

Prudential Assurance Company

How we are investing your money

2021 With-Profits Fund Stewardship Report for UK customers

For: PruFund Growth, PruFund Cautious, Risk Managed PruFunds,
Conventional With-Profits policies and Accumulating With-Profits policies.



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Customers outside the UK

This report covers all products available to UK customers of the With-Profits Fund.

If you live outside the UK, please refer to our website for the With-Profits Fund Stewardship Report for International Customers.

Questions?

If you have any questions about how your product is invested, please ask your adviser.

Introduction



Dear Prudential customer,

Welcome to our first Prudential Assurance Company Stewardship Report.

Our aim with this report is to give you an insight into how we are looking after your money: who is managing it, where and how it is being invested.

We also address long-term issues like climate change which will affect your savings and investments over time. As part of M&G plc, the Prudential Assurance Company is committed to achieving net zero carbon emissions by 2050 across all our investment portfolios, in line with the UK Government's targets to help limit global warming. In this report, and in coming years' reports, we will update you on our progress. You can read more about this, and our other corporate sustainability goals, on page 12.

We hope you find this report useful and interesting. As it's our first one, we'd really value your feedback. You can write to me at StewardshipFeedback@MandG.com

Best wishes,

A handwritten signature in black ink, appearing to read 'D. King' with a stylized flourish at the end.

David King

Head of the Treasury and Investment Office,
on behalf of the Prudential Assurance Company Limited

Where is my money invested?

As a saver or policyholder, your money is invested into a large pool of assets within our Prudential With-Profits Fund. One of the strengths of the Prudential With-Profits Fund is that our large size – over £143 billion in total* – means we can hold a wide range of different types of assets, all over the world. At the last count, the With-Profits Fund held over 4,000 different investments. This spreads risk and helps us to deliver our objective of a steady medium-to long-term return.

Our size also means we can take advantage of some good long-term opportunities that smaller investors cannot, such as the investments made by Catalyst which you can read about on page 16.

* Source: Treasury and Investment Office. Size as at 31 December 2021.

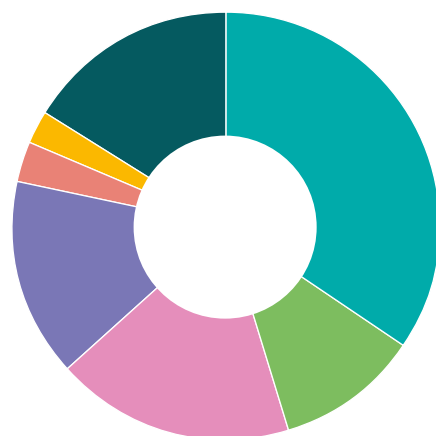
The following pages show where your money is invested and what it is invested in according to which product you hold within the With-Profits Fund.

- If you are a UK customer invested in PruFund Growth or hold an Accumulating With-Profits policy or Conventional With-Profits policy, please see pages 5 and 6.
- If you are a UK customer invested in PruFund Cautious please see pages 7 and 8.
- If you are a UK customer invested in one of the Risk Managed PruFunds, please see page 9.

You can find out which asset managers are managing your money on page 11.

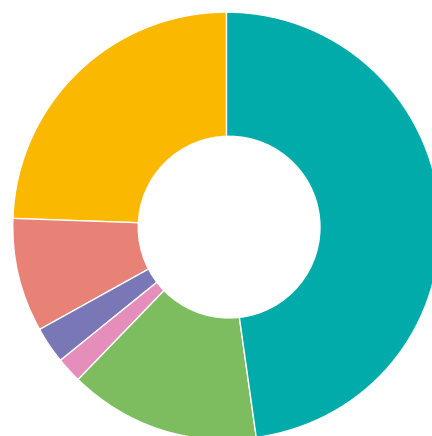
Where my money is invested: PruFund Growth, Conventional With-Profits policies and Accumulating With-Profits policies

Where in the world your investments are:



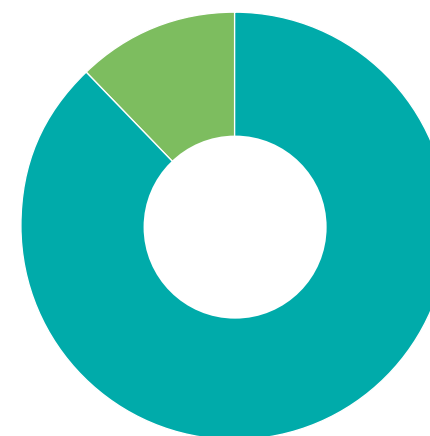
UK	34.7%
Europe ex UK	10.8%
Asia including Japan, China and India	18.0%
US	15.1%
Emerging markets	2.9%
Middle East and Africa	2.5%
Global	16.1%

What assets your investments are in:



Public equity	48.0%
Property	14.3%
Cash	1.9%
Tactical asset allocation	2.9%
Alternatives	8.5%
Fixed income	24.4%

Who is managing your assets:



M&G Investments	88.0%
Other asset managers	12.0%

Source: M&G Treasury and Investment Office, data as at 31st December 2021.

