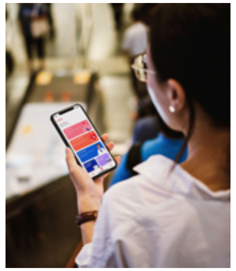
Purpose and responsibility

Prudential plc
Environmental, Social and
Governance Report 2020

Contents

Prudential helps people get the most out of life. We make healthcare affordable and accessible, we protect people's wealth and grow their assets and we empower our customers to save for their goals.



Foreword

"I am proud of how, through our strong and clear sense of purpose, we have made a positive impact in 2020."

Mike Wells Group Chief Executive, Prudential plc

Our purpose is to help people get the most out of life. We deliver on that purpose by making healthcare affordable and accessible, helping people accumulate wealth through growing their assets, and empowering our customers to save for their goals. Our ESG strategy is also integral to how we fulfil that purpose.

Throughout 2020 we continued to improve the way we work in the interests of all our stakeholders, whether they be customers, investors, employees, governments, regulators, civil society, media or suppliers. We also adopted a new ESG strategy, which distils the many ways in which we help our stakeholders into three core themes, all of which are closely linked to our Group strategy and business model:

Making health and financial security accessible: Working at scale, we give people greater access to good health and financial security. Covid-19, the rise in non-communicable conditions such as heart disease and diabetes, and ageing populations threaten to widen further the existing health, protection and savings gaps. Behind these megatrends lie countless individual stories of people who are anxious and struggling because of a lack of access to health and finance. We are committed to enabling as many individuals as possible in the markets in which we operate to make the most of their lives. In particular, we are increasing our focus on underserved communities and moving beyond our traditional role of financial protection to provide services that also prevent and postpone ill-health. Pulse, our health and wealth super-app now live in 15 markets, is a key tool for us in meeting that ambition. Essential, too, are the tireless efforts of our colleagues, agents and other partners in developing product offerings that meet the needs of our diverse customer base. Our community investment programmes, focusing on education and financial literacy, also have an important role to play in building understanding of the benefits of financial products, and in building financial capabilities to ensure people can make informed financial decisions.

Stewarding the human impacts of climate change: We are a responsible steward in managing the human impact of climate change. We are a signatory to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), and as a significant asset manager and asset owner in regions forecast to be severely impacted by global warming, Prudential has a distinctive role to play in the transition to a low-carbon economy. We are decarbonising our investment portfolio and actively engaging with policymakers and investee businesses to encourage sustainable development. The economies of East Asia, where our businesses are concentrated, have a greater reliance on manufacturing and primary industries than more developed markets, where services account for a higher proportion of GDP. This means that the energy transition across the region is starting from a higher carbon intensity level and is likely to proceed at a slower pace than for more advanced economies. Recognising this, as we support the move to a lower-carbon economy in these emerging markets, we strive to ensure that the transition is an inclusive one for all of society – one that supports sustainable growth and economic health within our local markets and communities. We also recognise the importance of reducing the direct impact of our own operations on the environment, and we continue to increase our level of ambition in relation to our own emissions footprint. This year we have set new and stretching targets for our Scope 1 and Scope 2 greenhouse gas emissions, with the aim of becoming net carbon neutral across these two scopes by the end of 2030. We are in the process of assessing similar suitable targets in respect of the carbon emissions from our investments. We also seek to apply ESG considerations more broadly in our investment process and our fiduciary and stewardship duties, to ensure that our investment decisions are aligned with our values and support our primary focus on healthy lives.

Building social capital: We are committed to building both our own human capital and our social capital with our broader stakeholders. We seek to empower people and unlock their potential. We do this by promoting diversity in representation and thought, and fostering a culture of inclusion and a sense of belonging within our organisation. Just as Prudential depends on the trust of our people, it also needs the trust of the external world. As we develop our digital capabilities, we need also to prioritise digital responsibility throughout our organisation. We must always keep in mind that our purpose to help people get the most out of life is the reason why we are investing purposefully in artificial intelligence, big data and other technologies, and that focus on the needs and interests of our users has to guide us in how we interact with them and handle their personal data as our capabilities develop.

This report shows how we are fulfilling our purpose and delivering on our ESG strategy. It shows how, across our business we are working to become a more responsible and sustainable business. I am proud of how, through our strong and clear sense of purpose, we have made a positive impact in 2020.

Mike Wells
Group Chief Executive
Prudential plc

About Prudential

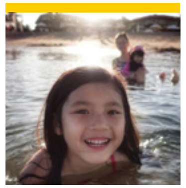
Our purpose is to help people get the most out of life. We make healthcare affordable and accessible and promote financial inclusion across our markets. We protect people's wealth and help them grow their assets, and we empower our customers to save for their goals.

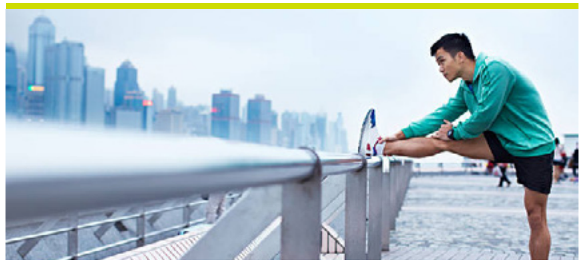
We have a pan-Asian footprint, with our largest life and protection operations in Hong Kong, Singapore, Indonesia and Malaysia as well as our joint venture in China. We also operate in Thailand, Vietnam, Taiwan, the Philippines, Cambodia, Laos and Myanmar and have a successful partnership in India. Since 2014 we have built a rapidly growing multi-product, multi-distribution business in Africa, with operations now in eight countries across the continent. Starting in 2021 the regional office for Africa will be based in Nairobi, making East Africa our hub for the continued success of operating on the continent.

Our differentiated product portfolio in Asia and Africa is well positioned to meet the health, protection and savings needs of the region, where insurance penetration is low and demand for savings solutions is rapidly developing.

Our trusted brands, digitally enabled multi-channel distribution and efficient and agile infrastructure enable us to meet the growing needs of our customers for long-term savings and financial security. We will accelerate our development of digitally enabled products and services to help prevent, postpone and protect our customers from threats to their health and wellbeing, as well as supporting them to achieve their savings goals.

In January 2021, the Board announced that it had decided to pursue the separation of Jackson from the Group in the first half of 2021 through a demerger, whereby shares in Jackson would be distributed to Prudential shareholders. The result of this separation will be two separately listed companies with distinct investment propositions, which the Group's Board believes will lead to improved strategic outcomes for both businesses. Jackson will continue to help Americans grow and protect their retirement savings and income to enable them to pursue financial freedom for life through its differentiated products, well-known brand and industry-leading distribution network. □





> "We will accelerate our development of digitally enabled products and services to help prevent, postpone and protect our customers from threats to their health and wellbeing, as well as supporting them to achieve their savings goals."

About this report

This report provides a summary of Prudential plc's ESG performance. The contents meet the ESG 'comply or explain' requirements under the Rules Governing Listing of Securities on the Stock Exchange of Hong Kong Limited.

More information on key topics, such as our tax strategy, can be found in our regular financial reports and standalone reports, available on our website. We aim to disclose our ESG management and performance as transparently as possible. The Board of Prudential plc has approved this report.

Scope of the ESG report

Information included in this report covers our activities in the 2020 calendar year, both at Group level and within our various operations globally, including Jackson. It does not include our joint venture partnerships, unless otherwise stated.

Content of the ESG report

We have continued to evaluate which ESG matters are most material to the Group, with a focus on those that matter most to our stakeholders. In 2020, as part of our ESG strategic review exercise, we considered and refreshed the material ESG issues. This included identifying emerging ESG trends, risks and opportunities directly applicable to the Group and our stakeholders. This informed the development of the ESG Strategic Framework. Our 2020 ESG report is structured in line with this framework and provides an update on our progress in the year across each of the pillars and enablers.

This report includes all mandatory ESG reporting requirements outlined within the Hong Kong Stock Exchange Listing Rules and all ESG general disclosures and KPIs in the guidance determined to be material, with the exception of A1.3 (Total hazardous waste produced and intensity) and A2.5 (Total packaging materials used for finished products produced), which are not relevant to Prudential plc given the nature of the business.

Where there are laws and regulations in respect of matters deemed as material which may have a significant impact on Prudential, these are noted within the relevant section of this report. For example, regulatory and legislative developments are increasingly including references to climate-related risks and incorporating reporting recommendations such as those outlined in the Task Force on Climate-related Financial Disclosures (TCFD) framework. The Group's governance processes require all businesses and functions to demonstrate compliance with Group-wide and local regulatory and legal requirements as part of the annual controls attestation. Further detail on the supervision and regulation of the Group is set out in Prudential plc's Form 20-F report for 2020 which will be published on Prudential plc's website.

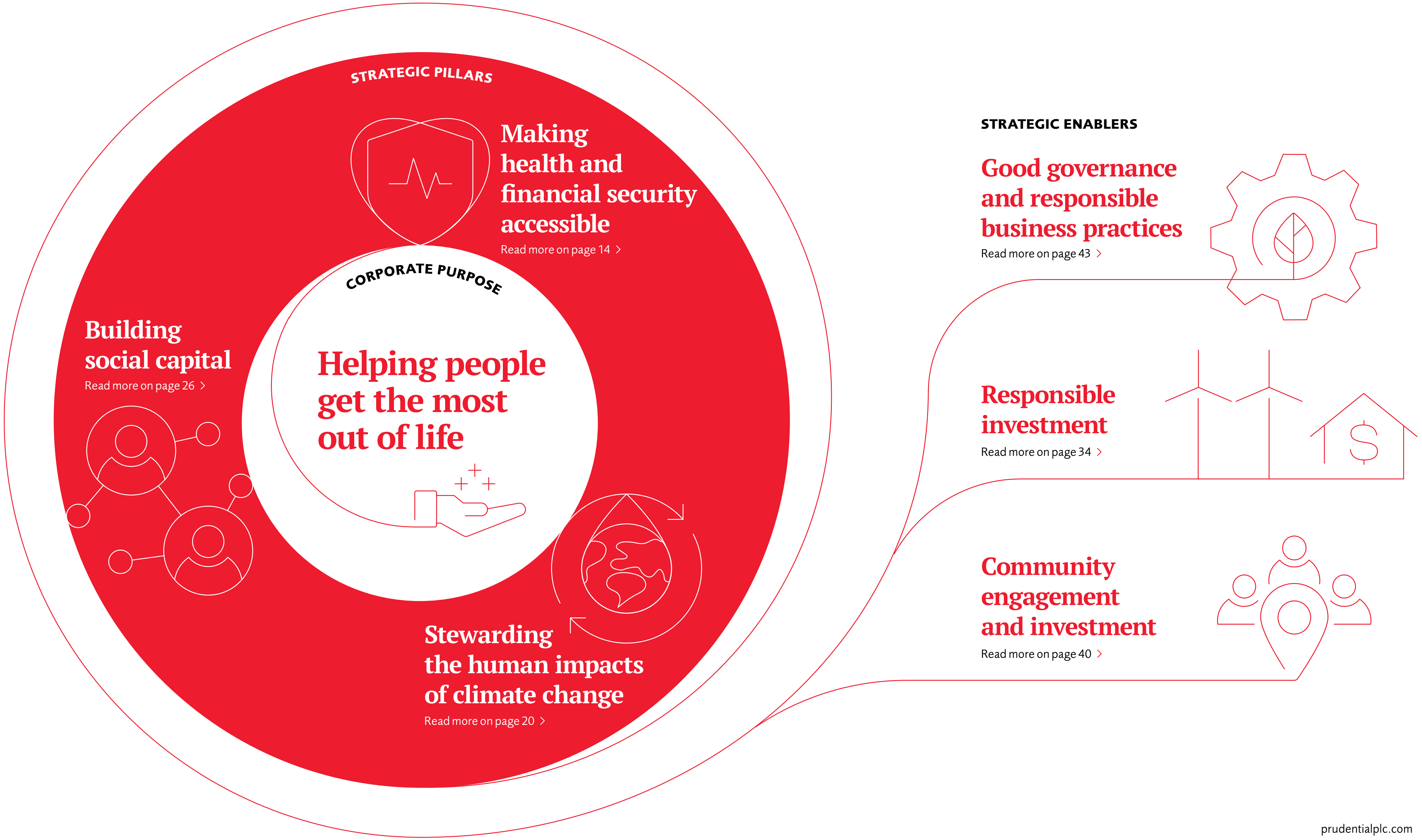
Selected indicators are assured by Deloitte LLP and Deloitte's assurance statement can be found on the Prudential plc website.

ESG Framework and Oversight

Our ESG Strategic Framework

Following our ESG review, we have developed a new ESG Strategic Framework (the 'framework'). This framework is fully aligned to our business strategy and our purpose of helping people to get the most out of life by making healthcare accessible and affordable, helping people accumulate wealth through growing their assets, and empowering our customers to save for their goals.

The key features of our ESG framework are its three strategic pillars which have clear alignment with our business strategy. Within each of these, specific differentiating focus areas have been identified where it is believed there is an opportunity for Prudential to make a meaningful impact, and as such greater focus will be placed on these differentiators.



Our ESG Strategic Framework / continued

The pillars and differentiators are:

1 Making health and financial security accessible
- Digital health innovation
- Inclusive offerings
- Digitally enabled financial literacy

2 Stewarding the human impacts of climate change
- Decarbonising our investment portfolio
- Supporting an inclusive transition

3 Building social capital
- Digital responsibility
- Diversity, inclusion and belonging

The following strategic enablers support these pillars:

- Good governance and responsible business practices
- Responsible investment
- Community engagement and investment

Our 2020 ESG report is structured in line with this framework and provides an update on our progress in the year across each of the pillars and enablers.

The United Nations Sustainable Development Goals (SDGs) were adopted by all UN Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure all people enjoy peace and prosperity by 2030. They are universally recognised and have been globally adopted by corporates as a means of articulating and measuring impact. They therefore provide a transparent and standardised mechanism of illustrating our intended outcomes. The focus areas of the strategic framework have been aligned to the SDGs. The alignment process focused on those SDGs where the Group can seek, over time, to make a meaningful impact because of the close relationship with our purpose and business strategy.

We have aligned with the SDGs at a target-level for the following goals and intended outcomes

SDG	SDG target	Intended outcome
1 No poverty	**1.4, 1.5**	Increased access to quality healthcare services, and financial services for the poor and the underserved, including microfinance. Improved resilience of the poor and reduction in their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.
3 Good health and wellbeing	**3.8, 3.d**	Strengthened capacity of our local (and developing) markets, for early warning, risk reduction and management of national and global health risks. Increased access to quality healthcare and financial risk protection for all across Asia.
8 Decent work and economic growth	**8.3**	Promoted development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, including through access to financial services.
13 Climate action	**13.1, 13.3**	Strengthened societal adaptive capacity for early warning, and risk reduction for climate-induced health impacts. Improved education, awareness and human capacity on climate change mitigation, adaptation, impact reduction and early warning.

Our ESG Strategic Framework / continued

Development of the ESG Strategic Framework

In line with good practice, the framework was developed following a rigorous analysis process, which identified key ESG stakeholder expectations from investors, rating agencies, government and regulators, stock exchanges, NGOs, industry and independent organisations, media and employees. This approach was taken to ensure that the framework ascertained the most material issues, considered as broad a spectrum of stakeholders as possible, and was tested robustly from their perspectives. The process also considered upcoming regulation to shape a view of expectations, emerging policy and peer themes to direction of travel, noting that this is a rapidly evolving area. This comprehensive internal and external stakeholder engagement informed the materiality assessment for the purposes of our 2020 ESG reporting. The Section 172 Statement below provides information on stakeholder engagement throughout the year, which was considered within the development of the ESG Strategic Framework where relevant.

Through this analysis, the three strategic pillars, plus the differentiators and enablers, were identified and defined at a high level. These proposals were discussed with a number of stakeholders across the Group in order to ensure our ESG strategy was fully integrated into the business, and to test and validate the proposed framework. This stakeholder group included those responsible for ESG and responsible investment-related activities within the business units, along with function leads (eg HR, Digital, Risk), business unit CEOs, the Group Executive Committee, and Board members.

The Strategic Framework was formally reviewed by the Group ESG Committee and then considered by the Group Nomination & Governance Committee, which recommended it to the Group Board, which formally approved it in December 2020.

Oversight of ESG

ESG is overseen by the Board, which is responsible for determining strategy and prioritisation of key focus areas. In order to provide greater senior executive involvement and holistic oversight of ESG matters material to the Group, in 2020 a Group ESG Committee was established, superseding the previous ESG Executive Committee. The Committee is chaired by the Group Chief Financial Officer and Chief Operating Officer, in his role as ESG sponsor. Membership of the Committee includes the Group Chief Risk and Compliance Officer, the Group HR Director, and senior representatives from the Group's asset owner and asset management business units, including, from 1 January 2021, the Chief Executives of Eastspring and PACS (Prudential's Singapore business). One of the Group ESG Committee's responsibilities is to oversee the Group's progress towards fulfilling our commitment to report against the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

In 2020, the Group ESG Committee reported to the Board through the Group Nomination & Governance Committee. The Board recognises that the next 12 to 18 months will be critical for the embedding of the ESG Strategic Framework within the Group, as well as for the progress of related matters such as the development and embedding of the Group's purpose and values, progressing diversity and inclusion (D&I) priorities, and building upon employee engagement activities. Therefore, in early 2021 the Board established a Responsibility & Sustainability Working Group, to be chaired by Alice Schroeder and comprising four Non-executive Directors, in order to ensure an appropriate level of Board engagement in, and oversight of, these matters during this critical period.

Our Group Governance Manual (GGM) sets out the policies and procedures by which the Group operates. It establishes standards for managing possible ESG issues across the Group. The GGM is subject to a formal content review each year, taking into consideration both internal and external factors.

As part of the Governance, Risk Management & Internal Control – Annual Statement of Compliance certification, all businesses across the Group assess their compliance position against each of the requirements set out in the Group Code of Business Conduct, Policies and Delegated Authorities. Any instances of GGM non-compliance identified by the businesses through their annual attestation are assessed by the Group policy owners and reported to the Group Audit Committee.

Our ESG Strategic Framework / continued

Our Group-wide policies relating to our ESG Strategic Framework, which are applicable to all entities, include:

ESG strategic pillar	Our Group-wide policies	Owner and date of last review
Making health and financial security accessible	To ensure we treat our customers fairly, management of conduct risks is key. Prudential mitigates conduct risk with robust controls, which are identified and assessed through the Group's conduct risk assessment framework, and regularly tested within its monitoring programmes. The Group Customer Conduct Risk Policy provides this framework and includes our Customer Conduct Standards, which set out the core values and standards that the Group expects all employees and persons acting on behalf of it to observe, and which further support our ESG strategy. These values and standards include specific requirements regarding customers. In particular, the Group has committed to: — Treat customers fairly; — Provide and promote products and services that meet customer needs, are clearly explained and deliver real value; — Maintain the confidentiality of our customer information; — Provide and promote high standards of customer service; and — Act fairly and in a timely way to address customer complaints and any errors we find.	Group Chief Executive December 2020
Stewarding the human impacts of climate change	Asset management businesses and insurance businesses (as asset owners) have distinct risks, including investing in different markets and asset classes; therefore, each business manages ESG-related matters through the pursuit of business-specific responsible investment policies. This is supported by our Group Code of Business Conduct and is underpinned by our Group-wide Responsible Investment Standards.	Business unit responsible executives
	Our Environment Policy outlines our approach to understanding and managing the direct environmental impact of the Group. This covers our measurement, monitoring, review and reporting of issues associated with our environmental performance.	Group Chief Financial Officer and Chief Operating Officer July 2020
Building social capital	Our Diversity and Inclusion Policy reflects our aspiration and aims to promote employee diversity and provide equal opportunities to all who apply for and those who perform work at every level of our organisation. The policy promotes diversity irrespective of sex, race, age, ethnic origin, social and cultural background, marital or civil partnership status, pregnancy, maternity and paternity, any gender reassignment, religion or belief, sexual orientation, disability, or part-time/fixed-term working arrangements, and seeks to ensure appropriate diversity of experience, skill sets and professional backgrounds. Further information on the diversity of our Board, our policy in respect of this, how this is implemented and the associated results in 2020 can be found in the Governance Statement in our 2020 Annual Report.	Group HR Director July 2020
	Our Employee Relations Policy outlines the way we engage with our employees and motivate them to achieve success for the Group: promoting positive relationships with employees, representative organisations and trade unions.	Group HR Director July 2020
	Our 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.	Group HR Director July 2020
	Our Remuneration Policy outlines our effective approach to appropriately rewarding our employees in a way that aligns incentives to business objectives and performance, and enables the recruitment, retention and incentivisation of high-calibre employees in line with our risk appetite and Group Reward Principles.	Group HR Director December 2020
	Our Talent Policy demonstrates how we attract, select and develop the best people for roles that will ensure high performance in the short term and future-proof leadership capability through building business-relevant longer-term succession and talent pipelines. It sets out our fair and effective approach to pursuing this.	Group HR Director July 2020
	Our Privacy Policy governs the protection of data and complies with the General Data Protection Regulation. Our Global Information Security Policy supports our global approach to security and our commitment to protecting the data entrusted to us by customers.	Group Chief Digital Officer July 2020

Our ESG Strategic Framework / continued

ESG strategic enabler	Our Group-wide policies	Owner and date of last review
Responsible investment	Asset management businesses and insurance businesses (as asset owners) have distinct risks, including investing in different markets and asset classes; therefore, each business manages ESG-related matters through the pursuit of business-specific responsible investment policies. This is supported by our Group Code of Business Conduct and is underpinned by our Group-wide Responsible Investment Standards.	Business unit responsible executives
Good governance and responsible business practices	The Group Code of Business Conduct sits at the heart of our Group Governance Manual, and highlights the ethical standards that the Board expects of itself, our employees, our agents and others working on behalf of the Group. The Code is supported by a set of Group-wide principles and values that define how the Group expects business to be conducted in order to achieve its strategic objectives.	Group Chief Executive December 2020
	Our 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.	Group Chief Risk and Compliance Officer July 2020
	Our 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.	Group Chief Risk and Compliance Officer July 2020
	Our Security Policy outlines our commitment to ensuring that 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.	Group Chief Risk and Compliance Officer July 2020
	Our 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.	Group Chief Financial Officer and Chief Operating Officer July 2020

ESG strategic enabler	Our Group-wide policies	Owner and date of last review
Good governance and responsible business practices continued	Our Political Donations Policy outlines our position that as an organisation we do not donate to political parties. This is defined as covering any political party or candidate or any other organisation that attempts to affect support for any political party. It is defined as covering any payment or gift or contribution, direct or indirect, as defined by the UK's Political Parties, Elections and Referendums Act 2000. The policy covers expenditure on engagement activity on public policy discussions and applies across the Group.	Group Chief Financial Officer and Chief Operating Officer July 2020
	Our 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, the policy considers the requirements of the UK Modern Slavery Act and the principles of the UN's Universal Declaration of Human Rights.	Group Chief Financial Officer and Chief Operating Officer July 2020
	Our 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.	Group Chief Financial Officer and Chief Operating Officer July 2020
Community engagement and investment	Our Community Investment Policy covers how we are committed to working with the communities in which we operate as active and supportive members. It also outlines our strategy for investing in the community and how we make investments and report against them.	Group Chief Financial Officer and Chief Operating Officer and Group HR Director July 2020

Stakeholders

Engaging with our stakeholders

During 2020 we engaged with our various stakeholder groups closely, as set out below.

