the Group's Annual Report 2024 for further details.

## Insurance and asset management companies

Our insurance businesses incurs policyholder tax, which mainly comprises final tax (which is a form of withholding tax at source) on investment income within the unit-linked funds.

The taxable profits of our Indonesia insurance businesses are based on accounting profits. However, most investment gains are taxed under the final tax regime, with the final tax rate ranging from 0.1 per cent to 20 per cent. This can result in the effective tax rate being lower than the expected tax rate depending on the level of investment gains.

The taxable profit of our Indonesia asset management business is based on the accounting profit, and the effective tax rate is typically close to the 22 per cent expected tax rate.

Other taxes borne primarily comprise withholding tax on dividends paid by our Indonesian subsidiaries, employer payroll-related taxes, and irrecoverable VAT – due to much of the income of our Indonesia insurance businesses being exempt from VAT.

Taxes collected mainly comprise payroll taxes deducted from payments to employees and withholding taxes on certain payments to suppliers.



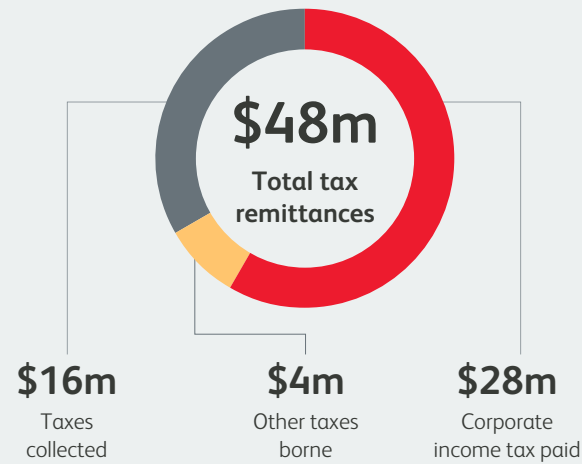


How much tax do we pay and where? continued

Overview of key Asia jurisdictions<sup>1</sup>

# Malaysia

## Insurance, asset management and service companies



### Insurance, asset management and service companies

The taxable profit for our insurance company's main life fund, which consists of a participating fund, unit-linked fund and non-participating fund, is 8 per cent of net investment income. Profits in the shareholders' fund are taxed at the standard tax rate of 24 per cent.

The taxable profit of our Malaysia asset management business and service companies is based on accounting profit.

Other taxes borne mainly comprise employer payroll-related taxes, and irrecoverable Sales and Service Tax, which is a final tax on certain costs incurred by our businesses.

Taxes collected mainly comprise payroll taxes deducted from payments to employees and amounts collected on Group insurance business.

IFRS profit before tax	\$209 million
Employee numbers	1,202
Number of entities*	6

1. The IFRS profit before tax number shown is the amount of the Group's IFRS profit before tax (computed under IFRS 17) referable to the jurisdiction in question. The IFRS profit number only includes 51% of Prudential Assurance Malaysia Berhad (PAMB). Please refer to note 7 of Figure 3 on page 7. The IFRS profit also differ from the profit before tax in the local financial statements where those financial statements are prepared under local GAAP or local IFRS.

\* Number of entities incorporated in this jurisdiction; excludes fund vehicles. See note D6.4 of the Group's Annual Report 2024 for further details.



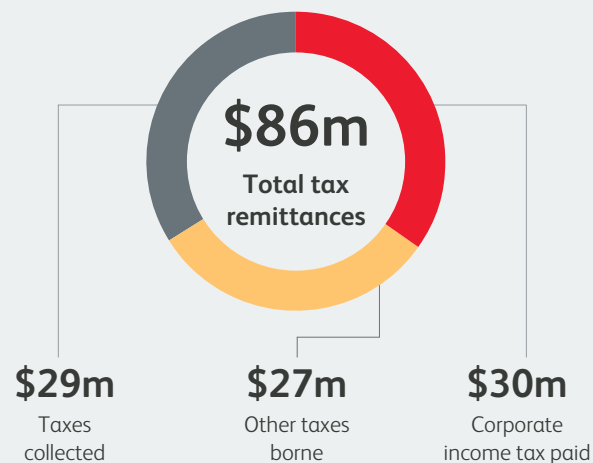


How much tax do we pay and where? continued

Overview of key Asia jurisdictions<sup>1</sup>

# Philippines

## Insurance and asset management companies



IFRS profit before tax	\$139 million
Employee numbers	869
Number of entities*	2

1. The IFRS profit before tax number shown is the amount of the Group's IFRS profit before tax (computed under IFRS 17) referable to the jurisdiction in question. This will differ from the profit before tax in the local financial statements where those financial statements are prepared under local GAAP or local IFRS.

\* Number of entities incorporated in this jurisdiction; excludes fund vehicles. See note D6.4 of the Group's Annual Report 2024 for further details.

### Insurance and asset management companies

Our insurance business incurs policyholder tax, which mainly comprises final tax (which is a form of withholding tax at source) on investment income within unit-linked funds.

