

Purpose and responsibility

We exist to take the financial risk out of the biggest events in the lives of our customers, enabling them to face the future with confidence. As well as providing life and health protection, savings opportunities to meet family goals, and retirement income, we aspire to lead in new areas aligned with this purpose.

We are helping consumers postpone and prevent ill-health through digital innovation, increasing access to finance and providing solutions for an ageing world. At the same time, we are investing our customers' savings in the real economy, helping to drive sustainable growth. We are working every day to be a better and more sustainable business that continues, through our strong and clear sense of purpose, to have a positive impact. We are committed to delivering the best possible performance across all areas of our environmental, social and governance (ESG) activity, and we are continuing to develop to improve the way we work in the interest of all our stakeholders.

Non-financial information statement

We recognise that to help our customers de-risk their lives, 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 to ensure that we are managing these issues sustainably and delivering long-term value. Further information on our engagement with our stakeholders can be found in our Section 172 statement below.

This strategic report complies with the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. This ESG

summary provides an overview of our activities and progress in 2019 across a range of areas in which we have helped to provide benefits to stakeholders throughout the markets in which we operate. For us, ESG means:

- **What we do** – the products we offer, our customer service, our human capital and the assets we own and operate; and
- **How we do it** – understanding our customers and providing suitable solutions that meet their needs, fostering long-term relationships with our stakeholders, investing in our people and making responsible investments, in order to generate sustainable long-term returns in line



with our risk appetite, meet our customers' needs and help build the communities in which we operate. Our ESG approach underpins the delivery of our strategy, generating sustainable earnings and resilient capital growth, enabling us to deliver on our promises to our customers. More detailed information on our ESG activities is available in our 2019 ESG report found at www.prudentialplc.com/investors/reports/2019.

UK Companies Act, Section 172 Statement

Section 172 of the UK Companies Act requires each Director to act in a way that he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In doing this, Section 172 requires a Director to have regard (among other matters) to the needs of employees, suppliers, customers and other wider stakeholder interests. During 2019 we engaged with our various stakeholder groups closely and we took account of their concerns in our decision-making. Below we have outlined how we have engaged with our stakeholders and the outcome of that engagement.

How we meet our Section 172 duty

We ensure that our Board meets its duty under Section 172 of the UK Companies Act in a number of ways. A briefing note is circulated in advance of each Board meeting reminding Directors of their statutory duties under Section 172 and reiterating who the Group's key stakeholders are. The annual Board evaluation process takes into account how the operation of the Board affects the consideration of stakeholder issues and seeks to identify improvements in this area. We ensure that our Section 172 obligations are taken into account in our Board succession planning and training, stakeholder engagement is addressed in the Board's Terms of Reference, and there is guidance for individuals who prepare Board papers that references Section 172 duties and our key stakeholders. We ensure that we take account of any conflicts between different stakeholder concerns, and resolve such conflicts as smoothly as possible at the highest level necessary. The Board ensures that it listens to and acts on the views of a diverse range of shareholders, from large institutions to individuals, recognising that different types of investor have different investment mandates and varied

stewardship approaches. Information on the independence of our Non-executive Directors can be found in the Governance report on page 115. Through our Group Code of Business Conduct, we ensure that we maintain the highest standards of behaviour throughout our business. Our Group Code of Business Conduct sets out the standards the Board expects in relation to employee behaviour and our business units run mandatory training programmes to highlight the personal obligations applicable to each individual. The Board reviews both the content of the Group Code of Business Conduct and business unit compliance each year. Meanwhile our Group-wide whistleblowing programme, Speak Out, enables all stakeholders to raise concerns, helping to maintain the highest standards of behaviour.

Alongside continuing to build our business and serve the needs of our customers, during 2019 our main activity was the demerger of M&G plc from the Group, which we completed successfully on 21 October 2019. The demerger had an impact for all our stakeholders, and we took steps to ensure that we engaged with all our stakeholder groups on the long-term consequences of this significant step in the history of our business. We are confident that this decision was the right one for the long-term interests of the Group.