Customers

The Group's purpose is to help people get the most out of life. We do this by making health and financial security accessible and affordable, protecting people's wealth and growing their assets. The needs of our customers are therefore central to what we do.

We engage directly with our customers through contact centres, dedicated account managers, sales support units, business processing and servicing, face-to-face advice (where possible), mobile phone apps and telephone technical support teams. The development of our digital proposition, specifically our digital health app, Pulse by Prudential, has enabled us to give our customers a greater range of services, including through partnerships with others. We are attracting a younger demographic and are able to respond quickly to emerging needs. For example, we responded to the pandemic by providing free, limited-time Covid-19 cover for new or existing customers or Pulse users in a number of markets. The Board has actively discussed and supported the evolution of the digital strategy throughout 2020.

Investors

The Group has continued to maintain an open dialogue with investors to ensure that investors' perspectives and concerns are considered in the Board's decision-making. During 2020, Executive Directors attended over 150 meetings, conferences and events with investors, discussing topics including the Group's strategy, financial performance and future development. In addition, the former Chair, Paul Manduca, carried out 10 meetings with investors. The current Chair, in her then capacity as Chair-elect and Non-executive Director, has attended over 25 meetings with international and UK-based investors both during her introduction to the business and as part of ongoing investor engagement. These investors included large current investors as well as previous holders, but also included smaller institutional groups with specific matters to discuss, such as the Group's engagement with ESG and technology. The Board receives regular updates from the Group Investor Relations team on the Group's continuing wider engagement with investors.

The scope of discussions focused on the Group's strategy, in particular shareholder views on the question of whether and when to pursue the separation of Jackson and focus on the Asian and African businesses, and Board succession. The perspectives gained from these meetings, and the need for broad investor support, were considered by the Board when making key strategic decisions and communicating those decisions to the market.

Our people

Ongoing employee engagement is one of the critical factors to ensure successful delivery of the Group's strategic objectives and the Board is keen to increase its focus in this important area. In 2019, the Board expanded the role of two Non-executive Directors to include responsibility for employee engagement: Kai Nargolwala covers our businesses in Asia and Africa, and Tom Watjen is responsible for our UK and US workforce. Kai Nargolwala and Tom Watjen discharged their duties through a range of interactions with staff during 2020.

Culture	— During 2020, the Group reaffirmed our culture and articulated a renewed purpose, which is to help people get the most out of life. We aspire to a culture that is purpose-led, customer-focused and digitally-savvy. Living the culture around this purpose contributes to our success, sustainable growth, and ability to do the right thing for all stakeholders, including customers, colleagues, shareholders, regulators and society at large. The Board discussed progress in this area in February, April and July 2020. — Our people bring our culture to life by living the Company's values. The May 2020 employee survey found that employees are strongly positive about these values, with 83 per cent of respondents identifying favourably with being empathetic, nimble, courageous, curious and ambitious. In September 2020, we hosted a three-day virtual Collaboration Jam that saw our people come together to define the mindsets and behaviours that embody each value. The values will serve as the basis for peer feedback, which will be incorporated into annual appraisals
Covid-19 and wellbeing	— While the Covid-19 pandemic unfolded at different times and with varying levels of impact across the footprint of the Group, all parts of the business were devoted to ensuring the physical, emotional and social health and safety of our people, taking into account employee preferences during this time. Our response to the pandemic and the ways in which we have protected our people have been a theme across the Board's discussions during 2020. The Remuneration Committee also received an update on this topic in September 2020. — All of our businesses have run regular sessions to support the physical, mental, emotional and social wellbeing of our people. Mental health provision has been strengthened in a number of our insurer benefit arrangements. — The Collaboration Jam and employee survey earlier in the year highlighted the challenges of remote working and work-life balance during the Covid-19 pandemic. To coincide with World Mental Health Day, we held our first global wellbeing day in October. This consisted of a series of online sessions across all time-zones, including a session in which our leaders shared their own stories about the mental health challenges that they have faced. Jackson and our London office have offered regular sessions on different aspects of wellbeing and stress management.
Organisational change	— The last 12 months have seen tremendous external challenges and significant changes within the organisation. Board members have received regular briefings about the planned changes and what they mean for our people. — While this has naturally been a time of some uncertainty and strain for our people, the Group has supported employees through both the pandemic and the restructuring activity taking place in Jackson and London head office, communicating regularly and clearly and prioritising the fair treatment of all our employees.

Engaging with our stakeholders / continued

Regulators

Since the demerger of M&G plc, the Group has been subject to the consolidated supervision of the Hong Kong Insurance Authority (IA) as Prudential's Group-wide supervisor. We have engaged with the Hong Kong IA on a regular basis, with the Directors meeting with the regulator on a periodic basis and sharing an agreed range of management information. In September 2020 Mike Wells, Mark FitzPatrick, James Turner and Nic Nicandrou presented to the Regulatory College of Supervisors on the Group's strategy and key business initiatives. The Board also considered and responded to feedback received from the College following its conclusion.

The 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. The Hong Kong IA's principles include financial integrity, effective corporate governance and sound risk management. We undertook a gap analysis of the Group's policies and processes against Hong Kong IA requirements for the proposed GWS framework.

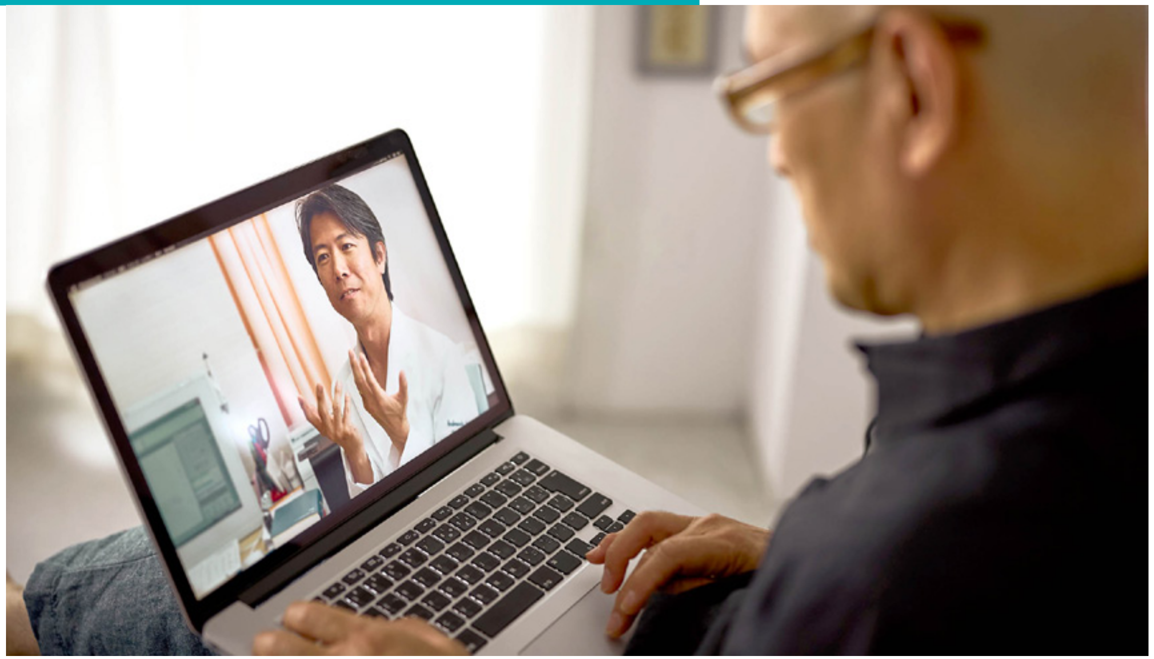
Governments and wider society

During 2020, a number of key points emerged from our engagements with governments and legislatures, but the most pressing concern has been how we cooperate with our governmental stakeholders in response to the global health crisis. Covid-19 has underlined the importance of working together with governments and our communities to increase life and health insurance penetration to protect individuals and families. We continue to work with governments, regulators and politicians on ways to close this gap. With the roll-out of Pulse, we have increased our engagement with policymakers on health systems, health financing and the role of technology across our markets. In Hong Kong, we have been actively advocating for a digital health strategy framework to the city's top policymaker in collaboration with the local business community. Our vision is to establish a digital health ecosystem for the city and the Guangdong-Hong Kong-Macao Greater Bay Area. During 2020, we have also engaged with policy, regulatory and political stakeholders on COP26 and related themes such as inclusion, the need for a just and inclusive energy transition and the role of private finance in improving responsible investment frameworks.

We respond to ad hoc requests from NGOs and hold meetings with them throughout the year. During 2020, many of our stakeholders were concerned with the impact of Covid-19 on the communities in which we operate. In response to the pandemic, we launched a $2.5 million Covid-19 relief fund to help support vulnerable communities and provide medical equipment to hospitals and clinics in Asia. The Prudence Foundation partnered with the IFRC and NatGeo to rapidly develop a Safe Steps Covid-19 campaign in response to the pandemic earlier this year. The campaign was distributed across networks in Asia and Africa.

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. We wish to treat our suppliers fairly so we both mutually benefit from our relationship. As an example, at the Group's head office in London, to support our supply chain through the difficult trading circumstances triggered by the global pandemic, we provided payment assistance from March 2020. We immediately switched to 10-day payment terms for all our London head office small suppliers with under 100 employees. This has so far benefited 136 suppliers with a total of £6 million of accelerated payments made to assist their cash flow. On an annual basis, the Board reviews our approach to addressing Modern Slavery in our supply chain.



Strategic Pillars

1 Strategic Pillar: Making health and financial security accessible

We pursue with ambition the closure of the health, protection and savings gaps in Asia and Africa. We see this as core to our purpose to help people to get the most out of life – by making people healthier and wealthier. We are committed to closing these gaps by improving the health and financial wellbeing of those who interact with us, generating positive behavioural change towards healthier lives, and increasing access to healthcare for all.

To do this we focus on: digital health innovation – to promote inclusion through affordability and accessibility, and healthier outcomes for those we interact with; inclusive offerings – to increase penetration in underserved populations, and bring diversity to our product offering, reflective of our customer base; and digitally enabled financial literacy – to build trust and understanding of protection benefits and options, and wider savings and digital capabilities. In doing this we support our customers to prevent, postpone and protect against ill-health.

Digital health innovation

As a leading health insurer in Asia, we are evolving from providing protection to playing a role in the prevention and postponement of ill-health. To make this happen, we believe that the adoption of digital technology at scale is vital.

Pulse by Prudential, our health and wealth super-app, is a core part of our strategy to make health and wellness accessible and affordable. Using AI-powered tools and personalised services, Pulse, which is free to download, empowers people to take control of their personal health, anytime and anywhere. The app has been downloaded around 20 million times in Asia and Africa, as of February 2021.

Initially launched in Malaysia in 2019, Pulse is now available across 15 markets in Asia and Africa, with relevant services available in local languages. Across our markets, the Pulse offering continues to evolve as we grow our local health and technology partners. Covid-19 has accelerated the impact of Pulse by Prudential, increasing the demand for digital health tools and for healthcare services that can be accessed remotely. More information on the roll-out of Pulse and our digital health response to Covid-19 is available on page 19.

We are committed to developing Pulse into an end-to-end health and wellness platform integrating primary care, wellness and chronic disease management. We work collaboratively with a range of partners to provide value-added services and subscription plans across the health and wellness spectrum to all users. To date, Pulse has integrated 32 local and regional partners. Our partnership with Halodoc in Indonesia enables us to provide a range of telemedicine services through Pulse, including consulting with doctors online and purchasing and arranging the delivery of prescriptions. We are also partnering with Naluri, a Malaysian health tech start-up, to enhance our food journaling user experience within Pulse. This partnership will enable users in the region to access dieticians, helping users plan a healthy and balanced diet, contributing to their wellness goals.

We recognise the importance of building trust in the markets where we operate. We have worked with health ministries and insurance regulators to understand the local health and financial landscape and the challenges we can help to address. We have also used local epidemiology to understand common health concerns in the region. For example, in Thailand, specific prompts and questions have been built into our symptom checker in recognition of the fact that many common diseases are related to poor water quality or source contamination. We have also worked with public hospitals and doctors to gain insights, which helps us to triage Pulse users appropriately.

Our Pulse app was awarded 'Technology Initiative of the Year' at the Asia Insurance Industry Awards 2020. Pulse was also recognised by the UK government for its positive impact in South-east Asia. The Foreign, Commonwealth and Development Office has included Pulse in its 'Great for Partnership' initiative, a campaign to promote the best of the UK overseas.

As we continue to develop Pulse, we have embraced agile ways of working, exemplified by the use of 'hot houses'. During these intense workshops, a wide range of employees from across the Group with different skills and expertise collaborate to explore new ideas, design and implement solutions to deploy into our Pulse app within days, providing immediate benefits to Pulse users.

Supporting the development of mobile health

The successful adoption of digital health tools like Pulse is dependent upon the accessibility and acceptance of mobile and digital health tools. We therefore work with a range of stakeholders in the markets where we operate to understand the challenges and opportunities associated with the development of mobile health in local markets.

Our recent report, The Health of Asia Barometer, underscores the unprecedented opportunity offered by digital health technologies to improve access to healthcare in Asia. The report, published by The Economist Intelligence Unit, explores attitudes to healthcare in Asia, highlighting the demand for tools and services to help people in the region better navigate the healthcare system. The report, which surveyed 5,000 adults across 13 markets, highlighted consumer appetite towards the digitisation of health.

Personal health insights with Pulse

- 54 per cent believe that medical care is accessible and affordable;
- 81 per cent say technology has already improved their access to health services; and
- 71 per cent will rely on technology even more heavily to improve personal health and wellbeing.

To fulfil the potential of digital healthcare, the report recommends greater public-private collaboration, suggesting that governments partner with private companies to deliver digitally innovative ways to promote and manage health and wellness among citizens.

In 2020, we expanded our Singapore-based PRUFintegrate initiative to include our global and regional teams and seven other Prudential business units. The PRUFintegrate initiative is a partner network of fintech, insurtech, healthtech and medtech companies. We received a total of 99 entries, and evaluated solutions from fintech companies based in Asia, Europe and Africa. Our focus in 2020 was on artificial intelligence, as well as the health, wealth and SME ecosystems on Pulse. This global outreach was made possible through the APIX platform that was set up by the Monetary Authority of Singapore, the ASEAN Bankers Association and the World Bank Group's International Finance Corporation.

In the Philippines, we continue to support the development of mobile digital health solutions. Following our 2019 white paper exploring the current legal and regulatory framework for mobile health in the Philippines, we launched the 'Healthscape Dialogue Series' during 2020. This seeks to build a multi-stakeholder platform to discuss the most pressing topics in Philippine healthcare, providing an important forum for industry players across sectors to come together and discuss how to improve the access of more Filipinos to affordable and quality healthcare services. Webinars over the course of 2020 have covered the use of AI and mobile technology, preventative healthcare and telemedicine. We also partnered with the Analytics Association of the Philippines to provide a webinar on digital transformation in life insurance and the role of big data in achieving financial inclusion and better health for more Filipinos.

Inclusive offerings

As part of our commitment to making health and financial security accessible, we recognise the importance of increasing penetration in the markets where we operate, providing products and services to previously underserved populations. By bringing diversity to our product offering, we will be able to better reflect the needs of our customer base, and integrate any lifestyle impacts from emerging social risks associated with major public health and demographic trends into our product offering. This will include, but not be limited to, lower-income groups, ageing populations, small and medium-sized enterprises and sharia offerings.

Demographics are changing in a number of our markets. In response to Thailand's rapidly ageing population, Prudential Thailand has launched PRUTriple Eight (PRU888), a life insurance plan that allows for effective financial planning at every stage of a person's life. Based on the latest projections by the United Nations Population Fund, Thailand will fully transition into an aged society by 2021, with the number of senior citizens aged 60 and above expected to make up 20 per cent of the total population. As a result, the country will face emergent issues concerning social security, healthcare costs and intergenerational equity in a far shorter time than developed nations. This rapid speed of ageing calls for appropriate response, policies and programmes to help resolve the issues. The PRU888 plan provides financial security to customers including death benefits as well as accidental death coverage where we will pay eight times the normal death benefit up to age 88 while providing annual cashback and a maturity benefit at age 88.

Prudential Indonesia continues to innovate to provide affordable financial protection for Indonesians by launching Asuransi Jiwa Kumpulan Syariah PRUTect Care (PRUTect Care), Prudential Indonesia's first digital product available on our health and wealth super-app, Pulse. As a sharia-based offering, PRUTect Care provides basic natural death benefit coverage, as well as various optional benefits, for a monthly contribution as low as Rp8,000 (US$0.50). To protect more Indonesians, Prudential collaborated with digital partners Gadjian and Kitabisa.com to offer PRUTect Care.

In 2020, Prudential Indonesia launched Asuransi Jiwa Ayariah PRUCinta (PRUCinta), its first sharia-based traditional life insurance product. A simple and affordable product, PRUCinta provides optimised death compensation benefits covering a period of 20 years. PRUCinta shows Prudential Indonesia's aspirations to become a leading contributor to the Indonesian sharia industry and to expand life insurance coverage to a broader segment of the population.

In response to outbreaks of dengue fever, a mosquito-borne viral disease, across South-east Asia, our businesses in Thailand, Cambodia and Singapore have all launched affordable insurance plans to provide customers with cover for dengue fever. Prudential Thailand launched its first digital insurance plan, 'PRUDengue', in partnership with AIS, a leading telecom operator in Thailand's mobile network. AIS customers can purchase PRUDengue via Pulse, launched by Prudential Thailand in June. Dengue fever has impacted nearly one million people in Thailand over the last 10 years. PRUDengue is an all-round and affordable insurance plan to support the insured with a lump-sum payout. PRUDengue's basic package, with an annual premium at THB249 (US$8), provides total benefits of up to THB70,000 (US$2,332). Applicants are not required to complete any health or income check for this plan.

Prudential Cambodia has also launched an affordable insurance solution for dengue fever and malaria. With an annual premium of US$4, the product is Prudential Cambodia's first micro-insurance offering and demonstrates Prudential Cambodia's ambition to making insurance accessible to all Cambodians. With over 34,000 cases of dengue fever in Singapore during 2020, Prudential Singapore launched its affordable insurance plan, PRUSafe Dengue, on Pulse. For a premium of S$5, PRUSafe Dengue provides a number of benefits over a three-month period. In the Philippines, we have also begun to develop bite-sized offerings to help increase insurance penetration and to target specific protection needs of the market. Initial offerings include dengue cover and a breast cancer product.

In December, Prudential Singapore introduced the Spark Kindness Movement. The movement aims to narrow the protection gap by providing underprivileged families with financial support in the event of accidental death. For every PRUActive Protect or PRUCancer 360 policy sold in December, we provided a complimentary two-year Accidental Death Insurance Coverage of S$10,000 to a parent of a low-income family supported by our community partner, AMKFSC Community Services Limited. This coverage provides hope to the children of these families by giving them the means to continue their education. A total of 3,022 individuals from these families received complimentary coverage through the Spark Kindness Movement and Prudential Singapore plans to extend this programme in the future to benefit more underserved populations.

In Taiwan, we offer a micro-insurance policy to a non-profit, the Taiwan Fund for Children and Families, to support disadvantaged families and children. During 2020 this policy has helped support 284 families. Our Taiwan life business, PCA Life Assurance, continues to address child protection issues and in November launched its Child Health white paper, to advocate for child health and protection in Taiwan. PCA Life worked with the Research Centre of Big Data at Taipei Medical University to conduct research and analysis into the factors that affect child growth.

In Malaysia, our CSR initiative, PRUKasih, provides free temporary financial relief to urban low-income families coping with a sudden loss of income due to illness, accident or death. Since this programme started in 2014, more than RM10 million (~US$2.5 million) has been paid out in claims, and during 2020, we supported 40,429 households across 35 communities with PRUKasih. To help PRUKasih communities mitigate the effects of the pandemic, we provided free Covid-19 coverage whereby a cash payment would be made in the event of hospitalisation and/or death.

Also in Malaysia, PruBSN Microtakaful Jariyah provided basic microtakaful coverage to 25,000 underprivileged families during the year. This initiative is the first of its kind in Malaysia and provides complimentary basic takaful coverage for a 12-month term to selected heads of the household from low-income groups. Beneficiaries receive RM10,000 (~US$2,500) in the event that their family breadwinner passes away.

In Ghana, we have collaborated with leading industry partners to deliver an innovative mobile insurance plan, SafeNet, to new customers. The partnership between Prudential Ghana, Vodafone, MicroEnsure and Enterprise will offer Ghanaians key insurance benefits, including cover for hospital cash compensation, accidental injuries or disabilities, and general life insurance. We have teamed up with Enterprise as co-underwriters for SafeNet, a new mobile insurance product that offers an easy way of buying flexible insurance. Vodafone, Ghana's second-largest mobile network operator, is using a platform developed by MicroEnsure to distribute SafeNet to Vodafone subscribers. In line with our commitment to help limit the economic impact on customers of Covid-19, SafeNet will be offered to more than nine million Vodafone subscribers as free insurance cover in the first half of 2021.

Helping to upskill small businesses

In November 2020, Prudential Singapore brought together 80 small and medium-sized enterprises (SMEs) across 50 industries and a government agency – SkillsFuture Singapore (SSG) – to co-create the SME Skills Accelerator programme. This one-year programme is part of Prudential Singapore's value-added services for SMEs to help them upskill and support them in their innovation efforts. SMEs are entitled to curated training programmes that are subsidised by SSG on topics such as design thinking, digital transformation and workplace learning. As part of the programme, SMEs get to join a network of like-minded people to share best practices and improve processes. SMEs are also connected to a dedicated skills manager who advises on the SMEs' upskilling needs.

Recognising the significant impact of the Covid-19 pandemic on micro, small and medium enterprises (MSMEs), Prudential Indonesia has supported MSMEs across Indonesia by holding a series of financial literacy training webinars, in partnership with AKUMANDIRI, SMESCO and the Tangan di Atas Community. The initiative includes a series of webinar sessions delivered by experts from Prudential Indonesia, covering key financial literacy topics including the importance of financial management, business capital, developing business strategies, and cash flow management for business entities.

Promoting financial literacy

The promotion of financial literacy is a priority for Prudential and we actively seek to build trust and improve understanding of protection benefits and options. In doing this we support our customers to prevent, postpone and protect against ill-health. Financial literacy is a key focus area for Prudence Foundation. More information on the broader work of Prudence Foundation can be found in the Community Engagement and Investment section on page 40 of this report.

Cha-Ching – a global financial education programme

Developed by Prudential to address the gap in financial literacy for children, Cha-Ching is a global financial education and responsibility programme aimed at children aged seven to 12. Now in its 10th year, the programme continues to grow and expand across our markets and is well received by educators, parents, children and government stakeholders. We continue to develop a blended learning approach to financial literacy, leveraging digital tools and platforms as well as the school environment. Our aim is to ensure that Cha-Ching is accessible and available to millions of children, parents and teachers across the world for free, providing them with the right foundations in financial literacy.

The Cha-Ching Curriculum was developed in partnership with Junior Achievement (JA), and has been successfully implemented in Asia for five years through strong partnerships with NGOs and governments in eight markets: the Philippines, Indonesia, Malaysia, Vietnam, Taiwan, Singapore, Cambodia and Thailand. To date, more than 15,000 teachers have been trained to deliver the Cha-Ching Curriculum in schools, with over 600,000 primary school students having been taught the lessons of earn, save, spend and donate.