The taxable profits of our Philippines insurance and asset management businesses are based on accounting profits. However, interest income is generally subject to final tax. Dividend income and long-term gains on investments are tax-exempt. Adjusting for this can often result in the effective tax rate being different to the expected tax rate of 25 per cent.

Other taxes borne comprise withholding tax on dividends paid by our Philippines insurance business, employer payroll-related taxes, and irrecoverable VAT, due to much of the income of our Philippines insurance business being exempt from VAT.

Taxes collected mainly comprise payroll taxes deducted from payments to employees and withholding taxes on certain payments to suppliers. In addition, there is documentary stamp tax, which is a type of premium tax charged on certain life insurance policies.



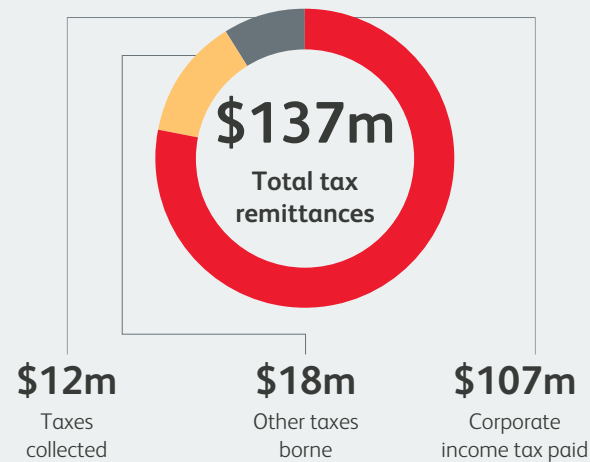


How much tax do we pay and where? continued

Overview of key Asia jurisdictions<sup>1</sup>

## Singapore

### Insurance, asset management and service companies



IFRS profit before tax	\$691 million
Employee numbers	2,189
Number of entities*	11

1. The IFRS profit before tax number shown is the amount of the Group's IFRS profit before tax (computed under IFRS 17) referable to the jurisdiction in question. This will differ from the profit before tax in the local financial statements where those financial statements are prepared under local GAAP or local IFRS.

\* Number of entities incorporated in this jurisdiction; excludes fund vehicles. See note D6.4 of the Group's Annual Report 2024 for further details.

#### Insurance, asset management and service companies

Our insurance business incurs policyholder tax, which mainly comprises tax on distributions to policyholders from the participating fund and withholding tax incurred on non-Singapore investments.

The taxable profit of our Singapore insurance business is based on the regulatory return rather than accounting profit. Singapore dividend income and foreign dividend income that meet certain criteria are both exempt from tax and are therefore excluded when calculating the taxable profit. In addition, income from qualifying debt securities is subject to a concessionary tax rate of 10 per cent. These factors lead to the effective tax rate being typically lower than the expected tax rate of 17 per cent.

The taxable profit of our Singapore asset management business is based on accounting profit. The effective tax rate of the asset management business is typically slightly lower than the 17 per cent expected tax rate as certain qualifying management and advisory fees are subject to a concessionary tax rate of 10 per cent.

Other taxes borne primarily comprise irrecoverable GST on our business operating costs, which reflects the income of our Singapore insurance business being a mixture of both income exempt from GST and income which is subject to GST.

Taxes collected mainly comprise GST collected on standalone health-related insurance policies and fund management services.



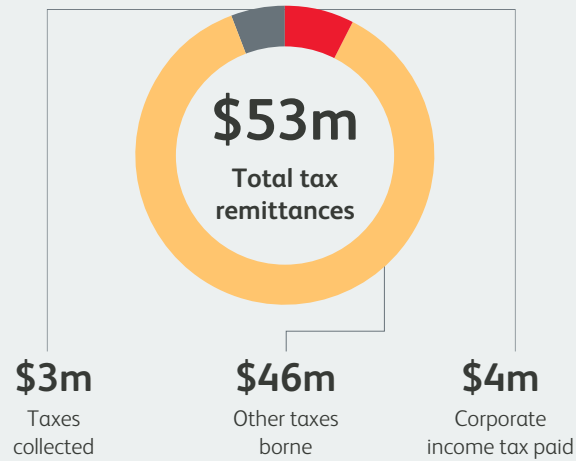


How much tax do we pay and where? continued

Overview of key Asia jurisdictions<sup>1</sup>

## Taiwan

### Insurance and asset management companies



#### Insurance and asset management companies

The taxable profit of our Taiwan insurance business is based on accounting profit.

For Taiwan insurance businesses, investment gains or losses on domestic securities are non-taxable or non-deductible (respectively) and this can result in the effective tax rate differing from the expected tax rate.

The effective tax rate of our Taiwan asset management business is typically close to the expected tax rate of 20 per cent.

Other taxes borne comprise business tax and withholding tax on payments to related parties.

Taxes collected comprise payroll taxes deducted from payments to employees.

