

Governance





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Shriti Vadera
Chair

While the challenges of the pandemic continued during 2021, it was an eventful first year for me as Chair of Prudential. We took significant steps as a company and I would like to thank my fellow Board members, management, colleagues and shareholders for their commitment, support and, at times, their patience.

Recognising the huge impact on individuals and communities alike, we have worked assiduously to support our staff and customers throughout 2021. The Board has continued, in large part, to operate virtually, with members meeting together only where permissible and possible. There was a small window in November 2021 when more of us were able to meet in London and this provided an invaluable opportunity for the face-to-face connection which has been sadly absent over the last two years.

Board composition

The Board has continued to evolve to reflect the Group's changing geographic footprint and strategic focus on our transformation to a purely Asian and African-focused growth company. In addition to changes to the Executive team, one of my key priorities has been changes to the non-executive composition of the Board. While a number of long-standing Directors have come to the end of their tenure, I have been delighted with the appointments of the three Non-executive Directors who joined us in 2021 Chua Sock Koong, Ming Lu and Jeanette Wong together with George Sartorel who joined the Board in January of this year. Between them, they bring a depth and breadth of operational experience in Asia and add to the diversity of thought and perspectives around the Boardroom table. They enhance the Board's familiarity with digital technology, and better enable it to support and challenge the business at an operational level. We introduced Sock Koong, Ming and Jeanette at last year's Annual General Meeting (AGM). George brings deep operating expertise in insurance from a long career in the sector across the Asia Pacific region, as well as experience of digital transformation. We will continue to seek Asian, specialist financial services and digital experience in the next phase of appointments.

I am sorry to say goodbye to some long-standing members of the Board who have seen the Group through a period of transformation. Following Kai Nargolwala's retirement from the Board at the AGM in May 2021, Fields Wicker-Miurin retired from the Board on 31 December 2021. Fields was a valued member of the Board, the Remuneration Committee and the Board's Responsibility & Sustainability Working Group (RSWG) since its inception.

On reaching the end of their nine-year tenure, Anthony Nightingale and Alice Schroeder will step down from the Board at the conclusion of the 2022 AGM. Alice has been a valuable long-standing member of both the Audit and Risk Committees and I am particularly grateful for her work setting up and chairing the RSWG since February 2021. Anthony has brought considerable experience and insight to the Board, Nomination & Governance Committee and as Chair of the Remuneration Committee since 2015, in which role he has been highly diligent in engagement with our shareholders. As previously announced, Chua Sock Koong will succeed Anthony as Chair of the Remuneration Committee following the conclusion of the 2022 AGM. I would like to thank all of them for their contributions.

To ensure a smooth transition and to mitigate some of the loss of institutional memory of those Directors stepping down, we have brought the new joiners onto the Board early. This overlap means that the Board is larger in the medium term than is expected over the longer term, but this enables new members to benefit from the out-going members' experience and insight. As a further important element of ensuring stability and continuity of knowledge during this period of transition and as the average tenure of Board members will be a little over three years following the 2022 AGM, the Board considered that it would be in the best interests of the Company to extend the tenure of the Senior Independent Director, Philip Remnant, by one year to the 2023 AGM. I have sought the view of major shareholders as part of my annual programme of engagement and am grateful for the support indicated so far.

Board agenda in 2021

I have set out in my Chair's letter the transformation of the Group in 2021 and the key transactions which took place. Overseeing those transactions and the necessary documentation took up a significant amount of the Board and management's attention during the year. I am grateful to all for the additional time put in, which ensured that the Board agenda progressed on a number of other fronts at the same time.

Alongside the corporate transactions, the focus of the Board's agenda has been to deepen its knowledge of Prudential's individual businesses through a series of deep dives with local management teams. These have focused on the specifics of each business alongside cross-cutting themes, their customer propositions, distribution strategies including the use of digital, their competitive landscape, the particular challenges they face and how they are meeting them. It has been beneficial and rewarding to meet different teams across the Group (albeit largely virtually), to hear their experiences and witness the energy they bring to supporting customers, employees, agents and communities, including through the pandemic. I am looking forward to being able to hold these sessions in person in the near future.

As I noted last year, good governance includes a commitment to continuous improvement and to that end I am grateful to Jeremy Anderson for leading an exercise to consider lessons for the Board to learn from the revision to Jackson's hedge modelling, announced last January, which had an impact on Jackson's statutory capital. Building on the work done by management and internal audit to look at policies and controls in relation to model risk management, Mr Anderson made a number of recommendations to enhance governance oversight arrangements at Group and at our business units. Further detail is included in his report on pages 184 to 190.

Impact on, and engagement with, key stakeholders

The Board considers ESG matters as needing to be fully integrated and aligned with its core business strategy. ESG, including climate change, is overseen by the Board, which is responsible for determining overall strategy and prioritisation of key focus areas, and to ensure our ESG strategic framework (published in 2020) is being embedded across our business. We established the RSWG to devote more time to overseeing our work on the environment, communities, diversity, inclusion, people and culture, the embedding of our ESG framework, the enhancement of disclosures for 2021 and to employee engagement activities. During 2021, we reviewed various voluntary reporting frameworks and decided to prioritise reporting in line with the Sustainability Accounting Standards Board Insurance Standard for 2021.

As a significant asset manager and asset owner in regions forecast to be severely impacted by climate change, Prudential has a distinctive role to play in the transition to a low-carbon economy. Recognising this, in May 2021, we set a target to be net zero by 2050 for our insurance assets supported by a 25 per cent reduction in the weighted average carbon intensity of our investment portfolio by 2025. Full details of the strategy and the work of the RSWG are included in the ESG Report on page pages 66 to 137.

Alongside consideration of the impact Prudential can have across its customers, communities and wider stakeholders, the Board has focused on the wellbeing of our employees through 2021, not least as we continue to adjust to the impact of the pandemic on working practices and as the organisation goes through a period of significant change. 2021 was the second year of a three-year plan to promote and embed a diverse and inclusive culture and our chosen behaviours across the Group, and the Board and I have participated in a number of employee engagement activities and seen how the Group's values are being embedded in our business. Further details are included in the Section 172 Statement on pages 140 to 141.

Focus for 2022

I hope this report and those of my fellow Committee Chairs demonstrates the careful work, challenge and oversight undertaken in 2021. After a year of significant change and external uncertainties, in 2022 the Board will focus on delivery of the opportunities we believe our strategic decisions have positioned Prudential to realise across our markets. The Covid-19 pandemic and its effects will continue to impact the markets and societies in which we operate, so we will focus on the wellbeing of our staff and the development and delivery of products and services which best support our customers and policyholders. We will invest in our skills and capabilities as Pulse positions us for digitally-enabled delivery of health protection, insurance and wealth management products and services. We will continue to build on our leading positions in Hong Kong and South-east Asia, and where we see the greatest growth opportunities in the largest economies of China, India, Indonesia and Thailand. Technology innovation, adaptation and adoption will continue to be a key driver and enabler of our strategy.

The ongoing pandemic meant I was unable to meet shareholders in person at our AGM in 2021, though I welcomed the engagement we were able to have through our virtual meetings. We were able to hold a hybrid General Meeting (GM) in August 2021 for the vote on the demerger of Jackson, while throughout the year I have been pleased to meet with our major investors, though largely virtually rather than in-person. I hope that the AGM in 2022 provides the first opportunity for me to meet with shareholders at the AGM in person, public health circumstances permitting. The detailed arrangements will be communicated in our AGM Notice published in April 2022.

I look forward to updating you further there.



Shriti Vadera
Chair

Board of Directors

Changes to the Board in 2021:

- > On 1 January 2021, Shriti Vadera became the Chair of the Board
- > On 12 May 2021, Chua Sock Koong, Ming Lu and Jeanette Wong joined the Board
- > Following the conclusion of the 2021 AGM held on 13 May 2021, Kaikhushru Nargolwala retired from the Board
- > On 31 December 2021, Fields Wicker-Miurin retired from the Board

Changes to the Board in 2022:

- > On 14 January 2022, George Sartorel joined the Board
- > As announced on 10 February 2022, at the end of March 2022 Mike Wells will retire from his role as Group Chief Executive and step down from the Board. Mark FitzPatrick, currently Group Chief Financial Officer and Chief Operating Officer, will become Interim Group Chief Executive and James Turner, currently Group Chief Risk and Compliance Officer, will become Group Chief Financial Officer. Avnish Kalra will succeed Mr Turner as Group Chief Risk and Compliance Officer and will join the Group Executive Committee.
- > Following the conclusion of the 2022 AGM to be held on 26 May 2022, Anthony Nightingale and Alice Schroeder will retire from the Board

The composition of the Prudential Corporation Asia Limited board of directors mirrors the Prudential plc Board.

Changes to Board Committee Membership:

- > On 1 January 2021, Shriti Vadera became the Chair of the Nomination & Governance Committee
- > On 4 February 2021, Jeremy Anderson stepped down from the Nomination & Governance Committee and became a member of the Responsibility & Sustainability Working Group. David Law stepped down from the Nomination & Governance Committee and joined the Remuneration Committee and Tom Watjen joined the Nomination & Governance Committee
- > On 4 February 2021, Fields Wicker-Miurin and Kai Nargolwala joined the Responsibility & Sustainability Working Group
- > On 3 March 2021, Amy Yip stepped down from the Remuneration Committee and joined the Audit Committee
- > On 12 May 2021, Chua Sock Koong joined the Audit Committee and Remuneration Committee, Ming Lu joined the Nomination & Governance Committee and Risk Committee and Jeanette Wong joined the Audit Committee and Risk Committee
- > On 1 November 2021, Jeanette Wong joined the Responsibility & Sustainability Working Group



Shriti Vadera
Chair



Appointments

- > **Appointed to the Board: May 2020**
- > **Appointed Chair: January 2021**
- > **Age: 59**

Relevant skills and experience

Shriti brings senior boardroom experience and leadership skills at complex organisations, including extensive experience in the financial services sector, with international operations and at the highest level of international negotiations between Governments and in multilateral organisations. She contributes her wide-ranging and global experience in economics, public policy and strategy, as well as her deep understanding and insight into global and emerging markets and the macro-political and economic environment.

Shriti was chair of Santander UK Group Holdings, the Senior Independent Director at BHP and a Non-executive Director of Astra Zeneca. Between 2009 and 2014, she undertook a wide range of assignments, such as advising the South Korean Chair of the G20, two European countries on the Eurozone and banking crisis, the African Development Bank on infrastructure financing and a number of global investors and sovereign wealth funds on strategy and economic and market developments.

From 2007 to 2009, Shriti was a Minister in the UK government, serving in the Cabinet Office, Business Department and International Development Department. She led on the UK Government's response to the global financial crisis and its Presidency of the G20. From 1999 to 2007 she was a member of HM Treasury's Council of Economic Advisers.

Shriti's career began with 15 years in investment banking with SG Warburg/UBS, where she had a strong focus on emerging markets.

Key current external appointments

- > Institute of International Finance, Board Member
- > Chair, The Royal Shakespeare Company



Michael Wells
Group Chief Executive

Appointments

- > **Appointed to the Board: January 2011**
- > **Appointed Group Chief Executive: June 2015**
- > **Age: 61**

Relevant skills and experience

Mike has more than three decades' experience in insurance and retirement services, having started his career at the US brokerage house Dean Witter, before going on to become a managing director at Smith Barney Shearson.

Mike joined the Prudential Group in 1995 and became Chief Operating Officer and Vice-Chairman of Jackson in 2003. In 2011, he was appointed President and Chief Executive Officer of Jackson, and joined the Board of Prudential.

During his leadership of Jackson, Mike was responsible for the development of Jackson's market-leading range of retirement solutions. He was also part of the Jackson teams that purchased and successfully integrated a savings institute and two life companies.

Key current external appointments

- > International Advisory Panel of the Monetary Authority of Singapore
- > San Diego University Advisory Board
- > China Children Development Foundation

Executive Directors



Mark FitzPatrick CA
Group Chief Financial Officer
and Chief Operating Officer

Appointments

- > Appointed to the Board: July 2017
- > Age: 53

Relevant skills and experience

Mark has a strong background across financial services, insurance and investment management, encompassing wide geographical experience relevant to the Group's key markets.

Mark previously worked at Deloitte for 26 years, building his industry focus on insurance and investment management globally. During this time, Mark was Managing Partner for Clients and Markets, a member of the executive committee and a member of the board of Deloitte UK. He was a Vice Chairman of Deloitte for four years, leading the CFO Programme and developing the CFO Transition labs. Mark previously led the Insurance & Investment Management audit practice and the insurance industry practice.

Mark is also a Director of Prudential Services Limited and Pulse Ecosystems Pte. Ltd, which are wholly owned Prudential subsidiaries. Mark is co-Chair of the Prudential Diversity & Inclusion Council and the Chair of the Group ESG Committee.

Key current external appointments

- > British Heart Foundation
- > Scottish Mortgage Investment Trust plc



James Turner FSA FCSI FRM
Group Chief Risk and Compliance Officer

Appointments

- > Appointed to the Board: March 2018
- > Age: 52

Relevant skills and experience

Having held senior positions at Prudential for over a decade, James has a wide-ranging understanding of the business and draws on previous experience across internal audit, finance and compliance, as well as technical knowledge and skills, relevant to his role.

James joined Prudential as the Director of Group-wide Internal Audit and was appointed Director of Group Finance in September 2015. James joined the Board as the Group Chief Risk Officer in March 2018 and in July 2019 assumed responsibility for Group Compliance relocating to Hong Kong in August 2019.