Where my money is invested: PruFund Growth, Conventional With-Profits policies and Accumulating With-Profits policies (continued)

Top ten holdings – all assets

Number	Top 10 Individual Holdings	Asset type	% of total asset pool
1	United States Treasury	Fixed Income	0.94%
2	Taiwan Semiconductor Manufacturing Co Ltd	Equity	0.65%
3	Astrazeneca Plc	Equity	0.63%
4	Garden State Plaza, New Jersey	Property	0.56%
5	Samsung Electronics Co Ltd	Equity	0.54%
6	40 Leadenhall Street	Property	0.50%
7	Unilever Plc	Equity	0.48%
8	Royal Dutch Shell Plc	Equity	0.45%
9	The London Fruit & Wool Exchange	Property	0.44%
10	Glaxosmithkline Plc	Equity	0.44%
			5.63%

Source: M&G Treasury and Investments Office. Valuations are at 31st December 2021.

Reflecting the highly diversified nature of this asset pool, the top ten holdings account for only 5.63% of the portfolio, and include equities, prime real estate and US government bonds.

Top ten holdings – equities only

Number	Top 10 Individual Holdings	Type of equity	% of total asset pool
1	Taiwan Semiconductor Manufacturing Co Ltd	Asia and Emerging Markets	0.65%
2	Astrazeneca Plc	UK	0.63%
3	Samsung Electronics Co Ltd	Asia and Emerging Markets	0.54%
4	Unilever Plc	UK	0.48%
5	Royal Dutch Shell Plc	UK	0.45%
6	Glaxosmithkline Plc	UK	0.44%
7	Microsoft Corporation	US	0.41%
8	Apple Inc	US	0.41%
9	BP Plc	US	0.38%
10	HSBC Holdings Plc	UK	0.38%
			4.77%

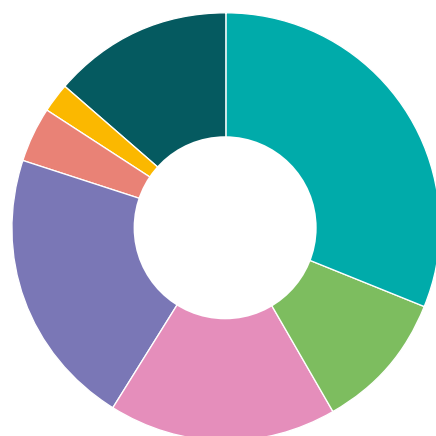
Source: M&G Treasury and Investment Office, Equity valuations are at 31st December 2021.

Six of the ten largest companies in the FTSE100 are included in this list of top ten equity holdings, as at 31st December, reflecting our core investments in the FTSE100 in both active and passive equity strategies.

Seven of these ten (BP, Royal Dutch Shell, Rio Tinto, GlaxoSmithKline, Microsoft, Samsung Electronics and Taiwan Semiconductor) are on M&G Investments' Climate HotList. The asset manager is targeting engagement efforts on this list of carbon emitting companies to ensure they have robust climate transition plans in place. You can read more about this on pages 11 and 13.

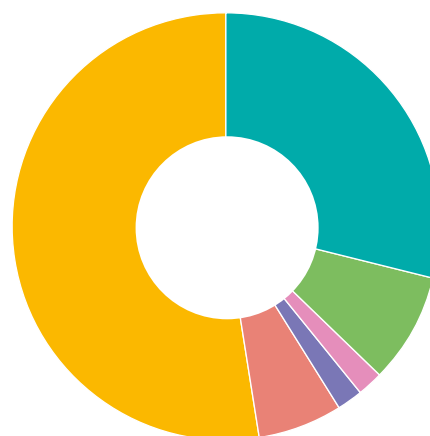
Where my money is invested: PruFund Cautious

Where in the world your investments are:



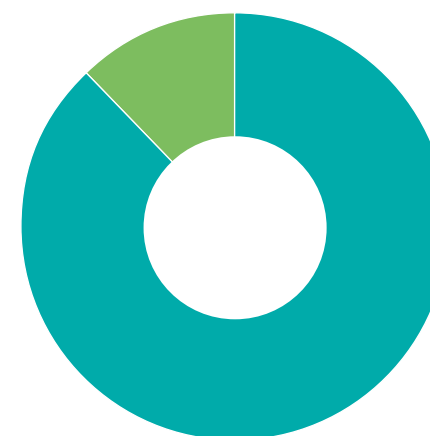
UK	31.2%
Europe ex UK	10.7%
Asia including Japan, China and India	17.1%
US	21.2%
Emerging Markets	4.2%
Middle East and Africa	2.1%
Global	13.6%

What assets your investments are in:



Public equity	29.0%
Property	8.5%
Cash	1.9%
Tactical asset allocation	2.0%
Alternatives	6.2%
Fixed income	52.5%

Who is managing your assets:



M&G Investments	88.0%
Other asset managers	12.0%

Source: M&G Treasury and Investment Office, data as at 31st December 2021.