IFRS profit before tax	\$141 million
Employee numbers	969
Number of entities*	2

1. The IFRS profit before tax number shown is the amount of the Group's IFRS profit before tax (computed under IFRS 17) referable to the jurisdiction in question. This will differ from the profit before tax in the local financial statements where those financial statements are prepared under local GAAP or local IFRS.

\* Number of entities incorporated in this jurisdiction; excludes fund vehicles. See note D6.4 of the Group's Annual Report 2024 for further details.



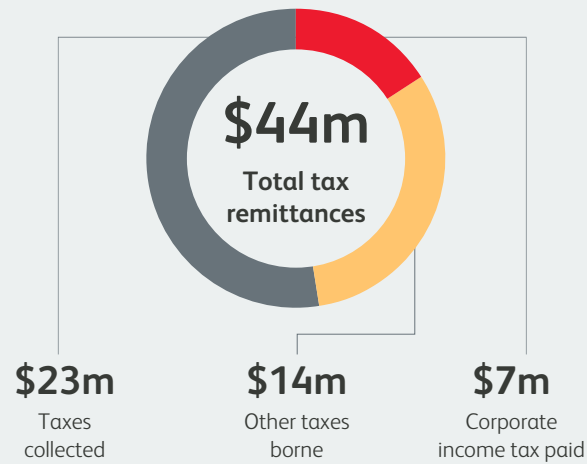


How much tax do we pay and where? continued

Overview of key Asia jurisdictions<sup>1</sup>

# Thailand

## Insurance and asset management companies



### Insurance and asset management companies

The taxable profits of our Thailand insurance and asset management businesses are based on accounting profits, and the effective tax rates for both are typically close to the expected tax rate of 20 per cent.

Other taxes borne comprise irrecoverable VAT due to much of the income of our Thailand insurance business being exempt from VAT, and stamp duty on investment income.

Taxes collected mainly comprise payroll taxes deducted from payments to employees and withholding taxes on certain payments to suppliers.

IFRS profit before tax	\$183 million
Employee numbers	1,297
Number of entities*	4

1. The IFRS profit before tax number shown is the amount of the Group's IFRS profit before tax (computed under IFRS 17) referable to the jurisdiction in question. This will differ from the profit before tax in the local financial statements where those financial statements are prepared under local GAAP or local IFRS.

\* Number of entities incorporated in this jurisdiction; excludes fund vehicles. See note D6.4 of the Group's Annual Report 2024 for further details.



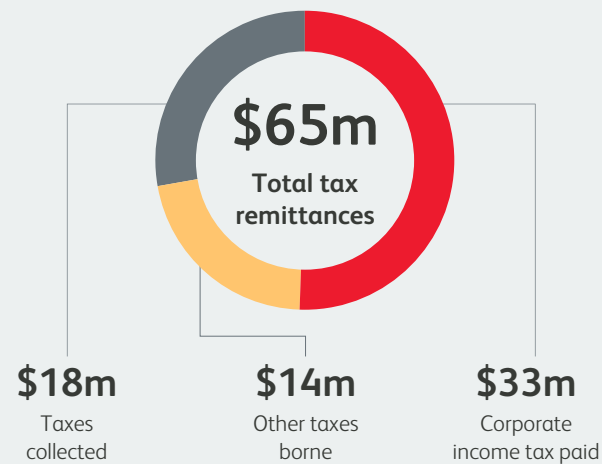


How much tax do we pay and where? continued

Overview of key Asia jurisdictions<sup>1</sup>

# Vietnam

## Insurance and asset management companies



### Insurance and asset management companies

The taxable profits of our Vietnam insurance and asset management businesses are based on accounting profits. Certain dividend income of our insurance business is exempt from tax and can lead to a slightly lower effective tax rate than the expected tax rate of 20 per cent. The effective tax rate of our asset management business is typically close to the expected tax rate.

Other taxes borne comprise irrecoverable VAT incurred by our businesses and employer payroll-related taxes.

Taxes collected primarily comprise payroll taxes deducted from payments to employees.

IFRS profit before tax	\$198 million
Employee numbers	1,599
Number of entities*	2

1. The IFRS profit before tax number shown is the amount of the Group's IFRS profit before tax (computed under IFRS 17) referable to the jurisdiction in question. This will differ from the profit before tax in the local financial statements where those financial statements are prepared under local GAAP or local IFRS.

\* Number of entities incorporated in this jurisdiction; excludes fund vehicles. See note D6.4 of the Group's 2024 Annual Report for further details.