The Cha-Ching Curriculum school implementation programme has also expanded into Africa, and in 2020 Prudence Foundation extended its partnership with JA in Africa, to teach the Cha-Ching Curriculum to primary school students across six countries: Kenya, Ghana, Zambia, Nigeria, Uganda and Côte d'Ivoire over the next three years. By adopting the proven teacher-led model for Cha-Ching, which has seen success in Asia, we will similarly work to improve financial literacy in Africa, in a sustainable and scalable way.

In Asia, the Cha-Ching cartoons continue to be broadcast on Cartoon Network, reaching over 31 million households every day. Cha-Ching content is also accessed online via the website and through digital channels including social media, with over 86 million views to date.

In an effort to increase the reach and impact of Cha-Ching, we also introduced several new digital initiatives in 2020. These have supported the broader reach of Cha-Ching, particularly in the Covid-19 environment, which has limited in-person teaching, and these are intended to continue into 2021:

— The Cha-Ching Kid$ At Home programme, aimed at parents, was launched amidst the backdrop of Covid-19. Available for free online, this consists of guides and at-home activities providing families with an engaging and interactive way to teach financial literacy at home. A digital media campaign was launched to raise awareness, reaching more than 3.7 million people via social media. The educational resources have been actively promoted by Prudential businesses through social media campaigns and public webinars and have been viewed or downloaded over 25,000 times via the Cha-Ching website. In Singapore, Indonesia and Myanmar, employee volunteers have also been trained to deliver the Cha-Ching Curriculum online through webinars.
— In September 2020, Prudence Foundation introduced the online Cha-Ching Financial Accreditation (CCFA), to acknowledge and support the teacher community working to deliver the Cha-Ching Curriculum in schools across Asia. The CCFA platform was launched in the Philippines, Indonesia and Vietnam and will expand to further markets in 2021. This online assessment is endorsed by education authorities and was developed in alignment with the OECD Core Competencies Framework on Financial Literacy for Youth and the ASEAN Teachers Competency Framework. To date, over 4,000 teachers have registered and 2,400 have completed the CCFA online course.
— In the Philippines, Prudence Foundation and JA have worked closely with the Department of Education (DepEd) to incorporate Cha-Ching into the national distance learning approach implemented in response to Covid-19. Cha-Ching printed materials will be distributed to over 157,000 students at home, supplemented by online teaching where possible. Cha-Ching lessons will also be broadcast via TV and radio as part of DepEd's implementation, expected to reach over 56,000 students.
— Cha-Ching videos and parent resources have been made available for free on the Pulse by Prudential app in Singapore with expansion into other markets expected in 2021.

In the US, the Jackson Charitable Foundation has reached more than eight million students since 2017 by partnering with Discovery Education and Junior Achievement USA. We provide free music videos and classroom and at-home activities with Cha-Ching Money Smart Kids to teach elementary school students how to earn, save, spend and donate. The demand for virtual financial education continues to increase, with Cha-Ching Money Smart Kids seeing record engagement in 2020. The Jackson Charitable Foundation has also sponsored 500 high schools to use Ramsey Education's Foundations in Personal Finance curriculum for the 2020-21 school year, at no cost to the schools. Since this partnership began in 2018, the Foundation has committed $2.7 million toward financial education for high school students across the country, reaching 100,000 students in total.

In Malaysia, in line with our commitment to uplift PRUKasih communities and build their financial resilience, we introduced education programmes focused on financial planning. We also rolled out the PRUKasih Entrepreneurship Programme to equip participants with entrepreneurial skills and knowledge. To foster greater collaboration between the public and private sectors on financial empowerment through education, we launched a five-part webinar series, featuring a range of panellists, including Malaysia's Central Bank, Bank Negara Malaysia. The webinar series included topics such as the state of financial education in the country and the creation of a unified financial literacy curriculum.

#MoneyParenting

During 2020, our Asian asset manager, Eastspring, launched its #MoneyParenting initiative. Following a survey of 10,000 parents across nine Asian markets, we found that 51 per cent of parents in Asia do not know if they have been successful teachers and role models for their children. Recognising that parents pass on their attitudes and beliefs about finance to children, Eastspring is aiming to help parents become better role models and to provide them with the knowledge, skills and tools to effectively teach their children about money and plan for their future. When asked what help they wanted in order to teach their child how to use and manage money better, 43 per cent of parents across Asia said they wanted to learn more about financial management themselves. In response to the survey and its findings, Eastspring has launched a dedicated microsite on its website, providing tools and resources for parents to empower them as they are teaching their children about the financial and social responsibilities that come with money.

Pulse roll-out and digital health initiatives

We have provided some examples to illustrate how we have begun to roll-out Pulse across our businesses. Our Pulse offering continues to develop as we work collaboratively with a range of partners to provide value-added services and subscription plans across the health and wellness spectrum to all users. As we design these services, we consider emerging population risks and public health trends, such as rising levels of obesity, increasing urbanisation and ageing populations.

Cambodia

Prudential Cambodia was the first to bring AI-based preventative healthcare to Cambodia, through the launch of Pulse. Health infrastructure in Cambodia in both the public and private sectors is underdeveloped, and convenient access to quality healthcare is difficult for most Cambodians. The initial Pulse roll-out included a 'hospital locator' feature for users to access all hospitals and clinics covered under the National Social Security Fund, which is a social health safety net for two million people employed in the formal sector.

Malaysia

In October 2020, we launched our Step Up Against Cancer Challenge in Malaysia through Pulse to increase cancer awareness and to highlight the importance of financial protection against cancer. Users are challenged to take at least 5,000 steps a day in order to earn free cancer coverage. Users can connect their fitness device to the Pulse app, allowing them to earn different levels of cancer coverage, depending on the number of steps they take.

Vietnam

The launch of Pulse in Vietnam enabled users to access features including Health Checkup, Symptom Check, Body Mass Index Measurement and Wrinkle Index Measurement. The app also includes hundreds of articles equipping users with medical information on healthy lifestyles, symptoms and treatments. Prudential Vietnam also introduced an online cancer insurance product, iProtect, on Pulse in September.

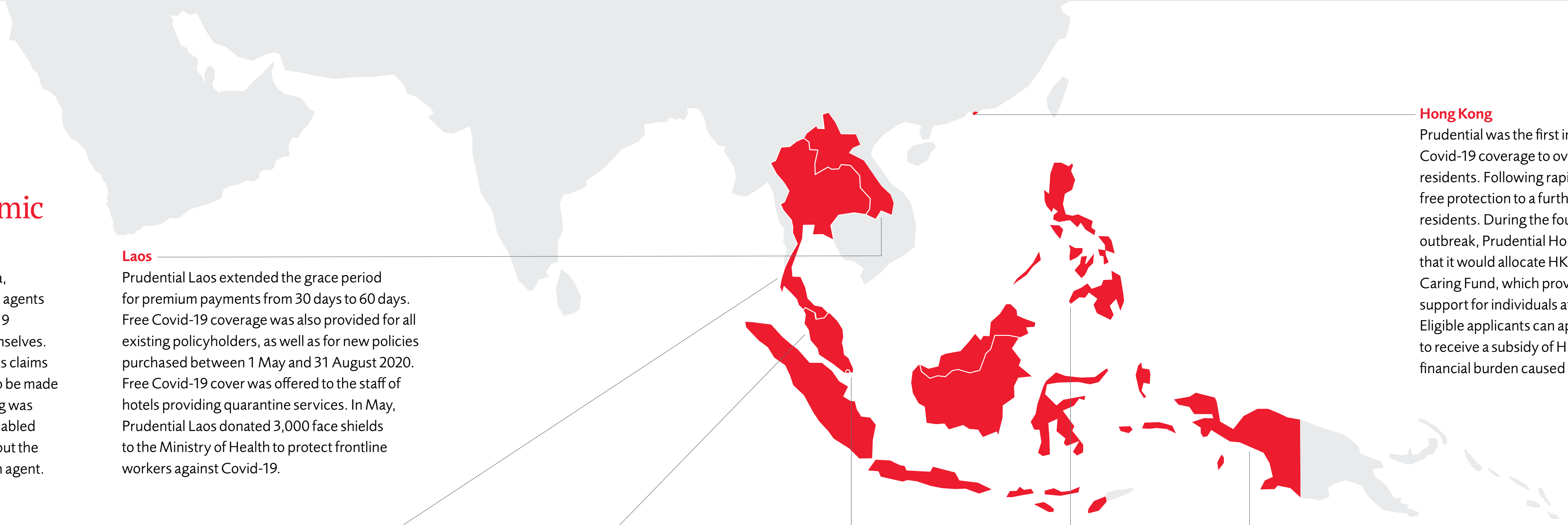
Hong Kong

The launch of Pulse in Hong Kong made us the first in the market to offer an AI-powered chatbot to provide clinically validated information and recommendations for symptoms. Recognising the specific needs of its customers, Pulse users in Hong Kong can access a digital Chinese Medicine Body Constitution Test. Useful information, including hospital listings is now available on Pulse to make information easily accessible for customers.

Indonesia

Following the release of Pulse in Indonesia, the #SehatBarengPulse (Get Healthy with Pulse) movement was launched. The campaign encouraged users to lead a healthier lifestyle through a series of challenges, including lowering sugar intake and cholesterol levels.

Digital health response to the Covid-19 pandemic



Africa
Across our eight markets in Africa, we provided customers, staff and agents with a range of additional Covid-19 insurance cover at no cost to themselves. Prudential Africa also simplified its claims procedures and enabled claims to be made via WhatsApp. Additional training was provided to our agents and we enabled customers to buy insurance without the need to meet face-to-face with an agent.

Laos
Prudential Laos extended the grace period for premium payments from 30 days to 60 days. Free Covid-19 coverage was also provided for all existing policyholders, as well as for new policies purchased between 1 May and 31 August 2020. Free Covid-19 cover was offered to the staff of hotels providing quarantine services. In May, Prudential Laos donated 3,000 face shields to the Ministry of Health to protect frontline workers against Covid-19.

Hong Kong
Prudential was the first in the market to launch free Covid-19 coverage to over 300,000 Hong Kong residents. Following rapid take-up, we offered free protection to a further 200,000 Hong Kong residents. During the fourth wave of the Covid-19 outbreak, Prudential Hong Kong announced that it would allocate HK$5 million to its Covid-19 Caring Fund, which provides additional financial support for individuals affected by Covid-19. Eligible applicants can apply through the Pulse app to receive a subsidy of HK$10,000 to relieve their financial burden caused by the pandemic.

Thailand
To encourage social distancing during the pandemic, Prudential Thailand partnered with 10 hospitals in Thailand to offer customers access to specialist healthcare services and medication via telemedicine. Customers could choose to schedule a consultation with a doctor via video conference, purchase and arrange for delivery of prescription medicine to their homes or arrange for a home visit by a doctor if necessary.

Malaysia
Prudential was the first insurer in Malaysia to introduce Covid-19 coverage for our customers and this was subsequently extended to non-customers at no additional cost. In the initial stages of the pandemic, we launched public service announcements and content on Pulse and various media channels to educate the public about the virus and how to stay safe. We also supported the Ministry of Health's efforts to conduct more Covid-19 tests by reimbursing our customers for taking the test. Customers facing financial difficulties were able to apply to our premium deferment relief programme.

Singapore
Pulse was launched in Singapore in April 2020, and was a key part of our response in supporting the community in the fight against the virus. Users of the app were entitled to a daily hospitalisation allowance if they were hospitalised for Covid-19. Prudential Singapore also subsidised part of the consultation costs for users until 30 June 2020, so it cost only S$15 per consultation. Non-customers were eligible to receive a S$100 daily allowance (for up to three months of hospitalisation) if they were hospitalised between the date of their Pulse app registration and 31 May 2020.

The Philippines
Pulse launched in the Philippines in February 2020 and at the onset of the pandemic, was used to provide free Covid-19 protection and personal accident coverage – a one-time, 45-day insurance product to protect the insured against death from Covid-19 or accident. It was the first insurer in the country to offer extra protection against Covid-19.

Indonesia
In response to the Covid-19 pandemic, Prudential Indonesia provided free Covid-19 coverage and was the first in the market to offer additional protection for Covid-19. Prudential Indonesia also extended the grace period for premium payments, simplified its claims procedure and established a dedicated team for Covid-19 claims. Leveraging Pulse, Prudential Indonesia and Halodoc provided premium-free Covid-19 rapid tests for members of the public in Jakarta and Surabaya. Prudential Indonesia also launched PRUCekatan to enable customers to consult with their agents and access comprehensive protection solutions virtually, rather than through face-to-face meetings.

2 Strategic Pillar: Stewarding the human impacts of climate change

We recognise that climate change presents a serious global challenge, with significant potential economic consequences and direct and indirect impacts on people's health and livelihoods, and we are proactive in enabling the transition to a low-carbon economy. We do this by decarbonising our investment portfolio and working towards sustainable development and energy transition in all our markets. Reflecting the stage of their development, the economies in which we operate tend have a greater reliance on fossil fuels and more exposure to carbon intensive industries than in more developed markets. For example, for the five largest South-east Asian economies of Indonesia, Thailand, Malaysia, the Philippines and Vietnam (plus China) an average of 36.2 per cent of GDP was derived from mining, manufacturing and other industrial activities in 2018. This compared to 18.6 per cent and 17.5 per cent for the US and UK respectively in the same year. This means that the energy transition across the region is likely to proceed at a different pace than for more advanced economies. Recognising this, as we support the move to a lower-carbon economy in these emerging markets, we strive to ensure that the transition is an inclusive one for all of society – one that supports sustainable growth and economic health within our local markets and communities.

Decarbonising our investment portfolio

Our strategic focus on stewarding the human impacts of climate change through decarbonisation of our investment portfolio over time recognises that climate change presents long-term risks to the sustainability of our business. It also acknowledges that, as a responsible corporate citizen, Prudential needs to play its part in the transition to a lower carbon global economy and the collective efforts to limit the rise in global warming that can lead to catastrophic climate change. As a significant investor and an asset owner with long-term investment horizons and liabilities, the Group is vulnerable to climate-related transition risks, and in a position to invest in, and develop, products linked to climate resilience. Our approach to reducing the carbon footprint of our investment portfolio is one which supports sustainable growth and takes into consideration the impact on the economies, businesses and customers in the markets in which we operate and invest.

Approach to climate-related risk

Prudential is a signatory to the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). Our approach to climate change and climate-related risk is covered below. To show how we are meeting TCFD requirements, we have mapped our disclosures to each of its pillars. This is shown in a table at the end of this section of the report.

Initially categorised as emerging risks, the ESG risks associated with our business, which include climate risk, have more recently been upgraded to Group Principal Risk status. Recently, we have engaged a dedicated climate risk consultancy to further refine our understanding of the nature and materiality of the risks posed by climate change to the business.

The table below lists the key climate risks facing Prudential. The sections that follow provide further detail on the activities undertaken to assess, manage and mitigate these risks.

Risk category	Description	Response
Assets	The Group has financial exposure to assets in carbon-intensive and carbon-reliant sectors that may fail to adapt, innovate or pivot to a lower-carbon business model. These assets are at risk of taxation, regulation and/or reduced demand, leading to impairments or downgrades and/or stranding. Physical climate impacts can also lower the value of assets held.	— Development of metrics to measure the potential financial impacts from climate-related transition risk in the asset book. — Use of scenario analysis to model the exposure assuming different pathways and different temperature scenario.
Insurance	Given the complex interactions with other environmental, demographic and social changes, the impact of climate change on mortality and/or morbidity can be difficult to reliably estimate on a standalone basis.	— Qualitative assessment of the potential impacts from climate risk on our insurance liabilities.
Data and model limitations	Methods for assessing and quantifying the financial impact of climate risks continue to evolve in the industry and also within the Group. The limitations in data and asset and liability modelling make it more difficult to accurately assess the financial impact on the Group, particularly for longer-term time horizons.	— Participation in industry groups and collaboration with data and risk modelling providers to help drive improvements in climate data quality and risk modelling tools.
Regulatory and legislative compliance	The pace and volume of new climate-related regulation across all markets could pose compliance and operational challenges that may necessitate multi-jurisdictional coordination.	— Regulatory change teams are in place to assist the business in proactively adapting and complying with regulatory developments. — Constructive engagement with policymakers and NGOs.
Operational resilience	Operational impacts from physical risk events challenge operational resilience, including impacts to third parties and the servicing of our customers.	— Regular updating and testing of elements of disaster-recovery plans and the Critical Incident Procedure process. — The use of scenario analysis using data sources (including IPCC data) to identify additional vulnerabilities to physical risk.

The risks are also influenced by the broader political, economic and societal backdrop in which the Group operates. These factors interact with, and can amplify and shape, the impacts of climate-related risks. Examples of risk factors that could exacerbate climate risks include geopolitical issues, political processes, such as negotiations to curb emissions, or the unfolding Covid-19 pandemic, which is reshaping global economic activity.

Activity throughout 2020

Work to quantify and model the nature of our climate risk exposure has continued throughout 2020, consistent with our strategic focus on climate change risk and in alignment with the TCFD recommendations. The Group Risk and Group Actuarial functions have led efforts to deepen understanding of the exposure to climate-related risks in our asset management and asset owner businesses across the Group. Activity has included the identification of metrics to measure exposure to greenhouse emissions, measuring the carbon footprint of our asset book, the selection of scenarios for stress testing assets, and investment in new tools to support carbon footprinting and scenario analysis.

A key activity has been the use of scenario analysis to model the Group's exposure to climate-related risk, assuming different transition pathways and temperature scenarios (see case study). The modelling has helped to further our understanding of the nature of the climate risk the Group faces. This has reinforced that the main financial risk is to the asset side of the balance sheet. This finding is consistent with our business model: as a major asset owner and manager, we rely on investment returns to meet the longer-term obligations of our liabilities and thus are vulnerable to risks that interrupt or impair those returns. The finding also reinforces the case for the strategic objective to decarbonise the investment portfolio, which is both a way in which Prudential can limit its exposure to potential transition risks, as well as contribute to global efforts to decarbonise the global economy.

The potential impact from climate risk on our insurance liabilities has also been investigated. To better understand the potential impact to our insurance liabilities, a qualitative assessment of the impact of climate-related risk on insurance risk was carried out by Group Actuarial during the year. This established that over the short term, such as over the three years of the current business plan cycle, climate change is not expected to materially increase or decrease claims for our life and health business. Over the longer term, the financial impacts from climate-related risks on our insurance liabilities could be more significant, for example on reserving implications, if there is a step change in long-term morbidity and/or mortality expectations, and medical inflation. However, the overall financial impact will be mitigated by our ability to reprice contracts and develop new products.

Response to climate-related risks

We believe that the new strategic ESG framework and the long-term goals to decarbonise the investment portfolio and support an inclusive transition are an important way in which we can meet to meet stakeholder expectations and fulfil our fiduciary obligations. It will reduce the Group's exposure to asset risk – which includes transition risk – over time, while also contributing to efforts to decarbonise the global economy.

Recognising that transition risk represents the nearest-term and most impactful financial risk to the Group, the Group Risk function undertook an initial transition risk analysis on insurance assets managed in segregated portfolios by the Group's asset managers. This focused on investments where Prudential both maintains direct control of the mandate and exerts some influence over the investment process. Provisional reports were produced using climate-related data and metrics provided through a proprietary vendor tool. This facilitates a breakdown of the contributions of different sectors to the overall carbon footprint metrics of the asset book and highlights the most carbon-intensive sectors, including those most at risk of being stranded. It also enables the most carbon-intensive companies held in the asset book – and thus the largest issuer contributors to the overall metrics – to be determined and monitored. We have also determined the initial weighted average carbon intensity (WACI) of the listed equity and corporate bond asset classes of our insurance investment portfolio.

Case study

Modelling climate change risk: The role of scenario testing

During 2020, the Group undertook a stress testing exercise based on the three scenarios laid out within the PRA Insurance Stress Tests: orderly transition (temperature increases kept below 2°C , meeting the Paris Agreement); disorderly transition (temperature increases kept below 2°C but with delayed and sudden policies); and failure to meet the Paris Agreement (specifically, reaching a temperature increase in excess of 4°C assuming no transition and a continuation of current policy trends), with a time horizon up to 2100. The Group's entire asset portfolio was included, and the testing included the impact of physical and transition risk on the asset portfolio for the chosen scenarios. The impacts of climate change on insurance liabilities was also investigated.

These stress tests have informed discussions on how to assess the Group's business objectives and strategy and have provided further insight into the capabilities and data required for future stress modelling. These analyses have also been complemented by reviewing alternative scenario testing methodologies using tools provided by specialist vendors or open solutions.

The Group is continuing to explore and develop its scenario analysis approach, including investigating the use of the Group's economic capital model, and ultimately formalise the process for conducting sophisticated climate scenario analysis as part of the Group's risk management frameworks.

Building on this work, we are continuing to develop metrics that are appropriate for our business, to support an enhanced management and reporting process for climate risk. As well as WACI, other potential metrics under consideration include the percentage of the portfolio in carbon-intensive sectors, stranded asset exposure as a percentage of assets under management, and portfolio exposure to clean technology solutions. These metrics were considered at a Board Risk Committee workshop held to discuss the potential business impacts of transition and physical climate risks. Work to enhance the management and reporting of climate risk will continue in collaboration with our asset management and asset owner business units, with the aim of integrating climate risk metrics and monitoring into broader investment processes and aligning with the responsible investment framework.

We also continue to develop our scenario testing capabilities and have engaged with a climate risk consultancy to perform a focused exercise using their scenario modelling capability. Investigating different methodologies supports the Group's ability to determine climate scenarios appropriate to its nature, scale and complexity. The potential impacts of different scenarios on the balance sheet were discussed in 2020 with the Technical Actuarial Committee (TAC), which sets the methodology for the economic capital model. To date, the impacts have been indirectly incorporated into the economic capital model via the market risk calibrations. No additional adjustment is considered necessary at this time and this will be kept under regular review.

Our existing business continuity management programmes are assessing the risk of natural disasters, including those caused by significantly altered climatic conditions, such as increased frequency and severity of tropical storms or increased flooding. The Group remains focused on its operational resilience and is supplementing existing activities with scenario analysis to identify additional areas of vulnerability that may arise due to climate change, including assets, operations, third party supply chains and customers. Group Risk has trialled a number of dedicated risk management platforms and has shared the outputs with local business continuity teams to help inform assessment and management of physical risks to operations in territories for which they are responsible.

Transparency and engagement

As well as the work to enhance internal management and reporting of climate-related information, we participate in external benchmarks to provide additional visibility to stakeholders on our climate-related activity. We aim continually to improve the transparency and utility of our reporting.

In 2020, we continued to participate in CDP (formerly the Carbon Disclosure Project) and maintained our score with a B grading (2019: B). We continue to participate in ClimateWise and received an improved score of 68 per cent (2019: 51 per cent), which we believe reflects the progress we have made over the year in our management and reporting of climate issues.

To help address industry issues, such as the limitation of climate-related disclosures and evolution of data availability and climate risk modelling for financial market participants, we participate in industry bodies that can help drive improvements in risk management processes and lobby for improved standards.

We also seek to collaborate with peers and other investors to amplify the impacts of our activity in this area. These activities are described in more detail in the Responsible Investment section on page 34.