Non-executive Directors



The Hon. Philip Remnant CBE FCA
Senior Independent Director

A N Re

Appointments

- > Appointed to the Board: January 2013
- > Age: 67

Relevant skills and experience

Philip is a chartered accountant and brings substantial advisory, regulatory and listed company experience to the Board, having worked in senior roles across the financial services sector, including asset management, in the UK and Europe.

Philip was formerly a senior adviser at Credit Suisse and a Vice Chairman of Credit Suisse First Boston Europe and Head of its UK Investment Banking Department. He was twice seconded to the role of Director General of the Takeover Panel. Philip served on the board of Northern Rock plc and was Chairman of the Shareholder Executive. Philip also served on the board of UK Financial Investments Limited and was Chairman of The City of London Investment Trust plc and of M&G Group Limited.

Key current external appointments

- > Severn Trent plc
- > Takeover Panel (deputy chairman)

Key

- | | |
|--|---|
| A Audit Committee | Ri Risk Committee |
| N Nomination & Governance Committee | Rs Responsibility & Sustainability Working Group |
| Re Remuneration Committee | ● Committee Chair |



Jeremy Anderson CBE
Independent Non-executive Director



Appointments

- > Appointed to the Board: January 2020
- > Age: 63

Relevant skills and experience

Jeremy brings to the Board substantial leadership experience in the financial services sector across Asia. He has extensive technical audit and risk management skills and experience, particularly with regards to multinational companies.

Jeremy was formerly the Chairman of Global Financial Services at KPMG International having previously been in charge of its UK Financial Services Practice and held roles including Head of Financial Services KPMG Europe, Head of Clients and Markets KPMG Europe and CEO of KPMG's UK consulting business. Jeremy served as a member of the Group Management Board of Atos Origin and as Head of its UK operations. Jeremy also served on the board of the UK Commission for Employment and Skills.

Key current external appointments

- > UBS Group AG/UBS AG (Audit Committee Chair, Senior Independent Director, Vice-Chair)
- > The Productivity Group
- > The Kingham Hill Trust



Chua Sock Koong
Independent Non-executive Director



Appointments

- > Appointed to the Board: May 2021
- > Age: 64

Relevant skills and experience

Sock Koong has more than 30 years' experience in business leadership, operations, information technology and digitalisation throughout Asia.

From 2007 to 2020, Sock Koong was Chief Executive Officer of Singapore Telecommunications Limited (Singtel), Asia's leading communications technology group, having previously held a number of senior roles at the firm, including Treasurer, Chief Executive Officer International and Group Chief Financial Officer.

Key current external appointments

- > Bharti Airtel Limited & Bharti Telecom Limited
- > Cap Vista Pte Ltd
- > Defence Science and Technology Agency
- > The Singapore Public Service Commission
- > The Singapore Council of Presidential Advisers
- > Royal Philips NV



David Law ACA
Independent Non-executive Director



Appointments

- > Appointed to the Board: September 2015
- > Age: 61

Relevant skills and experience

David has extensive technical knowledge and skills in audit, accounting and financial reporting matters and experience across the Group's key markets, and across a number of industry sectors, particularly insurance.

David is a chartered accountant and spent almost 33 years working with Price Waterhouse and PricewaterhouseCoopers (PwC). During that time he was, amongst other things, the global leader of PwC's insurance practice, a partner in the UK firm, and worked as the lead audit partner for multinational insurance companies. He also led PwC's insurance and investment management assurance practice in London and the firm's Scottish assurance division. After his retirement from PwC, David became a director and Chief Executive Officer of L&F Holdings Limited and its subsidiaries, which is the professional indemnity captive insurance group which serves the PwC network and its member firms. David retired from this role in June 2019.

Key current external appointments

- > University of Edinburgh (Chair of Audit and Risk Committee; Membership of Exception Committee, Nominations Committee and Remuneration Committee)



Ming Lu
Independent Non-executive Director



Appointments

- > Appointed to the Board: May 2021
- > Age: 63

Relevant skills and experience

Ming has over 30 years' experience of investing and developing businesses throughout the Asia Pacific region.

Ming is the Head of Asia Pacific at KKR Asia Limited and is a Partner of Kohlberg Kravis Roberts & Co. L.P. He also serves as a member of the KKR Asian Private Equity Investment Committee, KKR Asian Portfolio Management Committee and KKR Investment, Management and Distribution Committee. Since 2018 he has played an important role in KKR's Asia growth and expansion and has served as a member of the Asia Infrastructure Investment Committee and Asia Real Estate Investment Committee.

Ming previously worked for CITIC, the largest direct investment firm in China, before moving to Kraft Foods International Inc.. He was president of Asia Pacific at Lucas Varsity, and a partner at CCMP Capital Asia (formerly J.P. Morgan Partners Asia), where he was responsible for investment in the automotive, consumer and industrial sectors across a number of countries throughout Asia. Ming has also held directorships at Ma San Consumer Corporation, Mandala Energy Management Pte Ltd, Weststar Aviation Service Sdn Bhd and MMI Technologies Pte Ltd.

Key current external appointments

- > KKR Asia Ltd
- > Goodpack Pte Ltd



Anthony Nightingale CMG SBS JP
Independent Non-executive Director



Appointments

- > Appointed to the Board: June 2013
- > Age: 74

Relevant skills and experience

Anthony has extensive listed company experience and knowledge of the Asian markets.

From 2006 to 2012, Anthony was managing director of the Jardine Matheson Group, having previously held a number of senior executive positions with the firm. Anthony was formerly a director of Schindler Holding Limited, chairman of the Hong Kong General Chamber of Commerce, an Asia-Pacific Economic Cooperation (APEC) Business Advisory Council Representative of Hong Kong, China and the Hong Kong representative to the APEC Vision Group.

Key current external appointments

- > Jardine Matheson Holdings (and other Jardine Matheson group companies)
- > Shui On Land Limited
- > Vitasoy International Holdings Limited
- > The Innovation and Strategic Development Council in Hong Kong



George Sartorel
Independent Non-executive Director

Appointments

- > Appointed to the Board: January 2022
- > Age: 64

Relevant skills and experience

George has considerable operational expertise in financial services, following a career spanning 40 years in the insurance industry including across the Asia Pacific region.

From 2014 to 2019 he was the regional Chief Executive Officer of Allianz's Asia Pacific business, having previously held a range of senior roles for Allianz including Chief Executive of Allianz Italy, Chief Executive of Allianz Turkey, Global Head of Change Programmes for the Allianz Group, General Manager of Allianz Malaysia, Allianz Australia and New Zealand. He also previously sat on the Financial Advisory Panel of the Monetary Authority of Singapore from 2015 to 2019.

Mr Sartorel began his career at Manufacturers Mutual Insurance in Australia.

Key current external appointments

- > Insurance Australia Group Limited

Key

- Audit Committee
- Nomination & Governance Committee
- Remuneration Committee

- Risk Committee
- Responsibility & Sustainability Working Group
- Committee Chair



Alice Schroeder
Independent Non-executive Director

Rs A Ri

Appointments

- > Appointed to the Board: June 2013
- > Age: 65

Relevant skills and experience

Alice has extensive business transformation and management experience at the executive and board level, across the insurance, asset management, technology and financial services industries in the United States.

Alice was formerly a director of Bank of America Merrill Lynch International, an independent board member of the Cetera Financial Group and held the office of chief executive officer and chair of WebTuner (now Showfer Media LLC). Alice was also a managing director at CIBC Oppenheimer, PaineWebber (now UBS) and Morgan Stanley. Alice began her career at Ernst & Young as a qualified accountant, before joining the Financial Accounting Standards Board, where she oversaw the issuance of several significant insurance accounting standards.

Key current external appointments

- > HSBC North America Holdings Inc.
- > Reflexion Medical Inc.
- > Quincy Health, LLC
- > Natus Medical Incorporated
- > Westland Insurance Group Ltd
- > Carbon Streaming Corporation



Thomas Watjen
Independent Non-executive Director

Re Ri N

Appointments

- > Appointed to the Board: July 2017
- > Age: 67

Relevant skills and experience

Tom has experience across the insurance, asset management and financial services industries as well as experience with listed companies in the United Kingdom and the United States.

Tom was formerly a director of Sun Trust Bank, an executive vice president and the chief financial officer of Provident Companies Inc. and, following Provident's merger with Unum, president and chief executive officer of the renamed Unum Group. Tom started his career at Aetna Life and Casualty before joining Conning & Company, an investment and asset management provider, where he became a partner in the consulting and private capital areas. He joined Morgan Stanley in 1987, and became a managing director in its insurance practice.

Key current external appointments

- > Arch Capital Group Limited
- > LocatorX, Inc



Jeanette Wong
Independent Non-executive Director

A Ri Rs

Appointments

- > Appointed to the Board: May 2021
- > Age: 61

Relevant skills and experience

Jeanette brings to the Board operational skills and experience in the financial services sector, following a career spanning more than 35 years across South-east Asia and the broader Asia Pacific region.

From 2008 to 2019, she led DBS Group's institutional banking business, where she was responsible for corporate banking, global transaction services, strategic advisory, and mergers and acquisitions. Prior to this, Jeanette was DBS Group's Chief Administrative Officer then, from 2003 to 2008, the firm's Chief Financial Officer. As part of her role at DBS Group, Jeanette held non-executive director positions with ASEAN Finance Corporation, TMB Bank and the Bank of the Philippine Islands.

Jeanette began her career in Singapore at Banque Paribas before moving to Citibank and then JPMorgan in Singapore, where she held senior pan-Asian roles. She has previously served as a non-executive director of Fullerton Fund Management Ltd and Neptune Orient Lines Limited.

Key current external appointments

- > UBS Group AG
- > PSA International Pte Ltd
- > Council of CareShield Life (Chair)
- > Singapore Airlines Limited
- > Singapore Securities Industry Council
- > GIC Pte Ltd (Board Risk Committee Member)

Key

- A Audit Committee
- N Nomination & Governance Committee
- Re Remuneration Committee
- Ri Risk Committee
- Rs Responsibility & Sustainability Working Group
- Committee Chair



Amy Yip
Independent Non-executive Director

A

Appointments

- > Appointed to the Board: September 2019
- > Age: 70

Relevant skills and experience

Amy has extensive skills and experience in banking, insurance, asset management and government following a career spanning more than 40 years in China and South-east Asia.

Amy was formerly a non-executive director of Deutsche Börse AG, Temenos Group AG, Fidelity Funds, Vita Green, Hong Kong and an Executive Director of Reserves Management at the Hong Kong Monetary Authority.

From 2006 to 2010, Amy was Chief Executive Officer of DBS Bank (Hong Kong) Limited, where she was concurrently Head of its wealth management group and previously chair of DBS asset management. Amy began her career at the Morgan Guaranty Trust Company of New York, going on to hold progressively senior appointments at Rothschild Asset Management and Citibank Private Bank.

Key current external appointments

- > AIG Insurance Hong Kong Limited
- > EFG Bank and EFG Bank International (Chairman, Asia Pacific Advisory Board)

Company Secretary

Tom Clarkson
Company Secretary

Appointments

- > Appointed to the Role: August 2019
- > Age: 46

Relevant skills and experience

Tom is the Company Secretary and plays a pivotal role in the governance and administration of Prudential and is a trusted adviser to the Board.

Prior to his appointment as Company Secretary, Tom held a number of senior roles at Prudential, including Head of Compliance, Business Partners and prior to that, Group Litigation & Regulatory Counsel.

Tom is an admitted solicitor, having practised law at Herbert Smith LLP, London from 2002 to 2012, which included secondments to Lloyds Banking Group and Royal Bank of Scotland.

Group Executive Committee

The Group Executive Committee (GEC) comprises the Executive Directors, the Chief Executive of Asia and Africa, and the Group Human Resources Director.

The GEC is a management committee constituted to support the Group Chief Executive, who also chairs the GEC. For the purposes of the Hong Kong Listing Rules, Senior Management is defined as the members of the GEC.

Jolene Chen
Group Human Resources Director

Appointments

- > Appointment to the GEC: June 2019
- > Age: 62

Relevant skills and experience

Jolene is the Group Human Resources Director, appointed to that role in June 2019, and has been part of the Prudential Group since July 2011.

Jolene is responsible for driving the Culture and People strategies across the Group. She is also a Councillor of Prudence Foundation, the community investment arm of Prudential and is Co-Chair of our Global Diversity and Inclusion Council.

Jolene has more than 30 years' international experience. Prior to joining Prudential, she spent over 21 years with multinational companies in a variety of resourcing, organisational design, talent management, learning and development and human resources roles.

Nicolaos Nicandrou
Chief Executive, Asia and Africa

Appointments

- > Appointment to the GEC: October 2009
- > Age: 56

Relevant skills and experience

Nic became Chief Executive, Asia and Africa in July 2017 and is responsible for Prudential Corporation Asia's life insurance and asset management business across 14 markets in Asia. Nic is also the chairman of CITIC-Prudential Life Insurance Limited.

Nic started his career at PwC. Before joining Prudential as an Executive Director and Chief Financial Officer in 2009, he worked at Aviva, where he held a number of senior finance roles, including as Norwich Union Life's finance director and board member, Aviva group financial control director, Aviva group financial management and reporting director and CGNU group financial reporting director.

Corporate governance codes – statement of compliance

The Company has dual primary listings in London (premium listing) and Hong Kong (main board listing) and has therefore adopted a governance structure based on the UK and Hong Kong Corporate Governance Codes (the UK and HK Codes). This report explains how the principles set out in the UK and HK Codes have been applied.