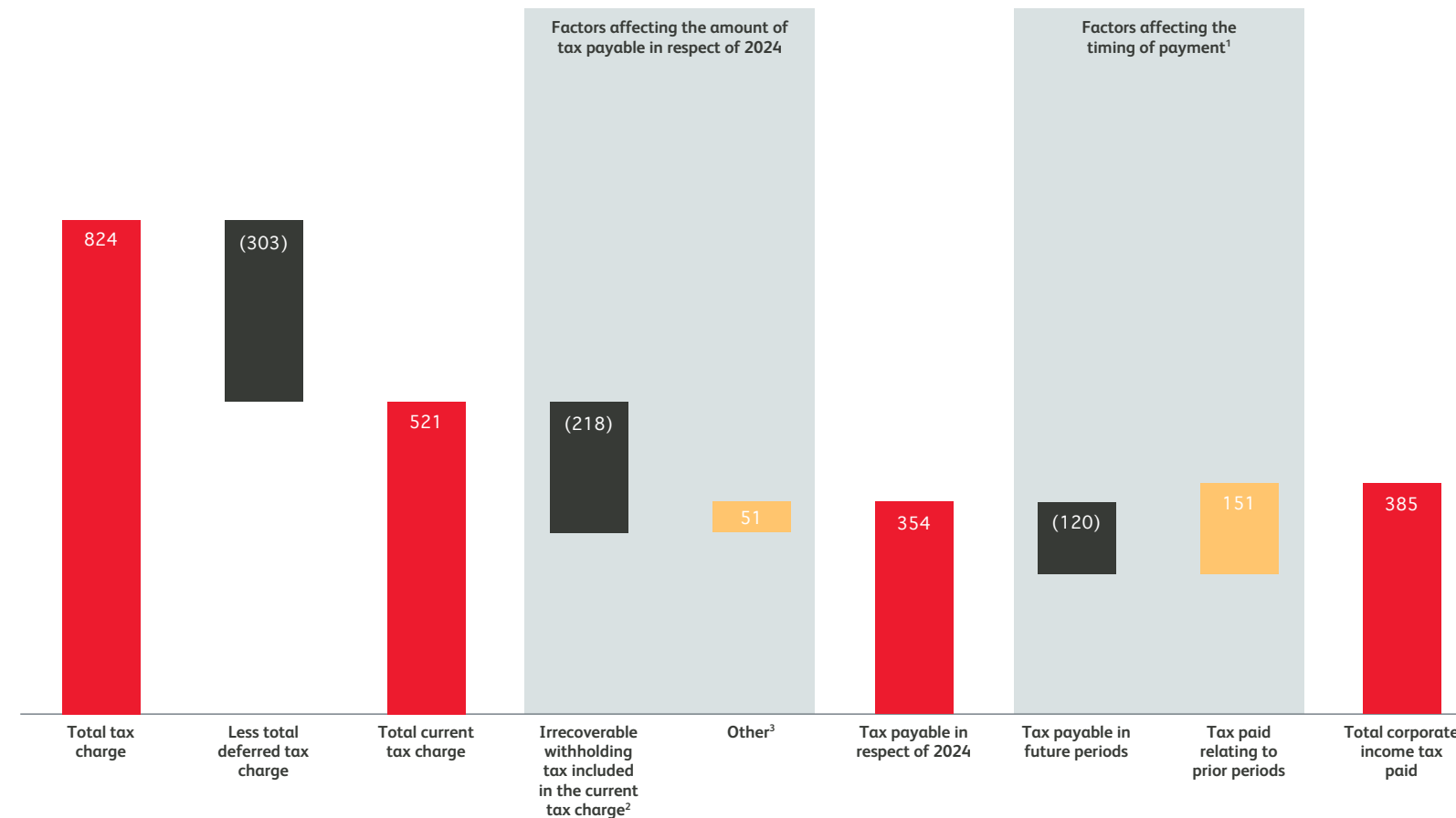


# Why does the amount of corporate income tax paid differ from the tax charge in the accounts?

The amount of corporate income tax paid (sometimes referred to as the cash tax paid) will differ each year from the current tax charge shown in the Group's Annual Report. This is due to a number of factors. The principal factor is the timing of when payments are made in respect of a given financial period. Some payments will be due during the year in question and some will be due in the following year. A secondary factor is that adjustments made when the tax return is filed (or when the tax return is agreed with the tax authority) can lead to additional tax payments being made or refunds being received in a later year.

In 2024, our total current tax charge was \$521 million and our corporate income tax payments were \$385 million. Figure 4 provides a reconciliation between the total tax charge and the corporate income tax payments made during 2024.

Figure 4: 2024 reconciliation of total tax charge to corporate income tax paid (\$m)



1. In most countries, corporate income tax is payable in regular instalments, some of which fall into the current period and some into the following year.
2. Reducing corporate income tax payable, the Group incurs withholding tax on remittances received from certain jurisdictions and on certain investment income. The withholding tax is included in the accounts tax charge but as it is not corporate income tax it is not included in the corporate income tax paid. The \$(218) million withholding tax is included in the \$226 million withholding tax in total taxes borne in Figure 1, with the remainder of \$8 million predominantly relating to withholding taxes suffered which have been expensed in computing the profit before tax.
3. Increasing tax payable, Other comprises \$77 million in respect of Prudential's share of tax paid from joint ventures and associates, which as per the Consolidated income statement on page 233 of the Group's Annual Report 2024 has been deducted from Prudential's share of profits from joint ventures and associates, partly offset by non-controlling interest in relation to PAMB, movements in provisions and prior year adjustments.