As noted in the list of material risks, the pace and volume of regulatory and legislative compliance developments poses a challenge to the Group. As part of our ongoing government relations activity, we regularly engage with regulators and monitor evolving climate risk-related initiatives that could develop into new regulation in the markets in which we operate. In a similar manner, we also engage constructively with policymakers and NGOs to shape the evolution of regulation and standards relating to climate risk. For example, during 2020 Prudential Hong Kong joined an industry-wide task force established by the Hong Kong Insurance Authority and Hong Kong Federation of Insurers to work on several areas within 'green insurance'. More information on our engagement and regulatory interactions, including those related to climate risks and opportunities, can be found in the Responsible Investment section on page 34.

Supporting an inclusive transition

Our Asian markets include highly developed economies such as Hong Kong and Singapore that have diversified, service-led economies and mature financial markets, and emerging markets that are more dependent on primary and energy-intensive industries. These emerging markets have a greater reliance on fossil fuels in their generation mix, and less developed financial systems.

This means that the energy transition across the region is likely to proceed at a slower pace than for advanced economies as reflected in the countries' Nationally Determined Contributions, as required by the Paris Agreement. This point was highlighted by Mr Ravi Menon, Managing Director of the Monetary Authority of Singapore (MAS). Speaking at a Financial Times Investing for Good Asia Digital Conference on 13 October 2020, Mr Menon noted that 'Asia is at a different stage of development, with millions of people still lacking access to electricity, modern sanitation, and drinking water. While demand for affordable energy will continue to grow strongly, most Asian economies are still heavily dependent on fossil fuels for their energy needs and it is unrealistic to suddenly replace fossil fuels with renewable energy.'

For Prudential, this means that, while we are committed to an objective to decarbonise our investment portfolio, we are mindful of the need to implement the strategy in a way that acknowledges the nature of the markets in which we operate and seeks to share the financial and social burden of the transition in a fair manner. Our support for an inclusive transition aims to balance our responsibilities and obligations to all our stakeholders.

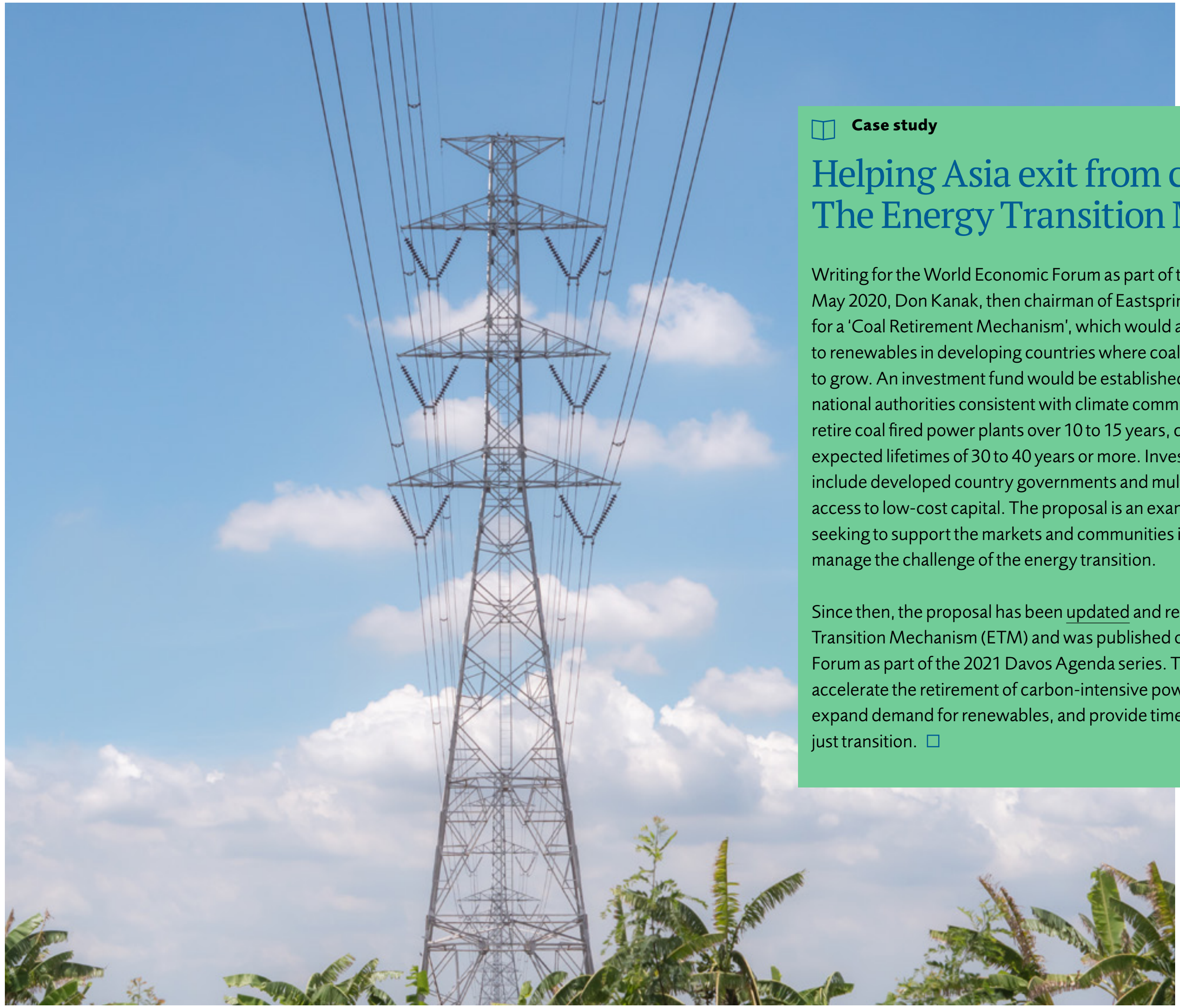
We recognise the importance of coalition building in delivering an inclusive transition. As a member of the Sustainable Development Investment Partnership (SDIP), coordinated by the World Economic Forum with support from the OECD, we work with public and private sector institutions in emerging markets, particularly in South-east Asia, to scale domestic and international investment in sustainable infrastructure and promote energy transition. The SDIP's ASEAN Hub, whose Steering Group Prudential has co-chaired since 2017, launched a Sustainable Investment Innovation Roundtable in 2020, a monthly forum to catalyse new ideas for scaling up investments to further the SDGs.

Capturing opportunities

We also recognise that the implementation of our strategic ESG framework can generate opportunities for the Group. Some of these opportunities will come through our efforts to take early mitigating action against the climate risks we identify, including incorporating transition risk into investment decisions to reduce the risk of being exposed to stranded assets.

Others will come through supporting an inclusive transition. The infrastructure and capital expenditure required to enable the transition represents attractive investment opportunities in many cases. For example, there is a role for institutions to both develop new products and invest in structures and mechanisms that enable a managed withdrawal from reliance on coal-powered electricity within developing economies.

In response to this, we have developed several responsible investment products that channel our customers' savings towards ESG-themed investments, such as the Asia Sustainable Bond Fund recently launched by Eastspring. More information on our ESG-related investment activity is available in the Responsible Investment section on page 34.



Case study

Helping Asia exit from coal: The Energy Transition Mechanism

Writing for the World Economic Forum as part of the Great Reset series in May 2020, Don Kanak, then chairman of Eastspring, outlined a proposal for a 'Coal Retirement Mechanism', which would accelerate the transition to renewables in developing countries where coal use is high and poised to grow. An investment fund would be established in collaboration with national authorities consistent with climate commitments to purchase and retire coal fired power plants over 10 to 15 years, cutting short their expected lifetimes of 30 to 40 years or more. Investors in the fund would include developed country governments and multilateral banks with access to low-cost capital. The proposal is an example of how we are seeking to support the markets and communities in which we operate to manage the challenge of the energy transition.

Since then, the proposal has been updated and renamed as the Energy Transition Mechanism (ETM) and was published on the World Economic Forum as part of the 2021 Davos Agenda series. The ETM would accelerate the retirement of carbon-intensive power assets, dramatically expand demand for renewables, and provide time and resources for a just transition.

Climate change is also likely to drive demand for new health products, given the linkage of climate change to human health through changes in the incidence of diseases and the emergence of new diseases. We have launched a dengue alert service to customers in some Asian markets through our Pulse super-app. The decision to offer the application reflects the increasing incidence of dengue fever in the region, driven by warmer temperatures and higher humidity. This alert service is complemented by the provision of affordable insurance plans for the markets in which dengue is prevalent – see Inclusive offerings within Making health and financial security accessible for more information.

Next steps

Over the next three years, we will work to strengthen management of climate risk across the Group. We will approach this as a Group-wide cross-functional initiative, with participation from our asset owner and asset manager businesses, risk, actuarial, and government relations colleagues.

Scenario analysis will be an important area of focus as we plan to move it into our mainstream risk management processes during 2021 and to begin internally reporting findings within Group and business unit level management information. As we further investigate how climate risk impacts our business in the long term, we aim to operationalise and to continue to increase the use of scenario testing. We plan to voluntarily run scenario tests emerging from regulators, such as the Bank of England's exploratory climate risk scenario for banks and insurers in 2021.

We are aware that many companies have set targets in alignment with the Paris Agreement. We are in the process of assessing similar suitable targets in respect of the carbon emissions from our investments, given their importance within our overall emissions profile, and our overarching strategic commitment to decarbonising our investment portfolio.

In the interim, we continue to increase our level of ambition in relation to our own emissions footprint. This year we have set new and stretching targets for our Scope 1 and Scope 2 greenhouse gas emissions, with the aim of becoming net carbon neutral across these two scopes by the end of 2030. More information on the environmental impact of our direct operations is available on page 46.

During 2021 we will continue to scale up our engagement strategy with key policy and political stakeholders around the COP26 conference in November with a focus on financial sector issues to support the just transition and sustainable finance priorities in particular for emerging markets.

TCFD: Disclosure Alignment

Pillar	Recommended disclosure	Response reference	Additional comments
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities.	Oversight of ESG (page 7); Response to climate-related risks (page 21)	***Board oversight of climate change risk significantly strengthened:*** — In 2020 ESG was overseen by the Board through the Group Nomination & Governance Committee. — In early 2021, the Board established a Responsibility & Sustainability Working Group until May 2022 in order to ensure an appropriate level of Board engagement in, and oversight of, ESG matters (including climate change). — Board Risk Committee workshop held to evaluate the climate change risks facing the Group, discuss transition and physical risk concepts and review potential Key Risk Indicators (KRI).
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Oversight of ESG (page 7); Governance (within the Responsible Investment section) (page 34)	***Management oversight enhanced:*** — Group ESG Committee established to oversee ESG (including climate-related risks), chaired by the Group Chief Financial Officer and Chief Operating Officer, supported by senior functional leaders and representatives from the Group's business units. — Work is under way to bring climate risk into the scope of other relevant governance structures, such as the Group Responsible Investment Advisory Committee (GRIAC) that provides overall review and recommendations for policies on responsible investment activities including climate related investment strategies. — The Technical Actuarial Committee (TAC) is responsible for setting the methodology for Prudential's assets, liabilities and capital requirements, which includes the consideration of climate change.

Pillar	Recommended disclosure	Response reference	Additional comments
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Approach to climate-related risks (page 20); Capturing opportunities (page 22)	***Risk identification work completed:*** — The risk identification and scenario process has identified six major risk categories. ***Opportunities identified to support climate change mitigation and adaptation:*** — The Pulse digital health platform supports the surveillance and diagnosis of diseases that are becoming more prevalent due to climate change. — Investment products include the Asia Sustainable Bond Fund launched by Eastspring
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Our ESG strategy (page 4); Response to climate-related risks (page 21); Supporting an inclusive transition (page 22); Next steps (page 23)	***New ESG Strategic Framework being rolled out:*** — A new framework includes stewarding human impacts of climate change as a key pillar via decarbonising the investment portfolio and pursuing an inclusive transition. The strategy will drive and shape the Group's overall response to climate change in future years. ***Capacity building efforts continuing:*** — This includes membership of climate risk bodies, such as Climate Action 100+, and investor initiatives (eg, the PRI in an asset manager capacity).
	c) Describe the potential impact of different scenarios, including a 2°C scenario, on the organisation's businesses, strategy, and financial planning.	Next steps (page 23); Capturing opportunities (page 22)	***Adoption of further targets under review:*** — Process under way to assess suitable targets in respect of the carbon emissions from our investment portfolio. — Potential to explore further environmental/climate risk opportunities (such as the development of investment, insurance and digital products to support climate risk).

Pillar	Recommended disclosure	Response reference	Additional comments
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	Approach climate-related risks (page 20)	***Material climate change risks facing the Group have been identified and assessed:*** — Relevant climate risks identified through the emerging risk, Group Principal Risk and Risk Identification processes. — This output has been supplemented with an in-house analysis of transition risk across specimen insurance portfolios and a materiality assessment undertaken in collaboration with an external consultant. — Initial stress test of the Group balance sheet carried out to establish the broad quantum of financial exposure to transition and physical and liability risk. ***Policy surveillance and engagement/Peer benchmarking:*** — Regular monitoring of regulatory and policy initiatives globally has been initiated.
	b) Describe the organisation's processes for managing climate-related risks.	Response to climate-related risks (page 21); Next steps (page 23); Responsible Investment (Engagement) (page 35)	***Climate-related risk is integrated into risk management considerations:*** — Developing metrics appropriate for the business, to support an enhanced management and reporting process of climate risk (eg WACI). — Analysis of the impact of climate change on capital modelling has been undertaken by Group Actuarial and submitted for consideration by TAC. — Regulatory change teams proactively adapting and complying with regulatory developments. — Operational resilience relating to climate risks captured by the Group Business Continuity Management programme. — Active engagement with carbon intensive companies (including through industry collaborations).
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Response to climate-related risks (page 21); Next steps (page 23)	***Further work to integrate climate-related risks in risk management processes under way:*** — Climate risk treated as a cross-cutting risk that has significant interdependencies with, and impacts on, other risk types. — Engagement with insurance industry forums and data providers to remain apprised of developments in this area.
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Response to climate-related risks (page 21); Next steps (page 23)	***Identification of potential metrics for measuring and reporting climate risk exposures completed:*** — 'Proof of concept' identified a set of potential metrics that could be used to assess and manage climate risk, including Weighted Average Carbon Intensity (WACI). ***Work underway to report additional climate-related metrics:*** — Appropriate metrics under consideration for each major asset class.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Environment (within Good governance and responsible business practices) (page 46)	***Disclosures provided:*** — Scope 1 and 2 emissions (market basis) declined by 13.4 per cent to 48,840 tCO_2e. — Intention to review our Scope 3 reporting boundaries and broaden these over time.
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Next steps (page 23)	***New environmental targets set:*** — Target includes an aim to be carbon-neutral across Scope 1 and Scope 2 emissions (on a full-time employee basis) by the end of 2030. — Process under way to assess suitable targets in respect of the carbon emissions from our investment portfolio.

3 Strategic Pillar: Building social capital

We are committed to building both our own human capital and our social capital with our broader stakeholders. We do this by promoting diversity in representation and thought, and fostering a culture of inclusion and a sense of belonging within our organisation. As an organisation, we depend not only on the trust of our people, but also the trust of the external world. As we develop our digital capabilities, we prioritise digital responsibility throughout our organisation. Our focus on the needs and interests of our users is central to our investment in new technologies, shaping how we interact with them and handle their personal data as our capabilities progress.

Diversity, inclusion and belonging

We are committed to building our human capital, seeking to empower our people and unlock their potential. We do this by striving for diversity in representation and thought, and fostering a culture of inclusion and belonging within our organisation. During 2020, we launched a new inclusive purpose statement: We help people get the most out of life.

Diversity and inclusion strategy

In 2020, we established a Global Diversity & Inclusion (D&I) Council, co-chaired by our Group Chief Financial Officer and Chief Operating Officer and Group HR Director, with representation from colleagues across the Group. The Council replaces regional advisory committees and groups. During 2020, we also appointed our first Group Diversity & Inclusion Director to help support our ambition in this area. The D&I Council is responsible for defining our global D&I strategy and supporting programmes, promoting and championing D&I initiatives in respective business units and challenging the organisation when progress is limited. The Council reports to the Nomination & Governance Committee twice a year.

Our previous Group-wide D&I focus placed emphasis on attributes of diversity such as gender, ethnicity, nationality and experience. During 2020, the Group has also focused on inclusion, which represents the extent to which employees feel valued, respected, encouraged to fully participate, and able to be their authentic selves.

The Council has established a global D&I Charter with the goal to empower employees and create a sense of belonging by respecting and appreciating differences. The Charter is aligned to our purpose and states that the Council will deliver our purpose by creating a culture in which diversity is celebrated and inclusion assured, for our colleagues, customers and partners.

The D&I Charter makes the following commitments:

- D&I approach to be clear and public;
- Establish inclusive leadership at all levels, role modelled from the top;
- Illustrate how inclusive leadership drives innovation and supports greater connectivity;
- Inclusion to be integral in the Prudential values which guide behaviours;
- Reshape our recruitment, reward and recognition programmes to eliminate bias;
- Engage suppliers and corporate partners committed to inclusive practices; and
- Product offerings which address the diversity of our customer needs.

The D&I Charter also outlines our Group D&I Policy, which aims to actively promote employee diversity and provide equal opportunities to all who apply for and those who perform work within our organisation, including our Directors. The policy applies to all of our business units and promotes diversity irrespective of sex, race, age, ethnic origin, social and cultural background, marital or civil partnership status, pregnancy, maternity and paternity, any gender reassignment, religion or belief, sexual orientation, disability, or part-time/fixed-term working arrangements. The policy also promotes diversity of experience, skill sets and professional backgrounds and is reviewed annually by our Group HR Director. We give full and fair consideration to applications for employment made by disabled persons and make appropriate arrangements for continuing the employment of, and arranging training for, employees who have become disabled. We seek to promote the training, career development and progression of disabled persons, making appropriate adaptations where required. Chief Human Resource Officers across our business units are responsible for the implementation, monitoring and review of the policy locally and, as part of the management of the Group Governance Manual, each business unit confirms to Group HR that it has complied with all of our HR policies, including the D&I Policy.

In line with our new D&I Charter, a number of initiatives have taken place during 2020 to improve inclusivity at Prudential. We have conducted a review of recruitment processes, with a new Group Recruitment Policy embedding D&I measures to be introduced in 2021. We are working to mitigate bias in recruitment practices by reviewing the language used in job descriptions and by using more objective selection tools. During 2020, Jackson doubled the period of paid parental leave available to all new parents and quadrupled the benefit to cover adoption expenses. Parental leave arrangements in Asia were also reviewed, with changes including an increase in the period of paid leave by a third and the introduction of paid leave when an employee becomes a parent through adoption or surrogacy. Our HR function has formed a working group with our Risk function to more visibly encourage 'speaking up' and to find constructive ways to call out non-inclusive behaviour. This complements our new Consensual Relationship Policy and Discrimination and Harassment Policy, both of which apply from January 2021. These policies reflect our continuing commitment to a professional and supportive working environment, where everybody is treated fairly, has equal opportunities, and is respected and valued for their contributions to our Company.

D&I performance

As a signatory to the HM Treasury Women in Finance Charter since 2016, we have a target of 30 per cent women in senior management by the end of 2021. At 31 December 2020 this figure was 32 per cent. The Hampton-Alexander Review set recommendations in 2016 for FTSE 350 companies to achieve a minimum 33 per cent target for women on boards and in the two layers of leadership below the board by the end of 2020. At the end of 2020, 29 per cent of our Board was made up of women.

While we did not meet recommendations of the Hampton-Alexander Review as at 31 December 2020, Shriti Vadera replaced Paul Manduca as Chair on 1 January 2021 and Chua Sock Koong and Ming Lu will be joining the Board in May 2021. With these changes, following the retirement of Kai Nargolwala at the AGM, the representation of women on the Board will increase to 36 per cent. We have met the recommendation of the Parker Review to have at least one director from an ethnic group background on the Board. While our diversity figures have improved year-on-year, we recognise that we have more to do in this area. As such, during 2021 we will establish new diversity targets and our local business units will define their own targets and plans to meet these objectives.

During 2020 we again submitted responses to the ShareAction Workforce Disclosure Initiative and the Bloomberg Gender Equality Index, being listed on the 2021 index for the first time.

Case study

Defining inclusive leadership behaviours

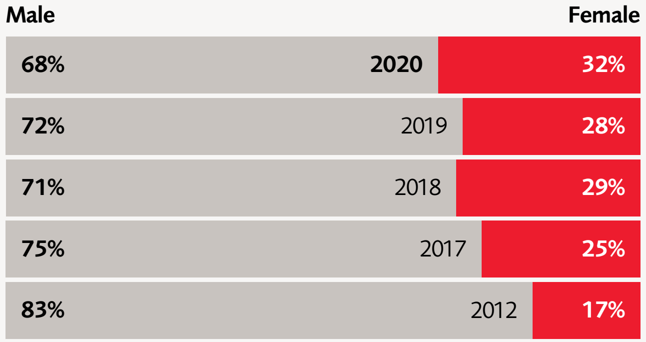
During 2020, as part of its commitment to establish inclusive leadership at all levels, the Global D&I Council held a workshop with representatives from across our businesses in order to define our inclusive leadership behaviours. The workshop concluded with a panel session with external speakers, entitled, 'Leaders make change happen'. Our inclusive leadership behaviours are to:

- Nurture inclusion – seek out and embrace diverse perspectives;
- Cultivate transparency – provide visibility and display authenticity and vulnerability;
- Actively sponsor – recognise, develop and support talent;
- Drive accountability – take personal responsibility for behaviours and outcomes; and
- Demonstrate care – demonstrate genuine care and interest in others.

These behaviours have been embedded into our leadership development frameworks and senior leadership recruitment processes, as well as into our new values. During 2021 we will continue to reinforce inclusive leadership and behaviours in development and training interventions to help our leaders and people to understand and embed the behaviours we wish to promote. We will also focus on embedding inclusive leadership traits into performance management objectives to reward the behaviours that strengthen belonging and enhance inclusion. Inclusive leadership behaviours will also form a part of our assessment of candidates during the recruitment process.