Where my money is invested: PruFund Cautious

Top ten holdings – all assets

Number	Top 10 Individual Holdings	Asset type	% of PruFund Cautious
1	United States Treasury	Fixed Income	2.07%
2	Indonesia (Republic Of)	Fixed Income	0.90%
3	Korea (Republic Of)	Fixed Income	0.75%
4	European Investment Bank	Fixed Income	0.73%
5	Philippines (Republic Of)	Fixed Income	0.55%
6	UK Conv Gilt	Fixed Income	0.54%
7	Bank Of America Corp	Fixed Income	0.53%
8	Goldman Sachs Group Inc/The	Fixed Income	0.46%
9	Malaysia (Government)	Fixed Income	0.46%
10	JPMorgan Chase & Co	Fixed Income	0.45%
			7.44%

Source: M&G Treasury and Investment Office. Valuations as at 31st December 2021.

Top ten holdings – equities only

Number	Top 10 Individual Holdings	Type of equity	% of PruFund Cautious
1	Taiwan Semiconductor Manufacturing Co Ltd	Asia and Emerging Markets	0.43%
2	Astrazeneca Plc	UK	0.42%
3	Samsung Electronics Co Ltd	Asia and Emerging Markets	0.35%
4	Royal Dutch Shell Plc	UK	0.32%
5	Unilever Plc	UK	0.31%
6	Apple Inc	US	0.30%
7	Microsoft Corporation	US	0.29%
8	Glaxosmithkline Plc	UK	0.28%
9	HSBC Holdings Plc	UK	0.26%
10	BP Plc	UK	0.24%
			3.20%

Source: M&G Treasury and Investment Office. Equity valuations as at 31st December 2021.

A large proportion of PruFund Cautious is invested in fixed income assets which generally carry lower risk than equities. All of the ten largest holdings are in bonds, with six issued by governments.

Six of the ten largest companies in the FTSE100 are included in this list of top ten equity holdings, as at 31st December, reflecting our core investments in the FTSE100 in both active and passive equity strategies.

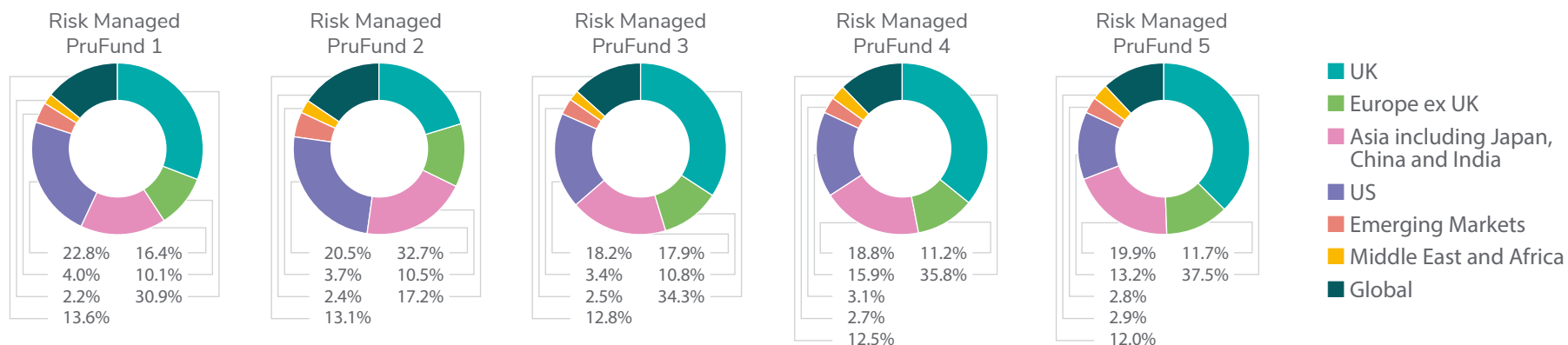
Six of the top ten holdings (BP, Royal Dutch Shell, Microsoft, GlaxoSmithKline, Samsung Electronics and Taiwan Semiconductor) are on M&G Investments' Climate HotList. The asset manager is targeting engagement efforts on this list of carbon emitting companies to ensure they have robust climate transition plans in place. You can read more about this on pages 11 and 13.