# How we manage our tax affairs

## Questions we consider when making tax decisions

- > What is the overall business objective underpinning our approach?
- > Is the tax position sustainable in the long term, or is it based on an area of tax law that is likely to change?
- > What is the legal and regulatory framework that we need to respect?
- > Does the tax position reflect the business and economic reality?
- > What is the potential reputational impact?

## Our approach to tax planning

The management of our tax affairs reflects the regulatory, legal and commercial environment in which our businesses operate. All decisions are taken after careful consideration of all the issues and potential impacts. Where we have a choice on how to structure a particular business, transaction or investment, we will structure it in a tax-efficient manner, where we have concluded that this is a responsible and sustainable choice, consistent with our business strategy. We do not base our decisions on aggressive interpretations of tax law. We do not engage in tax avoidance strategies, for example by artificially diverting profits to low tax rate jurisdictions.

## Cross-border transactions and transfer pricing

Transfer pricing refers to the rules and methods for pricing transactions (ie transfers of goods and services) within a multi-national group. As these transactions occur between connected entities within a controlled environment, there is a potential for companies to distort taxable income. For this reason, the OECD and tax authorities stipulate intra-group pricing rules should follow the arm's-length principle. 'Arm's-length pricing' simply means related parties should transact as if they were not related. That is, the price, terms and conditions of the transaction should be the same as what unrelated parties would otherwise agree and enter into.

The regulatory requirements within which we operate typically mean that profits from insurance businesses are taxed in the jurisdiction where the insurance is sold and regulated. Where cross-border transactions do arise between related parties, in addition to applying the local tax laws of the jurisdictions in which we operate, we follow the OECD's principles on transfer pricing and other international tax matters to ensure we pay tax in the jurisdictions in which economic value is created. Our main cross-border inter-company transactions in the Group include asset management services, management support and IT services, treasury services and loans, and reinsurance arrangements.

Our tax strategy requires that a consistent approach be applied on the transfer pricing of our inter-company transactions. Related party transactions within the Group reflect economic and commercial reality and follow appropriate transfer pricing methodologies. We review our transfer pricing processes and produce transfer pricing documentation, which consists of three tiers, in line with local tax laws and OECD guidelines.

This three-tiered approach, as prescribed by the OECD, consists of:

- A specific 'local file' that provides the local tax administration with information regarding material related party transactions, the amounts involved, and the local entity's analysis of the transfer pricing determinations it has made with regard to those transactions;
- A 'master file' that provides tax administrations with high-level information regarding a multinational enterprise's (MNE's) global business operations and transfer pricing policies; and
- A country-by-country report (CbCR) that includes information on revenue (related and unrelated party), profits, income tax paid and taxes accrued, employees, stated capital and retained earnings, and tangible assets for each tax jurisdiction in which the MNE does business. In addition, the report includes information identifying each entity within the MNE group doing business in a particular tax jurisdiction and the business activities each entity conducts.

In some of our jurisdictions, our businesses are required to file the local file and/or the master file alongside submitting the corporate income tax return. In other jurisdictions, the files are available on request by the tax authority. The CbCR document is filed with the tax authority where Prudential plc is tax-resident, and this tax authority shares the document with other tax authorities in line with the relevant tax information exchange agreements.

## OECD – Pillar Two minimum tax

In October 2021, the OECD/G20 Inclusive Framework of over 130 jurisdictions reached agreement on a two-pillar approach to reforming international tax. Pillar One is focused on the allocation of taxing rights between jurisdictions for in-scope multinational enterprises that sell cross-border goods and services into countries where they have little or no local physical presence. Prudential does not expect to be affected by proposals under Pillar One given that the proposals include an exemption for regulated financial services companies.

Pillar Two is focused on ensuring that in-scope multinational enterprises pay a minimum tax of 15 per cent in each jurisdiction in which they operate. The Pillar Two rules operate through a series of interlocking measures comprising:

- i. a global minimum tax that applies a top-up tax on the parent entity of a group to the extent it has profits arising in jurisdictions that are subject to tax below the minimum rate;
- ii. a domestic minimum tax rule which enables the implementing jurisdiction to retain primary taxation rights over any Pillar Two top-up tax payable in respect of income arising in the territory, rather than this falling to the jurisdiction of the group's parent; and
- iii. an undertaxed profits rule, which is a back-stop measure that enables the implementing jurisdiction to apply a top-up tax to profits arising in a jurisdiction that is not covered by either the global or domestic minimum tax rules.