Prudential headcount as at 31 December 2020

Gender diversity: senior management



Gender diversity: all employees

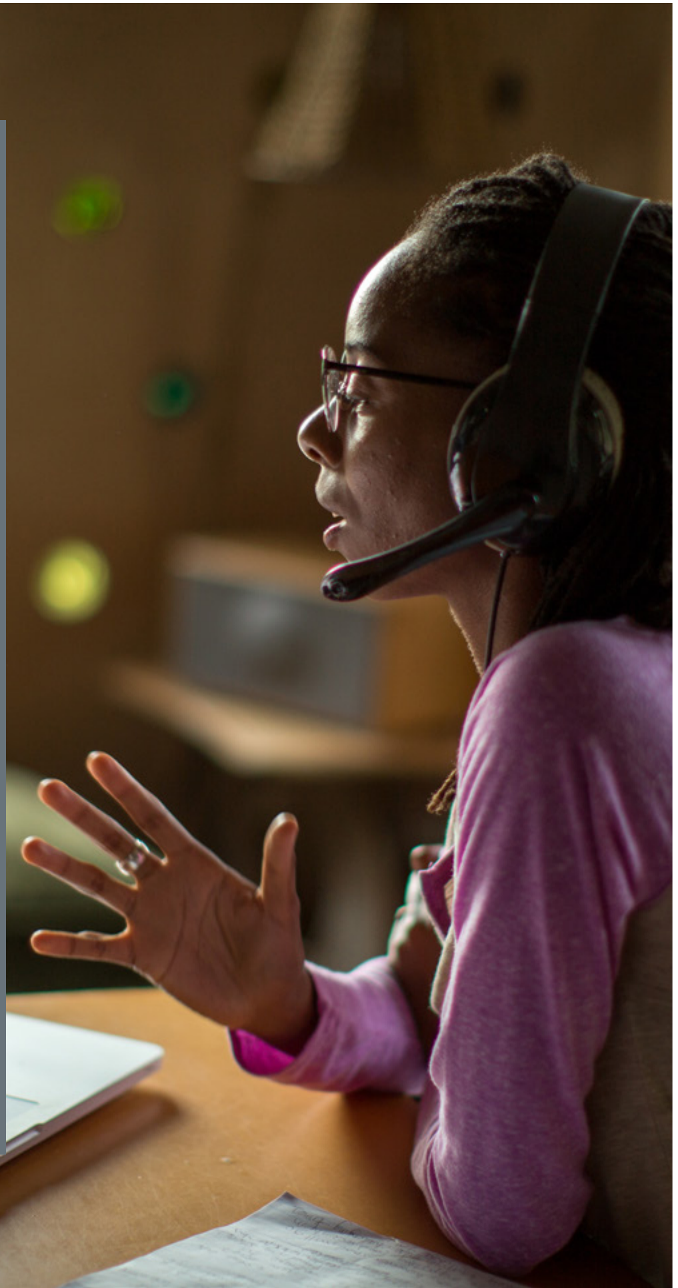
Headcount	Total	Male	Female	Non-binary	Undisclosed[5]	Unspecified[4]
Chair[1] and Independent Non-executive Directors	11	7	4	0	0	0
Executive Directors	3	3	0	0	0	0
Group Executive Committee (GEC) Includes Executive Directors	7	6	1	0	0	0
Senior Managers[2] Excludes the Chair[1], all Directors and GEC members	114	77	37	0	0	0
Whole Company[3] Full Time Equivalent Includes Chair[1], all Directors, GEC members, Senior Managers	18,687	8,182	10,326	5	28	146

Notes
1 Chair has since been replaced with a female starting 1 January 2021.
2 The definition of Senior Managers in 2020 has changed and the number of Senior Managers has doubled compared to 2019 after the recategorisation. The 2020 Senior Managers definition includes the local business unit CEOs, Chief Officers and other business critical staff.
3 Excludes Prudential Corporation Asia Joint Ventures.
4 No specification or information is captured on gender for an immaterial number of our employees. These employees are recorded as 'unspecified'.
5 In some of our businesses, we provide our employees with the option to not disclose their gender. For these employees, gender is recorded as 'undisclosed'.

Case study

Supporting our people through Covid-19

While the Covid-19 pandemic unfolded at different times and with varying levels of impact across our markets, all parts of the business were devoted to ensuring the physical, emotional and social health and safety of our people, taking into account employee preferences during this time. Almost all employees spent at least part of 2020 working remotely, in line with local restrictions and guidance. Asia has established a mental health strategy, emphasising virtual connections, as well as community engagement as part of our commitment to diversity and inclusion. Jackson and our London office have offered regular sessions on different aspects of wellbeing and stress management. To coincide with World Mental Health day, we held our first global wellbeing day in October. This consisted of a series of online sessions across all time zones, including a session in which our leaders shared their own stories about mental health challenges they have faced. The Board has received regular updates from management on how our people have been supported. Beyond this, it is essential that the Group reacts to the trends in workforce expectations that have been intensified and accelerated by the pandemic, particularly around new and more flexible ways of working. Each business is exploring how we can meet the expectations of existing and future staff about flexibility around schedules and location. □



Due to Covid-19, activities of the affinity networks at Prudential in 2020 were limited, although some key events did take place. Across various locations, Prudential Corporation Asia's PruPride network once again hosted a Pink Day in October, with active participation in Hong Kong, Vietnam, Taiwan, Cambodia and Thailand. A women's network event with a virtual panel session in September, attended by 185 colleagues on the topic 'Leaders make change happen', was hosted by Group Human Resources Director Jolene Chen and Non-executive Director Alice Schroeder. Our new Board Chair, Shriti Vadera, hosted an in-person networking event in November with Eastspring colleagues in Singapore. Jackson's business resource and affinity groups (BRAGs), each supported by one or more executive sponsors, continued their activities through the year: Pride (LGBT+); VIBE (Vision in Black Excellence); Jackson Young Professionals; Empower (women's network); Enable (for disabled people); and Associates-in-motion (for pre-retirees). A focus for 2021 is to enhance our governance procedures and structures for affinity networks to support them through a global engagement programme to enhance employee engagement globally, regionally and locally.

Racial justice – Jackson's response to the killing of George Floyd

In the aftermath of the killing of George Floyd in late May, the US experienced protests that raised awareness and heightened discussion of issues related to racial bias, structural racism and social justice. The ramifications of these events have broadly impacted society, including the business community and Jackson directly. Jackson's leadership has actively engaged with associates on these issues and continues to engage on this issue.

In the week following the killing of George Floyd, Jackson's D&I Advisory Council held meetings with the Visions in Black Excellence (VIBE) affinity group and senior leaders to discuss the impact on associates and Jackson's response. Jackson-wide communications from Jackson's CEO reinforced the message of 'One Jackson' and encouraged associates to support each other. Jackson hosted a series of all-associate panels and training opportunities, including a 'Listening to our Peers' panel to hear associates' experiences with racism. Jackson and VIBE also held a celebration for Juneteenth and the PRIDE affinity network hosted a discussion with Liliana Reyes, a Latinx, transgender woman and civil rights activist.

Jackson also introduced two training courses that were mandatory for all associates. The first addressed the stereotype threat that exists when actions, conscious or not, contribute to persistent racial segregation. The second addressed the impact of affinity biases that influence workplace choices, based on perceived similarities and differences.

Jackson also made charitable contributions of $250,000 to NAACP Lansing Chapter, $100,000 to Urban League of Middle Tennessee, and $100,000 to Facing History and Ourselves in Chicago. This investment signals Jackson's commitment to local philanthropy, which presents an opportunity to further engage Jackson's affinity groups as partners in equitable community involvement.

Employee engagement

Engagement with our people is a key priority for Prudential and the Board. 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 the interests of our people, a duty which they discharged through a range of interactions with staff during 2020. While the Covid-19 pandemic limited opportunities for our Non-executive Directors to interact with our people, a number of face-to-face meetings in small groups took place. Non-executive Director engagement was supplemented with virtual events and our Non-executive Directors also met colleagues through an array of remote events, including the Asia Virtual Regional Conference, staff town halls and meetings of the Jackson Diversity & Inclusion Council and the Global D&I Council.

Following Kai Nargolwala's retirement as a Non-executive Director at the conclusion of the 2021 Annual General Meeting and the planned separation of the Jackson business, the Board intends to transfer responsibility for workforce engagement activities to its newly established Responsibility & Sustainability Working Group, which is expected to operate until the 2022 Annual General Meeting. As part of this, it will also consider the best method for employee engagement in the longer term, to ensure this is tailored to the culture and strategic priorities of the refocused Group following the planned separation of the Jackson business, and make a recommendation to the Board for implementation following the 2022 Annual General Meeting.

Global employee survey
We are committed to building a culture that is purpose-led, customer-focused, and digitally-savvy. In May 2020, we conducted an engagement survey to establish a baseline of cultural health and validate our proposed purpose and values in a bottom-up manner.

The survey was conducted using an industry-leading employee engagement platform that provides a range of surveys and broad global benchmarks across industries. More than 11,400 employees from Asia, Africa and the UK participated in the survey, producing a 95 per cent response rate. In the US, Jackson carries out its own employee survey and was therefore not included in this survey.

The engagement survey covered topics including leadership, communication, innovation, career and work-life balance. The survey design was based on academic research and good practice among organisational psychologists. The survey found that 85 per cent of colleagues are proud to work for Prudential. Areas for improvement include communication, collaboration, feedback and work-life balance.

Following the survey, briefings were conducted for the Group Executive Committee as well as the two Non-executive Directors responsible for workforce engagement. The Board received an update on the survey results in July 2020 and summary briefings were provided to stakeholder groups across the Company. Each local business unit has now undertaken detailed action planning in response to its results. Group-wide actions include the launch of a science-based mental health and wellbeing app, the Collaboration Jam (see case study) and the strengthening of Speak Out, our Group-wide whistleblowing programme.

Another global employee survey was undertaken in January 2021 to help assess the effectiveness of actions taken during the year and to highlight our focus areas for 2021. We have made notable progress in many areas, including learning, feedback and recognition, and diversity and inclusion. Collaboration and communication was our most improved factor, up by 7 percentage points.

Leadership and talent development
To ensure appropriately targeted leadership and talent development initiatives, we define various leadership and talent segments across our Group. Our senior leaders continue to play a critical role in driving strategic initiatives, which advance the Group's strategy and culture across our markets, business units and functions. To future-proof our success in an increasingly digital environment, we have redefined the leadership capabilities that we need to drive the business, focusing on inspiring followership when teams work both remotely and from an office; fostering innovation by enabling disruption while ensuring psychological safety; delivering at pace and scale through digital and agile practices; and developing sustainable commercial strategies to deliver aggressive business growth with social responsibility.

Within the leadership community, we focus on the Executive Council and the Senior Management Teams (SMTs). The Executive Council is a small group of individuals holding pivotal Group roles and with key capabilities for our future success. During 2020, we held virtual workshops with this group on positive resilience, creating psychological safety and sustaining team engagement in a remote setting. For the SMTs, we held culture workshops to mobilise teams around our shared purpose and to deepen trust and collaboration. We also provided a new performance coaching programme for 120 of these leaders to specifically develop their coaching skills for remote settings, to help them better engage and empower their teams.

We have focused on capability building within our key talent pools. We conduct an annual talent review and identify successors for executive and senior leadership roles. To support this, during 2020 we defined critical success profiles for senior leader roles. These were used to design our new Executive Development Centre, which will specifically target the business unit CEO pipeline.

Case study

Collaboration Jam

Our global employee survey highlighted employee communication and collaboration as an area for improvement. To further engage our people in defining our values as well as to signal our intent to foster open, honest and two-way dialogue across the Company, we hosted a Collaboration Jam in September 2020. A three-day inclusive online conversation, the Collaboration Jam provided a platform for colleagues to connect and co-create solutions for the issues that matter most to employees. More than 5,400 colleagues participated, resulting in nearly 30,000 comments and posts. The most popular discussion threads were 'Open Conversations', 'Listening to Others' and 'Change and Agility'. Building on this activity and the progress made to date, we will commence a three-year journey to embed the desired culture and position Prudential as a place where people can connect, grow and succeed.

The critical success profiles have also been used to adapt our existing assessment centres across our talent pipeline.

For those identified as our most strategic talent pool, typically those who are currently SMT and have potential to grow to larger roles and be successors to our Group Executive Committee roles within five years, we have focused on ensuring they have exposure to Group strategic projects and expanded role responsibilities, and are provided with specific, tailored development interventions, where appropriate.

In January 2021, we launched a three-year Sponsorship Programme matching our most senior leaders to protégés, identified through our talent review process, enabling a more diverse talent pipeline to gain visibility and be considered for stretch opportunities and roles. During 2021, we also plan to provide an experiential culture leadership journey to around 200 of our senior leaders, with the aim of developing the behaviours needed to help build an inclusive culture and to create a space where our values can be actively demonstrated by everyone.

We have also taken steps to deepen our functional talent pipeline and to accelerate the development of potential successors. Actions taken include the creation of a CFO development programme to accelerate identified business unit CFO successors and the provision of role expansion and enrichment opportunities for senior leaders in Group Digital. Jackson has focused on ongoing leadership capability assessments for its identified successors and high-potential population.

Where internal successors are not apparent, we aim to attract and retain the best talent across industries, irrespective of generation, culture or gender. We have further adapted our hiring practices to minimise unintentional systematic bias. Practices such as artificial intelligence-assisted job description/advertisements, use of psychometrics to evaluate fit to purpose and values, criterion-based interview methods with diverse panels, and a diverse candidate slate have all been introduced in key markets with wider roll-out through the introduction of our Recruitment Policy in early 2021.

We have continued to support and encourage mobility in our organisation to facilitate the sharing of knowledge and experience. Notwithstanding challenges from Covid-19, more than 100 people moved between our businesses in 2020. Specifically in our insurance growth markets, where this is a strategic priority, we held a virtual talent expo to introduce each business and its job opportunities.

In 2021, we will focus on continuing to broaden our talent pipeline and on building an environment where talent can most easily access the opportunities that match their aspirations. With increasing digitalisation and the need for digital skill sets and capabilities, we are providing our people with comprehensive training and learning opportunities to help them upskill, cross skill, and even reskill themselves to maximise their potential.

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.

Our UK business, Prudential Services Limited, has recently reported its 2020 UK Gender Pay Gap data and details can be found on the Group's website. Three of the four gender pay gap figures have increased in 2020, largely driven by the demerger of M&G plc, which saw a number of women in senior roles transfer to M&G. The pay gap remains volatile year-on-year due to the small number of colleagues employed by Prudential Services Limited, which makes the calculation sensitive to any changes in roles. While female representation in our leadership roles has increased from 25 per cent in 2017 to 33 per cent in 2020 in our London Head Office, the continuing pay gap reflects the fact that we have more men than women in leadership roles.

Remuneration is linked to the delivery of business goals, our values and expected behaviours. We ensure that our rewards for our people do not incentivise inappropriate risk-taking by assessing employees on 'what' they have achieved, and on 'how' they have done so.

The Jackson High Five Recognition Program enables individuals to recognise their colleagues in areas of creativity, empowerment, execution, impact, investment in relationships and respect. In our London office, Angel Court, the Prudential Stars awards enable individuals to nominate colleagues, recognising examples of exceptional contributions, specifically in the areas of delivering synergy, adding value, fostering innovation, demonstrating stakeholder focus and maintaining risk awareness.

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

Extensive information on executive remuneration is provided into the Directors' remuneration report within the Annual Report.

In light of the Covid-19 pandemic, the Executive Directors agreed to voluntarily forgo their 2020 salary increases. On 1 April 2020, Executive Directors' salaries were reduced to their December 2019 level. In May 2020, Executive Directors' pension benefits were reduced from 25 per cent of salary to 13 per cent of salary, aligning Executive Directors with the employer pension contribution available to the UK-based workforce.

As part of the three-year cycle, we presented an updated Directors' Remuneration Policy at the 2020 Annual General Meeting and received the support of 95.8 per cent of shareholders in a binding vote.

In order to strengthen the community of interest between executives and other shareholders, remuneration is linked to sustained performance over the longer term. For example, 40 per cent of Executive Directors' bonus is deferred in shares for three years. Executive Directors are required to meet shareholding guidelines and a two-year holding period applies to long-term incentive awards in addition to the three-year performance period. The 2020 Directors' Remuneration Policy requires departing Executive Directors to retain a substantial interest in the Company's shares for two years after they leave the Board.

To further increase transparency of executive remuneration and its alignment with the pay of other employees, we published our CEO pay ratio one year in advance of the disclosure becoming a requirement under the UK Companies (Miscellaneous Reporting) Regulations 2018 in the 2018 Directors' remuneration report. Further information on our CEO pay ratio is detailed in the Directors' remuneration report within the Annual Report.

Digital responsibility

Digital innovation is central to our aim of helping our customers to be healthier and wealthier. We are ambitious and we act with integrity with regards to digital responsibility. We are resolute in our commitment to fairness, safety and transparency in the design, governance and operation of our digital ecosystem.

Digital responsibility and Pulse

We are committed to providing robust security protection over both our Pulse app and customer data. Using the Monetary Authority of Singapore's regulations as a leading standard, we have developed a master set of security controls, from which the core security features have been integrated into our Pulse app. These include multi-factor authentication as part of the device registration process, mandating minimum mobile device operating systems versions, prevention of jailbroken and rooted devices from using Pulse, and the secure transmission and storage of data. Our Pulse ecosystem relies on partnerships with a range of third parties. All business partners we engage go through a detailed due diligence process to ensure that they meet our high standards on data security and protection requirements. We conduct information security and privacy impact assessments as part of the third-party management process to ensure that robust security and privacy controls are in place for all of our ecosystem partnership engagements.

To align the range of regulatory expectations and requirements across our businesses relating to customer privacy, we have developed the OnePulse Privacy Framework (OPF) to standardise the implementation of privacy controls. Referencing the General Data Protection Regulation (GDPR) requirements, the OPF outlines the mandatory and configurable controls to be built into our Pulse app, covering data subject rights, customer consent and privacy notices. More information about our approach to privacy is available below.

Data within our digital ecosystem is treated the same as all data in our organisation and is governed by the Group-wide Information Security Policy and Group-wide Privacy Policy. Pulse collects information about users in order to provide relevant services to them, which includes contact details, facial recognition information for log-in and fitness information from the user's wearable devices. Health-related information is collected by our health partners (such as Babylon) directly and Prudential will only receive a user's health information from our health partners with the user's explicit consent. All information collected is transparent to the user through the Privacy Notice provided to them before user registration.

Information security

Information security is rated as a principal risk in our business, demonstrating our continued commitment to securely managing the information our customers entrust to us.

During 2020 we embedded a single Group-wide information security team leveraging skills, experience and resource globally via a 'centres of excellence' model. This new model supported increased collaboration and sharing of skills across the whole Group.

The global model has allowed us to consolidate and rationalise information security technologies and processes across the Group, enabling security services to become more consistent and effective. This is critical to our business as it ensures the appropriate assessment, management and assurance of all third parties with the potential to manage or impact Prudential Group data or systems.

A refreshed Global Information Security Policy came into effect in 2020 and was applied to all Group business units to ensure consistency in processes. The policy is mapped to numerous international and local standards including:

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

This supports our global approach to security and our commitment to protecting the data entrusted to us by customers across our global footprint. The policy is also supported by a suite of technical standards. 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.

Oversight and governance of information security

The 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), chaired by the Group Chief Risk and Compliance Officer.

As a standing member of the GERC, the Group Chief Information Security Officer (CISO) provides regular updates to the GERC and the Group Risk Committee on the cyber threats facing Prudential and the progress of Prudential's security programme. On a half-yearly basis, the Group CISO also holds a dedicated session with the Group Risk Committee to enable a more in-depth discussion on the cyber risk facing Prudential.

Our Group-wide framework for information security

The Group-wide framework for information security rests on four key tenets to defend and protect the Group, our information and our customers' data. These are 1) automation, 2) Global Security Operations Centre, 3) accelerate development of people skills and 4) continuous improvement.

1 Automation

Automation allows us to increase the speed and scale of our defences and reduce the need for human interaction in a number of incident types. This frees our team to focus on more challenging initiatives and on continuously maturing our security and privacy disciplines.

Throughout 2020 we have continued to focus on automating security services to increase effectiveness and consistency and create efficiencies. As part of our approach to continuously integrate and deploy new tools into our Pulse ecosystem, we have introduced automated security testing toolsets. These help to ensure that security is integrated into the development life cycle from the beginning of the process, providing early feedback about any vulnerabilities.

2 Global Security Operations Centre (SOC)

A global SOC is in place to provide 24-hour threat and incident management and provides consistent, appropriate 24-hour support to our global businesses in the case of any suspicious event.

We retain membership of various intelligence-sharing networks, such as the Financial Services Information Sharing and Analysis Centre, and maintain industry relationships to support intelligence-sharing through our network of connections. The function of the Cyber Threat Intelligence team is to assist our teams and businesses in understanding the cyber threats we face and to focus on providing actionable intelligence. The ultimate goal of the intelligence provided is to guide our decisions to ensure the most relevant and impactful risks for our business are addressed.

3 Accelerate development of people skills

Our staff are critical to protecting the information entrusted to us by our customers. Consequently, information security awareness training is an integral component in ensuring that our information and systems remain safe. All members of staff, including temporary staff, across all 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, and completion is tracked within each business. The artificial intelligence skills of our digital security team are assessed and further development opportunities are provided to them.

We have rolled out a programme across the Group to support information security staff through Certified Information Systems Security Professional (CISSP) training and accreditation. The CISSP is one of the most highly regarded professional accreditations for information security worldwide and covers a broad scope of security domains. The programme began in Jackson and has now been extended across the Group-wide Information Security team, with over 40 members of the full-time security team across the Group holding the CISSP certification.

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

4 Continuous improvement

Given the rapid evolution of threats, the security and privacy disciplines need to be in a state of continuous improvement across the three dimensions of people, process and technology. The model to measure the maturity of our security and privacy programme has been completed, with progress being made on rationalisation and optimisation of technology solutions.

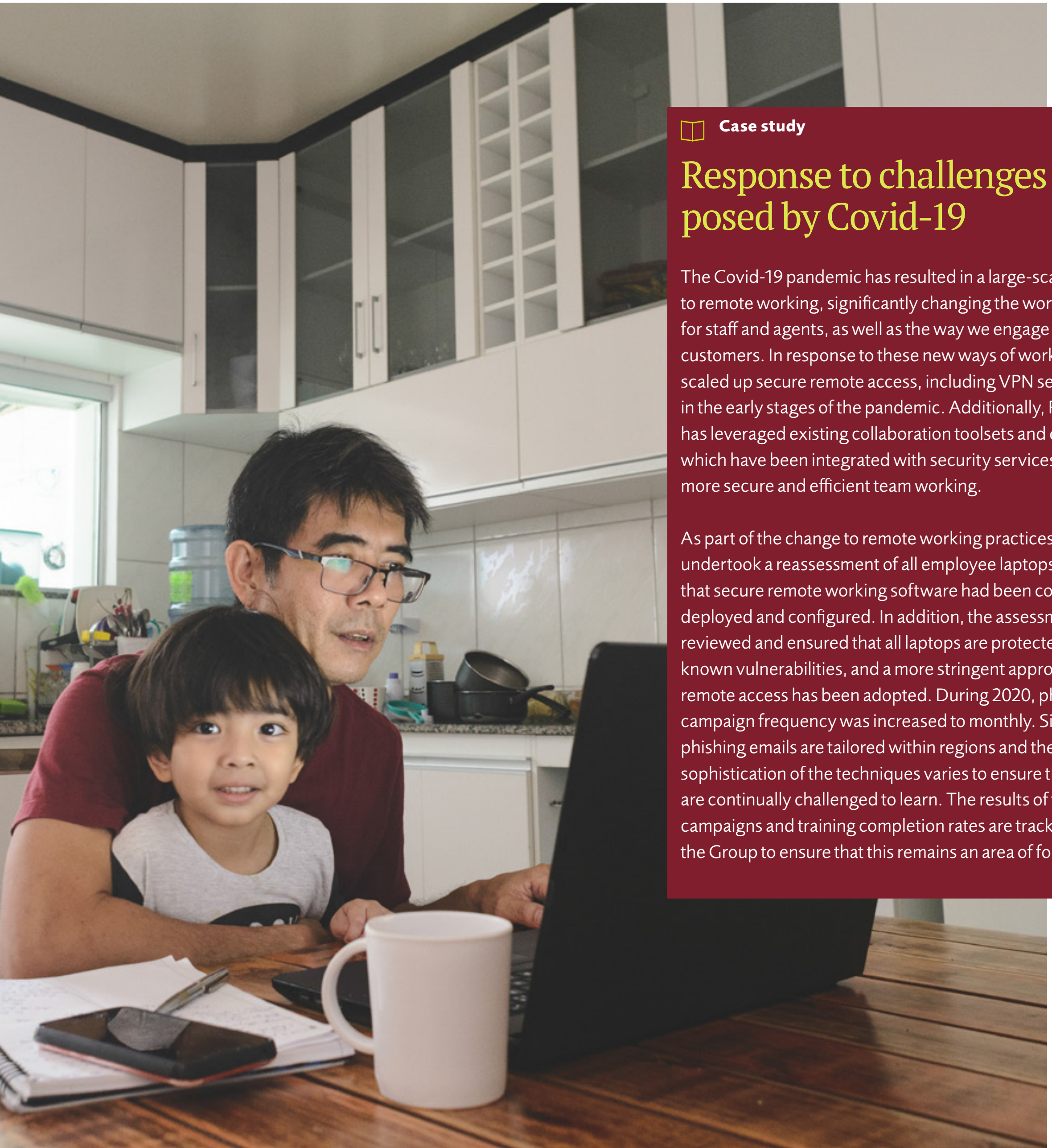
The success of our information security programme is measured from both an internal and external perspective. Externally, benchmarking is conducted regularly to ensure that Prudential's cyber security maturity level is above the industry, and internally we assess the organisation's compliance level against the defined security controls as per our Group Information Security Policy and Group Privacy Policy and relevant standards. Security metrics, which measure the level of robustness of our security controls, are generated on a monthly basis to enable the organisation to respond and adapt to any potential adverse changes in our security position.