The Board confirms that, for the year under review, the Company has applied the principles and complied with the provisions of the UK Code. The Company has also complied with the provisions of the HK Code, other than as follows:

- > Provision B.1.2(d) (now provision E.1.2(d)) of the HK Code requires companies, on a comply or explain basis, to have a remuneration committee which makes recommendations to a main board on the remuneration of non-executive directors. This provision is not compatible with provision 34 of the UK Code which recommends that the remuneration of non-executive directors be determined in accordance with the Articles of Association or, alternatively, by the Board. Prudential has chosen to adopt a practice in line with the recommendations of the UK Code.
- > Given the circumstances of the pandemic and UK government guidance, which did not allow large public gatherings as at the date of the 2021 AGM, the Board decided, with regret, that shareholders, external advisers (including the auditor) and the majority of Directors would not be able to attend the AGM in person (and thus provisions A.6.7 (now provision C.1.6) of the HK Code could not be fully complied with). The AGM was attended in person by the Chair, the Senior Independent Director, the Group Chief Financial Officer and Chief Operating Officer, and the Company Secretary. The Group Chief Executive and the Chairs of the Board's principal committees attended the meeting via weblink and were available to shareholders for questions. The auditor also attended via weblink. A recording of the AGM is available on the Company's website. Prudential continued to keep shareholders informed through its website and released results and other presentations during the year.
- > The GM held on 27 August 2021 was convened for the sole purpose of approving the demerger of Jackson Financial Inc. For this reason, only the Chair, the Group Chief Financial Officer and Chief Operating Officer, and the Company Secretary attended the GM and thus, provisions A.6.7 (now provision C.1.6) of the HK Code was not fully complied with.

The UK Code is available from www.frc.org.uk

The HK Code is available from www.hkex.com.hk

The table below contains references to disclosures in this Annual Report and Accounts which will enable shareholders to evaluate how Prudential has applied the principles of the UK Code and complied with the more detailed provisions.

Corporate Governance Principles

1. Board leadership and company purpose

A. Board promotes long-term value and sustainability

The application of principle A and a description of how opportunities and risks to the future success of the business have been considered and addressed (provision 1) are set out in the Strategic report on pages 6 to 145.

B. Purpose, Values and Strategy aligned with Culture

The Board is satisfied Prudential's purpose, values and strategy are aligned with its culture. An explanation of the Group's approach to investing in and rewarding its workforce is set out in the ESG Report on page 101 and in the Directors' Remuneration Report on pages 194 to 233. Our reporting against provision 5 is set out in the Section 172 Statement on pages 138 to 145.

C. Performance measures and controls

The responsibility for ensuring that the necessary resources are in place for Prudential to meet its objectives is delegated to Management. See pages 167 to 168 for the Board's approach to risk management and internal controls.

D. Engagement with stakeholders

Engagement with shareholders and stakeholders is described in the Section 172 Statement on pages 138 to 145 and in the ESG Report on pages 66 to 137.

E. Workforce policies and practices

Application of principle E is described in the Section 172 Statement on pages 138 to 145 (provision 5), in the ESG Report on pages 66 to 137 and in the whistleblowing disclosure (provision 6) on page 120.

2. Division of responsibilities

F. Role of the Chair

A description of the Chair's role is set out on page 59. Shriti Vadera was independent on appointment when assessed against the criteria in UK Code provision 10 (she was also independent under HK Code criteria). There is no requirement for independence to be determined post appointment. Her biography is on page 150.

G. Division of responsibilities

The Board comprises a majority of independent Non-executive Directors. There is a clear division of responsibility between the Board and the executive management team. See pages 172 to 173 for our reporting against provision 10 and 11; and the governance structure of the Board and its principal Committees on page 158.

H. Non-executive Directors

As part of reviewing the performance of Non-executive Directors and recommending them for election by shareholders at the AGM, the Board was satisfied that each Non-executive Director has sufficient time to meet their board responsibilities (see page 174).

I. Effective and efficient processes

The 2021 board evaluation tested and confirmed that the Board has the necessary support and information to function effectively and efficiently. See page 166 for more information.

3. Composition, succession and evaluation

J. Appointments and succession planning

An explanation of the Board's appointment and succession planning activities can be found on pages 169 to 174 and forms our disclosure against provision 20 and 23.

K. Skills, experience and knowledge

The Board and its Committees have a diverse combination of skills, experience and knowledge. An overview of Directors' skills, experience, knowledge and length of service is set out in the Director biographies on pages 150 to 155.

L. Evaluation of composition and diversity

The outcome of the 2021 Board Evaluation and disclosure against provision 23 can be found in the Nomination & Governance Report on pages 169 to 174.

4. Audit, risk and internal control

M. Integrity of financial statements

Prudential has formal and transparent policies and procedures to ensure the independence and effectiveness of both internal and external audit functions. An explanation of the independence and effectiveness of the external audit process can be found in the Audit Committee report on pages 179 to 180. In accordance with DTR 7.1.3(5) the Board is satisfied with the integrity of Prudential's financial and narrative statements.

N. Fair, balanced and understandable

The Board has presented a fair, balanced and understandable assessment of Prudential's position and prospects in this Annual Report and Accounts. The disclosure against provision 27 can be found on page 321 and is supported by our disclosure against provision 26 in the Audit Committee Report on pages 175 to 183. Disclosures concerning going concern (provision 30) and viability (provision 31) can be found on pages 191 and 64 respectively.

O. Internal controls and risk management

A description of Prudential's internal controls framework and risk management framework is set out on page 167 and its emerging and principal risks are set out on page 51.

5. Remuneration

P. Remuneration policies and practices

Prudential's remuneration policies and practices support the achievement of the Group's strategy, promote long-term sustainable success and are aligned to its purpose and values. A description of the work of the Remuneration Committee can be found on pages 194 to 233.

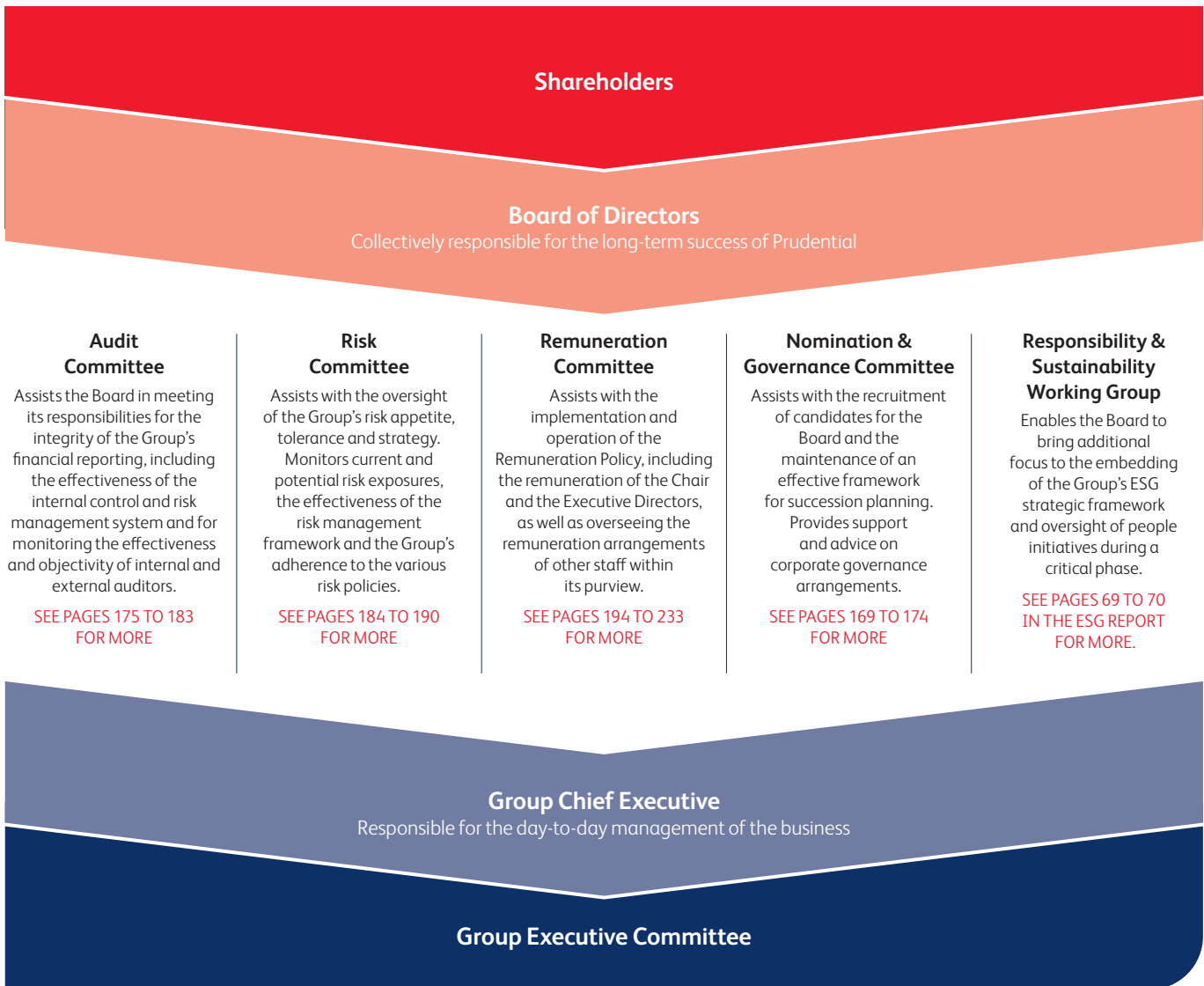
Q. Procedure for developing policy

The procedure for the development of the remuneration policy and a summary of the current Directors' remuneration policy is set out in the Directors' Remuneration report on pages 194 to 233.

R. Independent judgement and discretion

Directors exercise independent judgement and discretion when authorising remuneration outcomes. The shareholder-approved remuneration policy sets out the limited circumstances in which the Remuneration Committee may exercise discretion. The policy can be accessed on the Company's website at www.prudentialplc.com/investors/governance-and-policies/policies-and-statements

Board and Committee Structure



Shareholders

Board of Directors

Collectively responsible for the long-term success of Prudential

Audit Committee

Assists the Board in meeting its responsibilities for the integrity of the Group's financial reporting, including the effectiveness of the internal control and risk management system and for monitoring the effectiveness and objectivity of internal and external auditors.

SEE PAGES 175 TO 183 FOR MORE

Risk Committee

Assists with the oversight of the Group's risk appetite, tolerance and strategy. Monitors current and potential risk exposures, the effectiveness of the risk management framework and the Group's adherence to the various risk policies.

SEE PAGES 184 TO 190 FOR MORE

Remuneration Committee

Assists with the implementation and operation of the Remuneration Policy, including the remuneration of the Chair and the Executive Directors, as well as overseeing the remuneration arrangements of other staff within its purview.

SEE PAGES 194 TO 233 FOR MORE

Nomination & Governance Committee

Assists with the recruitment of candidates for the Board and the maintenance of an effective framework for succession planning. Provides support and advice on corporate governance arrangements.

SEE PAGES 169 TO 174 FOR MORE

Responsibility & Sustainability Working Group

Enables the Board to bring additional focus to the embedding of the Group's ESG strategic framework and oversight of people initiatives during a critical phase.

SEE PAGES 69 TO 70 IN THE ESG REPORT FOR MORE.

Group Chief Executive

Responsible for the day-to-day management of the business

Group Executive Committee

Led by the Chair, the Board is collectively responsible for the long-term sustainable success of the Company. It does this by setting the strategy and strategic objectives, approving capital allocations, annual budgets and business plans for the Group, overseeing the operations and monitoring financial performance and reporting. The Board establishes the Group's purpose and values and approves the environmental, social and governance policies, satisfying itself that these and the Group's culture are aligned with the strategy. Further, the Board is responsible for ensuring that an effective system of internal control and risk management is in place, approving the Group's overall risk appetite and tolerance and endorsing the Directors' Remuneration Policy for approval by shareholders.

To assist the Board in carrying out its functions, a substantial part of the Board's responsibilities is delegated to the Board's principal Committees, which comprise Non-executive Directors. The Board's principal Committees are the Audit Committee, Risk Committee, Remuneration Committee and the Nomination & Governance Committee. In addition, the RSWG was formed in February 2021 to assist the Board with matters concerning the Group's overall ESG Strategic Framework, including its engagement with the workforce. The Board receives regular updates on Committee and RSWG activities. The Terms of Reference for each of the Board's Committees are available to view on the Company's website www.prudentialplc.com/en/investors/governance-and-policies/board-and-committees-governance

In addition to the principal Committees and the RSWG, the Board has established a Standing Committee which can meet as required to assist with any business of the Board. It is typically used for ad hoc urgent matters which cannot be delayed until the next scheduled Board meeting. All Directors are members of the Standing Committee and have the right to attend all meetings and receive papers. Before taking decisions on any matter, the Standing Committee must first determine that the business it is intending to consider is appropriate for a Committee of the Board and does not need to be properly brought before the whole Board. All Standing Committee meetings are reported in full to the next scheduled Board meeting.

The Standing Committee allows for fast decision-making where necessary, while ensuring that the full Board has oversight of all matters under consideration and all Directors can contribute. During 2021, the Standing Committee met twice.

Delegation to management

Responsibility for the day-to-day management of the business and implementation of strategy has been delegated to the Group Chief Executive, within certain limits, for execution or further delegation by him in respect of matters which are necessary for the effective day-to-day running and management of the business. The Group Chief Executive delegates responsibility to certain senior executives through management reporting lines (principally to other GEC members, including the Chief Executive, Asia and Africa). The Chief Executive of each local business has authority (subject to the Delegated Authorities) for the management of the respective business.

Board size and roles

The Board's size allows for decision-making to reflect a broad range of views and perspectives while allowing all Directors to participate effectively in meetings. At the date of publication, the Board comprised 12 Non-executive Directors and three Executive Directors. At each scheduled meeting of the Board, the Non-executive Directors meet without the Executive Directors present.