## How we manage our tax affairs? continued

In overview, the rules will apply as follows:

1. Each jurisdiction is expected to base its Pillar Two rules on the OECD model rules. The calculation of any top-up tax due is performed at a jurisdictional, rather than entity, level. This is an important departure from normal corporate income tax calculations, which for most jurisdictions are solely done at entity level.
2. During the transition period, which applies to 2024, 2025 and 2026, three simplified 'safe harbour' tests are available. If any of the tests are satisfied, no further work is required for that jurisdiction. If all safe harbour tests are failed, then detailed calculations are required to be done for that jurisdiction. The principal safe harbour test is based on a jurisdiction-level effective tax rate computed from the CbCR filed with the tax authority of the group's parent company.
3. For jurisdictions that do not meet one of the safe harbour tests, the Pillar Two effective tax rate will need to be calculated using the full rules. The full rules are based on the profit and tax charge, per the group consolidated financial statements, that is attributable to the jurisdiction. Adjustments to the jurisdictional profit and tax, based on more than 150 data points per constituent entity, are required along with consideration of multiple elections per jurisdiction. Top-up tax will apply to a jurisdiction's Pillar Two adjusted profits to the extent that the Pillar Two effective tax rate is below 15%.
4. Where top-up tax is due for a jurisdiction, an adjustment is made using prescribed formulae to give credit for genuine substance (eg number of employees and tangible fixed assets) which the group has in the jurisdiction in question.
5. The top-up tax amount due for a jurisdiction will be paid to the relevant tax authority, which will be identified based on whether the relevant rules are those which apply at the level of the group's parent company or those which apply at local jurisdiction level.

The OECD published detailed model rules for Pillar Two in December 2021, and followed this in March 2022 with detailed guidance to assist with interpreting the model rules. The OECD has issued further sets of guidance each year including, most recently, in January 2025; and further guidance is expected to be published.

A small number of jurisdictions in which the Group has operations have implemented either a global minimum tax or a domestic minimum tax at a rate of 15 per cent, in line with the OECD Pillar Two proposals, effective for 2024 onwards. There was no impact from the new tax rules on the Group's IFRS tax charge for the 2024 financial year.

Additional jurisdictions in which the Group has operations have implemented, or are in the process of implementing, the new tax rules effective for 2025 onwards. Implementation of the new tax rules in Hong Kong effective from 2025 onwards will bring the whole Group into scope of the new rules.

The Group has estimated the potential impact of the new Pillar Two tax rules for future periods. This assessment is based on recent financial statements, corporate income tax returns and CbCRs. The outcome in any period is sensitive to market movements in that period. In periods where the actual investment return is in line with, or below, expected long-term returns, the Group does not expect the Pillar Two tax rules to have a material impact on the IFRS tax charge. In periods where the actual investment return exceeds the expected long-term returns, the impact from the Pillar Two tax rules will depend on how the relevant jurisdiction taxes the actual investment return under local corporate income tax rules.

Throughout this period, Prudential has contributed to representations made by a number of insurance and financial services trade bodies and networks in relation to the detailed Pillar Two rules and guidance published by both the OECD and the jurisdictions where Prudential operates. In addition, Prudential has made direct contributions to consultations undertaken by Hong Kong and the UK and will consider further representations to jurisdictions in which Prudential operates, should the opportunity arise. In making representations, Prudential's focus has been on practical matters arising from the proposals, including areas where the rules and guidance either remain unclear, create an unnecessary compliance burden, or produce outcomes that appear inconsistent with the policy intent or could result in instances of double taxation.

### Low tax rate jurisdictions

As noted above, the international consensus reflected in the Pillar Two proposals is that 15 per cent should be the global minimum tax rate. Note D6.4 of the Group's Annual Report 2024 provides a full list of the Group's subsidiaries, joint ventures, associates and significant holdings (being holdings of more than 20 per cent). Within that list, as at 31 December 2024, the Group had four entities in jurisdictions with a headline corporate income tax rate of less than 15 per cent. Details of these entities are as follows:

- **Cayman Islands:** We have one non-controlled related undertaking, which represents an investment by Prudential;
- **Guernsey:** We have one regulated captive insurance subsidiary. The entity's profits are subject to tax in the UK under the UK's Controlled Foreign Company regime. Effective from 1 January 2025, Guernsey has introduced a domestic minimum tax regime in accordance with the OECD Pillar Two rules; and
- **Ireland:** We have two non-controlled related undertakings, which represent investments by Prudential in various funds.

In 2024, the one consolidated entity in a low tax jurisdiction (Guernsey) accounts for an immaterial amount (around \$2 million) of total Group revenue and total Group profit.

### Interaction with tax authorities

Our tax affairs are complex, reflecting a combination of specific or additional corporate income tax rules for life insurance companies, the range of taxes that apply to our businesses, and the cross-border dimensions that come from being an international group. We deal with tax authorities in an open and constructive manner aimed at bringing matters to a timely conclusion. In the UK, we are committed to discussing all significant matters in real time with HMRC.

The complexity of the tax laws and regulations that relate to our businesses means that from time to time we may disagree with tax authorities on the technical interpretation of a particular area of tax law. Generally, this is due to:

- Ambiguity in the law and its intent;
- Changes that occur over time in tax authority interpretation;
- Case law developments; or
- Tax law not keeping pace with product or wider commercial/regulatory developments.

Most of the time, these disagreements can be resolved through discussion. However, there are times where it is necessary for the matter to proceed to litigation to clarify and resolve differences between the taxpayer's and tax authority's interpretations of the relevant tax law. As shown in note B3.2(vii) to our Annual Report 2024, \$95 million of provisions in respect of open tax issues were held at 31 December 2024, an increase from \$93 million at 31 December 2023.