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 the 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

In 2020, a key focus was on driving consistency of approach to the management of data privacy issues in order to embed high standards across



Case study

Response to challenges posed by Covid-19

The Covid-19 pandemic has resulted in a large-scale move to remote working, significantly changing the working culture for staff and agents, as well as the way we engage with customers. In response to these new ways of working, we scaled up secure remote access, including VPN services, in the early stages of the pandemic. Additionally, Prudential has leveraged existing collaboration toolsets and capabilities, which have been integrated with security services to enable more secure and efficient team working.

As part of the change to remote working practices, Prudential undertook a reassessment of all employee laptops to ensure that secure remote working software had been correctly deployed and configured. In addition, the assessment reviewed and ensured that all laptops are protected against known vulnerabilities, and a more stringent approach for remote access has been adopted. During 2020, phishing campaign frequency was increased to monthly. Simulated phishing emails are tailored within regions and the sophistication of the techniques varies to ensure that staff are continually challenged to learn. The results of these campaigns and training completion rates are tracked across the Group to ensure that this remains an area of focus.

the Group and ensure compliance with the Group Privacy Policy. This was supported by the roll-out of a global privacy management platform across the Group to assist with management of privacy activities and to automate privacy control assessments where possible. Activities also took place to enhance and embed processes to ensure compliance with regional and local privacy requirements, including the California Consumer Privacy Act, which took effect on 1 January 2020.

Our Group Privacy Office continues to maintain oversight of privacy compliance. The office works with our 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. Privacy is integrated within the Group-wide Information Security & Privacy team, which reports to the Group CISO, giving coverage of each region and the different countries in which Prudential operates.

AI ethics and governance

While the use of artificial intelligence (AI) could bring tremendous benefits, we are aware of the potential risks in deploying AI. Our Global AI Council, chaired by the Group Chief Digital Officer, is responsible for oversight of AI tools and their implementation in our business. The Global AI Council meets quarterly and includes a number of working groups, which review all projects incorporating AI and machine learning across our business units before they receive approval.

During 2020, we developed a set of AI Ethics Principles, reviewed by the Global AI Council. The principles were approved by the Group Risk Committee, on behalf of the Board, which retains ultimate responsibility for setting the Group's ethical standards. These principles sit alongside our Group Code of Business Conduct and set out the standards expected of our colleagues responsible for designing, developing and operating complex applications.

The principles are:

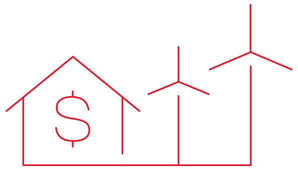
— Effectiveness and value – we design tools with a clearly defined purpose to deliver value for our stakeholders;
— Explainability and transparency – we are transparent that AI tools are used as part of our products and services and explain this simply;
— Bias and fairness – we ensure that AI treats people fairly to avoid bias and unfair discrimination;
— Robustness – we design AI tools that are highly reliable and robust;
— Compliance – we comply and respect relevant regulations, including human rights laws;
— Accountability and responsibility – we accept accountability and responsibility for the outcome of the use of AI tools;
— Privacy and security – we respect user privacy and security; and
— Assurance – we continuously review and monitor our AI deployment and outcomes to ensure that these principles are met.

The Global AI Council is supported by six working groups:

1. Products and pricing – to drive the automation of actuarial work;
2. People – to upskill and certify the AI capabilities of all Prudential employees;
3. Data – to align with Prudential's data governance and management;
4. Technology and platform – to review and approve AI technology and supplier choices;
5. IP – to safeguard Prudential's AI intellectual property; and
6. Ethics – to approve AI prototypes for compliance with Prudential's AI Ethics Principles.

As we invest in AI, big data and other technologies to deliver on our purpose, we are providing everyone in the organisation, regardless of their roles, with opportunities to learn more about these technologies, so that they can participate and contribute to helping our customers. For those who want to advance further, we have created an AI Bootcamp, consisting of a five-level certification process, which covers advanced AI, machine learning, data analytics, as well as AI use in healthcare and finance. An overarching theme of the bootcamp is AI for good and helping families and communities in need.

Strategic Enablers



4 Strategic Enabler: Responsible investment

As a significant allocator of capital in financial markets, our commitment to responsible investment encompasses our role as both asset owner and asset manager. In that capacity, we play a vital role in the transition to a lower carbon economy. We seek to apply ESG considerations more broadly in our investment decisions and our fiduciary and stewardship duties, including ensuring that our investment decisions are aligned with our values around diversity and support our primary focus on healthy lives.

Governance

As with other ESG matters, responsible investment activity is overseen by the Group ESG Committee. More information on the Group ESG Committee is provided in the report introduction. Operational responsibility for responsible investment activity is delegated to the Group Responsible Investment Advisory Committee (GRIAC). The GRIAC is constituted as a sub-committee of the Group ESG Committee and provides a forum for Group and business units to consider responsible investment approaches.

The GRIAC is co-chaired by Prudential Corporation Asia's Chief Investment Officer, Insurance Investment and Co-CIO, Eastspring, respectively senior executives within our main asset owner and asset management businesses. Other permanent members include the CIOs of the major life businesses and the President, CEO and CIO of PPM, as well as representatives from the Group Finance and Group Risk functions.

Asset owner/asset manager relationship

Historically, Prudential has adopted a principles-based approach to coordinate responsible investment activity across the Group. These principles have been codified into standards, which are set out in the Group Responsible Investment Standards (GRIS) and govern the conduct of responsible investment activity across the Group.

These principles set the tone and parameters under which the Group's asset owner and asset manager businesses develop responsible investment policies appropriate to the markets in which they operate.

During 2021, we will seek further to develop our asset owner Responsible Investment Policy and align expectations across our asset manager mandates, including how ESG considerations will be monitored and measured over time.

Our approach to responsible investment reflects our belief that the quality of corporate governance practices, and how companies manage the environmental and social aspects of their operations, are material to reducing risk and delivering superior financial returns and, ultimately, longer-term shareholder value. It also recognises that responsible investment requires a patient approach and an understanding that changes in corporate behaviour should support shareholder value over time.

Asset owner level

Direction

Apply principles, standards and decision-useful framework to implement Group ESG strategy.

Activity/implementation

Interpret Group ESG strategy with respect to responsible investment principles.

Identify and consider alignment to global standards and frameworks to inform the Group-level approach.

Define how frameworks will apply Group-wide.

Asset manager level

Direction

Apply investor-specific policies and processes to meet requirements of principles-based framework.

Activity/implementation

Asset manager to clearly articulate RI policies and approaches to Group-level approaches.

Asset manager demonstrates process consistency.

ESG integration

We seek to integrate ESG factors into our investment decisions, alongside traditional financial analysis, to better manage risk and generate sustainable, long-term returns for our customers.

Within Eastspring, the Singapore-based equity team focuses on exploiting opportunities where risk perceptions and expectations have become misaligned. ESG issues are incorporated into the fundamental analysis and decision-making process to the extent that the team believe they could have a material impact on a company's valuation and financial performance. Similarly, for the fixed income team, only ESG issues that are material to the issuer's credit fundamentals and the valuation of the bond are factored into the analysis. For both equity and fixed income, companies are not excluded solely on perceived ESG issues.

This approach to integrate only material ESG factors into investment decision making does not preclude investment in sustainable investment opportunities. For example, in August 2020 Eastspring invested THB 1 billion ($30 million) in the Thai government's inaugural THB 30 billion sustainability bond. The bond carries a 15-year maturity, with proceeds divided between a project to expand the Mass Rail Transit System and to support various expenditures under the government's Covid-19 Rehabilitation Package.

PPM follows a broadly similar approach to Eastspring. ESG factors are incorporated into the investment process where it is believed they may have a material impact on the financial performance of the investment. Investments are not automatically excluded at strategy or fund level on ESG grounds. Rather, the manager works with clients, who will specify exclusion lists unique to their ESG values and requirements.

Stewardship and engagement

As custodians of our customers' assets, it is important that we act in ways consistent with our stewardship responsibilities. This means seeking to maximise the long-term capital growth of the assets entrusted to us, while remaining accountable to our customers for our actions and being aware of our duty to uphold their best interests when carrying out investment activities. We aim to meet these requirements in several ways, including:

— Pursuing an active investment policy that aligns engagement activity with the long-term investment thesis to hold the asset in the portfolio;
— Treating shareholder voting rights as a valuable asset and seeking to vote all holdings;
— Developing and adhering to principles of conduct governing our stewardship activities, including the fiduciary relationship with customers; and
— Ensuring that our approach to stewardship is aligned to best practice. Notably, Eastspring is a member of International Corporate Governance Network (ICGN) and its stewardship approach is aligned with the ICGN Global Stewardship Principles and ICGN Global Governance Principles. It is also a member of the Asian Corporate Governance Network, which seeks to promote high standards of corporate governance across the Asia-Pacific region.

Case study

ESG integration case study: Multinational car company challenged to meet new regulations

ESG consideration

During the review of a multinational automotive corporation headquartered in Europe, PPM's research analyst noted concerns about the company's ability to meet European carbon dioxide emission standards, which could lead to meaningful regulatory fines and negative consumer views given the increasingly environmentally conscious consumer. Despite what PPM believed was a solid company balance sheet (strong net industrial cash position and significant gross liquidity), its analyst viewed the company as behind other automotive corporations in its investment in and development of electric vehicles.

PPM analysis

Electric vehicle penetration gained momentum in early 2020 at the onset of Europe's tougher emissions rules. Effective 1 January 2020, the rules imposed more stringent targets for passenger cars and vans – based upon average fleet-wide carbon dioxide emissions (g/km).

PPM's research team discussed the issue in detail during an investment grade review of the automotive industry that assessed the company's positioning among its peers. The research revealed that the company had one of the largest percentage gaps in reducing its year-on-year average fleet-wide carbon dioxide emissions versus its peers and was at the most risk of not meeting standards. While the potential monetary fines were viewed as manageable, the company would be required to undertake significant investment in research and development to catch up with the leaders in the industry, or risk losing meaningful market share.

Outcome

Considering all factors related to the risk and return of the company, the changes to regulations, and the company's progress in developing electric vehicles and increasing its mix to meet emissions standards, PPM downgraded its internal rating. Its analysts will continue to monitor the company's improvements toward emissions goals alongside company fundamentals.

Engagement

Engagement is a core part of providing effective stewardship and an important means of generating long-term value. We seek to encourage business and management practices that support sustainable financial performance through constructive interaction, based on our in-depth knowledge of the companies and their business environment.

Our approaches to engagement vary across our asset owner and asset manager businesses, reflecting differences in local investment practices and norms, and consistent with the Group's principles-based framework to coordinate its responsible investment activities. However, within this broad framework, some common principles and practices apply. These include: that engagement is an important way to identify material risks and opportunities to investment; that maintaining a continuing and open dialogue with management is key to building relationships, and thus effective influence; and, that collaboration with other investors (through bodies such as Climate Action 100+ or the Asia Investor Group on Climate Change (AIGCC)) is a helpful way to amplify the effectiveness of our engagement activity on ESG issues. The use of voting rights is also an important means to signal investor preferences to company management and it is the Group's policy to vote on their holdings (see Proxy voting below).

The level of conviction to hold a particular investment can be impacted by the results of engagement. Where conviction levels fall below an appropriate level, the position may be divested. This was the case, for example, with a recent engagement by Eastspring with a company providing education services. During our engagements, the company did respond with some improvement to their initial proposed corporate governance reforms. However we did not have a sufficient level of confidence in the standard of governance or controls in place to avoid future contentious proposals. Given the lower level of conviction around the range of potential outcomes we felt there was insufficient valuation support to compensate for observed risks and Eastspring exited the position.

Both Eastspring and PPM undertake company engagements focused on both financial and non-financial matters on an annual basis. With respect to specific engagements related to material ESG issues, Eastspring's equity and fixed income teams have conducted over 300 unique engagements in 2020, in addition to engagement on financial issues with companies.

Proxy voting
Alongside engagement, voting is considered part of the investment process and the pathway to value realisation. It is therefore integral to our stewardship responsibilities. By exercising our votes, we seek both to add value and to protect our interests as shareholders. We consider the issues, meet company management if necessary and vote accordingly. Where possible, we seek to discuss any contentious resolutions with investee companies before casting our votes in order to ensure that our objectives are understood, and our votes will be cast in the best interests of our investors and clients.

Where appropriate, we use third-party investment advisers to aid the process of making proxy voting decisions. Both Eastspring and PPM engage Institutional Shareholder Services (ISS), a fellow signatory to the United Nations-supported Principles for Responsible Investment (PRI), to provide administrative assistance in connection with voting proxies.

The policies and guidelines of the proxy advisers are periodically reviewed to understand the nature of their recommendations and test their compatibility with our requirements. However, specific policies and advice from the proxy adviser are not applied mechanically. We always apply our judgement and decide how to vote on each resolution on its merits in the context of the principles of our proxy policy.

In Asian and emerging markets, proxy voting activity is commonly focused on governance matters, with fewer shareholder resolutions focused on environmental or social matters. However, our equity team actively vote and take any material ESG issues that have been identified into consideration.

While our equity teams are typically supportive of company management, where applicable we use proxy voting actively to signal to management our expectations for improvement in behaviours.

In 2020, Eastspring voted on 99.63 per cent of the total number of proxy votes in which it was eligible to vote. Eastspring voted with management recommendations 90.33 per cent of the time and voted against management recommendations 9.67 per cent of the time. Please refer to Eastspring's website for more information on its proxy voting record.

Engagement activity through 2020: Notable examples
In order to highlight the breadth of topics and engagements that have taken place, we provide a selection of recent engagement case studies under the 'Environmental', 'Social' and 'Governance' headers. Often, the engagements span more than one ESG dimension, and where this is the situation, the case study is allocated to the ESG category on the basis of a judgement as to which dimension is more material.

Environmental

Case studies

Global Emerging Markets Equity Team, Singapore: Environmental engagement
Company A, a Korean power company, is a valuation outlier and has been a long-term holding, with which we have maintained ongoing engagement.

Objective: Our engagement is aimed at understanding its long-term strategy around transition to a low-carbon economy, to enable us to perform our fiduciary duties and decisions around proxy voting from a well-informed position.

Scope: In 2020, we engaged with Company A in a discussion about the company's long-term strategy for dealing with carbon emissions. It shared that it has a long-term plan to increase renewable energy and to reduce dependence on coal-fired power generation. We discussed the future of the power company's overseas coal power projects and its commitment in October 2020 to not build any overseas coal plants going forward, but only energy-efficient, renewable-type plants. This is aligned with its commitments to grow renewable energy domestically, add no new coal power plants, start to close coal-fired capacity, and to invest in technology to reduce carbon emissions. Notably, the company's overseas coal project plants in South Africa and the Philippines are being converted to liquefied natural gas (LNG) or terminated.

Subsequently, we engaged with the company on its anti-corruption policies. In response to corruption issues, it has responded by putting in place governance structures that include enhanced processes, training and monitoring.

Outcomes: Demonstrating a response through restructuring and capital allocation towards renewable energy, and improvement to governance structures.

Japan Equity Team, Singapore
Company B is one of the world's largest steel producers.

Objective: Our ongoing engagement since 2017 is aimed at understanding the company's position on three key issues: carbon emissions and energy usage (including disclosure policies), board governance and structure, and workplace safety.

Process: In 2020, our three engagement meetings focused on potential structural change in the industry and the need to reduce capacity, and progress in implementing new (hydrogen-based) steel-making technologies. The team also discussed the potential impact of recent regulation by the Japanese government aimed at reducing coal-fired power generation capacity. The engagement was also undertaken in fulfilment of our obligations as a member of the Climate Action 100+.

Outcome: We observed that management was making good progress towards finalising specific medium and long-term climate change targets, as part of the ultimate target of becoming carbon-neutral by 2050. In terms of board governance and structure, the company sought and received approval from shareholders in June 2020 to transition its governance model. The dialogue has supported the case for continued investment in the company.

Social (labour rights, health and safety)

Case study

Malaysian Equity Team, Malaysia

Company C is a large global glove manufacturer.

Objective: To determine whether the company was putting processes in place to improve labour practices.

Process: In June, we engaged with Company C following allegations of forced labour practices from a UK Channel 4 report. We noted that these allegations, which were brought up in December 2018, had resurfaced and that the company had made progress in rectifying these claims.

In July, we sought further clarification from management when the US Customs and Border Protection (CBP) placed a detention order on disposable gloves manufactured by some of the company's subsidiaries. Management shared that they had remedied some of the key issues, such as retention of identification documents, and were looking into the reimbursement of recruitment fees.

We engaged again in November, following an accident that resulted in the amputation of a worker's arm. The purpose of this engagement was to remind the company to take remedial actions to keep workers safe and close gaps that may contribute to accidents. Subsequently, it was uncovered that the worker had not followed the company's standard operating procedure, which the company will investigate remedying with extensive education. It has continued to improve its training programmes by adding training in native languages, revamping on-site training to include accident-prone areas, and increasing training hours.

Outcome: While we recognised that the company had made significant improvement in labour market practices, we continue to stress to management that, as one of the largest glove manufacturers in the world, it needs to set better standards and be vigilant about ESG issues, and we will continue to engage with it on labour issues into 2021.

Governance (Board composition and diversity)

Case studies

Japan Equity Team, Singapore

Company D is a Japanese international chemical manufacturing company.

Objective: Gain a better understanding of the corporate governance structure and practices to perform our fiduciary duties and decisions around proxy voting from a well-informed position.

Process: In January, we conducted a discussion with the company on its broad ESG approach and its specific positioning for meeting environmental product demands (eg bioplastics). We also highlighted the need for improvements in board structure and function and the nominations and succession process.

We continued our engagement in July, when we conducted a discussion of the ongoing evolution of its governance structure and approach and its oversight and management ownership of ESG-related matters. In our ongoing engagements, we have noted that the company's board and broader governance structures have shown a significant step forward (eg improving board independence, voluntary committee structure).

The company has noted that these changes are, partially, in response to our ongoing engagement. It also detailed its increased focus on ESG with a new ESG committee that reports directly to the board. We were satisfied that ESG governance and management ownership appear to be improving.

Beyond this progress, however, we have also discussed that we would like to see continued progress in terms of board independence, diversity, and change to an independent committee system.

Outcome: Gained clarity on timeline for implementing PRI framework and the company's efforts on ESG.

Japan Equity Team, Singapore

Company E is a credit card issuer and transaction processing company.

Proxy Voting Objective: Proxy vote signals the accountability of chairman and CEO for the delivery of poor longer-term returns.

Process: The current chairman has been both chairman and CEO since 2000. Over this period return on equity (ROE) has been weak and has further deteriorated over the past three years. Although the company's management did seek to buy back some shares, we did not feel this was sufficient to address the issue. We felt a clear strategy needed to be articulated to grow the business, amid fierce competition from other traditional credit card players and new cashless players.

A vote was due to be held at the company AGM to re-elect the chairman (and other directors). While our proxy adviser recommendation, and company management vote was 'For' the re-election of the Chairman, we decided to vote 'Against' re-election on the basis of his accountability for the poor historic performance of the company.

Outcome: In addition to acknowledging the company's historic delivery of poor trend returns, our analysis suggests the company has a good platform and there is sufficient valuation upside to support our level of conviction around the overall governance of the company. However, our vote 'Against' the re-election of the chairman signals our position in relation to accountability for historic performance and the need for a change in leadership to support a clear strategy for growth.

Capacity building, collaboration and industry and regulatory engagement

We continue to seek opportunities to build capacity and enhance capabilities within our responsible investment practices. In August 2020, Eastspring participated in a sustainability benchmarking process and capacity-building exercise with the World Wide Fund for Nature (WWF), one of the world's largest independent environmental organisations. WWF works with industry associations, regulators, stock exchanges and investors in Asia to support ESG risk analysis and opportunity identification. The benchmarking process is being used as an enabler to further embed sustainability into the business and is aligned with the Group's strategic focus areas. As part of an ongoing focus on continuous improvement to meet our sustainability ambitions, Eastspring has incorporated actions from the benchmarking exercise into four sustainability work streams focused around purpose, governance, climate strategy and responsible investment. Eastspring also participated in the Asia Investor Group on Climate Change (AIGCC) Climate Change Training Project Advisory Committee, the region's first accredited climate change training.

Collaboration
We continue to view collaboration with investors through collective initiatives and industry bodies as another way to build capacity and to amplify the effectiveness of our engagement activity. Two examples of collective bodies in which we participate are Climate Action 100+ and the AIGCC. Climate Action 100+ is an investor-led initiative to engage systemically important greenhouse gas emitters across the global economy. The AIGCC aims to raise awareness and encourage action among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and low-carbon investing. Where appropriate, some of our engagements are coordinated through these bodies.

We have aligned our responsible investment approach to industry best practice through our support for the United Nations Principles of Responsible Investment. Ninety-nine per cent of Prudential Hong Kong's investment portfolio is managed by asset managers that are PRI signatories. Prudential supports PPM's and Eastspring's membership as PRI signatories.

Eastspring has been a PRI signatory since February 2018. In 2020, it submitted its first official PRI Report and achieved A+ scores across two categories and A scores across four categories, well above the median scores for the PRI's asset management signatories. An A+ score was achieved for Strategy and Governance and ESG Integration in Listed Equities modules; and an A rating was awarded for Listed Equities – Active Ownership, Fixed Income – SSA, Fixed Income – Corporate (Financial), and Fixed Income – Corporate (Non-Financial).

PPM became a signatory in October 2018 and received an A score for its approach to Strategy and Governance, placing it among the top tier of asset managers in this category.

Regulatory and industry engagement
It is important that our strategic approach to responsible investment develops in line with broader thinking around the issue. Therefore, we seek to engage with policy bodies and regulators in the markets in which we operate to both shape the debate and to align our approach to evolving best practice on the topic.