Customers

Helping to de-risk the lives of our customers and deal with their biggest financial concerns is at the centre of what we do, and listening to and understanding their concerns is key to the sustainability of our business. We engage directly with our customers through face-to-face advice, contact centres, dedicated account managers, sales support units, business processing and servicing, mobile phone apps and telephone technical support teams. The outcome of our engagements with customers is transmitted through the business and used to shape the design of our products and how and where we distribute those products, and ultimately to inform strategic decisions made at Board level. Decisions about which markets to access, what kind of products to offer and how to develop our agency force, our bank partnerships and our digital capabilities, are all driven by an understanding of what customers want, based on engagement with those customers.

During 2019, as well as making decisions on markets, products and platforms provided by the business, the Board paid

close attention to the effect on customers of the progress towards and conclusion of the demerger of M&G plc, including steps to ensure that customers were not disadvantaged and ensuring that they were fully informed of developments and prepared for the demerger when it was concluded. Other concerns raised by customers during the year included service delivery and issues with business processing, and these were dealt with through the business units, applying the highest standards of professional care and service in line with our Customer Commitments Policy.

Investors

We engaged with our investors through our annual and half-year reports, ESG Report and other regular reporting, including press releases and regulatory announcements. We held regular meetings with investors, including our Annual General Meeting, analyst meetings and investor roadshows, and a General Meeting to propose the demerger for approval by shareholders. Our Chairman met key investors on governance matters to address any other concerns they may have had, and our Senior Independent Director and the Chairs of our Board Committees made themselves available to meet investors.

The main concerns of investors during this period were around the demerger, in particular its execution and timing, as well as the nature and strategy of the post-demerger Group and our post-demerger dividend policy. The demerger was subject to shareholders' approval and was approved in line with the Board's recommendation. The demerger dividend policy was approved by the Board. Investors were also consulted on the principal changes to the Directors' Remuneration Policy. 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 of incumbent Executive Directors. Climate-related financial risk also emerged as an issue of increasing importance to investors during the year, and we have responded to that concern by proceeding with our intensive work towards meeting the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD).

Colleagues

During 2019 two of our Non-executive Directors, Kai Nargolwala for Asia and Africa and Tom Watjen for the US and the UK, were appointed to represent employee interests in line with new requirements under the revised UK Corporate Governance Code. They both conducted formal meetings with colleagues, including town halls and smaller-group meetings, and informal activities, including job shadowing and floorwalking. The Board is updated biannually on their activity and reflections. Across the business, we also held a variety of events to engage with colleagues, including town halls, smaller-group meetings and one-to-ones, and we used our various intranets for two-way communication, encouraging colleagues to submit questions and suggestions.

In 2019 the key concerns of colleagues were around the demerger, including what it meant for jobs, working arrangements and transfer of roles to M&G plc, and what it meant for the future of the business. Throughout this process, we kept our people informed about the progress of the demerger and the outlook for the Group, responded to all questions promptly and transparently, and escalated concerns to senior executives and the Board as appropriate. Ahead of the demerger, we also initiated a consultation on a set of proposed changes to our pension schemes for all our UK colleagues. A formal 60-day consultation took place to enable colleagues to understand the proposed changes in detail and respond to them. One-to-one, group and education sessions were held, and we received individual feedback submissions and questions to our helpline. Having discussed and reviewed the feedback, the pensions proposals were updated for both defined benefit and defined contribution members. Colleagues were also concerned about the impact of the demerger on shares, share options and existing employee share plans. In response, the Remuneration Committee approved a method for converting the value of the demerger dividend in specie into additional Prudential plc shares in respect of outstanding share awards of employees.

In order to support the Group's strategic direction and the focus of our technology resources on the development of customer-facing applications, the Board took the decision to outsource certain IT infrastructure and operations activities that were previously performed in-house within Prudential Corporation Asia and Jackson.