The roles of Chair and Group Chief Executive are clearly segregated. The Chair has overall responsibility for the leadership of the Board while the Group Chief Executive manages and leads the business. The Senior Independent Director acts as a sounding board for the Chair, and provides support in the delivery of her objectives. The Chair, Group Chief Executive and Senior Independent Director all have written terms of reference which are approved by the Board and kept under regular review. A summary is available to view on the Company's website.



Our governance framework

The Group Governance Manual (GGM) defines Prudential's Group-wide approach to Governance, Risk Management and Internal Control. The principles by which Prudential conducts its business activities are set out in the Group Code of Business Conduct (Code) which sits at the heart of the GGM, incorporating standards of business conduct which set expectations over employee behaviour by presenting all individual obligations referenced throughout the GGM policies in a single code. The GGM itself sets out the Group's Governance Framework, Group-wide policies and standards, including the Group Risk Framework, delegated authorities and lines of responsibility and is supported by a programme of regular learning for all Prudential colleagues.

The Code is regularly reviewed by the Board to ensure that it remains appropriate for the global business. In 2021, the review was delegated to the RSWG and a new section was added concerning employee wellbeing and how our culture of diversity and inclusion is designed to support individuals across the Group. Each individual employee confirms their compliance with the Code on an annual basis.

The Nomination & Governance Committee conducts an annual review of the Group's Governance Framework, monitoring the Group's significant governance policies, including governance arrangements of the Group's main subsidiaries, and makes recommendations to the Board as appropriate. The Risk Committee approves the Group Risk Framework, an integral part of the GGM, and the Audit Committee monitors Group-wide compliance with the GGM throughout the year. Businesses manage and report compliance with the Group-wide mandatory requirements set out in the GGM through annual attestations. This includes compliance with our Risk Management Framework, a summary of which is set out on pages 167 to 168 of this report.

The content of the GGM is reviewed regularly, reflecting the developing nature of both the Group and the markets in which it operates, with significant changes on key policies reported to the relevant Board Committee. The GGM helps the Board embed the Group's system of risk management and internal control into the day-to-day operations of the business.

Subsidiary governance

Prudential's major businesses in Hong Kong, Indonesia, Malaysia and Singapore and the Eastspring holding company (the Material Subsidiaries) have appointed independent non-executive directors to their boards. Each Material Subsidiary has established an audit and a risk committee, with standard terms of reference. To ensure an effective information flow, the Chairs of the Audit and Risk Committees maintain regular dialogue with their counterparts in each of the Material Subsidiaries. In addition, the Audit and Risk Committees receive regular reports from the audit and risk committees of the Material Subsidiaries.

Other businesses also operate local audit and risk committees, with standard terms of reference. Those committees report to the Group-level Committees through written updates provided by attendees from Group functions and the chairs of the committees can escalate matters to the Group Committee Chairs as required.

The Nomination & Governance Committee is responsible for oversight of governance arrangements for the Material Subsidiaries.

Directors' inductions, training and development

Following feedback from the 2020 Board evaluation, the Nomination & Governance Committee oversaw the development of a revised induction programme and process for new Board members in 2021. The revised programme features a series of core topics, including an overview of the Group, its key businesses and the control environment, and tailored content, to reflect the new Board member's role and any particular needs identified during the recruitment process. The induction includes written materials, presentations and meetings with the Chair, the Group Chief Executive, the Group Chief Financial Officer and Chief Operating Officer, the Group Chief Risk and Compliance Officer, the Chairs of the Board's principal Committees (as appropriate) and the Chief Executive, Asia and Africa. Further meetings with members of senior management at Group and local level are also scheduled as required to develop the Directors' knowledge of the business. Each new Board member is also assigned a longer-standing Non-executive Director to support them in their new role and provide advice and feedback.

Training

Throughout the year the Board and its Committees received regular business updates and participated in deep dive sessions, developing the Board's more granular knowledge of individual businesses, current and emerging issues relevant to the Group and its operations and on particular products and business opportunities. In 2021, these sessions included deep dives into the Group's operations in a number of its markets, the Group's digital platform Pulse, together with a Board workshop on geopolitical risks, training on the Hong Kong Insurance Authority's (IA) new group-wide supervision (GWS) framework and regulatory regime, and an update on aspects of director duties. An insurance training session was also held for Chua Sock Koong, Ming Lu and Jeanette Wong as part of their induction to the Board.

All Directors have the opportunity to discuss their individual development needs as part of their Director evaluations and are encouraged to request specific updates during the year. At the start of the year, suggested topics are shared with the Board for feedback. Directors are asked to provide information on any external training or development on an annual basis. All Directors have the right to obtain professional advice at Prudential's expense.

Stakeholder engagement

Information on the Board's engagement with, and discussion of, stakeholder views as part of the Board decision-making process can be found on pages 138 to 145. Additional information can be found on our website at www.prudentialplc.com/about-us/esg/our-approach

Regulatory environment

During 2021, Prudential was included as a designated insurance holding company under the Hong Kong IA Insurance Ordinance, and is now subject to the Hong Kong IA's GWS Framework. The GWS Framework includes requirements for Hong Kong insurance groups to have in place appropriate corporate governance arrangements and to maintain appropriate internal controls for the oversight of their business.

Individual regulated entities within the Group continue to be subject to entity-level regulatory requirements in the relevant jurisdictions in which they carry on business.

Interactions with regulators form a key part of the Group's governance framework and the Chair, Group Chief Executive, Group Chief Risk and Compliance Officer, and the Chief Executive, Asia and Africa play a leading role in representing the Group to regulators and ensuring our dialogue with them is constructive.

Employee voice

Following the retirement of Kai Nargolwala from the Board at the conclusion of the 2021 AGM and the separation of Jackson Financial Inc. in September 2021, responsibility for workforce engagement activities was transferred to the RSWG.

An overview of the workforce engagement activities undertaken during 2021 is set out in the Section 172 Statement on pages 138 to 145.

Shareholders

The Board recognises the importance of maintaining an appropriate level of two-way communication with shareholders. In addition to the extensive management engagement with shareholders, the Chair holds an ongoing programme of regular contact with major shareholders to discuss their views on the Group's governance. The Senior Independent Director and the Committee Chairs are available at the request of shareholders. Engagement with institutional investors on the Directors' Remuneration Policy and implementation is led by the Remuneration Committee Chair. An investor perception study was also commissioned in 2021, the results of which are set out in more detail together with an overview of other shareholder engagement activities undertaken during 2021 in the Section 172 Statement on pages 138 to 145.



Induction of Chua Sock Koong

In May 2021, Chua Sock Koong joined the Board as an Independent Non-executive Director and Member of the Remuneration and Audit Committees.

Sock Koong, together with Ming Lu and Jeanette Wong, met with senior management to get an overview of the Group's business, strategy, operations, risk profile, and culture framework. They also received briefings on their duties as Directors under relevant corporate governance frameworks and the Group's regulatory environment, and met with the Head of Investor Relations and the Group's corporate brokers in order to understand shareholder perspectives. Through participation in the Board deep dive sessions, Sock Koong has built up her understanding of individual businesses, and she visited the insurance business in Singapore to meet with the local leadership team.

Specifically for her role, Sock Koong met with the Chair of the Remuneration and Audit Committees together with key members of the senior management team, including for remuneration related matters, the Group Human Resources Director and the Director, Group Reward and Employee Relations and the Group's remuneration adviser, Deloitte. For audit related matters,

Sock Koong met with, amongst others, the Head of Internal Audit, the external auditor KPMG, the Director of Group Financial Accounting & Reporting and the Chief Actuary.

These meetings were tailored to Sock Koong's role at Prudential and provided her with a detailed view of each Committee's work, current issues and emerging themes, as well as an understanding of the interests of the Group's key stakeholders.

Philip Remnant was chosen as the long-standing Non-executive Director to support Sock Koong, in particular to share his experience of UK governance and shareholder expectations. In October 2021, it was announced that Sock Koong would take over from Anthony Nightingale as Chair of the Remuneration Committee following the 2022 AGM. In anticipation of this, Sock Koong was able to join Anthony's programme of shareholder engagement in late 2021 in order to meet some of the Group's major shareholders and develop a deeper sense of their views.

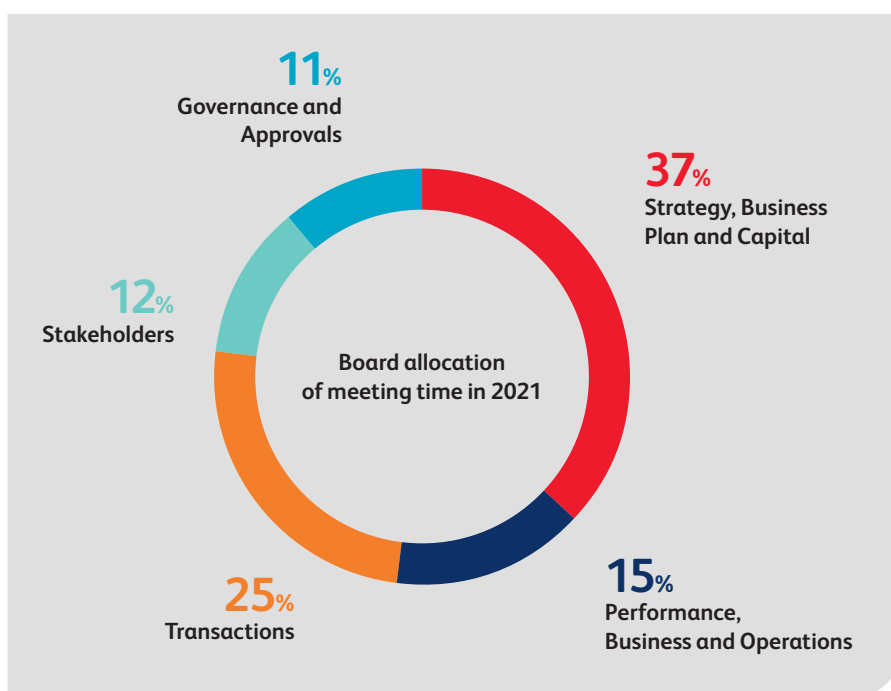
Following the conclusion of her formal induction programme, the Company Secretary and Sock Koong discussed specific follow-up areas for 2022 and feedback on the induction programme.

'Although hampered by being largely virtual, the induction provided by the Company gave me an excellent introduction to the business, my role, and the key issues for different stakeholder groups, providing me with a good basis to enable me to contribute to Boardroom discussion. I look forward to meeting more of my fellow Directors and senior leaders in person soon.'

Key areas of focus – how the Board spent its time in 2021

The Board met 18 times during 2021, which is twice the number of meetings held in 2020. These additional meetings were required primarily to support the demerger of Jackson Financial Inc. and the Hong Kong Share Offer.

The table below gives an indication of the key topics considered throughout the year.



Strategy, Business Plan and Capital

Business and strategy deep dives

- > Participated in deep dive sessions, including discussion and a holistic review of Prudential's insurance and asset management operations and strategic outlook in Indonesia, Thailand, China, Hong Kong, India, Africa and Singapore
- > Discussed geo-political risks and the domestic and international outlook for China

- > Reviewed and evaluated Pulse, Prudential's fully digital ecosystem and platform-based business

Business plan and budget

- > Approved the 2022-2024 business plan and budget
- > Considered and approved any spend over \$30 million and oversaw other management approvals
- > Approved the 2022 Strategic Priorities

Capital

- > Oversaw an increase in the allocation of capital invested in organic new business and investments in capabilities/distribution, following the restructuring of the Group into a pure-play Asia and Africa growth business

Performance, Business and Operations

Financial results

- > Reviewed and approved the half year and full year results and the Form 20F
- > Considered fair, balanced and understandable requirements in the half and full year financial reports, following a review by the Audit Committee

- > Reviewed and approved the Going Concern and the Viability Statements that appeared in the 2020 Annual Report
- > Approved the 2020 second interim dividend and first interim dividend for 2021

Reports from CEO, CFO and COO, CRCO

- > Received regular reports from the Group Chief Executive, Group Chief Financial Officer and Chief Operating Officer and the Group Chief Risk Officer and Compliance Officer
- > Received regular reports and presentations from the Chief Executive, Asia and Africa and (prior to September 2021), the Jackson Chief Executive

Transactions

Demerger of Jackson Financial Inc.