Where my money is invested: Risk Managed PruFunds 1-5

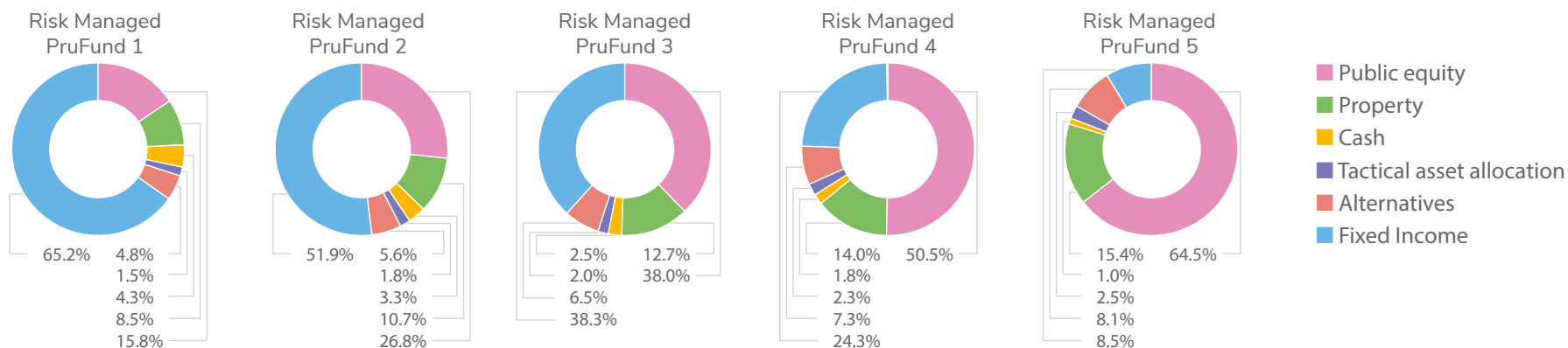
The Risk Managed PruFund range of products does not have its own specific and separate pool of assets within the With-Profits Fund. This allows the portfolios to be more diversified, and reduces the costs you pay.

While this means it is not possible to generate accurate lists of the top ten holdings by the fund range, we can share the asset mix for each of the products, which is used to work out investment performance “as if” the range had its own pool of assets.

Where in the world your investments are:



What assets your investments are in:



How we manage your money



What we do

The Prudential Assurance Company looks after your money and is ultimately responsible for the policies or other products that you hold with us. We make the big strategic decisions about the kind of things we think the Prudential With-Profits Fund should invest in for the long term, and how we should approach long-term risks like climate change.

We also appoint the asset management firms which manage your money on a day-to-day basis. We give them instructions, which set out our expectations on how your money should be managed, and what we want them to achieve for you. We also jointly invest in some strategies with other asset owners, known as pooled vehicles, which an asset manager will run for us. We select new asset managers carefully to make sure they have the right capability and offer good value, and regularly review all our existing asset managers to make sure they are continuing to meet our expectations.

In 2021, the Prudential Assurance Company successfully applied to become a signatory of the **FRC Stewardship Code** which sets the UK standards for how investors like us allocate and manage money on your behalf. Our first submission is available in full to [read here](#). We are now signatories of the United Nations-linked **Principles for Responsible Investment**,

which from 2023 will assess how well we consider environmental, social and governance factors in our decision making.

Finally, as part of M&G plc we have joined the **UN Global Compact**, committing to ten principles of good practice in human rights, labour, the environment and anti-corruption which we will report on annually.

What our asset managers do

Asset managers decide which investments to put your money to work in, and when to buy and sell. Depending on the strategy, the investments they make on our behalf might be company shares, bonds, loans, currencies, properties or other assets, or a mixture of these, and they may invest globally, or specialise in a certain region or country.

We also expect our asset managers to be good stewards of your money. This includes researching and analysing the environmental, social and governance (ESG) risks and opportunities that companies may face, and considering these factors when making investment decisions. If companies don't have good plans for dealing with these risks, we expect our asset managers to encourage them to adopt these. If necessary, asset managers can vote against resolutions at company Annual General Meetings and as a last

resort, asset managers can sell their investments in companies. On the whole, however, our preference is for asset managers to positively influence businesses to act responsibly. You can read more about our asset managers on page 11, and our full policy on shareholder engagement is [available here](#).

Our ESG Investment policy

Our **ESG Investment policy** helps ensure our decisions and behaviours are consistent with our values of care and integrity, and our corporate sustainability priorities (see page 12), and enable us to deliver sustainable long-term outcomes for you.

One of the key features of this policy is a commitment to exclude companies in harmful sectors from our investments. We exclude companies linked to the manufacture and distribution of controversial weapons such as cluster munitions and anti-personnel landmines, companies investing in thermal coal, and verified United Nations Global Compact (UNGC) norms violators. We are currently implementing a new policy to exclude tobacco producers, and are developing positions on other sectors and themes such as broader fossil fuel usage, and positions on themes such as biodiversity, deforestation, water scarcity, and the just transition to a low carbon economy.

Who is managing your money?