A significant factor in the choice of supplier was the strength of the employee proposition offered by the successful supplier. The vendor chosen committed to re-hire all identified impacted employees on substantially similar terms and conditions, for a minimum of 12 months. The firm was noted as a growing IT-focused service company, which would provide transferred staff with greater opportunities for growth and exposure and to work on new innovative technologies, and around 97 per cent of the affected colleagues agreed to transfer to the new provider.

Regulators

Prior to the demerger of M&G plc, the Group was subject to the consolidated supervision of the UK's Prudential Regulation Authority. Following the demerger, the Hong Kong Insurance Authority (IA) became Prudential's Group-wide supervisor. We have engaged with both regulators on a regular basis, sharing an agreed range of management information. The Board receives regular updates on our engagement with the Hong Kong IA regarding the shape of its legislative and regulatory framework. Hong Kong IA applies principles and standards to the Group through existing requirements to ensure that we are a fit and proper controller of regulated insurance companies. Hong Kong IA's principles include financial integrity, effective corporate governance and sound risk management. We undertook gap analysis of the Group's policies and processes against Hong Kong IA requirements.

Governments

We regard governments and legislatures in the markets in which we operate as important stakeholders. We monitor governmental and legislative activity, and meet periodically with government ministers and officials, elected or permanent, and legislators, legislative committees and committee members, either bilaterally or as part of wider groups, to help us understand their objectives, priorities and concerns, and how they affect or shape our business. Across the many markets where we operate, the company engages governmental and political stakeholders (including ministers, officials and legislators) to inform and influence public policy debate in a range of areas, including regulatory development, financial inclusion, fairness and consumer protection, capital market development, sustainable finance, job creation and skills, tax policy, trade policy, demography and ageing, health and wellbeing, and the

digital economy. During 2019 a number of key points emerged from these exchanges. One key area that arose and prompted action from us was life insurance penetration. Prudential was granted a life insurance licence from the Ministry of Planning and Finance of Myanmar, enabling us to start offering life insurance products and solutions in this market. Another was the gap in structural protection in Asia. After meeting with the former Deputy Prime Minister of Singapore, we committed to supporting the Global Asia Insurance Partnership for five years. A third area was digital innovation, and during the 2019 UK-Singapore Economic and Financial Dialogue, Prudential Singapore expanded its PruFintegrate initiative to London. Another key area was financial inclusion, and in Zambia we partnered with the Securities and Exchange Commission and Junior Achievement Zambia to roll out our global financial education and responsibility programme for children, Cha-Ching.

Suppliers

Each of our critical suppliers has a nominated contact within Prudential, and we meet those suppliers on a regular basis to address concerns on both sides. Ahead of the demerger of M&G plc, we engaged with 217 suppliers in the UK to explain the impacts of the demerger and contracting changes. During 2019, we found that our suppliers were primarily concerned about revenue protection during the demerger. We introduced an e-procurement system in our London head office to improve the control and monitoring of our purchasing activities and to provide suppliers with greater visibility over their payments.

Civil society

We respond to ad hoc requests from NGOs and hold meetings with them throughout the year. Our AGM provides the Board with an opportunity to engage with a range of NGOs that are shareholders, and the Board also receives an annual update on our community investment activity. During 2019, NGOs were primarily concerned with our climate impact, and in response we have proceeded with our work around meeting the recommendations of the TCFD, as well as closely monitoring our impact on the environment. In response to questions about our modern slavery risk, we conducted an analysis of all supplier spend in our London head office against the Walk Free Foundation's Global Slavery Index. Further details will be available in our 2019 Modern Slavery Statement,

which will be published on the Group website in May.