## How we manage our tax affairs? continued

### Tax policy work

We believe that more informed and sustainable outcomes are achieved when governments and policymakers openly consult with industry and other affected stakeholders. We work with governments and policymakers directly, where possible, or through industry trade bodies or networks, to explain the wider impact that tax proposals will have on the industry, the regulatory environment and our customers. We seek to provide pragmatic, proportionate and constructive comments to help meet the objectives of new initiatives in the interests of all of our stakeholders.

### Our tax teams and the use of tax advisers

Our specialist tax teams in Asia and the UK comprise individuals with a mix of industry and business knowledge and subject matter expertise. From time to time we will engage tax advisers to provide specialist expertise, second opinions and advice on significant transactions. We also use tax advisers to help us understand new legislation or to provide us with insight on industry practice. In addition, we engage tax advisers to undertake tax compliance work on our behalf in various jurisdictions where it is more operationally efficient to do so.





# Governance and management of tax risk

## Governance over tax

Prudential is committed to high standards of governance across the whole Group. The Group Governance Manual (GGM) outlines the Group-wide approach to governance, risk management and internal control, and helps embed associated practices into the day-to-day operations of the business. The Group Code of Conduct, which sits at the heart of the GGM, requires us to uphold the PruWay and ensures that we hold ourselves to a high standard and operate with a positive impact. The Group Risk Framework, also contained within the GGM, describes Prudential's approach to risk management, and the key arrangements and standards for risk management and internal control. This Framework and its associated policies are subject to an annual review to ensure they remain fit for purpose.

The Group's tax governance focuses on the Group's strategic tax issues, our Group Tax Policy, and the day-to-day operational processes and controls that are designed to ensure that tax risks are managed effectively. Accountability for our tax strategy and management of tax risk ultimately rests with the Board. Responsibility for the implementation of our tax strategy rests with the Group Chief Financial Officer, who updates the Board on material tax matters, and is supported in fulfilling this role by the Group Tax Director and Group Tax function. The day-to-day operational management of tax lies within our businesses, reflecting the fact that taxes are currently levied on legal entities and sometimes groups of entities, rather than on the Group as a whole. Therefore, our business CEOs and CFOs are responsible for managing tax risks for their entities. Management of Pillar Two taxes currently rests with the Group Tax Director and the Group Tax team.

## Managing tax risk

The Group Tax Policy, which is part of the wider Group Risk Framework, sets out the requirements for managing and reporting a broad range of tax risks across the Group. The policy and associated standards set out clear objectives and expectations for how the Group and our businesses are required to identify, monitor, evaluate, manage and report tax risks arising from compliance with tax laws and the exercise of judgement in the process of legislative interpretation. Our approach to tax risk management also gives due regard to the commitments we have made to our customers and other key stakeholders – in that our governance, processes and controls enable us to deal with uncertainty effectively and ensure the tax affairs of our businesses are sustainable, well governed and transparent.