- > Considered the merits of an IPO vs demerger of Jackson, including the impact on the Group's stakeholders
- > Received numerous transaction updates throughout 2021 from internal and external advisers
- > Assured itself of the operational readiness of Jackson and Prudential prior to the demerger
- > Approved the re-organisation of the Group's holding in Jackson, prior to the distribution of Jackson shares to Prudential shareholders

- > Approved the Prudential Circular, the Supplementary Circular and the Notice of General Meeting, amongst other transaction documents

Hong Kong share offer

- > Considered the investment case for the share offer, including the long-term strategic benefits
- > Approved a reduction in the board lot size in Hong Kong to increase the turnover of Prudential shares, especially amongst retail shareholders

- > Debated the share offer allocations, including the portion of shares available to Hong Kong retail investors, employees and agents
- > Approved proposals on the use of the share offer proceeds
- > Approved the Prospectus, Supplementary Prospectus and various transaction documents
- > Considered other opportunities for inorganic growth presented by management from time to time

Stakeholders

Investors

- > Received regular reports from the Director of Investor Relations on shareholder-related matters, feedback from the Chair's shareholder engagement exercise in January 2021 and regular feedback from management on their ongoing shareholder engagement activities
- > Commissioned an investor perception survey
- > Considered the impact on UK-based investors who were unable to participate in the Hong Kong Share Offer

Customers

- > Discussed the evolution of Prudential's digital strategy Pulse, including customer feedback on the design of Prudential's products, how and where they are distributed, and which markets to access

- > As part of business reviews, considered customer proposition, products, and customer service
- > Considered the impact of the pandemic on customers and initiatives to mitigate the impact/the support being provided to them

Employees

- > Received updates from the RSWG on various people initiatives and regularly discussed people issues, including the impact of the pandemic
- > Attended the employee Collaboration Jam and discussed employee engagement feedback

Environment

- > Oversaw changes to the Group Responsible Investment framework, enabling the implementation of a new Responsible Investment Policy and Initiatives, including the Group's commitment to carbon reduction targets

- > Received a report on Prudential's participation at the United Nations Climate Change Conference in Glasgow

Regulators

- > Received training on the key aspects of the Hong Kong IA GWS Framework and the responsibilities of the Board
- > Received reports from the Head of Group Government Relations on key government and political developments and regulatory policy updates

Communities

- > Considered the impact of the pandemic on the communities in which we operate and efforts by the business to support affected communities (eg supporting vaccination programmes)

Governance and Approvals

Approvals

- > Considered various routine and administrative proposals put to the Board for approval not covered above
- > Reviewed the Delegation of Authority and noted key matters approved by management

Board Committees

- > Received reports from the Chairs of the Audit, Risk, Remuneration and Nomination & Governance Committees

- > Considered updates to the Group Risk Appetite following the demerger of Jackson
- > Approved the Own Risk and Solvency Assessment for submission to the Hong Kong IA

Shareholder meetings

- > Attended the AGM and General Meeting (as required) to approve the demerger of Jackson Financial Inc (either in person, or online)

Board evaluation & succession planning

- > Received the findings of the External Board Evaluation. Discussed and agreed the action plan and monitored progress.
- > Approved Board appointments and committee changes on recommendation from the Nomination & Governance Committee
- > Considered succession planning for the Group Chief Executive

Board meeting attendance throughout 2021

Individual Directors' attendance at Board meetings throughout the year is set out in the table below.

		Board Meetings Attended/Requiring Attendance	General Meetings ¹ Attended/Requiring Attendance
Chair	Shriti Vadera	18/18	2/2
Executive Directors	Mike Wells ²	17/17	1/1
	Mark FitzPatrick ²	17/17	2/2
	James Turner ²	17/17	–
Non-executive Directors	Philip Remnant	18/18	1/1
	Jeremy Anderson	18/18	1/1
	Chua Sock Koong ³	8/8	–
	David Law	18/18	1/1
	Ming Lu ³	7/8	–
	Kai Nargolwala ⁴	8/9	–
	Anthony Nightingale	16/18	1/1
	Alice Schroeder	18/18	–
	Tom Watjen	18/18	–
	Fields Wicker-Miurin	18/18	–
	Jeanette Wong ³	8/8	–
	Amy Yip	18/18	–

Notes

- 1 Attendance at the 2021 AGM was limited due to Covid-19 restrictions in the UK
- 2 Executive Directors did not attend a board meeting convened specifically to discuss executive succession planning
- 3 Chua Sock Koong, Ming Lu and Jeanette Wong joined the Board on 12 May 2021
- 4 Kai Nargolwala stepped down from the Board following the conclusion of the AGM held on 13 May 2021

Board and Committee papers are usually provided one week in advance of a meeting. Where a Director is unable to attend a meeting, his or her views are canvassed in advance by the Chair of that meeting where possible.

Board effectiveness

Actions during 2021 arising from the 2020 review

The performance evaluation of the Board and its principal Committees for 2020 was conducted externally by Independent Board Evaluation, an independent consultancy. The external nature of the review met the provisions of the UK Code which requires external evaluations on no less than three-yearly intervals. The findings were presented to the Nomination & Governance Committee and Board for discussion in December 2020. A final report was presented in February 2021, and the Board approved a number of action points for 2021. Set out below is an update on progress to address the 2021 actions:

Theme	Summary of Actions	Progress in 2021
Maximising Board inclusivity	<ul style="list-style-type: none"> > Enhance induction processes to leverage new Board members' skills as quickly as possible > Recognising the challenge with current travel restrictions, create more opportunities for less formal discussion among Board members 	<ul style="list-style-type: none"> > The Company Secretary reviewed best practice and, together with the Chair and with input from management, revised the previous schedule of induction material in order to produce a core induction programme for all new Board members, with additional sessions for those joining each of the Committees. The revised programme is tailored to reflect the needs of the incoming Non-executive Director and aligned with the Board calendar, including making use of the programme of business deep dives presented to the Board and other Board training. > Time was provided for informal introductions to the new Board members in Q2, but otherwise the continued travel restrictions, the challenges of time-zones and the volume of Board business have limited the opportunity for the Board to have much informal time together.
Focusing on the People and ESG agenda	<ul style="list-style-type: none"> > Consider how best to give additional Board time and focus to the ESG and people agenda 	<ul style="list-style-type: none"> > In February 2021, the Board established the RSWG, which is responsible for assisting the Board embed the Group's overall ESG Strategic Framework, leading on workforce engagement and developing a Group-wide approach to all forms of diversity and inclusion, including the setting of measurable objectives and monitoring progress against key metrics. > A summary of how the RSWG spent its time in 2021 is set out in the ESG Report on pages 69 to 70.
Improvements to Board information flows	<ul style="list-style-type: none"> > As the shape of the Group changes, build up Board members' depth of knowledge of the Asia and Africa business and refocus the Board agenda to maximise time considering business performance and strategy on a more granular basis > Review and strengthen links with subsidiary boards to leverage insight and support from those boards 	<ul style="list-style-type: none"> > The Chair and Company Secretary made changes to the Board's agenda for 2021 to devote more meeting time to substantive business matters, including a programme of business deep dives, consideration of strategic matters, discussion of key risks and consideration of stakeholders. Other approvals and governance matters were given less meeting time and the forward agenda was further developed to assist with planning. How the Board allocated its time in 2021 is set out on pages 162 to 163. > In February 2021, the Nomination & Governance Committee considered Board governance arrangements across the Asia businesses. Regular conversations are held between the Audit and Risk Committee Chairs and their counterparts in the Material Subsidiaries, reporting on their discussions to the Audit and Risk Committees as appropriate. In addition, a further audit and risk governance event was held in October 2021, which was attended by all Non-executive Directors of the Material Subsidiaries, and by six members of the Board and the Chief Executive, Asia and Africa. The event received very positive feedback.
Improvements to Board processes	<ul style="list-style-type: none"> > Consider processes for briefings outside of meetings to support inclusivity and maximise ways in which Directors benefit from each other's experience and expertise 	<ul style="list-style-type: none"> > Non-executive and Executive Directors alike were keen to retain the level of access between Non-executive Directors and management and felt that the time spent in discussions in advance of meetings was an effective and efficient use of everyone's time and served to enhance the discussion in the room, rather than substitute it in any way. Directors are mindful of the need to raise substantive issues during the formal meetings rather than only during pre-meeting discussions with management. The Remuneration Committee has trialled 'opt-in briefings', held shortly before the Committee meetings and hosted by management.

2021 review and actions for 2022

The performance evaluation of the Board and its principal Committees for 2021 was conducted internally at the end of 2021, led by the Company Secretary, through a questionnaire. The findings were presented to the Nomination & Governance Committee and the Board in February 2022 and collective Committee and Board discussions to exchange ideas and agree priorities arising from the evaluation took place. Whilst the review confirmed that the Board and its principal Committees continued to operate effectively during the year and that no major improvements were required, an action plan was approved by the Board to respond to the following recommendations:

Theme	Summary of Actions
Board composition, succession planning and meeting process	<ul style="list-style-type: none"> > Continue to develop the skills map to fully support the work on Board succession planning and review processes for oversight of the development of the pipeline for executive positions with the critical skills and diversity required for the Group's future strategy. > Given the difficulties during the last two years regarding travel and face-to-face interaction, create more opportunities for Board interaction amongst themselves, with management and with employees, where possible in person.
Board oversight, stakeholders and decision making	<ul style="list-style-type: none"> > Focus more Board meeting agenda time on customers and employees and review and update KPIs for consistent reporting and analysis. > Consider new ways to ensure learnings from past decisions are highlighted to the Board where appropriate, to fully support decision-making.
Risk oversight	<ul style="list-style-type: none"> > Enhance risk reporting to the Board to further support the prioritisation of key risks.

Director evaluation

Individual performance of Non-executive Directors was considered by the Chair, who gathered and provided feedback as appropriate throughout the year. The Nomination & Governance Committee discussed the performance of each Director at its meeting in February 2022, as part of the overall Board evaluation, including the Executive Directors in their capacity as Board members. The Chair relayed feedback as required.

Feedback on the performance of the Chair was separately provided to, and discussed with her, by the Senior Independent Director. The performance of Executive Directors, in their capacity as Executives, is subject to regular review. The Chair assessed the performance of the Group Chief Executive, in consultation with the Non-executive Board, while the Group Chief Executive appraised the performance of each of the Executive Directors as part of the annual Group-wide performance evaluation of all employees. The Chair of the Risk Committee provided feedback to the Group Chief Executive on the performance of the Group Chief Risk and Compliance Officer. Executive Director performance is also reviewed by the Remuneration Committee as part of its deliberations on bonus payments.

The outcome of these evaluation processes informs the Nomination & Governance Committee's recommendation for Directors to be put forward for re-election by shareholders.

Risk management and internal control

The Board is responsible for ensuring that an appropriate and effective system of risk management and internal control is in place across the Group.

The framework of risk management and internal control centres on clear delegated authorities to ensure Board oversight and control of important decisions. The framework is underpinned by the Group Code of Business Conduct, which sets out the ethical standards the Board requires of itself, employees, 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. The framework is designed to monitor and manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Internal control

The GGM sets out the general principles by which we conduct our business and ourselves and defines our Group-wide approach to Governance, Risk Management and Internal Control. Further information on the GGM can be found on page 160. Group-wide policies, internal controls and processes, based on the provisions established in the Manual, are in place across the Group. These include controls covering the preparation of financial reporting. The operation of these controls and processes facilitates the preparation of reliable financial reporting and the preparation of local and consolidated financial statements in accordance with the applicable accounting standards, and requirements of the Sarbanes-Oxley Act. These controls include certifications by the Chief Executive and Chief Financial Officer of each business with respect to the accuracy of information provided for use in preparation of the Group's consolidated financial reporting, and the assurance work carried out in respect of US reporting requirements.

The Board has delegated authority to the Audit Committee to review the framework and effectiveness of the Group's system of internal control. The Audit Committee is supported in this responsibility by the assurance work carried out by Group-wide Internal Audit (GwIA) and the work of the audit committees of the Group's Material Subsidiaries, which oversee the effectiveness of controls in each respective business. Details of how the Audit Committee oversees the framework of controls and their effectiveness on an ongoing basis, is set out more fully in the report on pages 175 to 183.

Risk management

A key component of the GGM is the Group Risk Framework, which requires all businesses to establish processes for 1. identifying, 2. measuring and assessing, 3. managing and controlling, and 4. monitoring and reporting the risks facing the business.

The Board determines the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The Board has delegated authority to the Risk Committee to assist it in providing leadership, direction and oversight of the Group's overall risk appetite, risk tolerance and strategy; overseeing and advising on the current and potential future risk exposures of the Group; reviewing and approving the Group's risk management framework, including changes to risk limits within the overall Board approved risk appetite; and monitoring the effectiveness of the risk management framework and adherence to the various risk policies. Regular activities are detailed in the report on pages 184 to 190.

The Group's risk governance arrangements, which support the Board, the Risk Committee and the Audit Committee, are based on the principles of the 'three lines model': risk taking and management, risk control and oversight, and independent assurance.

Three lines model

First line (risk taking and management)

- > Takes and manages risk exposures in accordance with the risk appetite, mandate and limits set by the Board;
- > Identifies and reports the risks that the Group is exposed to, and those that are emerging;
- > Promptly escalates any limit breaches or any violations of risk management policies, mandates or instructions;
- > Identifies and promptly escalates significant emerging risk issues; and
- > Manages the business to ensure full compliance with the Group risk management framework as set out in the GGM, which among other requirements, includes the Group Risk Framework and associated policies as well as approval requirements.

Second line (risk control and oversight)

- > Assists the Board to formulate the risk appetite and limit framework, risk management plans, risk policies, risk reporting and risk identification processes; and
- > Reviews and assesses the risk-taking activities of the first line, and where appropriate challenging the actions being taken to manage and control risks.

Third line (independent assurance)

- > Provides independent assurance on the design, effectiveness and implementation of the overall system of internal control, including governance structures and processes, risk management and compliance.

Each business is required to implement a governance structure based on the three lines model, proportionate to its size, nature and complexity, and to the risks that it manages.

Formal review of controls

A formal evaluation of the risk management and internal control system is carried out at least annually. Prior to the Board reaching a conclusion on the effectiveness of the system in place, the report is considered by the Disclosure Committee and Audit Committee, with risk specific disclosures within the report also reviewed by the Risk Committee. This evaluation takes place prior to the publication of the Annual Report.

As part of the evaluation, the Chief Executive and Chief Financial Officer of each business, including Head Office, certify compliance with the Group's governance policies and associated risk management and internal control requirements. The Governance function, under the responsibility of the Group Chief Financial Officer and Chief Operating Officer, facilitates a review of the matters raised in this certification process. This includes the assessment of any risk and control issues reported during the year, risk and control matters identified and reported by the other Group oversight functions and the findings from the reviews undertaken by GwIA, which carries out risk-based audit plans across the Group. Issues arising from any external regulatory engagement are also taken into account.