How we govern ESG

Our ESG Executive Committee leads on how we identify, manage and report on material ESG risks and opportunities. The ESG Executive Committee is chaired by our ESG sponsor, our Group Director of Communications, supported by senior

leaders from Group functions across financial reporting, risk, governance and human resources, with representation from our business units. The ESG Executive Committee meets quarterly and raises matters to the Nomination & Governance Committee as appropriate.

We make sure that the ESG issues that are important to our stakeholders are

understood and managed. This enables the Group to manage risks 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 issue effectively and constructively.

ESG policy framework – Group Governance Manual

The Group Governance Manual (GGM) establishes standards for managing key material ESG issues across the Group, setting out the policies and procedures to support how we operate. The GGM is used to ensure that we comply with relevant statutory and regulatory requirements. Our Group-wide policies relating to our identified material issues include:

Material ESG issues	Our Group-wide policies
Business integrity	<p>The Group Code of Business Conduct details our required Standards of Business Conduct to be used across the Group and covers our employees and individuals or organisations acting on our behalf. The Code sets out our values around ownership, partnership and stewardship, and the personal standards we adhere to in the areas of: protection from financial crime, avoiding conflicts of interest, managing information, communicating as a Group and providing equality for our people.</p> <p>Anti-Bribery and Corruption Policy covers our values for reputation, ethical behaviour and reliability. As an organisation we are focused on financial practices that align to those values and we prohibit corruption or bribery within our working practices.</p> <p>Anti-Money Laundering and Sanctions Policy outlines how we prohibit money laundering or terrorist financing in our working practices, setting out how we establish parameters to prevent this taking place across the organisation and the commitment we have to comply with sanctions, laws and regulations by screening, prohibiting or restricting business activity, and following up through investigation.</p> <p>Security Policy outlines our commitment to ensuring security aligns to industry recommended practice for managing our regulatory and legal obligations. This includes how we manage incidents under the 'Speak Out' programme, our whistleblowing process.</p> <p>Tax Risk Policy includes our processes to manage tax-related risk, by identifying, measuring, controlling and reporting on issues considered an operational, reputational or regulatory risk.</p> <p>Political Donations Policy outlines our position that as an organisation we do not donate to political parties.</p> <p>Third-Party Supply Policy covers how we manage and oversee our third-party arrangements, through due diligence/ selection criteria, contractual requirements, the ongoing monitoring of such relationships and reporting and escalation. Additionally, our policy considers the requirements of the UK Modern Slavery Act and the principles of the UN's Universal Declaration of Human Rights.</p>
Customers	<p>Customer Commitments Policy covers our five key commitments to our customers and how we assess, manage and report on these:</p> <ol style="list-style-type: none"> 1 Treat customers fairly, openly and honestly; 2 Provide and promote a range of products and services that meet customer needs, are easy to understand and that deliver real value; 3 Maintain the confidentiality of our customer information (except where the law requires disclosure); 4 Provide and promote high standards of customer service and monitor these standards rigorously; and 5 Ensure that our complaints processes provide an effective and fair means of arbitration between the Group's businesses and customers.
Environment	<p>Environment Policy outlines our approach to understand and manage the direct environmental impact of the Group. This covers our measurement, monitoring, review and reporting of issues associated with our environmental performance.</p>