We require all the asset managers we appoint to invest responsibly on our behalf, in your best interests. All our asset managers are signatories of UN Principles for Responsible Investment, an independent assessment of how well they incorporate environmental, social and governance factors into their investment decision making. M&G Investments, which manages more than four fifths of our assets, is signatory to the FRC Stewardship Code. Asset managers are also required to follow our ESG Investment Policy (see page 10) in the segregated or sub-delegated mandates they manage for us.

Asset manager	Type of Investments
M&G Investments	Global public equity, global public bonds, private assets, property
M&G Investments Southern Africa	Pan-African equity, pan-African bonds
Blackrock Investment Management	Global public equity, US municipal bonds
Eastspring	Asian public bonds, Japanese smaller companies equity
EARNEST Partners	US small companies equity
Goldman Sachs Asset Management	Emerging market equity
Granahan Investment Management	US small companies equity
Invesco Canada Asset Management	Emerging market equity
Lazard Asset Management	Emerging market equity
MFS Investment Management	Emerging market equity
Morgan Stanley Asset Management	US Real Estate
Value Partners	China public equity
Wellington Investment Management	Global public bonds

How asset managers engage to add value

M&G Investments currently manages around 88% of the assets under management in the Prudential With-Profits Fund, including about £58 billion in public equities and corporate bonds. M&G Investments is primarily an active asset manager, which means it researches and analyses potential investments before selecting them, rather than simply investing in components of an index. It also directly engages with the company's management to ensure they are acting in the best interests of shareholders. As a large investor, M&G Investments can exert influence over companies to encourage them to do the right thing, particularly when it joins with other investors in collective action.

M&G Investments has a Climate Hotlist of the 100 companies to which it has the greatest carbon exposure as an asset manager, investments in many of which are held in the Prudential With-Profits Fund. Through its Stewardship team, M&G Investments is prioritising engagement with these companies to understand if they have climate transition plans and if so how credible their plans are, and to hold them to account for delivering them.

The full voting record of M&G Investments is **available here**.

Our sustainability goals

Why sustainability matters

We take a long term investment approach, as we believe this results in the best outcome for customers. To do this, we need to consider sustainability. We believe sustainability is material to the long term performance of your savings and policies, as well as to the quality of life we enjoy on this planet. We are already seeing the physical effects of climate change, deforestation and human over-consumption, including extreme weather, fires, flooding and water shortages. To adapt to and mitigate these risks, governments are starting to make new laws and regulations, companies are beginning to change their businesses, and consumers are altering their behaviour. One of our responsibilities as long term stewards of your money is to consider how environmental and social risks like these may affect your investments, and how best to manage them.

In 2020 our parent company, M&G plc, announced two high level sustainability priorities: climate change, and diversity and inclusion, and specific commitments to support these:

On climate change:

- We commit to being carbon net zero in our own business operations by 2030 at the latest.
- We commit to achieve carbon net zero investment portfolios by 2050, across our total assets under management, to align with the Paris Agreement on Climate Change.

On diversity and inclusion:

- We commit to achieving greater representation of gender and ethnicity in our senior leadership (Executive Committee and their direct reports) with goals of achieving 40% female representation and 20% representation from Black, Asian and minority ethnic backgrounds by 2025.

In early 2021, M&G plc launched our first Sustainability Plan which sets out how we will deliver on these priorities. It covers how we invest on your behalf and how we communicate with you about your investments, and also what we are doing as a business to reduce our own environmental footprint and improve diversity and inclusion. You can read more about our plan in our Sustainability Report [here](#).



Your money at work – spotlight on climate

Climate change is one of the most pressing issues facing the planet, and will have an increasing impact on the environment, the economy, and the way we live our lives.

In 2020, we made tackling climate change one of our two corporate sustainability priorities. The Paris Agreement on Climate Change says that to limit global warming to 1.5 degrees, the world must achieve net zero carbon emissions by 2050. So we have committed to achieve this for our investment portfolios, including the With-Profits Fund, by 2050, and to achieve net zero carbon emissions across our own business operations by 2030 at the latest.

Getting to net zero

Achieving our goal of net zero carbon emissions across our £143 billion With-Profits Fund is a big task. For us, it involves three principal actions:

- 1) Requiring our asset managers to engage with the companies they invest in, to ensure they have credible plans to achieve net zero carbon emissions by 2050.
- 2) Requiring our asset managers to sell investments, and exclude any future investments, in companies which cannot or will not achieve net zero by 2050.

- 3) Allocating money to asset managers to invest in “carbon positive” companies and projects which aim to reduce requirement for carbon or to remove carbon from the atmosphere. You can read about one of our recent investments in this area on page 16.

As we do this, we are conscious of the need for a just transition to a low carbon economy. By this we mean that when we and our asset managers make decisions, we should consider the impact of carbon emissions reduction on communities here in the UK and around the world. In developing countries, many economies and communities depend on activities such as mining, and are also more reliant on coal-powered energy. We believe that the costs and benefits of tackling climate change should be shared fairly between generations, communities and regions.