Some examples of notable industry engagements and collaboration undertaken during 2020 are:

BU	Theme	Regulatory/industry initiative
Group (Prudential plc)	Global/ regional initiatives	At a Group level, our compliance and government relations functions provide input to regulatory consultations and engage with international bodies, such as the Sustainable Development Investment Partnership (SDIP) – an initiative of the World Economic Forum (WEF) – and the Institute of International Finance (IIF) that are active in setting standards for responsible investment. Notable examples of Group engagement activity through 2020 include the monitoring of the work of the Network for Greening the Financial System (NGFS) and input into the International Association of Insurance Supervisors (IAIS) paper on the Supervision of Climate-related Risks in the Insurance Sector, jointly with the Sustainable Insurance Forum (SIF).
Prudential Hong Kong Ltd (PHKL)	Sustainable insurance	PHKL participates in the Green Insurance task force established in 2020 by the Hong Kong Federation of Insurers. This supports the Green and Sustainable Finance Cross-Agency Steering Group, of which the Hong Kong Insurance Authority is a member. Discussions are at an early stage, but the focus of the taskforce will be on generating industry-wide actions to promote sustainable and environmental business practices, as well as to develop regulatory, green product and investment frameworks.
Prudential Assurance Company Singapore (PACS)	Sustainable insurance	PACS is a member of the Sustainable Insurance Taskforce. It is working with the MAS (Monetary Authority of Singapore), LIA (Life Insurance Association), GIA (General Insurance Association) and SRA (Singapore Reinsurance Association) to develop a set of sustainable insurance guidelines.

BU	Theme	Regulatory/industry initiative
PCA Life Assurance Taiwan (PCALT)	Stewardship	PCALT is a signatory to the Taiwan Stock Exchange's 'Stewardship Principles for Institutional Investors'.
Eastspring	Risk management	Eastspring contributed to a consultation paper by the Investment Manager Association of Singapore which consolidated industry feedback to MAS on proposed guidelines for environmental risk management.
	Responsible investment	Eastspring participated in an online seminar hosted by the UNPRI and Korea Financial Investment Association (KOFIA). The event aimed to help educate Korean institutional investors on socially responsible investment/responsible investment concepts, both ensuring a basic level of understanding of responsible investment and providing the opportunity to learn how investor peers have been undertaking responsible investment.
	ESG funds	Eastspring participated in a group meeting with The Securities and Futures Commission of Hong Kong (SFC) on key proposed enhancements for ESG funds, which sets out the expectations on how the existing Code on Unit Trusts and Mutual Funds and disclosure guidance would apply to ESG funds.
	Responsible investing (fixed income)	Eastspring Singapore co-hosted a virtual roundtable with Asian Investor discussing key opportunities and challenges in incorporating ESG within Asian fixed income portfolios.

Product development and client engagement

We are continuing to expand our ESG offering to clients to meet the growing demand for responsible investment products in our markets. In December 2019, Eastspring launched the Asia Sustainable Bond Fund, which supports sustainable objectives, as well as meeting client needs for an ESG-themed investment product. Our Singapore and Hong Kong-based life businesses are anchor investors into the fund. While the fund's AUM remains modest at $73 million, during 2020 Eastspring continued to engage with interested gatekeepers from both retail and institutional investors on the Asia Sustainable Bond Fund strategy, as it builds its performance track record with a view to increasing third-party investment. The fund follows an absolute-return targeting strategy and does not target a specific benchmark. Notwithstanding this, recent performance compares well with broadly similar indices, such as the JPMorgan Asia Credit – ESG Index.

In November 2020, Prudential Hong Kong, through its participating life fund, provided the cornerstone funding for a new ESG ETF provided by BlackRock through its iShares unit. The fund tracks the MSCI USA Minimum Volatility ESG Reduced Carbon Target Index, which reduces greenhouse gas emission intensity by 63 per cent and exposure to fossil fuel reserves by 95 per cent, relative to the parent benchmark.

Other significant ESG-themed asset owner initiatives through 2020 include the adoption by Prudential Assurance Malaysia Berhad of sustainable investing strategies for local equity investment within its PRULink Strategic Fund, and the initiation of a project by PT Prudential Life Assurance (PLAI) to publish ESG scores for all its investment-linked product (ILP) funds. PLAI is also in the process of changing the benchmark for one of its existing ILP funds to a new ESG index (the IDX ESG Leaders) developed by the Indonesia Stock Exchange.

Outlook for 2021 and next steps

Prudential recognises that strengthening our approach to responsible investment is an ongoing and long-term process that we expect will evolve over time.

For 2021, as an asset owner, we expect to take further steps to expand and make more explicit our expectations of asset managers in the areas of ESG integration and engagement. The recent establishment of Eastspring Portfolio Advisers (EPA) will help to facilitate and implement our asset owner requirements with asset managers. EPA is our investment centre of excellence for tactical asset allocation, model portfolio construction, manager selection, liability-driven investments and solutions and derivative expertise. From an asset owner perspective, EPA will integrate ESG in all relevant processes within its remit. EPA's complete view of the asset owner portfolio will contribute to a holistic and coherent approach on ESG. The establishment of EPA has also created a platform where the asset owner and the asset manager can discuss, monitor and advance the ESG initiatives.

As well as these steps to improve the alignment of asset owner and asset manager objectives, we will continue to develop our overall approach by identifying and aligning with selected global standards and initiatives that help to frame and inform our principles-based approach to the impacts and opportunities of ESG. In this context, our Asian business is investigating becoming a PRI signatory as an asset owner in 2021.

By taking ESG issues into account, we can meet our clients' financial expectations, serve their other long-term interests and meet the expectations of society.

5 Strategic Enabler: Community engagement and investment

Our approach to community investment

Our community investment strategy is closely aligned with our business purpose and with our stakeholders' concerns and interests. Our strategy is focused around health and resilience issues relevant to the communities in which we operate, education (particularly financial education) and building resilience across communities. This is underscored by a desire for strong employee engagement in the work we do. Our strong contribution continues to improve lives and build communities, wherever we work.
Our relationships with our charity partners are long term, involving support through both funding and skills-based employee volunteering.

Governance of community investment

Our businesses are guided by the framework for investing in the community, as laid out in our Group-wide Community Investment Policy and the Group's ESG strategy. Within that framework they have the autonomy to manage their own community investment programmes. For business units in Asia and Africa, Prudence Foundation, a unified charitable organisation governed by a statutory board of directors, provides regular review of strategy and spending for community investment, which maximises the impact in these regions. In the US, a governance committee of Jackson and the Jackson Charitable Foundation board of directors regularly reviews community investment activity, strategy and spend. Going forward, the Responsibility & Sustainability Working Group will oversee our community engagement and investment activities on behalf of the Board.

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. 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 or incur any such expenditure in 2020.

Monitoring and measuring community investment

Our community investment performance metrics are aligned to the Business for Societal Impact (B4SI) Framework (formerly known as London Benchmarking Group), which is used to monitor progress and guide the valuation of both cash and in-kind contributions, employee volunteering and management costs.

In 2020, the Group spent $33.2 million (2019: $29.1 million) supporting community activities. Direct cash donations to charitable organisations amounted to $25 million (2019: $20.6 million). The balance includes in-kind donations, as set out on the Group website, calculated in accordance with Business for Societal Impact (B4SI) framework. The in-kind total includes 112,000 hours of colleague volunteer service for our local communities. Our primary focus areas for community investment in 2020 were health, social and welfare issues, which together accounted for 46 per cent of investment in 2020; followed by education (20 per cent), environment (15 per cent) and emergency relief (7 per cent).

In 2020, 63 per cent of our community investment activity was in Asia and Africa, and 35 per cent in the US. The remaining 2 per cent, attributed to London head office, includes both UK and global activity.

Our 2020 community investment reporting is assured by Deloitte LLP. Further information and Deloitte's assurance statement can be found at www.prudentialplc.com/esg.

Covid-19 Relief Fund

Prudential's flagship international volunteering programme, the Chairman's Challenge, has been bringing people together across the Group to help their communities since 2006. In 2020, the Chairman's Challenge joined forces with Prudential Corporation Asia to create a $2.5 million Group-wide Covid-19 Relief Fund. The fund was administered by Prudence Foundation, Prudential's community investment arm in Asia and Africa, and distributed to Prudential's markets around the world, allowing them flexibility to allocate funding based on local knowledge of community needs. Funds were used to support approved charitable and community projects tackling the immediate impact of the pandemic, and its social and economic consequences. Local businesses' programmes included supporting vulnerable communities with Covid-19 messaging, hygiene and sanitation, nutrition and educational programmes.
For example:

- Prudential Thailand and Eastspring Thailand donated THB4.9 million (US$155,000) to four hospitals in November. The donation will contribute to the construction of airborne infectious isolation rooms and acute respiratory infection clinics in the four hospitals. Prudential Thailand also donated 2,500 face shields made by its employees to help protect medical professionals and frontline health workers.
- In the Philippines, the Covid-19 Relief Fund donated PhP5 million (US$100,000) to the Philippine General Hospital (PGH) Medical Foundation Inc to support the University of the Philippines (UP)-PGH Covid-19 programme. PGH serves as one of the primary Covid-19 referral hospitals in the Philippines and its Covid-19 programme seeks to equip its healthcare workers with personal protective equipment, including N95 masks, goggles, face shields, and cover-all suits. It also provides medical equipment for cardiac and respiratory care to Covid-19 patients.
- Our Covid-19 Relief Fund was used in Côte d'Ivoire to provide food to vulnerable communities and to deliver a three-month awareness and training programme with AGIS, an NGO, to at-risk areas. In Ghana the fund supported three programmes, including School for Languages, to provide Covid-19 materials and guidance in local Ghanaian languages, as much of the information on Covid-19 is provided in English. In Nigeria the Covid-19 Relief Fund supported a project with Slum2School, to engage 3,000 nursery, primary and secondary school learners between May and December across 20 vulnerable communities.
- Jackson used the fund to support immediate community needs resulting from Covid-19. Jackson awarded $150,000 to non-profits across Chicago, Lansing and Nashville, providing direct financial assistance in tandem with long-term financial coaching and education to individuals and families impacted by the pandemic. This strategic approach provided immediate support for the most vulnerable while working toward a more secure financial future, core to both Jackson's philanthropic and business purposes.

In addition to the Covid-19 Relief fund, Prudential supported communities through other initiatives:

- With elderly people facing a higher risk from Covid-19 than the general population, Prudence Foundation partnered with HelpAge International. Prudence Foundation supported the production of two Safe Steps Elderly Care videos, which provided simple and clear guidelines to care-givers on how to protect older people in care homes, prevent infection and ensure appropriate measures for care-givers' health and safety. HelpAge is working with its network members in Asia alongside the care homes and local governments to disseminate these guidelines to over 1,200 recipients directly. The videos have been translated into five languages and a dedicated website was created to host the information and videos. The videos were available on YouTube, Facebook and Twitter during August 2020, reaching over 42,000 people.
- Jackson has also provided a total of $1.34 million in community grants to support non-profits, which are facing reduced fundraising revenue.

- Since April, Jackson wholesalers have conducted webinars where, for each adviser in attendance, a donation is made to the Feeding America Food Bank in the adviser's local community. Donations totalling $350,100 have been made to more than 100 different food banks across the country, meaning Jackson has helped to provide over 3.5 million meals. Jackson has also partnered with the Nashville Food Project, preparing 6,075 meals for at-risk youth in the underused corporate dining centre.

Financial education

Developed by Prudential to address the gap in financial literacy for children, Cha-Ching is a global financial education and responsibility programme catering for children aged seven to 12 years old. Now in its 10th year, the programme continues to grow and expand across all our markets and is well received by educators, parents, children and government stakeholders. For more information on our approach to promoting financial literacy and how it supports making health and financial security more accessible, please see page 16.

Safety

Safe Steps

Safe Steps is a campaign designed to provide key messaging and raise awareness on life-saving issues across our markets. It now covers disasters, road safety, first aid and Covid-19. Developed in partnership with the International Federation of Red Cross and Red Crescent Societies (IFRC) and NatGeo, it continues to reach millions of people in Asia and Africa via numerous media and government partnerships. The Safe Steps programmes have also been made available and shared on Prudential's Pulse super-app in Hong Kong and the Philippines, and through local television and media partnerships and government partnerships in Cambodia, Myanmar, Malaysia, the Philippines and Vietnam over the years.

A new Safe Steps Covid-19 campaign was also developed in partnership with the IFRC and NatGeo and launched in March 2020, providing key educational messages and awareness on Covid-19. The campaign has been distributed throughout the year across Asia and Africa, leveraging the Safe Steps network.

Building on the success of Safe Steps, in 2019 Prudence Foundation launched Safe Steps Kids, a partnership with the IFRC and Cartoon Network. This initiative uses popular cartoon characters to equip millions of children with actionable information to protect themselves and others in the event of emergencies or disaster situations. The programme has been leveraged by local national Red Cross societies in Malaysia, Singapore, Indonesia and the Philippines through school activities, reaching more than 2,500 students directly. In 2020, in view of the pandemic, Safe Steps Kids online activities have been organised by the Malaysia Red Crescent Society and Indonesian Red Cross Society.

Safe Steps continues to have significant reach. For example:

- Safe Steps programmes continue to reach over 250 million people a day in Asia and 80 million people a month in Africa via media partnerships;
- Safe Steps Kids has a TV reach of 31 million households every day; and
- On social media, Safe Steps Kids has reached over 11 million viewers, and its videos have been viewed 3.1 million times across all digital platforms.

Safe Steps Road Safety Africa was launched in Côte d'Ivoire at the end of 2019 and continues to be promoted across the continent via multimedia distribution on both regional and national TV networks. In December 2020, the campaign was launched in Zambia in partnership with the Road Traffic Safety Agency, the Red Cross and several media partners.

Safe Steps D-Tech Awards

In addition to providing life-saving information, Prudence Foundation launched the Disaster Tech (D-Tech) Innovation Programme in 2019. The objective of the programme is to find, fund and support innovative disaster tech solutions that could save lives in natural disaster events, and to catalyse innovation and increase investment and non-financial support through partnerships. The programme has been unified with the Safe Steps programme and relaunched as the Safe Steps D-Tech Awards. Efforts in 2020 have focused on preparing for the next competition to be held in 2021. The second edition of the awards launched in December 2020, inviting applicants across both profit and non-profit sectors. Finalists will be announced in June 2021 and will have the opportunity to receive grants from a pool of $200,000, as well as mentorship, technology support and access to investor networks. Our network of partners supporting the D-Tech Awards has grown to include humanitarian partner IFRC, technology partner Lenovo and strategic partners Antler, AVPN, National Geographic, e27, Give2Asia, Hatcher+, Jubilee Capital Management and Tech for Impact among others.

Disaster risk reduction in schools

The Comprehensive Safe Schools Framework (CSSF) is a globally recognised framework to ensure that all children are educated in a safe environment. At its core, the framework focuses on three key pillars – school infrastructure, school disaster management and disaster risk education, with an emphasis on disasters to which schools and communities may be exposed. Since 2013, Prudence Foundation has been supporting the implementation of Safe Schools in partnership with Save the Children and Plan International, which aims to address the objectives of the CSSF, as well as the objectives of the Sendai Framework for Disaster Risk Reduction.

To date, Safe Schools has been implemented in Indonesia, Vietnam, Thailand, Cambodia and the Philippines, with 90,000 students directly trained in capacity building, training and planning, together with 42,000 adults across five countries. In 2019 Prudence Foundation renewed its partnership with Plan International to roll out the programme across Thailand, Cambodia and the Philippines between 2019 and 2022, aiming to reach a further 20,000 children and adults by the end of 2022.

In the Philippines, Prudence Foundation has partnered with Save the Children and the Philippines' Department of Education on a strategic initiative to develop a management information system for schools designed to reduce disaster risk, together with training and capacity building for teachers and local government officials. As of 2020, the project has successfully completed the build of a comprehensive Disaster Risk Reduction Management Information System (DRRMIS). The system is now being piloted in selected regions, with the eventual aim for a nationwide roll-out once the pilot is completed at the end of 2021, potentially benefiting over 20 million students and almost 47,000 schools nationwide. External consultants have also been engaged to conduct an independent evaluation of the programme, with the intent to share evidence-based impacts and build a case study for other governments to reduce disaster risk and replicate this approach across other countries.

Health

A key area of focus for Prudence Foundation has been early childhood care and development. In 2020, Prudence Foundation entered a new partnership with UNICEF to implement a regional Early Childhood Development (ECD) programme. The programme focuses on developing a regional strategy to advance ECD aligned with the Nurturing Care Framework, and implementing an effective communication strategy to raise awareness around holistic nurturing care for children aged up to three years old. The communication strategy seeks to raise awareness and to provide essential knowledge and skills to parents and care-givers around holistic nurturing care for children aged from birth to three years old, which is of particular importance during the Covid-19 pandemic, which has adversely impacted young children. The programme will be piloted in Indonesia to reach 90,000 children and their parents or care-givers by the end of 2021.

Prudence Foundation has become a founding member of The China Children Development Fund, which aims to promote healthy and comprehensive child development in poor areas in China by supporting cross-disciplinary empirical research and translating the results into policies and practices. We also support two three-year ECD programmes in rural China under the China Development Research Foundation. REACH (Rural Education and Child Health) is a programme aimed at enhancing parental capabilities and behaviours as well as improving children's health with nutritional support. Under this programme over 1,500 children will be impacted. The second programme is a nutrition improvement programme, which focuses on improving the quality and standards of school nutrition in poverty-stricken areas.

Jackson's community investment approach

Jackson engages its colleagues and strengthens its links with local communities by providing grants, community sponsorships, donation matching and volunteering hours across Lansing, Chicago and Nashville, and nationally through the Jackson Charitable Foundation to increase financial education across the country.

- Lansing: In June, Jackson announced a $750,000 partnership with the Greater Lansing Food Bank to expand the food bank's warehouse. This campaign engaged more than 430 colleagues who personally donated to the project. The new warehouse doubled the square footage, allowing the campaign to increase overall distribution of food from 9 million meals annually to 18 million meals by 2025 and increase daily volunteers by 100 per cent.
- Nashville: On 3 March 2020, tornadoes caused devastation in communities across Greater Nashville, leaving 25 people dead and 309 injured, and destroying many homes and businesses. Jackson colleagues supported tornado relief efforts with supply collections, volunteer opportunities and matched funding donations to the Community Foundation of Middle Tennessee's (CFMT) Emergency Response Fund. Colleagues contributed $19,620 and volunteered 181 hours towards relief efforts.
- Volunteering: In 2020, 848 Jackson associates volunteered, with the company contributing over 29,000 volunteer hours nationally. For the sixth time, Jackson was awarded the US President's Volunteer Service Award. This year, the recognition was elevated to the Gold level in recognition of completing 15,000 hours of volunteering with Junior Achievement during the 2018-2019 school year teaching financial education and work readiness.

London community investment activity

Prudential RideLondon first took place in 2013, and has become the world's greatest festival of cycling, inspiring tens of thousands of people to take up the sport and raising over £77 million for charity from 2013 to 2019. In 2020, the final year of Prudential's sponsorship, the event was replaced with a virtual event, My Prudential RideLondon, due to the Covid-19 pandemic. More than 10,000 people signed up to take on a range of challenges both in the UK and across the world, with participants riding as far afield as the US, Brazil, Kenya, Japan and Australia, and £3 million was raised for charity.

In 2020, Prudential's London Head Office agreed new three-year partnerships with four local charities supporting projects tackling homelessness, isolation and loneliness, mental health and social inclusion. Partnerships were established with The Connection at St Martin's; The Cares Family; Mind in the City, Hackney and Waltham Forest; and The Amos Bursary. The four charities were chosen by a panel of colleague volunteers and the projects are all closely aligned with our overall ESG strategy in helping to make health and financial security available to underserved communities.

6 Strategic Enabler: Good governance and responsible business practices

Strong governance processes are the foundation of our business and critical to maintaining trust with stakeholders, particularly in the highly regulated financial markets within which we operate. Our governance framework is clear about our standards of behaviour and those standards flow into every part of what we do, including our financial performance and tax practices, as well as operating to mitigate financial crime and informing how we deal with our customers and suppliers. We also recognise the importance of reducing the direct impact of our own operations on the environment and see this as a non-negotiable responsible business practice.

Standards of conduct

Our Group Code of Business Conduct sits at the heart of the Group Governance Manual, our internal governance framework that sets out the principles by which we conduct our business and ourselves. The Code highlights the ethical standards that the Board expects of itself, our employees, our agents and others working on behalf of the Group, and is supported by a set of Group-wide principles and values that define how the Group expects business to be conducted in order to achieve its strategic objectives. Our Group Governance Manual presents our Group-wide approach to governance, risk management and internal control, and is subject to regular review to ensure that we meet the expectations of our stakeholders. In 2020 the Group Governance Manual was updated to align with our post-demerger structure and revised operating model, and now serves as the single governance data source for all colleagues across the Group. Each business must certify annual compliance with the requirements set out in the Manual, including the Code, Delegated Authorities and Group-wide policies.

Tax strategy and reporting

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 and the wider communities in which we operate. In 2020 we made a total tax contribution of $2,114 million. This significant contribution plays an important part in helping the communities in which we operate to provide valuable public services and build infrastructure for the benefit of the wider community and the economy.

We 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 tax risk, and is regularly reviewed and refreshed.

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

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

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

We actively monitor developments in the tax transparency agenda and look to further develop the disclosure of meaningful tax information to help our various stakeholders' understanding of our tax footprint. We will be publishing our updated tax strategy, which will include more information on the tax we paid in 2020, how we manage our tax affairs and the governance and management of tax risk, by 31 May 2021.

Fighting financial crime

We take the fight against money laundering, terrorist financing, bribery, corruption and fraud seriously and are committed to implementing and maintaining industry-leading policies and standards.

Our Group-wide financial crime policies were updated in 2020 to integrate Group and business unit policy requirements, reflecting a streamlined governance structure across the Group following the demerger of M&G plc.

All 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 local laws and regulations. These policies form part of the Group Governance Framework, with business units attesting their compliance to the requirements each year. During the year, the Group and business units undertake a range of monitoring activities to ensure that business units are complying with Group policies and the legal and regulatory framework by which we are governed. This includes quarterly reporting, annual risk assessments, compliance monitoring reviews and reporting to Board-level committees, as set out below. Specifically, our Anti-Money Laundering and Sanctions and Anti-Bribery and Corruption policies provide clear standards and guidance to our diverse businesses and highlight the importance of effective due diligence when dealing with customers, vendors and other third parties.

We complete annual risk assessments across all our businesses to assess and monitor their risk profile. The residual financial crime risk is managed through the continuous enhancement of the control environment and is implemented at local level. In recent years we have implemented an automated transaction monitoring system in Hong Kong, Singapore, Indonesia, the Philippines and Vietnam to profile transactions and identify suspicious activities for reporting to law enforcement agencies.

We are committed to complying with international sanctions requirements and continue to monitor international sanctions closely, integrating updated lists into our regular customer and vendor screening processes. During the course of 2020, we have focused in particular on the US-China sanctions that have been issued in order to assess their impact on our business activities. We have upgraded our screening capabilities across all of our Asian businesses, ensuring compliance with regulatory requirements and improving operational efficiency.

The Group Risk Committee continues to review the effectiveness of the financial crime programme and the Group Compliance team regularly updates the Committee on risks, issues, the effectiveness of controls and the improvements made to processes in the financial crime framework. The Group Risk Committee regularly reviews a number of risk indicators in relation to financial crime, including the numbers and percentages of high-risk customers and politically exposed persons, and seeks investigation of movements.