<i>Material ESG issues</i>	<i>Our Group-wide policies</i>
Responsible investment	Owing to the distinct investment risks faced by our asset management and ownership businesses, with each investing in different markets and asset classes, each business manages ESG-related matters through the pursuit of business-specific responsible investment policies. This is overlain by our Group-wide Responsible Investment Framework, aligned to our Group Code of Business Conduct and underpinned by our Group Responsible Investment Standards.
Technology	Privacy Policy governs the protection of data and complies with the General Data Protection Regulation.
People	<p>Diversity and Inclusion Policy sets out how we foster an inclusive workforce and ensure all our employees are treated fairly and feel valued, and together have the diversity in skill sets and backgrounds that enriches the organisation. Our policy considers a range of diversity aspects of our employees, including gender, age, ethnicity, disability, sexual orientation and background. Further information on the diversity of our Board, our policy in respect of this, how this is implemented and the associated results in 2019 can be found in our Governance statement on pages 110 to 117. Employee Relations Policy outlines the way we engage our employees and motivate them to achieve success for the Group: promoting positive relationships with employees, representative organisations and trade unions, and maintaining a positive reputation for the treatment of employees. Performance and Learning Policy sets out the importance of our people and frames how we invest in their development to deliver against our strategy and the future success of the organisation. This includes our Performance Management Framework.</p> <p>Remuneration Policy outlines our effective approach to appropriately rewarding our employees in a way that aligns incentives to business objectives and enables the recruitment, retention and incentivisation of high-calibre employees in line with our risk appetite and Group Reward Principles.</p> <p>Talent Policy demonstrates how we attract and select the best people for roles that will ensure high performance in the short term and improve the longer-term succession and talent pipeline. It sets out our fair and effective approach to pursuing this.</p> <p>Health and Safety Policy covers our employees, business partners, customers and others that may be affected by our operations. This details our health and safety core principles, our commitments and the measuring and reporting on our health and safety performance.</p>
Communities	Community Investment Policy covers how we are committed to working with the communities in which we operate as active and supportive members. This also outlines our strategy for investing in the community and how we make investments and report against them.

Summary of ESG issues

Our key ESG issues can be categorised into the following areas: customers, responsible investments, climate, business integrity, people, technology, environment and supporting our communities.

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 commitments 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.

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 retirements; 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. We are taking steps to meet the needs of an ageing workforce and help people prepare for longer life. Our digital health tools aim to empower the broader consumer group to take control of their personal health and wellbeing anytime and anywhere. We also offer a wide range of insurance products that are tailored to local market requirements and fast-changing individual needs, such as Prudential Malaysia PRUMy Critical Care, which provides comprehensive financial protection against 160 critical illnesses, and Prudential Hong Kong's first-in-market cancer protection plan for cancer sufferers.

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. Jackson seeks to provide the best retirement solutions that we can, while striving to communicate information about those products in a fair and transparent way. Jackson continues to be a leader in shifting perspectives and simplifying the language around financial products.

Expanding our distribution

We continue to expand our distribution platform in 2019, including by:

- Completing our acquisition of a majority stake in a leading life insurer in West and Central Africa
- Renewing our strategic Asian bancassurance alliance with United Overseas Banks, increasing its geographical scope
- Signing long-term exclusive partnerships with two banks in Vietnam.

Customer care

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.

Awards

In Asia in 2019, we won awards for our services to customers in Hong Kong, Malaysia, Thailand and Vietnam, and in the US we won awards for the quality of our customer contact, our service and our digital initiatives.

Responsible investment

As a life insurer, asset owner and manager, 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.

Responsible investment landscape

Across the Group's footprint, the policy and regulatory landscape continues to evolve with respect to sustainable finance and ESG. For example, 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. We are highly supportive of these efforts and are an active industry contributor, working closely with the regulator to advance this aim. 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 we operate.

Strengthening our governance of responsible investment

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 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). 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.

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. 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 the 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.

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. 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.

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 Task Force on Climate-related Financial Disclosure (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.

Risks and opportunities

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, 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.

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

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 \$55 million of utilities credits that generate electricity primarily by coal, and the purchase of \$105 million of single-asset project bonds that generate 100 per cent of their electricity through renewables.

As a life insurer, the potential impact of climate change on life expectancy (mortality risk) and medical health and well-being (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 \$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 pre-demerger 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 84 of this report.

Business integrity

We are strongly aware of our purpose, which is to help people de-risk their lives and deal with their biggest financial concerns. In line with this purpose, 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 fulfil our purpose by seeking 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.

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. 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, as well as complying with the mandatory requirements under the UK 2016 Finance Act, includes additional disclosures, including a breakdown of the types and amounts 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 \$5 million of tax was paid.