Measuring progress

In 2021, we joined the UN-convened Net Zero Asset Owners Alliance – a global institutional investor group, representing over \$10 trillion in assets under management, which is acting to help limit global warming to 1.5 degrees. As part of this group, we are committed to publishing interim carbon emission targets every five years on the way to 2050, and reporting on our progress towards achieving them.

In November 2021, we agreed an initial interim target of achieving a 50% reduction in carbon emissions by 2030 for £58 billion in publicly-listed company shares and corporate bonds held within the With-Profits Fund and managed by M&G Investments. We have chosen these assets to start with because we need to be able to measure carbon emissions reduction and there is good carbon data available for most of the public companies which issue these securities.

In 2022, we will announce interim carbon emission reduction targets for the With-Profits Fund for 2030, which will build on this commitment with the addition of externally-managed assets.

Engaging on climate

On behalf of 570 other leading investors in the Climate Action 100+ group, M&G Investments co-leads active engagement with two companies which are significant greenhouse gas emitters: miner Rio Tinto, and chemicals company BASF. Following M&G’s engagement with the board of BASF, the company has announced its commitment to achieving net zero carbon emissions by 2050.

Portfolio carbon emissions

You can see below the latest available carbon emissions data for the asset pool in which your product sits.

	Total carbon emissions (tons CO2e)	Emissions per \$m invested (tons CO2e/\$ invested)	Proportion of assets covered by carbon footprint & emissions data	Weighted Average Carbon Intensity (WACI) (tons CO2e/\$m sales)	Proportion of assets for which WACI is available
PruFund Growth, Conventional With-Profits policies & Accumulating With-Profits policies	10,353,771.00	81.80	51.99%	193.30	53.69%
PruFund Cautious	1,482,469.00	82.40	47.67%	220.00	51.79%
The Risk Managed PruFund range of products does not have its own specific and separate pool of assets with the With-Profits Fund, which means we cannot calculate carbon emission data for these funds.					

Source: MSCI data and methodology, Data as at 31st December 2021.

Unfortunately, reliable carbon data is not yet available to us for all assets. Good data is generally available for most publicly listed investments in equities and corporate bonds, but not for private assets. You can see above the proportions of the assets for which we have been able to collect carbon data this year. Over time we expect these to grow as the quality and quantity of data available to us improves.

Weighted Average Carbon Intensity is an established carbon measurement which takes into account a company's size, and helps us see which companies need to do the most work to clean up their emissions. We are also using a new method to calculate total emissions and emissions per \$ invested, which can take into account fixed income as well as equities. As this method is newer, its coverage is not as wide as WACI yet but we hope and expect this will improve over time.

Portfolio carbon emissions (continued)

Managing climate risks

In 2021, we participated in the Bank of England's Climate Biennial Exploratory Scenario (CBES) exercise, which aims to help organisations in the financial system plan for the impact of climate change. As part of this, we have looked at how three different climate scenarios might affect your investments. These scenarios include physical risks like flooding, fires and extreme wind, and also the risks to companies as they change their business models to reduce carbon emissions. The work has helped us understand our climate risks better, and will help us manage them by identifying areas for investment which are less likely to be affected by the physical impacts of climate change in particular.

Powering past coal to end publicly listed investment

One of the most important things we can do to tackle climate change is to use our influence to accelerate the global phase out of thermal coal, which is a major contributor to carbon emissions. In March 2021, we committed to end publicly listed investment in thermal coal by 2030 in developed countries, and by 2040 in developing countries. We have already started the process of disposing of coal assets held by the With-Profits Fund, and will be updating you on our progress in 2022.



Your money at work – spotlight on Catalyst

Our world has some complex problems: from pandemic diseases and social inequality, to biodiversity loss and climate change, to name but a few. We believe that we can and should use our size and influence to help tackle these issues, as they affect both our customers' investments and their lives.

In January 2021, we asked M&G Investments, to invest £5 billion from the Prudential With-Profits Fund into private companies which are trying to solve some of the world's biggest environmental and social challenges, over the next five years.

During 2021, Catalyst, the team behind the strategy, committed almost £900 million to over 30 new investments in emerging sectors such as carbon capture and storage, clean transport, recycling, and sustainable housing, and in breakthrough innovations in health and biotechnology.

Over time, we hope these long-term investments will not only deliver financial returns for you, but also help transform the world in which we live.

Investing in vaccines to save lives

In March 2021, Catalyst invested \$50 million in Vaccitech, a company founded by Oxford University professors Dame Sarah Gilbert and Adrian Hill which developed the technology behind the AstraZeneca COVID vaccine. Vaccitech will use the investment to help fight other infectious diseases and cancer.