For the purposes of the effectiveness review, the Group has followed the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting. In line with this guidance, the certification provided does not apply to material joint ventures and associates where the Group does not exercise full management control. In these cases, the Group satisfies itself that suitable governance and risk management arrangements are in place to protect the Group's interests. Additionally, the relevant Group company which is party to the joint venture or associate must, in respect of any services it provides in support of the joint venture or associate, comply with the requirements of the Group's internal governance framework.

Effectiveness of controls

In accordance with provision 29 of the UK Code and provisions C.2.1, C.2.2 and C.2.3 (now provisions D.2.1, D.2.2 and D.2.3) of the HK Code, the Board reviewed the effectiveness and performance of the system of risk management and internal control during 2021. This review covered all material controls, including financial, operational and compliance controls, risk management systems, budgets and the adequacy of the resources, qualifications, experience of staff of the Group's accounting, internal audit and financial reporting functions. The review identified a number of areas for improvement, and the necessary actions have been or are being taken. The Audit Committees at Group and Material Subsidiary levels collectively monitor outstanding actions regularly and ensure sufficient resource and focus is in place to resolve them within a reasonable timeframe. This includes oversight of Jackson Financial Inc. whilst it was a subsidiary of the Group.

The Board confirms that there is an ongoing process for identifying, measuring and assessing, managing and controlling, and monitoring and reporting the significant risks faced by the Group, including the Jackson Financial Inc. business prior to its demerger on 13 September 2021, which has been in place throughout the period and up to the date of this report, and confirms that the system remains effective.



Shriti Vadera
Chair

Committee's purpose

The purpose of the Committee is to assist the Board in retaining an appropriate balance of skills to support the strategic objectives of the Group, to develop a formal, rigorous and transparent approach to the appointment of Directors and maintain an effective framework for succession planning. Further, the Committee provides support and advice to the Board on governance arrangements.

More information on the role and responsibilities of the Nomination & Governance Committee can be found in its Terms of Reference, which are available at www.prudentialplc.com/investors/governance-and-policies/board-and-committees-governance

Membership and 2021 meeting attendance

Committee Members	2021 Meetings
Shriti Vadera	6/6
Jeremy Anderson ¹	1/1
David Law ¹	1/1
Ming Lu ²	3/3
Anthony Nightingale	5/6
Philip Remnant	6/6
Tom Watjen ³	5/5

Regular attendees

- > Group Chief Executive
- > Group Human Resources Director
- > Company Secretary

Notes

- 1 Jeremy Anderson and David Law stepped down from the Nomination & Governance Committee on 4 February 2021
- 2 Ming Lu joined the Nomination & Governance Committee on 12 May 2021
- 3 Tom Watjen joined the Nomination & Governance Committee on 4 February 2021

Nomination & Governance Committee report

'In 2021, the Committee held six meetings, with an ongoing focus on succession planning, Board appointments and induction.'

Dear shareholders

I am pleased to provide you with my report as Chair of the Nomination & Governance Committee.

2021 was a busy year for the Committee as it supported the Board in planning for Group Chief Executive succession and worked with the Chief Executive on succession planning for other Executive Director and senior executive roles, conducted searches for additional non-executive members of the Board, and considered changes to the composition of the Board's Committees in order to ensure that the Board continues to have the right combination of skills, experience and knowledge to lead the Group.

Succession planning

A key focus of the Committee has been succession planning for the Group Chief Executive and members of the Group Executive Committee in light of the structural changes the Group is undergoing. Given the importance of Chief Executive and Executive Director succession, the other Non-executive Directors were invited to join the Committee in considering development plans for internal candidates and external benchmarking. These activities supported the appointments of Mark FitzPatrick as interim Group Chief Executive, James Turner as Group Chief Financial Officer and Avnish Kalra as Group Chief Risk and Compliance Officer, as announced on 10 February 2022. They also provided the foundation for the formal process that is now underway to appoint a new Chief Executive after Mike Wells steps down.

Alongside this work, the Committee has been active in searches for non-executive candidates with the experience, skills and diversity of thought and perspectives necessary to support the strategic objectives of the Group in Asia and Africa.

In May 2021, Chua Sock Koong, Ming Lu and Jeanette Wong were appointed to the Board, followed by George Sartorel in January 2022. Between them, the Board has gained further deep pan-Asian operating experience, relevant financial services expertise and significantly enhanced its digital insights. Our new Directors succeed Kai Nargolwala, who retired from the Board in May 2021, Fields Wicker-Miurin, who retired from the Board on 31 December 2021 and Anthony Nightingale and Alice Schroeder, who will step down from the Board at the conclusion of the 2022 AGM.

Non-executive Director induction

With the amount of change on the Board, ensuring that new Directors are properly inducted and able to contribute as quickly as possible has been another key focus for me and the Committee. The Committee oversaw the development and implementation of a revised induction programme for new Board members, tailored to reflect each member's role and any particular needs identified during the recruitment process. Each new Board member is also assigned a long-standing Non-executive Director to help support them in their new role.

Diversity and inclusion

The Committee seeks candidates who bring different experiences, skills and perspectives to the Boardroom, ensuring that the Board has insights into the key markets in which we operate and a balance of sector-specific knowledge, operational experience, and commercial acumen.

At 31 December 2021, the representation of women on our Board was 40 per cent. As anticipated, this has since dropped to 33 per cent, but we expect further changes over the next year as the Board continues to evolve, and we will work towards the target of 40 per cent women on the Board by the end of 2025, as recommended by the FTSE Women Leaders Review.

The backgrounds of our Board members increasingly reflect the footprint of the Group's operations and we have well exceeded the recommendation of the Parker Review at the time of this report, with five of our 15 Directors being from what is regarded in the UK as an ethnic minority background as a result of the recruitment of Non-executive Directors aligned to our Asia and Africa focussed business.

Committee composition

The Committee regularly reviews the size, structure and composition of the Board and its principal Committees. A number of changes to Committee membership were made at the start of the year, including to this Committee. New members have generally been assigned to either the Audit or Risk Committee to help them build their knowledge of the business.

Governance

The Committee oversaw an internal evaluation of the effectiveness of the Board and its principal Committees. The review confirmed that the Board and its Committees continued to operate effectively in 2021 and no major areas requiring improvement were identified. The Committee discussed some areas for further enhancement, which are set out on page 166.

The Committee considered the Group's governance framework and its governance policies, including governance arrangements of the Group's main subsidiaries to ensure that they remain appropriate and fit for purpose.

The rest of this report sets out in more detail the activities of the Committee in 2021. I would like to thank the Committee members for their diligence and contribution throughout the year and management for their responsiveness to challenge and the quality of papers.



Shriti Vadera

Chair of the Nomination & Governance Committee

Board composition

The Committee regularly reviews the size, structure and composition of the Board and its principal committees, including the balance of Non-executive to Executive Directors on the Board, the overall number of Directors, their respective skills and experience.

At 15 members (at the time of this report), the Board is currently larger than is expected over the medium term. However, during 2021, bringing new joiners on early ensured a smooth transition, to enable them to benefit from out-going members' experience and insight, and to mitigate some of the loss of institutional memory of those Directors stepping down.

The Committee has concluded that each of the Directors in office for the year under review continued to perform effectively and was able to devote appropriate time to fulfil their duties, and that the Board and its Committees had an appropriate combination of skills, experience and knowledge.

In reaching this conclusion, the Committee determined that the Non-executive Directors continued to demonstrate the desired attributes, contributing effectively to decision-making and exercising sound independent judgement in holding management to account. Accordingly, the Committee recommended to the Board those Directors standing for election at the 2022 AGM.

During 2021, the Committee also reviewed the membership of the Board's principal Committees, recommending changes to the Board. When making recommendations, the Committee takes account of the current composition of each of the principal Committees, the skills and experience of the members and the strategic objectives of the Group. Assigning new Directors to the Audit or Risk Committees has also helped them to build up their knowledge of the business. More information on Committee membership changes can be found on page 150.

Most notably, in October 2021, the Committee recommended to the Board the choice of Chua Sock Koong to succeed Anthony Nightingale as Chair of the Remuneration Committee when he steps down at the conclusion of the 2022 AGM. By taking this decision at this time, it enabled Ms Chua to start her transition to the role by accompanying Mr Nightingale on the programme of annual shareholder engagement.

Succession planning

The Committee keeps under review the leadership needs of the Group, both for Executive and Non-executive Directors. Board succession plans are supported and informed by the results of the annual Board evaluation and individual Director evaluations.

Executive roles

The Committee's work during the year supported the Board in its responsibility for executive succession planning to ensure continuous and effective leadership of the Group. The Committee reviewed the succession plans in place for the Group Chief Executive, other Executive Directors and Group Executive Committee roles. Succession plans for the Group Executive Committee were discussed with the Group Chief Executive to identify business requirements and to plan for future succession needs. Given the Board's responsibility for appointing the Group Chief Executive and other Executive Directors, all Non-executive Directors attended these sessions.

The Committee received and discussed development assessments of internal candidates conducted by external consultants. It also received the output of extensive external talent mapping.

Succession planning for Executive Directors and the Group Executive Committee includes both longer-term planning and emergency cover. Assessment and development for internal candidates is undertaken, in addition to mapping for potential external candidates. Planning for emergency cover is assisted by a broad annual review of talent across the Group and recognises the possible difficulties in identifying and attracting suitable talent on potentially short notice.

The Committee received feedback on the performance of each Executive Director from the Group Chief Executive and confirmed the Executive Director succession plans. The Committee has oversight of a diverse pipeline of leadership talent extending below the level of the Group Executive Committee and seeks to attract, retain and develop the next generation of emerging leadership. In 2021, it was assisted in this by the RSWG. In 2021, the focus was on building new capabilities to support the changing business model and future direction of the business and on developing and embedding future ready skills.

The Committee's discussions are being supported by the Group Human Resources Director, Egon Zehnder and Spencer Stuart. In addition to acting as search consultant in respect of certain Non-executive and Executive hires, Egon Zehnder provides support for senior management development assessments and plans.

Non-executive roles

Recognising the number of Non-executive Directors reaching the end of their tenure in 2021 and 2022, the Committee oversaw an extensive external recruitment exercise starting in late 2020, which resulted in the appointments of Chua Sock Koong, Ming Lu and Jeanette Wong in May 2021. A further search for candidates with operational insurance experience, led to the appointment of George Sartorel in January 2022. In considering his appointment, the Committee took into account Mr Sartorel's deep pan-Asian insurance operating experience, including his successful transformation of Allianz's business in Asia, together with his experience of digital transformation. The search also identified further candidates who may be considered for future appointments.

These appointments are part of an ongoing process to refresh the Board to ensure that it has the right skills and experience to support the Group's strategic objectives in Asia and Africa, both now and in the future, in particular, pan-Asian operating experience, relevant financial services expertise and a high degree of digital familiarity.



The re-election of Philip Remnant

Philip Remnant, the Senior Independent Director joined the Board in January 2013. Notwithstanding that he has exceeded nine years on the Board, the Committee recommended to the Board that he remain as an independent member of the Board for a further year. Mr Remnant would remain a member of the Audit and Remuneration Committees and the Senior Independent Director.

Given the significant transition that the Board is undergoing, and the average tenure of the Non-executive Directors of just over three years, the Committee concluded that it would be in the best interests of the Company to retain Mr Remnant for an additional year. The Board will benefit from the stability and continuity of knowledge and experience, Mr Remnant’s deep knowledge and experience of UK corporate governance, and the valuable support that he is providing to the Chair in his role as Senior Independent Director.

While the UK Code provides that the independence of a Director who has served for more than nine years is likely to have been impaired, or could appear to have been impaired, the Committee and Board assessed his performance and were satisfied that Mr Remnant remains independent in character and judgement.

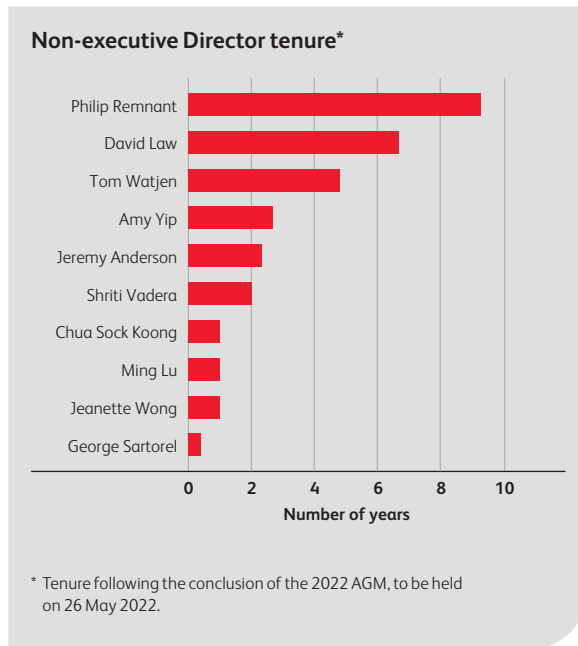
As part of her annual engagement of major investors on governance matters, the Chair set out the above rationale to a number of investors, who were supportive of the proposed extension. Subject to shareholder approval at the 2022 AGM, Mr Remnant will step down from the Board at the 2023 AGM. During that time, the Board will identify who is best suited to succeed Mr Remnant in the role of Senior Independent Director.

Process for appointing new Directors

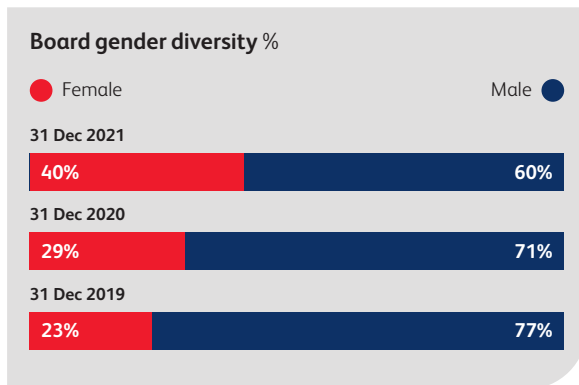
The Committee assists the Board in ensuring that there is a formal, rigorous and transparent approach to the appointment of new Directors.