It also reviews trends in automated transaction activity alerts and employee-generated suspicious transaction reports. The Committee also reviews gifts and hospitality received and offered to ensure that they comply with our policy. All material matters on financial crime are reported to the Committee.

The financial crime teams remain committed to professional development and regularly participate in conferences and seminars in the UK, the US, Hong Kong and Singapore to build colleagues' skills and knowledge in specialist areas. Best practices are cascaded through training and communications, as well as the implementation of enhancements to operational systems. These ensure that our colleagues are fully prepared to recognise any form of economic crime and take adequate steps to combat it. We provide training to our staff to ensure that they are familiar with international standards and best practice, as well as being well equipped to implement our policies in their respective markets. Training completion levels are monitored throughout the year.

Whistleblowing

Our Group-wide whistleblowing procedures apply to all our colleagues and are supported by Speak Out, our Group-wide whistleblowing programme. Speak Out is available both internally and externally to staff, contractors, vendors, agents, customers 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 internal appropriately trained and skilled investigators that are independent of the businesses they investigate. On an annual basis, all colleagues are required to complete a Speak Out computer-based training module. The programme is also supported by communications and awareness materials.

Whistleblowing reporting is overseen by the Group Audit Committee and business unit audit committees through quarterly reporting and through frequent discussion with the Group Resilience Director, with any material issues reported to the Board. On an annual basis, emerging trends and an assessment of the effectiveness of our whistleblowing approach are reported to the Group Audit Committee.

The Speak Out programme is widely used throughout the Group, and during 2020 cases were reported across 24 jurisdictions, including the US, the UK, Hong Kong, Singapore and the Philippines. The number of cases reported across our Asian business units represented 87 per cent of Speak Out cases, which is a reflection of our business footprint. During 2020, the top three issues reported through our whistleblowing channels related to discrimination, harassment or unfair treatment, compliance breaches and misconduct. HR-related cases accounted for 43 per cent of the total cases reported. This figure is in line with the external benchmarks that we use to monitor our Speak Out programme. The percentage of cases being reported openly, rather than anonymously, increased by 3 per cent year-on-year from 2019, which is considered an indicator of growing trust and confidence in the programme. Our Group Security Policy outlines our zero-tolerance approach to retaliation against reporters of any concerns raised via Speak Out.

Supply chain

Our Group Code of Business Conduct outlines the values and standards that are required of 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, including daily anti-money laundering checks on our supplier payments, supplier review meetings and audits where required, and our policies and procedures are supported by regular employee training exercises.

Our due diligence requires our suppliers to pass financial stability tests and demonstrate a track record of high performance. We also review the controls the supplier has in place to prevent data leakage and look for any personal data protection issues. Additional due diligence is enacted for any problem categories where we are exposed to potential labour malpractice issues. Our Speak Out whistleblowing service enables employees to raise any concerns they may have in relation to our third-party relationships, and our contractors and third-party suppliers are also able to use this service.

In Asia, we have continued to progress our roll-out of the Coupa procurement management platform across our business units. By improving visibility across all third party spend, the system will facilitate cost savings, procurement and expense controls and process efficiencies. The system has now been implemented across our businesses in Hong Kong, Malaysia, Singapore, Thailand, Indonesia and the Philippines. Our business units in Vietnam and Taiwan and our asset management business, Eastspring, are expected to roll-out Coupa over the course of 2021, ensuring that more than 80 per cent of our third-party expenditure in Asia is processed and approved on one common platform.

We are also rolling out a dedicated third-party risk management system module and accompanying processes that will digitise and automate our vendor governance procedures, enabling us to complete all necessary risk assessments as part of our vendor and contract onboarding processes. This system module, Coupa Risk Assess, integrates into our Coupa procurement management platform and will provide us with detailed visibility of third-party risks across all our key risk domains, in particular information and technology security, data privacy, anti-bribery and corruption and business continuity and resiliency risks. This will improve our ability to mitigate risks and strengthen preventative risk management controls, thereby improving the resilience of our supply chain collaboratively with our vendors, providing greater assurance on our operating business environment. Coupa Risk Assess will also enable us to generate detailed insights into the level of commitment to ESG issues across our supplier footprint. The implementation is expected to be completed across all our markets in Asia during 2021.

To ensure that ESG is embedded in our end-to-end procurement processes, we have developed a specific ESG question set and scoring matrix. This is now incorporated in all our Global RFPs (request for pricing) issued to suppliers during the tender stage and requires a formal response by the potential supplier in respect of the following:

— Their commitment to ESG globally;
— Governance of ESG within their organisation;
— The leadership structure they have within their own organisation on ESG matters;
— ESG transparency on reporting and how that is executed;
— The responsible sourcing practices they use for their own supply chain buying;
— The use of management systems to track their own ESG compliance;
— Ethics and policy documents with their organisation to formally mandate ESG topics;
— Labour practice documents (to confirm ethical behaviour/modern slavery controls);
— Health and Safety best practices are confirmed as embedded for employee wellbeing; and
— Initiatives the supplier is launching to enhance their own ESG agenda.

Upholding our commitments to human rights

Being a responsible business requires organisations to ensure that they meet and strive to surpass commitments to the UN's Declaration of Human Rights. We are committed to ensuring that modern slavery, human trafficking, child labour or any other issue that subjugates human rights is eradicated from our supply chain. For more information around how we are identifying and managing our risks in relation to modern slavery, human trafficking, and child and forced labour, please read our Modern Slavery Statement on the Prudential plc website.

Case study

Supporting smaller suppliers during Covid-19

In our commitment to supporting our supply chain through the difficult trading circumstances triggered by the global pandemic, we provided payment assistance from March 2020. We immediately switched to 10-day payment terms for all our London head office small suppliers with under 100 employees. This has so far benefited 136 suppliers with a total of £6 million of accelerated payments made to assist their cash flow.

Across Asia, we apply the Third Party Risk Management policy, which ensures compliance to the Group's Third Party Supply policy. All third-party agreements across all countries in Asia are required to undergo due diligence activities, which include human trafficking, anti-money laundering and anti-bribery and corruption checks on the third parties that we deal with.

As in 2019, we reviewed our UK supplier spend to examine and reconfirm that, against the Walk Free Foundation's Global Slavery Index, we are not exposed to modern slavery issues in our supply chain. Our repeat review of this exercise has identified that, across the top 100 countries in the index, 2.5 per cent of UK procurement spend is exposed to these territories. This compares to 2.8 per cent in 2019. Our spend in these countries is in categories that are typically considered to be low-risk, such as property rental and professional services. Full supplier due diligence is maintained in these areas to avoid any potential issues and an expert panel meets each week to review both new contracts and renewals to ensure that we remain vigilant on potential modern slavery exposure and ESG topics. In the UK, we require our suppliers to pay their employees the London or UK Living Wage, as set by the Greater London Authority and Centre for Research in Social Policy respectively.

Responsible working practices and health and safety procedures

Prudential recognises the importance of health, safety and wellbeing to help staff get the most out of life and meet our business objectives. By providing a safe and healthy workplace and preventing work-related injury and ill-health through the implementation of appropriate policy and standards, we are able to provide an environment that helps employees to connect, grow and succeed in their work. In 2020 the Group-level policy and standards were revised and aligned with ISO 45001:2018, the international standard for Occupational Health and Safety. The policy and standards apply to all our companies, locations and activities.

For the year ending 31 December 2020, no work-related fatalities were recorded (2019: zero). There were 30 health and safety incidents, resulting in 422 days of lost time (2019: 74 incidents resulting in 203 days of lost time). The increase in lost time is accounted for by two incidents in the United States: a road traffic accident (164 lost days), and a manual handling case (198 lost days).

Health and safety programmes across the Group have this year primarily focused on the response to Covid-19, ensuring that appropriate precautions are implemented in the workplace. We have also focused on providing training and awareness on prevention measures and health and safety best practices for the home. Communications are regularly sent to staff reminding them of the behaviours and protocols needed to protect themselves and the wider community from Covid-19. Our communications have focused on local regulatory changes, maintaining high standards of hygiene, protocols around health monitoring and attendance at the office, and sensible social distancing. Where staff have returned to the office, masks are encouraged to be worn by staff in common areas of the office and in some jurisdictions this is mandated due to local regulations. The Group has also provided intranet resource centres where staff can seek information concerning Covid-19 precautions and best practices, travel restrictions and Covid-related news.

Health and safety teams across the Group have provided online seminars for staff and are available to staff should they have any questions or concerns. We have also implemented PRUThrive, a holistic wellbeing programme to support the mental, physical, financial, family and social wellbeing of employees. We also provide a 24-hour Employee Assistance Programme, offering support and advice through an external provider, and in 2020 launched a science-based mental health and wellbeing app.

Treating customers fairly and responsible product design

The value that products are likely to bring to our customers and the quality of product materials and ongoing communications are given the utmost consideration in our businesses. Although many of the financial needs and objectives of our customers are simple, the products we design may seem complex from a customer's perspective. This complexity may make it difficult for a customer to understand the costs and value of the product, and how best to utilise the product to meet their needs.

Prudential's products are designed in accordance with customer conduct standards of treating customers fairly and of providing products and services that meet customer needs, are easy to understand and deliver real value. We design products with a deep understanding of the target customers' protection and savings needs across their life stages. Our development process includes the assessment of policyholders' reasonable expectations created by the product and determines how those expectations are met and managed throughout the product life cycle.

We aim to simplify our insurance products and how they are explained in product documentation and by salespersons, so that customers can easily understand the features, benefits and associated terms and conditions and are able to clearly assess how products fit with their needs. To protect vulnerable customers, our product development process identifies customer segments for whom the product is not suitable and/or where assistance and further protection might be needed during the sales journey (eg additional point of sales controls, welcome calls). Identifying and treating vulnerable customers with extra care is a core component of training for our sales force.

New products are approved by business unit product committees that comprise of participants from relevant business functions to ensure there is a complete understanding of product risks, including financial, capital and regulatory considerations, as well as a focus on the potential customer experience.

Through Pulse, our health and wealth super-app, we are increasingly focused on making insurance more inclusive to underserved populations of society, through bite-sized digital products and services at little or no cost, and minimal or no underwriting criteria or barriers. We are also expanding from mortality and morbidity protection, to helping people prevent and postpone adverse health events. Accessible to everyone, Pulse combines healthcare and technology to help and incentivise people to prevent and postpone disease and protect customers by empowering them to take control of their health and wellbeing. We are also working with our distribution partners to increasingly design protection products with diversity and inclusion in mind, such as creating products for gender-specific needs.

We strive to ensure our claims process is simple, fair and transparent, and our staff and agents are professionally trained to support customers in their time of need. Each of our businesses closely monitors customer satisfaction using surveys at touchpoints throughout the customer journey, and also through the monitoring of complaints.

Our businesses are required to comply with their local regulatory requirements and meet our Group-wide policies and standards, including our Group Code of Business Conduct and our Customer Conduct Risk Policy, which covers the fair treatment of customers. Compliance is achieved through the regular training of intermediaries to ensure that the salesforce has a clear understanding of our products, the target customers for each product, and the customer risks inherent in each product; and through the embedding of controls, including customer financial needs analysis and risk appetite profiling, to ensure the suitability of product sales. We are increasingly using technology, particularly electronic point-of-sale tools and e-submissions, to control the sales process and provide sufficient consumer safeguards. During 2020, our compliance controls evolved as we introduced virtual face-to-face selling and remote selling options during the Covid-19 pandemic. Compliance monitoring is performed across the customer and product life cycle, and disciplinary frameworks reinforce compliance through actions up to and including termination.

Management of direct operational environmental impacts

We seek to actively reduce our direct impact on the environment in line with our purpose of improving the lives of our customers and their communities. To understand our impact, we measure our environmental performance and take action to improve our performance.

Our Group Environment Policy forms part of our Group Governance Manual and applies to our operational properties worldwide, guiding our approach to the management of the direct impacts of our business units. This includes 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. As with all policies, business unit performance is monitored against the Group Environment Policy and updates are provided to the Board. More information on our broader strategic approach to the management of climate change risks and opportunities is provided in the stewarding of the human impacts of climate change section on page 20 of this report.

The highlights of our 2020 environmental performance are available below. Our 2020 reporting covers the period 1 October 2019 to 30 September 2020, and selected indicators are assured by Deloitte LLP. Where relevant, comparatives have been restated to remove M&G data.

We have set a target to become net carbon neutral across our Scope 1 and Scope 2 emissions by the end of 2030, through a combination of a 25 per cent reduction per full time employee (FTE) in our operational emissions, and the implementation of carbon offsetting initiatives. The expression of the target in terms of an intensity ratio, rather than as a gross emissions figure, allows for the future growth in the size of our business, while driving improvements in the overall efficiency of our operations. These targets will take effect from 2021. Further details are provided later in this section.

Energy and emissions data

Greenhouse gas (GHG) emissions are broken down into three scopes. We have included full reporting for Scope 1 and 2 and selected Scope 3 reporting. 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 stated 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, water consumption from the UK, US and Asia, and waste generated from the UK and US. Aligned with our past commitments, we chose to offset our UK-procured air travel emissions.

SECR Report

We are required to report our global GHG emissions for 2020 in accordance with the Streamlined Energy and Carbon Reporting (SECR) format of the Companies Act 2006 (Strategic and Directors' Reports). This statement is shown below.

	2020	
	UK and offshore	Global (excluding UK and offshore)
Emissions from activities for which the company own and control, including combustion of fuel and operation facilities (Scope 1) tCO_2e	147	5,490
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, location based) tCO_2e	125	42,995
Emissions from purchase of electricity, heat, steam and cooling purchased for own use (Scope 2, market based) tCO_2e	208	42,995
Total gross Scope 1 and Scope 2 emissions (location-based) tCO_2e	272	48,485
Intensity ratio: tCO_2e/m^2	0.0484	0.0972
Intensity ratio: tCO_2e/fte	1.0146	2.6245
Energy consumption used to calculate above emissions: kWh (Scope 1)	764,344	23,903,383
Energy consumption used to calculate above emissions: kWh (Scope 2)	543,498	77,714,027

For the purposes of compliance with the requirements of SECR, we confirm that no energy reduction projects were undertaken in the UK portfolio during 2020. Information on our Asian initiatives is included below under 'Regional emissions trends'.

Group Position

A summary of our Scope 1, 2 and 3 emissions is provided below. The table also includes a total for Scope 3 data in relation to air travel, water and waste.

Emissions Source (tCO_2e)	2020	2019	Change
Gross emissions			
Scope 1	5,637	7,332	-23.1%
Scope 2 – Market based	43,203	49,092	-12.0%
Scope 2 – Location based	43,120	48,900	-11.8%
Scope 3	2,164	6,248	-65.4%
Total: Scopes 1 & 2*	48,840	56,424	-13.4%
Total: Scopes 1, 2 & 3†	51,004	62,672	-18.6%
Carbon intensity			
kg per m^2 – Scopes 1 & 2	96.24	105.38	-8.7%
Tonnes per employee – Scopes 1 & 2	2.61	3.14	-16.9%
kg per m^2 – Scopes 1, 2 & 3	100.51	117.05	-14.1%

* Market based emissions.
† Assured Scope 3 emissions.

Data notes:
Reporting period: 1 October 2019 to 30 September 2020.
Full details about scope of reported data included in our Basis of Reporting on the Prudential plc website.
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. Further information and Deloitte's assurance statement can be found on the Prudential plc website.
Data restatements: 2019 Scope 1 emission data restated to reflect improved availability of fuel usage data.
To enable comparative reporting in terms of performance reductions (both absolute and by intensity) the reported data for 2019 and 2020 excludes M&G.

Across our occupied estate, our global absolute Scope 1 and 2 (market-based) GHG emissions were 48,840 tCO_2e, down 13.4 per cent on 2019. The main driver of the decline was the widespread reduction in energy use within our office network associated with the Covid-19 pandemic.

When normalised against net lettable floor area, our Scope 1 and 2 emissions were 96.24 kg CO_2e/m^2. This represented an 8.7 per cent reduction over 2019.

The magnitude of the decline across the total Scope 1 and 2 emissions was relatively modest, given the scale of the operational disruption caused by the pandemic. This reflects that most of the office estate in Asia and Africa remained open through the period to support a continued, albeit reduced, employee presence (through for example split team working). With social distancing measures in operation, the increased floor space required for each employee did not result in a proportionate reduction in energy use. It should also be noted that the effect of the timing of the reporting period for Group emissions (1 October 2019 to 30 September 2020) means that only nine months of pandemic-related impacts were captured in the 2020 reporting. With more of our employees working from home (and, therefore, consuming electricity) there has been an increase in emissions from this source, which has not been captured in our reporting.

We have, however, started work to model the potential impact in order to understand the associated implications, noting that these would technically be categorised as Scope 3 emissions.

Total Scope 3 reported emissions fell by nearly two-thirds to 2,164 tCO_2e. Air travel, which accounts for the majority of reported Scope 3 emissions, and it fell by 67.7 per cent to 1,965 tCO_2e reflecting the impact of travel restrictions and other control measures related to the pandemic. We continue to work with our business units across all of our regions to extend our Scope 3 emission reporting.

Across Scope 1, 2 and 3, emissions per square metre fell 14.1 per cent to 100.51 kg CO_2e/m^2.

In 2021, we intend to review our Scope 3 reporting boundaries and broaden these over time. Our ultimate intention is to calculate and disclose emissions from our wider supply chain and investment portfolio in line with broader improvements in the quality of data and breadth of disclosures.

Regional emission trends

The restructuring of the Group, resulting in the demerger of M&G, has substantially reduced the Group's office footprint in the UK. The majority of the estate is now located in Asia and, to a lesser extent, in Africa.

Asia's Scope 2 emissions have been in decline since 2017, falling to 23,183 tCO_2e for Scope 2 emissions from 26,627 tCO_2e in 2019 and were impacted by the pandemic, as noted above. During 2020, a total of 34 energy efficiency and behavioural change projects were carried out in Asia, with a combined estimated saving of 895 tCO_2e per year. Measures implemented included the installation of LED lighting, installation of direct current motors in fan coil units and reducing lighting operation hours. We also implemented eight waste reduction initiatives in 2020, including initiatives such as donating excess furniture to be used in an agency office rather than disposal in Malaysia, and providing reusable lunch bags and reducing the use of plastic single use water bottles in Indonesia.

Our occupied estate in Africa expanded by 68 per cent in 2020, with a concurrent increase in headcount of 75 per cent, and we expect the Africa footprint to continue to grow. The gathering of energy data in Africa continues to become more reliable, leading to improvements in data quality and completeness.

The Jackson property portfolio represents 26 per cent of the occupied area of Prudential and accounts for 49 per cent of the Scope 1 and 2 emissions footprint. This is predominately due to the presence of data and disaster recovery centres in the portfolio, which are very energy-intensive and against which it is more challenging to deliver energy saving. However, there has been a 12.1 per cent intensity reduction in Scope 1 and 2 emissions in 2020, reducing them to 179 kg CO_2e/m^2. These reductions can be attributed predominantly to lower occupancy and shutdowns associated with the pandemic, as the occupied area and overall headcount have remained consistent with 2019. The impact of the pandemic is also noted in the 35 per cent reduction in Scope 1 emissions.

Waste and recycling

The quality of our waste and recycling reporting continues to improve, although some challenges remain. For example, where we are tenants in multi-tenanted buildings, the data is only provided to us on a consolidated basis and not broken down by individual tenant.

During 2020 we generated 749 tonnes of waste in the UK and US included in our Scope 3 reporting. The Scope 3 carbon emissions associated with our total waste generation are calculated at 140 tCO_2e, a minor contribution to our overall corporate footprint in comparison with the energy use of our buildings and air travel. Of the UK and the US total, 62 per cent was diverted from landfill through recycling, composting or incineration.

The gathering of waste data in Asia has increased in 2020. We have developed a set of Waste Management Guidelines to raise awareness of the importance of accurate reporting of waste, as well as to practical advice on waste reduction measures for employees engaged in waste management activities.

Water consumption

In 2020, absolute use of water across our global occupied estate (excluding Africa) was 170,648 m^3, an intensity ratio of 0.35m^3/m^2, a reduction of 26 per cent when compared with our like-for-like water consumption in 2019.

As part of our site assessment programme in Asia, the inspection team looked at our water usage to identify ways in which we could reduce our water consumption. As we are predominately tenants in multi-tenanted buildings, where the landlords are responsible for the maintenance and management of the air conditioning, toilets and other common facilities, only limited opportunities to reduce our water consumption were identified.

Global environmental targets

In 2016 we developed a global environmental targets framework to drive improvements in environmental operational performance. As reported in our 2019 report, this framework was based on the operational footprint of the pre-demerger Prudential Group and, as such, several targets are no longer relevant to the demerged Group.

Our Asian operations have completed four of their five targets, and partially completed the fifth target. Through the programmes implemented as part of this process, we have gained a greater insight into how our sites currently consume energy and the opportunities to reduce this consumption. Notably, we have completed an environmental emission review for the 20 largest energy-consuming locations; created environmental guidelines for all new leasing and fit-out projects; and reviewed our water efficiency and waste management with guidelines adopted by our businesses. The energy management campaign was delayed to better leverage the data collected in the energy assessment, and then further delayed by the Covid-19 pandemic, but will be launched in 2021 to support our new targets.

New targets for 2030
During 2020, we reviewed our global environmental targets framework and have established new targets for the period 2021 to 2030. Our aim is to become net carbon-neutral across our Scope 1 and Scope 2 emissions by the end of 2030, through a combination of a 25 per cent reduction (per FTE) in our operational emissions and implementing carbon offsetting initiatives. This commitment is aligned to our purpose of helping people get the most out of life by enabling a lower-carbon economy through good governance and responsible business practices. The new target will apply across all our operations and improve our ability to communicate a simple and clear environmental strategic direction to all our stakeholders.

During 2020, we engaged a global property services company in a multi-year contract to provide specialist environmental consultancy services to support our aim of reducing the intensity ratios in our Scope 1 and 2 carbon emissions.

Our priority is to reduce our carbon emissions, on an intensity metric, and the site assessment programme has highlighted a number of initiatives that we can implement across the property portfolio to achieve this aim, as well as practical measures that we can take to deliver operational improvements. From these assessments, Scope 1 and 2 carbon reduction road maps are being developed to support the delivery against our target.

We have gained a clear understanding of how we use energy within our property portfolio, and given that the majority of our office space is leased on relatively short-term commitments, we have opportunities to address operational improvements as leases come up for renewal through implementing energy-saving measures or selecting more energy-efficient spaces.

In parallel to these initiatives in our existing property portfolio, we are rolling out a campaign in 2021 to drive behavioural change in terms of energy, water and waste reduction, and it is anticipated that this will be vital to the achievement of our targets.

We are implementing a range of tools and initiatives that will enable further reductions in the Group's energy consumption footprint over the longer term. Some examples include the development of green leasing and design guidelines to assist property management teams to select premises and design our workplaces that will help achieve energy efficiencies; the embedding of sustainability considerations being highlighted in our project approval process; and improved performance tracking through the use of a web-based platform, which will enable our businesses to track progress against targets at an asset level.

Enforcement actions and other regulatory events
No fines or regulatory actions occurred during the year for environmental incidents (2019: zero).

> "Our aim is to become net carbon-neutral across our Scope 1 and Scope 2 emissions by the end of 2030, through a combination of a 25 per cent reduction (per FTE) in our operational emissions and implementing carbon offsetting initiatives."