Investing in technology to help reach net zero

In July 2021, Catalyst became the first UK institutional investor in Storegga, a company which aims to prevent millions of tonnes of carbon emissions from reaching the atmosphere and contributing to global warming. Using the existing oil and gas infrastructure and the highly skilled workforce in the north east of Scotland, Storegga will capture carbon dioxide from industrial plants and store it in geological formations under the North Sea.



Investing to keep plastic out of oceans and landfill

In November 2021, Catalyst invested in Plastic Energy, a company which recycles end-of-life plastic waste into high quality plastic for consumer goods packaging and products. This helps prevent plastic waste polluting our oceans, soil and air, and also helps reduce use of non-renewable crude oil, from which most plastics are made.



Your money at work – spotlight on alternatives

With its very large size and long term outlook, the Prudential With-Profits Fund is able to invest in a very broad range of assets, including opportunities known as “alternative” assets, many of which are not available to retail investors.

The Prudential With-Profits Fund currently invests £9.3 billion (as at 31st December 2021) in funds specialising in assets like this: which generate secure long term income streams but don't fall into the conventional categories of publicly listed shares, bonds or cash.

Before investing, the alternative asset team at, M&G Investments, assesses all the opportunities from an environmental, social and governance perspective, and continues to monitor sustainability performance after investment.

Recent alternatives investments include:



\$150 million

into a global energy transition fund which invests in assets including wind, solar and battery platforms.



\$100 million

into a pharmaceutical royalty fund, which supports smaller pharmaceutical companies to turn new drugs and medical devices into viable products.



\$110 million

to help the City of San Antonio in Texas fund a new water pipeline.



\$200 million

into building and operating clean power in Latin America, Africa and South Asia, including large-scale wind and solar projects in Brazil and India.



Who has responsibility for your assets?

Oversight

Prudential Assurance Company board

The Prudential With-Profits Fund, which includes PruFund Growth, PruFund Cautious, With-Profits annuities and the Risk Managed PruFund range, is part of the Prudential Assurance Company Limited (PAC). The Board of the Prudential Assurance Company has overall responsibility for With-Profits Fund's long term success, and for looking after your interests as a policyholder. As part of this, the Board is responsible for identifying significant risks which might affect your money, and ensuring steps are taken to manage them.

The Board has an independent non-executive Chair, Ronnie Bowie, and consists of a further five independent non-executive directors and three company executive directors.

With-Profits Committee

The With-Profits Committee advises the board of the Prudential Assurance Company to ensure that the interests of With-Profits policyholders are appropriately considered, and to consider issues affecting With-Profits policyholders. The chair, Robert Talbut, is independent, as are all of the other committee members.

Our trading names

Prudential and Pru are trading names of the Prudential Assurance Company Limited, and you will see the Pru logo on statements and other documentation we send you.



Who has responsibility for your investments (continued)

Investments

The Prudential Assurance Company (PAC) delegates most of the key investment activity to M&G plc's Treasury and Investment Office (T&IO). T&IO develops investment policy, including ESG policy; makes strategic decisions about which types of asset to invest in; and appoints and oversees asset management firms to run specific portfolios. Final investment decisions are made by the Executive Investment Committee (EIC), which reports to the With-Profits Committee and the board of the Prudential Assurance Company.

Conflicts of Interest

The Prudential Assurance Company and M&G Investments both adhere to M&G plc's Conflict of Interest Policy.

The T&IO has established and agreed frameworks for selecting managers, fee negotiation and for overseeing manager investment performance with the EIC and the PAC Board. Fees payable to managers, including internal ones, are reviewed and reset on a triennial basis, are proposed by T&IO and approved by the PAC Board, most recently on 1 Jan 2021.

Key T&IO people



David King
Head of Treasury and Investment Office

David has been head of the Treasury and Investment Office since 2019, responsible for running the team responsible for the management and oversight of Prudential Assurance Company's range of funds. David has held a variety of roles since joining Prudential in 2002: including serving as Chief Financial Officer for various M&G and Prudential entities, Director of Strategy for M&G plc, and heading the team working on the demerger of M&G from Prudential PLC in 2019. Before joining M&G, David qualified as a Chartered Accountant and worked in the London banking market for 16 years.



JinWee Tan
Head of ESG & Regulatory

JinWee is responsible for formulating and implementing ESG investment strategy for the asset owner. JinWee has spent 16 years working at the nexus of asset management and insurance, often for life insurers such as Friends Life and AXA. He has held roles in asset allocation, investment strategy, portfolio management, operations, and special projects.



Ciaran Mulligan
Head of Manager Oversight

Ciaran joined the company in May 2015 and leads the Manager Oversight team responsible for assessing the overall suitability of the asset managers used by the Treasury and Investment Office. His team also supports the mandate design process, to make sure each asset manager is given the appropriate mandate to achieve the best possible outcome for our customers. Prior to joining, Ciaran worked at Buck Consultants investment consultancy as Head of Global Research, and at Investment Solutions (part of the Alexander Forbes group).