We are due to publish 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 and 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. 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.

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.

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.

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 anti-bribery and corruption, 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.

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. In July 2019, we introduced the Workday platform, an e-procurement and general ledger system, at our London head office to improve the control and monitoring of 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.

Being a responsible business also 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.

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.

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, skillsets and professional backgrounds.

As a signatory to the HMT 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 give full and fair consideration to applications for employment by disabled people. If an employee incurs a disability while employed by us, efforts are made to continue their employment. Training, career development and promotion opportunities are equally applied for all our employees, regardless of disability.

Prudential headcount as at 31 December 2019

Gender diversity: senior management



* Pre-demerger 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

- Excludes Prudential Corporation Asia joint ventures.
- 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'.
- No specification or information is captured on gender for an immaterial number of our employees. These employees are recorded as 'unspecified'.

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 at www.prudentialplc.com/investors/governance-and-policies/employee-relations-policy, along with our Board-approved Modern Slavery Act statement at www.prudentialplc.com/investors/governance-and-policies/modern-slavery-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.

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.

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 HR 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 skillsets 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.

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, networking opportunities with peers and senior leaders across functions and employee focus groups. In the US, Jackson's Organisational 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.

The Group's 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 86.

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.

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 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. 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. 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. More details on executive remuneration can be found in the Directors' Remuneration Report on page 136.

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 increase 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 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. The technology solutions provided by eMoney reach more than 60,000 financial professionals, serving nearly four million households nationwide. 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 PRU Fintegrate Partnership. 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.

Promoting financial inclusion, protection and participation

In June, 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. 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. In 2019 PruLife 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.

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.

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. 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.

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. 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. 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.

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. 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 threat and privacy.

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.

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. 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.

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 Environmental 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 Environmental 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 78 and information on our wider environmental impact can be found in the Responsible Investment section, on page 77.

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.

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.

Our environmental performance

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 105 kg CO₂e/m².

In Asia, we completed seven site assessments as part of our work towards achieving our target to conduct energy assessments of our 20 highest energy-consuming sites. In the US, Jackson continues to reduce energy usage and decrease our carbon footprint, and in 2019 completed a range of projects at our Corporate Way campus in Lansing, including installing high-efficiency rooftop CO₂ sensors, high-efficiency water heaters, an energy recovery ventilation unit and a new dust-collector filtration system to reduce exhaust and recover energy in printing facilities.

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 full greenhouse gas emissions statement can be found below.

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 occupied in April 2019, is rated as BREEAM Excellent. 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. 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.

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 quality of the data being collected in Asia on waste continues to become more reliable and will be a focus area for ongoing reporting in 2020. 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.

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. 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.

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.

Prudential plc – greenhouse gas emissions statement

We have compiled our global GHG emissions in accordance with the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013. GHG emissions are broken down into three scopes; we have included full reporting for Scope 1 and 2 and select Scope 3 reporting as best practice. Scope 1 emissions are our direct emissions from the combustion of fuel, fugitive emissions and company owned vehicles. Scope 2 emissions cover our indirect emissions from the purchase of electricity, heating and cooling. We have reported our Scope 2 emissions using both the location and market-based methods in line with the GHG Protocol Scope 2 Guidance. Our Scope 3 footprint includes UK booked business travel for the occupied estate, global water consumption from the occupied estate and waste generated from occupied properties (UK and US). We continue to work with our business units to review the extent

of our Scope 3 reporting and increase coverage where practicable. Our 2019 reporting covers the period 1 October 2018 to 30 September 2019. Please refer to our Basis of Reporting and supplementary reporting online for further detail on our methodology, reported consumption and drivers of variation.