The Committee is involved from the start when a vacancy or a gap in the Board’s skills is identified. A role description is prepared, listing the desired skills and experience and reflecting feedback from the Committee and the objectives of the Group’s Diversity and Inclusion Policy. Once agreed, specialist talent agencies are typically engaged to create a long-list of candidates which is reviewed by the Committee and other Board members to create a short-list. Interviews with short-listed individuals then take place with selected Committee and Board members and feedback is provided to the Committee. In this manner, a preferred candidate is selected and the Committee then recommends the individual to the Board for appointment. For the appointment of Executive Directors, other than the Group Chief Executive, the process is led by the Group Chief Executive working closely with the Chair and the Committee, and is subject to discussion at, and approval by, the Board. The Senior Independent Director leads the Committee in the process of appointing a new Chair.

Contemporaneous with this process, due diligence checks are undertaken on the candidate and Prudential liaises with the relevant regulatory authorities. The Committee is kept updated on this process as appropriate.



Board diversity



Given the global reach of the Group's operations, its business strategy and long-term focus, the Board makes every effort to ensure it is able to recruit Directors with diversity of thought and perspective who will support and challenge the ongoing transformation of the organisation. The Committee seeks candidates with backgrounds, experience and skills that broaden the Board's capability, ensuring it has representation from individuals with insights into the markets in which the Group operates. Talent search agencies are briefed on the Group's requirements and candidate selection is based on merit, against objective criteria and with due regard for the benefits of diversity on the Board.

The Group's Diversity and Inclusion Policy applies at all levels of the business and the Committee is responsible for overseeing a diverse pipeline for the Board and other senior executives and driving a Group-wide culture where our people feel valued, treated fairly and respected: enabling them to fully contribute their thoughts and perspectives and to be their authentic selves.

The Committee considers that the pipeline for diverse talent of the Group Executive Committee level remains reasonable with continued effort needed. Female representation of those who are regarded as senior management and part of the leadership teams is 35 per cent. The RSWG has overseen the development of a people dashboard, including measures for tracking local representation and experience, which will be used by the Committee in future. Inclusive leadership practices are implemented starting with the Board and Committee and throughout the organisation.

A full description of the Group's activities on diversity and inclusion can be found in the ESG report, on pages 66 to 137.

Terms of appointment

Non-executive Directors are appointed for an initial term of three years, and subject to review by the Committee and re-election by shareholders, it is expected that Non-executive Directors serve a second term of three years.

After six years, Non-executive Directors may be appointed for a further year, up to a maximum of three years, or more in certain limited circumstances. Reappointment is subject to rigorous review as well as re-election by shareholders.

The Directors' remuneration report sets out the terms of their letters of appointment, in addition to the terms of Executive Directors' service contracts.

Independence

The independence of Non-executive Directors is assessed as part of the appointment process, and annually thereafter, in line with requirements. To support that assessment, each Non-executive Director (except the Chair) provides an annual independence confirmation as required under the Hong Kong Listing Rules. Members of the Audit Committee are assessed against independence criteria in the Sarbanes-Oxley Act.

During 2021 all Non-executive Directors were considered to be independent by the Committee. The Chair, who was independent on appointment, is no longer considered independent. Anthony Nightingale and Alice Schroeder, who joined the Board in June 2013, will not be seeking re-election at the AGM in May 2022.

Time commitment

Non-executive Directors are expected to devote such time as is necessary for the proper performance of their duties. The expected time commitment is agreed and set out in writing in the Letter of Appointment, at which point the existing external demands on an individual's time are assessed to confirm their capacity to take on the role. The assessment takes into account the time required to prepare for and attend Board and Committee meetings, the AGM, general projects, Board training, dinners and other activities. The current time expectations for Board and Committee membership are set out in the following table. The time expectations of Directors performing Chair roles is considerably more.

Further external appointments which could impair the ability of Directors to meet these time commitments must first be discussed with the Chair and, where appropriate, approved by the Committee or the Board. The taking on of any external appointments by an Executive Director is also subject to Board consent.

During 2021, the Committee considered the time commitment required of the Non-executive Directors. It was concluded that the expected time commitment set out in the table below remains appropriate, notwithstanding that for 2021, given the volume of work in connection with the corporate transactions, the actual time commitment may have exceeded these numbers.

Number of regular scheduled meetings	
	Approximate time commitment
Board	6 meetings / 32.5 days
Audit Committee	5 meetings / 15 days
Risk Committee	5 meetings / 7.5 days
Remuneration Committee	4 meetings / 5 days
Nomination & Governance Committee	3 meetings / 4 days

Conflicts of interest

Directors have a statutory duty to avoid conflicts of interest. In addition, the Company has in place procedures to identify and, where necessary, mitigate potential conflicts of interest. These processes help to ensure decisions are made in the best interests of the Company.

The Board has delegated authority to the Committee to identify and, where necessary, authorise any actual or potential conflicts of interest.

When recommending a candidate for appointment or re-election to the Board, the Committee considers the external appointments of the proposed candidate and recommends authorisation of any conflicts to the Board as appropriate, attaching conditions to the authorisation where necessary. If a Director makes a request to take on a new external position during the year, the Chair considers the proposed external appointment and escalates to the Committee for authorisation where a conflict or potential conflict could arise.

The Board considers that the procedures for dealing with conflicts of interests operate effectively.

Board effectiveness

The Committee oversees the process by which the Board, its Committees and individual Directors' effectiveness is assessed. Following the external evaluation conducted in 2020 and the completion of resultant actions, the 2021 Board evaluation was conducted internally using a questionnaire. The findings were presented to the Committee and the Board in February 2022 and an action plan was agreed to address areas of focus identified by the evaluation. The themes, summary of actions and progress are set out on page 166.

Governance

The Committee reviews the Group's governance framework on an annual basis, monitoring the Group's significant governance policies, including governance arrangements of the Group's main subsidiaries, recommending changes to the Board as appropriate.



David Law
Chair

Committee's purpose

The Committee's purpose is to assist the Board in meeting its responsibilities for the integrity of the Group's financial reporting, including the effectiveness of the internal control and risk management system and for monitoring the effectiveness and objectivity of internal and external auditors.

More information about the Audit Committee can be found in its Terms of Reference, which are available at www.prudentialplc.com/investors/governance-and-policies/board-and-committees-governance

Membership and 2021 meeting attendance

Committee Members	2021 Meetings
David Law, Chair	14/14
Jeremy Anderson	14/14
Chua Sock Koong ¹	6/6
Philip Remnant	14/14
Alice Schroeder	14/14
Jeanette Wong ¹	6/6
Amy Yip ²	9/10

Regular attendees

- > Chair of the Board
- > Group Chief Executive
- > Group Chief Financial Officer and Chief Operating Officer
- > Group Chief Risk and Compliance Officer
- > Director of Group Finance
- > Director of Group Financial Accounting and Reporting
- > Company Secretary
- > Group Chief Internal Auditor
- > External Audit Partner
- > Chief Security Officer

Notes

- ¹ Chua Sock Koong and Jeanette Wong joined the Audit Committee on 12 May 2021
- ² Amy Yip joined the Audit Committee on 3 March 2021

Audit Committee report

'The Group enters 2022 focused on Asia and Africa. Getting to this position has required significant, difficult work from many colleagues – thank you for all your efforts – and the continued support from our shareholders, for which also many thanks.'

Dear shareholders

2021 has been another busy year for the Audit Committee as the Group completed its transformation into a pure Asia and Africa growth company, whilst also managing through the ongoing challenges of the pandemic. At the start of the year the Committee considered that the following should be the key areas of focus in addition to its regular ongoing responsibilities.

1. Consideration of the impact of Covid 19 on financial matters including controls, accounting judgements and disclosures;
2. Oversight of any required listing particulars;
3. Monitoring the ongoing preparation for IFRS 17; and
4. Consideration of the implications of the Jackson demerger on the disclosures, level of materiality, assurance levels and governance of the ongoing business.

I am pleased that at the end of the year the review of the Committee's effectiveness concluded that we had delivered against these objectives. We will refresh our priorities for 2022 in the light of the feedback received and new focus of the Group.

In addition to its regular schedule of meetings, the Committee met on six further occasions during the year to specifically review documents and consider proposals in relation to the Jackson demerger and the Hong Kong share offer. Some scheduled meetings were extended to allow time for the Committee to increase its understanding of the Asia business.

Throughout the year, the Committee continued to focus on the impact of Covid-19 on the business, particularly in respect of controls, key judgements and disclosures. No specific matters arose that materially impacted the Group's balance sheet, viability or internal controls but we remain vigilant as the pandemic and government responses in our markets evolve.

In order to increase its focus on the Group's Asia and Africa entities, the Committee has strengthened its relationships in 2021 with the audit committees in each of the Material Subsidiaries and this will continue in 2022. Sessions were scheduled in 2021 and for 2022 for the Committee to receive presentations from local audit committee chairs and finance teams, to allow discussion of key accounting assumptions and judgements, control matters, key products and the drivers of profitability.

To further develop the close working relationship between the Committee and the local audit committees, Jeremy Anderson, the Chair of the Risk Committee and I co-chaired an annual session attended by all of the Non-executive Directors of the Material Subsidiaries. Key matters discussed included the impact of Covid-19 on financial matters and controls, cyber and information security, conduct, culture, oversight of third parties and the implementation of IFRS 17.

The Group's IFRS 17 project has gained momentum as we prepare for its adoption within our half year 2023 financial statements. This year the focus has been on some of the key judgements as well as building and testing the complex system changes needed to apply the new reporting requirements. The Committee has been kept informed of progress on a regular basis. More information on the project is contained in note A3.2 of the financial statements.

We have paid particular attention to our whistleblowing procedures and monitored these for any indicators of issues. I regularly meet privately with the Chief Security Officer to discuss whistleblowing cases and how they are resolved. These are also discussed in private sessions with the Committee or the relevant local audit committee.

Committee membership and compliance with regulatory requirements

During 2021 Chua Sock Koong, Jeanette Wong and Amy Yip joined the Committee. They each bring extensive financial and commercial knowledge and insight to the Committee, particularly in the Asia region. The Committee bids farewell to Alice Schroeder in May who, after joining the Committee in 2013, will step down from the Committee and the Board at the conclusion of the 2022 AGM. On behalf of the Committee, I would like to thank Alice for her significant contribution and deep knowledge of the US environment.

The Board has confirmed that each member of the Committee is independent according to SEC criteria and that I may be regarded as the Committee's financial expert for the purposes of section 407 of the Sarbanes-Oxley Act. Further, for the purposes of the UK and Hong Kong Corporate Governance Codes, each member of the Committee has recent and relevant financial experience. Detailed information on the experience, qualifications and skillsets of all Committee members can be found on pages 150 to 155.

External auditor

An important part of the Committee's work consists of overseeing the relationship with the Group's external auditor, currently KPMG LLP (KPMG), including safeguarding independence, approving non-audit fees and satisfying ourselves that it is in the best interests of shareholders for the Committee to recommend their reappointment.

The Committee discussed with KPMG the continued impact of Covid-19 to ensure that it was able to deploy sufficient resources and complete its audit work satisfactorily. The Committee continued its practice of meeting privately with KPMG and I have held a number of meetings with the lead partner throughout the year. Following the demerger of Jackson and therefore the change in the size of the Group, one area of discussion with KPMG has been the scope and materiality of audit work.

As reported last year, the Board has resolved that it intends to recommend EY for appointment as the Group's auditor for the financial year ending 31 December 2023 onwards, subject to shareholder approval at the AGM in 2023. KPMG will remain the Group's auditor until 2023. During 2021, EY and KPMG commenced the transition process, with EY meeting the Committee to confirm its independence of the Group in the fourth quarter of 2021. We will also be transitioning our lead KPMG partner for the 2022 audit following completion of Philip Smart's five-year term. I would like to thank Philip for his leadership of the external audit over these particularly challenging years.

Internal audit

During the year we engaged Deloitte to conduct an external review of Internal Audit's effectiveness. We were delighted to learn that the Function had received strong feedback which was in line with our own view of their performance during a period of considerable change for the Group. The Committee receives regular updates from the Group Chief Internal Auditor and key members of his team and I meet regularly with him and the Group-wide Quality Assurance Director to discuss internal audit work and matters arising. Having a strong function with appropriate resource focused on our key risks has been a priority of the Committee throughout the year.

Transactions

The Committee spent a considerable amount of additional time in 2021 reviewing offer documents and considering matters in connection with the Jackson demerger and the Hong Kong share offer.

For the Jackson demerger, the Committee reviewed the Circular several times before recommending the accounting aspects for approval by the Board. These reviews focused on: the approach to verification; the working capital analysis; the Financial Position and Prospectus Procedures; historical financial information contained in the Circular and the no-significant change statement. The treatment of Jackson in the Group's accounts following the demerger was also an area of focus. The Committee reviewed management representation letters, the status of work carried out by KPMG and the treatment of Jackson in the Group's accounts following the demerger. The Committee reviewed the Jackson Information Statement for the Form 10, including the due diligence processes and accounting matters raised by the SEC, particularly the restatement of the accounting for a reinsurance contract within the Jackson standalone US GAAP accounts which, given the differences between US GAAP and IFRS accounting literature, had no implications for the Group's accounts.

Following the publication of the Circular, the Committee reviewed the Supplementary Circular, including the half-year 2021 results, and made recommendations to the Board in connection with the internal reorganisation of the Group's holding in Jackson, which required the Committee to review an interim set of accounts and consider the demerger accounting steps.