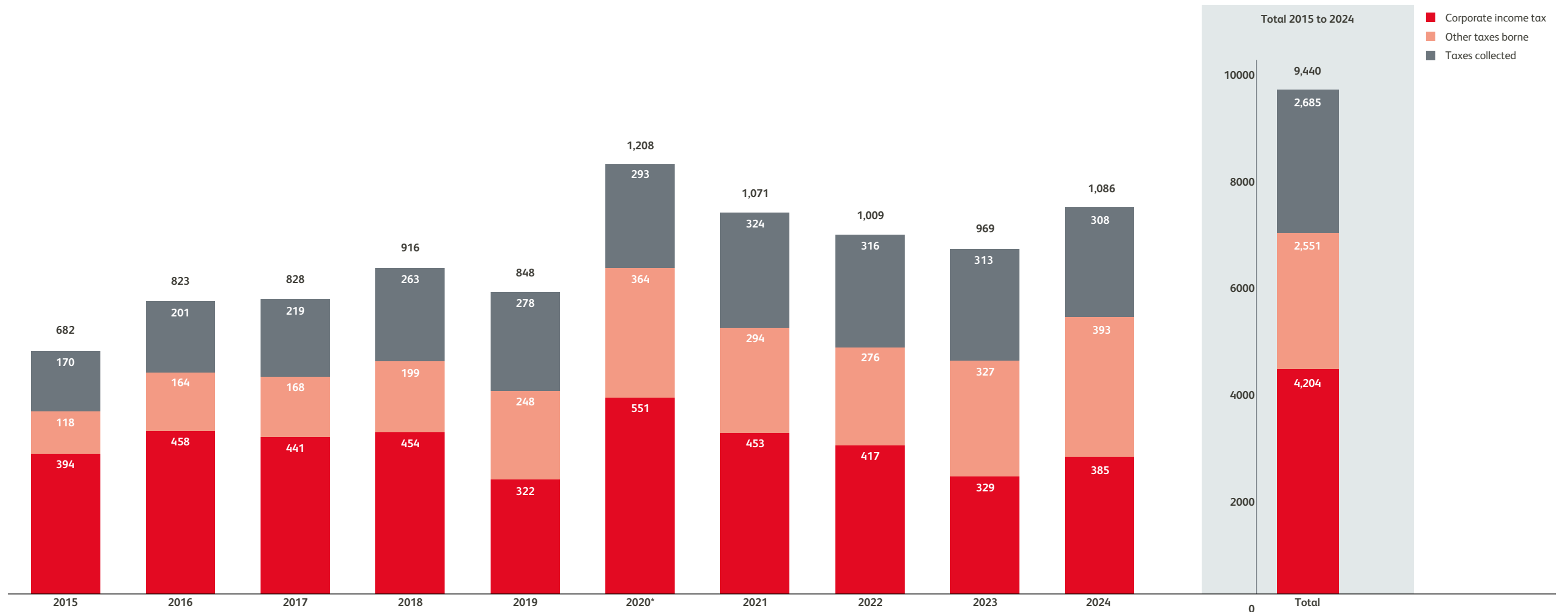
The roles and responsibilities associated with tax risk management are clearly set out in the Group Tax Policy. Within the Group Non-Financial & Operational Risk Policy, the management Risk and Control Self-Assessment (RCSA) process is a key practice that enables tax risks to be identified, business impacts (financial and non-financial) to be understood, and effectiveness of controls to mitigate those risks to be assessed. As business processes change, or when new risks are identified, the RCSAs are updated and required controls identified and assessed. Additionally, within the Group's Non-Financial Risk Appetite Framework, tax risk is incorporated within broader risk appetite statements and limits. These appetites and limits are closely monitored by each business units and regular updates on tax risks are reported to the Group Tax function. Our Group Tax team regularly meets with the business units to ensure all relevant tax exposures are appropriately documented, reviewed and managed to ensure risks are consistently managed across the Group. The Group Tax Director regularly provides updates on material tax issues, tax disputes and tax policy developments to the Group Audit Committee.

## Our definition of tax risk

Tax risk is defined as the risk of inaccurate or inadequate tax returns/filings in relation to the Group's activities, or non-compliance with tax laws and regulations. This includes any uncertainty in the interpretation of tax law in relation to a particular situation or the practical implementation of tax law in an operational or tax compliance sense. Failure to properly manage tax risk may result in adverse financial or reputational outcome.



# Appendix – Prudential plc tax remittances from continuing operations for last 10 years (\$m)



\* In Hong Kong corporate income tax due in 2019 of \$93 million (which would normally have been paid around November 2019) was not paid until January 2020 due to the delay in issuing the relevant tax assessments.



# Glossary

### Effective tax rate

The effective tax rate is the average rate at which profits are taxed for a particular period and is calculated by dividing the total tax charge by the profit before tax.

### Expected tax rate

The expected tax rate, often referred to as the statutory tax rate, is the applicable tax rate established by the tax laws of a jurisdiction.

### Non-participating business

A life insurance policy where the policyholder is not entitled to a share of the company's profits and surplus, but receives certain guaranteed benefits. Examples include pure risk policies (eg fixed annuities, term insurance, critical illness) and unit-linked insurance contracts.

### Organisation for Economic Co-operation and Development (OECD)

An intergovernmental economic organisation with 38 member countries, founded in 1961 to stimulate economic progress and world trade.

### Participating policies or participating business

Contracts of insurance where the policyholders have a contractual right to receive, at the discretion of the insurer, additional benefits based on factors such as investment performance, as a supplement to any guaranteed benefits. This is also referred to as with-profits business.

### Taxes borne

Taxes paid by Prudential that are a cost to the Group. These include corporate income tax, withholding taxes, irrecoverable VAT and other indirect taxes, employer payroll taxes and property taxes.

### Taxes collected

Taxes that Prudential collects on behalf of the relevant tax authority. These include employee payroll taxes, indirect taxes, premium taxes and other taxes.

### Transfer pricing

Refers to the setting of the price for a good or service sold or provided between related parties within a group.

### Unit-linked business

Insurance products where the surrender value of the policy is linked to the value of underlying investments (such as collective investment schemes, internal investment pools or other property) or to fluctuations in the value of underlying investments or indices. Investment risk associated with the product is usually borne by the policyholder. Insurance coverage, and investment and administration services, are provided for which the charges are deducted from the investment fund assets. Benefits payable will depend on the price of the units prevailing at the time of surrender, death or the maturity of the product, and are subject to surrender charges.

### With-profits business

See 'Participating policies' above.



### **Prudential public limited company**

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### **Consultancy and design by Black Sun Global**

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Prudential plc is a holding company, some of whose subsidiaries are authorised and regulated, as applicable, by the Hong Kong Insurance Authority and other regulatory authorities. The Group is subject to a group-wide supervisory framework which is regulated by the Hong Kong Insurance Authority.

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