Group total (including continuing and discontinued operations)

Emissions source	2019	2018	% change
Scope 1	9,353	9,192 ⁽¹⁾	2%
Scope 2 – location based	54,155	56,543 ⁽¹⁾	(4)%
Scope 2 – market based	50,717	52,127	(3)%
Scope 3	17,747	22,545	(21)%
Total scope 1 & 2	60,070	61,319	(2)%
Total scope 1, 2 & 3	77,817	97,033	(19)%
Carbon intensity			
Kg per m ² – Scope 1 & 2	96	24	300%
Tonnes per employee – scope 1 & 2	2.5	3.1	(19)%
Kg per m ² – Scope 1, 2 & 3	124	32	288%

Discontinued operations

Emissions source	2019
Scope 1	2,041
Scope 2 – location based	5,247
Scope 2 – market based	1,609
Scope 3	11,471
Total scope 1 & 2	3,650
Total scope 1, 2 & 3	15,121
Carbon intensity	
Kg per m ² – Scope 1 & 2	40
Tonnes per employee – scope 1 & 2	0.7
Kg per m ² – Scope 1, 2 & 3	164

Continuing operations

Emissions source	2019
Scope 1	7,312
Scope 2 – location based	48,908
Scope 2 – market based	49,109
Scope 3	6,275
Total scope 1 & 2	56,421
Total scope 1, 2 & 3	62,696
Carbon intensity	
Kg per m ² – Scope 1 & 2	105
Tonnes per employee – scope 1 & 2	3.1
Kg per m ² – Scope 1, 2 & 3	117

Data notes:

Reporting period: 1 October 2018 to 30 September 2019. Baseline year: 1 October 2017 to 30 September 2018. Independent assurance: Deloitte LLP has provided limited assurance over selected environmental metrics in accordance with the International Auditing and Assurance Standards Board's (ISAE3000 (Revised)) international standard. Consolidation (boundary) approach: Operational Control. Consistency with financial statements: The reporting period does not correspond with the Directors' Report period (01 January 2019 to 31 December 2019) as it was brought forward by three months to improve the availability of invoice data and reduce reliance on estimated data. Prudential owns assets, which are held on its balance sheet in the financial statements, over which it does not have operational control. These are excluded from the data below. Assets not included on the balance sheet but held under an operating lease and where we have operational control are included. Emission factor: Scope 1 and 3 reporting uses the UK DEFRA 2019 GHG Conversion Factors. Scope 2 calculations use the IEA GHG 2019 Conversion Factors for location-based reporting. Market-based reporting uses supplier emission factors for our UK REGO-backed supply and RE-DISS factors where available. Accounting methodology: The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. Materiality threshold: Five per cent. Data restatements:⁽¹⁾ 2018 figure restated as accurate data became available from suppliers.

Supporting our communities

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. 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 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 \$29.1 million supporting community activities. Direct cash donations to charitable organisations amounted to \$20.6 million. The balance includes in-kind donations as set out on the Group website at www.prudentialplc.com/

about-us/esg/performance/community-investment 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 at www.prudentialplc.com/about-us/esg/performance/external-assurance-of-responsibility-reporting.

2019 highlights

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. 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. 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.

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.

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 and the Federation Internationale de l'Automobile. The programme continues to reach an estimated 250 million people every day across Asia through partnerships with government, humanitarian and private sector organisations.

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 programme.

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 one million people have benefited indirectly through shared knowledge and resources developed from First Read.

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, combining hands-on classroom activities with real-world simulation, which allows students to put their money-management skills to the test, giving them a solid foundation for making intelligent personal finance decisions throughout their lives. The programme will host 10,000 students each school year, serving 22 counties in the region.

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. We have 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.

Political donations

It is the Group's policy neither to make donations to political parties nor to incur political expenditure, within the meaning of those expressions as defined in the UK Political Parties, Elections and Referendums Act 2000. The Group did not make any such donations to incur any such expenditure in 2019.

More detailed information on our ESG activities is available in our 2019 ESG report found at www.prudentialplc.com/investors/reports/2019