Glossary

Accumulating With-Profits policies – products in which the investor buys units, whose value increases in line with any declared regular bonuses and to which a final bonus may be added when the units are cashed in. These are also sometimes known as Unitised With-Profits policies.

Alternatives – investments which don't fall into the conventional asset categories of public equity, fixed income, property and cash. These may include private equity, hedge funds and direct investment in infrastructure.

Asset manager – An investment firm which we appoint to manage assets on our behalf.

Carbon emissions – The annual amount of carbon dioxide released into the atmosphere by human activity, especially our use of energy, transport, and consumption of goods and services. Carbon emissions are usually measured in kilogrammes or tonnes.

Catalyst – The team investing £5 billion from the Prudential With-Profits Fund in emerging private companies working to tackle major environmental and social challenges.

Conventional With-Profits policies – products which assure a basic sum to which bonuses are added. The basic sum assured is the minimum amount paid out on a claim.

Equities – Another name for shares in a company. The Prudential With-Profits Fund holds public equities, which are listed on a stock market, and private equity, which are shares in unlisted private companies.

ESG – ESG stands for environmental, social and governance risks and opportunities which can affect the value of a business or other asset.

Exclusions – a list of companies or sectors that we do not allow asset managers to invest in on our behalf. There are some universal exclusions in our ESG Investment Policy and we may also specify others in the mandate we give to the asset manager. We may permit exceptions where companies are in the process of exiting an excluded sector – for example, if a company has credible plans in place to phase out use of thermal coal by 2030, or by 2040 for developing countries.

Financial Reporting Council (FRC), which sets corporate audit and accounting standards, and also publishes the UK Stewardship Code for investors including us.

Greenhouse gases (GHGs) – gases building up in the atmosphere, including carbon dioxide, water vapour, methane, and nitrous oxide, which prevent heat escaping from the earth and contribute to global warming.

Mandate – the instructions we give to an asset manager setting out what we want them to achieve, and any restrictions or exclusions that we require them to follow.

M&G Investments – the asset manager within M&G plc

Net Zero – achieving a balance between the carbon dioxide we release into the atmosphere and the carbon dioxide we remove from the atmosphere. The Intergovernmental Panel on Climate Change says that the world must reach net zero by 2050 in order to limit global warming to 1.5 degrees C.

Net Zero Asset Owner Alliance – a global group of investors like us who have committed to taking the necessary actions to achieve net zero carbon emissions by 2050.

Paris Agreement on Climate Change – In 2015, 196 countries signed a legally binding treaty to limit global warming to below 2 degrees C and preferably 1.5 degrees C. To do this, nations are expected to commit to reduce their greenhouse gas emissions significantly in coming years. The UK has committed to achieve net zero emissions by 2050.

PruFund Cautious – An investment product within our With-Profits Fund which aims to achieve steady and consistent growth over 5 to 10 years or more through a cautious approach to investing.

PruFund Growth – An investment product within our With-profits Fund which aims to maximise growth over 5-10 years or more.

Risk Managed PruFunds – a range of funds within the Prudential With-Profits Fund which aim to maximise returns over the medium to long term at five different levels of risk.

Prudential With-Profits Fund – A pool of £143 billion in savings of over five million Prudential customers, which makes a wide range of investments across equities, bonds, loans, cash and property. Within the Prudential With-Profits Fund, customers have a choice of long term investment products offering differing levels of risk and potential return, all of them benefitting from a smoothing process which helps provide a more stable return from year to year.

Scope 1,2 and 3 emissions – A company's Scope 1 carbon emissions are those caused by its direct activities. These might include emissions from heating or cooling its buildings, from running its vehicles, or from on-site manufacturing processes. Scope 2 emissions are those caused by the generation of the energy the company buys – for example if coal is burnt to create electricity. Scope 3 emissions are indirect emissions caused by the company's operations – for example those caused by transporting goods or waste disposal, or emissions from the company's suppliers.

Stewardship – responsible long term ownership of assets in your interests as a customer.

Stewardship Code – a set of principles for how UK asset managers and asset owners should invest customers' money responsibly. Every year, signatories to the Code must report on how they have complied with the principles, or explain why they have not complied.

Treasury and Investment Office – part of the Prudential Assurance Company which looks after the investments of the With-Profits Fund.

UN Global Compact – a set of ten principles devised by the United Nations to ensure businesses act responsibly in the areas of human rights, labour relations, the environment and anti-corruption.

UN Principles for Responsible Investment – a United Nations-linked organisation which assesses how well investors consider ESG factors when they invest.

Weighted average carbon emissions intensity (WACI) – WACI is a way of measuring how much carbon a company's operations send out into the atmosphere, relative to the company's size. It is useful to investors because it helps us identify which companies need to do the most work to clean up their operations.

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