For the Hong Kong share offer, the Committee reviewed and made recommendations to the Board, in respect of the draft Prospectus and offering documents, including the no material adverse change statement, the indebtedness statement and pro forma financial information.

Regulatory developments

A key focus for the Committee during 2021 has been the Group's programme to demonstrate compliance with the GWS Framework following the designation of Prudential in May 2021, as well as compliance with its reporting regulations. We also participated in the lessons learned project led by the Risk Committee that followed the prior year change to the modelling of Jackson's statutory capital and have amended our terms of reference as a result of the review.

Finally, I would like to thank our management colleagues for their huge efforts this past year in difficult circumstances, their responsiveness to challenge and the quality of papers; and my fellow Committee members for their diligence and contribution throughout the year.



David Law
Chair of the Audit Committee

Principal activities and significant issues considered by the Audit Committee during 2021

Matters considered	How the Committee addressed the matter
Accounting judgements and estimates supporting the Group's Results	<p data-bbox="351 369 1461 526">One of the Committee's key responsibilities is to monitor the integrity of the financial statements and any other periodic financial reporting. This year reviewing demerger and listing documents has added to the more regular focus on the half-year financial statements, the Annual Report and Accounts (including compliance with the GWS public reporting requirements), associated results announcements and Form 20-F disclosures, as well as the annual update of the Group's published Tax Strategy.</p> <p data-bbox="351 526 1461 593">In reviewing these and other items, the Committee received reports from management and, as appropriate, reports from internal and external assurance providers.</p> <p data-bbox="351 593 1461 784">When considering financial reporting matters, the Committee assesses compliance with relevant accounting standards, regulations and governance codes focusing on key areas of judgement and complexity. No material changes to accounting policies were made during 2021. The Committee continued to receive updates on the Group's plans to implement IFRS 9 'Financial Instruments' and IFRS 17 'Insurance Contracts', which are expected to be effective on 1 January 2023. The approach to adopting these standards is further discussed in note A3.2 of the IFRS financial statements.</p> <p data-bbox="351 784 1461 907">Throughout its review of financial reporting matters and disclosure, the Committee considered the impact of the Covid-19 pandemic and the short-term uncertainties that it has created. Further explanation on the financial impact Covid-19 has had on the business is set out in the Strategic and Operating Review and Financial Review sections of this annual report.</p> <p data-bbox="351 907 1461 1041">The Committee reviewed the key assumptions and judgements supporting the Group's IFRS results, including those made in valuing the Group's investments, insurance liabilities and intangible assets under IFRS, together with reports on the operation of internal controls to derive these amounts. The Committee also reviewed the assumptions underpinning the Group's European Embedded Value (EEV) metrics.</p> <p data-bbox="351 1041 1461 1075">Assumptions setting</p> <p data-bbox="351 1075 1461 1198">The measurement of insurance liabilities is based on estimates of future cash flows, including those to and from policyholders, over a long period of time. These estimates can, depending on the type of business, be highly judgemental. The Committee considered changes to assumptions and other estimates used to derive IFRS insurance liabilities and for EEV reporting. The key assumptions reviewed were:</p> <ul data-bbox="351 1198 1461 1355" style="list-style-type: none"> > Persistency, mortality, morbidity (including expectations of future medical costs inflation and related premium rises) and expense assumptions within the continuing life businesses. > Economic assumptions, including investment return and associated risk discount rates. This included review of the decision to include a liquidity premium within the valuation interest rate used by Thailand to calculate its IFRS policyholder liabilities as discussed in note C3.2. <p data-bbox="351 1355 1461 1456">The Committee was satisfied that the assumptions adopted by management were appropriate. Further information on the effects of material changes to insurance assets and liabilities is included in note C3 of the IFRS financial statements.</p> <p data-bbox="351 1456 1461 1489">Valuation of investments</p> <p data-bbox="351 1489 1461 1612">The Committee received information on the carrying value of investments in the Group's balance sheet including information on how those values were calculated for those investments which require more judgement. Further information on the valuation of assets is contained in note C2 of the IFRS financial statements. The Committee satisfied itself that overall investments were valued appropriately.</p> <p data-bbox="351 1612 1461 1646">Intangible assets</p> <p data-bbox="351 1646 1461 1803">The Committee received information to enable it to review the more material intangible asset balances, for example, whether there had been any indication of impairment of the Group's distribution rights asset or goodwill in light of the continued impact of the Covid-19 pandemic on activities in Asia countries. The Committee was satisfied that there was no impairment of the Group's intangible assets at 31 December 2021. Further information is contained in note C4 of the IFRS financial statements.</p> <p data-bbox="351 1803 1461 1836">Treatment of Jackson within the financial statements</p> <p data-bbox="351 1836 1461 1984">The Committee reviewed the accounting for the demerger of Jackson as explained in note D1.2 of the IFRS financial statements. This included confirmation that Jackson met the held for sale and discontinued criteria of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' in half year 2021 and consideration of the fair value of Jackson at the same date. The Committee assessed management's analysis of the related presentation and disclosure in the financial statements and concluded they were appropriate.</p>

Principal activities and significant issues considered by the Audit Committee during 2021

Matters considered	How the Committee addressed the matter
Other financial reporting matters	<p>Demerger of Jackson</p> <p>The Committee reviewed the Shareholder Circular and Supplementary Circular prepared by management in accordance with the UK Listing Rules for the demerger of Jackson and was regularly briefed by Jackson management on its own preparation for listing as a stand-alone US entity. Assurance was sought from external parties including the Group's reporting accountants and financial advisers. The Committee reviewed the procedures undertaken to support the verification of material statements made in the Prudential Shareholder Circular. The Committee reviewed drafts of documents throughout 2021 and commented on the approach and content throughout the process.</p> <p>International placing and Hong Kong public offer of new share capital</p> <p>In October 2021, the Group issued new shares on the Hong Kong Stock Exchange through a concurrent Hong Kong public offer and international placing. The Committee reviewed the Prospectus for the share offer, prepared by management in accordance with the Hong Kong Listing Rules, and the procedures undertaken to support the verification of material statements made in the Prospectus.</p> <p>Going concern and viability statements</p> <p>The Committee considered various analyses from management regarding the capital and liquidity positions at Group and parent company level, taking into account the Group's principal risks. This included an assessment of the impact that different stress scenarios may have on the Group's plan and its resilience to those threats. Following this review, it recommended to the Board that it could conclude that the financial statements should continue to be prepared on a going concern basis and that the disclosures in the 2021 Annual Report and Accounts on the Group's longer-term viability were both reasonable and appropriate.</p> <p>Fair, balanced and understandable requirement</p> <p>The Committee carried out a formal review of whether the 2021 Annual Report and Accounts were 'fair, balanced and understandable' as required by the UK Corporate Governance Code. In particular, it considered whether the report gave a full picture of the Group's business model, strategy, financial position and performance in the year, with important messages appropriately highlighted. It also considered the level of consistency between financial statements and narrative sections, whether performance measures were clearly explained and the prominence of alternative performance measures.</p> <p>After completion of its detailed review, the Committee was satisfied that, taken as a whole, the Group's Annual Report and Accounts were fair, balanced and understandable.</p> <p>Taxation</p> <p>The Committee regularly received updates on the Group's tax matters and provisions for certain open tax items, including tax matters in litigation. The Committee was satisfied that the level of provisioning adopted by management was appropriate. See notes B3 and C7 of the IFRS financial statements. In 2021, the Committee was also updated on the OECD proposals to reform international tax including the introduction of a global minimum tax rate of 15 per cent intended to be effective from 2023.</p> <p>Parent company financial statements</p> <p>The Committee reviewed the parent company profit and loss account and balance sheet, which included the recoverability of the parent company's investment in subsidiaries by assessing and confirming that the net assets of the relevant subsidiaries (being an approximation of their minimum recoverable amount) were in excess of their carrying value at the balance sheet date.</p>
External Audit	<p>External audit effectiveness</p> <p>The Group's external auditor is KPMG LLP (KPMG) and oversight of the relationship with KPMG is one of the Committee's key responsibilities. The Committee reviewed the effectiveness of the auditor throughout the year taking into account:</p> <ul style="list-style-type: none"> > The detailed audit strategy for the year, approach to risk assessment and coverage of the audit response to highlighted significant risks; > Their approach to Group materiality setting in the context of the demerger of Jackson and their proposal on how that is applied to the individual business units; > Insight around the key accounting judgements and the way KPMG applied constructive challenge and professional scepticism in dealing with management; > The outcome of management's internal evaluation of the auditor as discussed below; and > Other external evaluations of KPMG, with a focus on the FRC's annual quality review.

Principal activities and significant issues considered by the Audit Committee during 2021

Matters considered	How the Committee addressed the matter
External Audit <i>continued</i>	<p>There is an open dialogue on emerging risks and issues between the Group Lead Partner and Committee members via a regular schedule of meetings aligned to key reporting milestones. In 2021 the Committee formally met with the Group Lead Partner without management present on two separate occasions.</p> <p>Internal evaluation of KPMG was conducted using a questionnaire survey that was circulated to the Committee members, independent members of the audit committees of Material Subsidiaries, the Group Chief Financial Officer and Chief Operating Officer and the Group's senior financial leadership for completion. A key component of the evaluation was the degree of challenge and robustness of approach to the audit. The survey asked 29 questions over four categories (audit quality and execution, team performance, process and communication) in relation to the 2020 audit.</p> <p>KPMG was given the opportunity to respond to the findings in the reports and where necessary, proposed enhancements to the audit process and team.</p> <p>The Committee noted the publication by the FRC in July 2021 of the results of its Annual Quality Review. While the report contained a number of areas for improvement for KPMG as a whole, the Committee noted that the FRC had reviewed KPMG's audit of Prudential's financial statements for the year ended 31 December 2019, for which no significant recommendations were made by the FRC for further improvement and a number of areas of good practice were highlighted.</p> <p>Auditor independence and objectivity</p> <p>The Committee has responsibility for monitoring auditor independence and objectivity and is supported in doing so by the Group's Auditor Independence Policy (the Policy). The Policy is approved annually by the Committee. It sets out the circumstances in which the external auditor may be permitted to undertake non-audit services and is based on four key principles which specify that the auditor should not:</p> <ul style="list-style-type: none"> > Have a mutual or conflicting interest with the Group; > Audit its own firm's work; > Act as management or employees for the Group; or > Be put in a position of being an advocate for the Group. <p>The Policy has two permissible service types: those that require specific approval by the Committee on an engagement basis and those that are pre-approved by the Committee with an annual monetary limit capped at no more than five per cent of the Group audit fee in the proposed year and capped at \$65,000 individually. The Policy also provides that the total fees payable to KPMG for non-audit services, other than those required by law or regulation, shall be limited to no more than 70 per cent of the average audit fees paid in the past three consecutive financial years. In accordance with the Policy, the Committee approved these permissible services, classified as either audit or non-audit services, and monitored the usage of the annual limits on a quarterly basis. Non-audit services undertaken by KPMG were agreed prior to the commencement of work and were confirmed as permissible for the external auditor to undertake in accordance with the Policy which complies with the rules and regulations of the FRC's Revised Ethical Standard (2019), the US Securities and Exchange Commission (SEC) and the standards of the Public Company Accounting Oversight Board (PCAOB).</p> <p>The Committee monitored the nature and extent of non-audit services on a regular basis to ensure the provision of non-audit services complied with the Group's Policy and did not impair the auditor's objectivity or independence. The Committee noted that KPMG typically only performed non-audit services where they complemented its role as external auditor, for example the review of half year and EEV financial statements or additional assurance to support capital market requirements. This work has by necessity been significant as a result of the demerger of Jackson and the public offering in Hong Kong in 2021. It is not however considered to detract from the objectivity and independence of KPMG due to the nature of the work and the involvement of separate teams.</p> <p>In keeping with professional ethical standards, KPMG also confirmed its independence to the Committee and set out the supporting evidence for its conclusion in a report that was considered by the Committee prior to publication of the financial results.</p> <p>The Committee will continue to monitor developments to ensure the Group's policies and processes around audit effectiveness and independence evolve in line with market practice.</p>

Principal activities and significant issues considered by the Audit Committee during 2021

Matters considered	How the Committee addressed the matter
External Audit <i>continued</i>	<p data-bbox="411 376 730 398">Fees paid to the external auditor</p> <p data-bbox="411 405 1505 573">The fees paid to KPMG for the year ended 31 December 2021 amounted to \$15.5 million (2020: \$16.0 million) of which \$6.5 million (2020: \$3.8 million) was total amounts payable in respect of non-audit services, except those required by law and regulation, as defined by the FRC's Revised Ethical Standard (2019). A breakdown of the fees payable to KPMG can be found in note B2.4 of the IFRS financial statements. The ratio of non-audit fees for the Group in 2021 over the average of audit fees for the past three years is 51 per cent for the Group, 19 per cent below the 70 per cent cap set by the FRC.</p> <p data-bbox="411 591 1505 819">In 2021, \$2.1 million including amounts incurred by the discontinued US operations (2020: \$0.4 million) of the \$6.5 million (2020: \$3.8 million) spent on non-audit services, excluding those required by law and regulation, was for one-off services associated with the demerger of Jackson and the public offering of equity shares in Hong Kong. Excluding these one-off fees, total non-audit service fees that are subject to non-audit fee cap in 2021 were \$4.4 million compared with \$3.4 million in 2020. The services associated with this amount included the review of the Group's half year financial statements and EEV disclosures and in 2021 additionally included assurance work performed by KPMG in connection with Prudential Hong Kong's application to early adopt the new risk-based framework in Hong Kong, the result of which is pending.</p> <p data-bbox="411 837 1505 891">In all these cases, the audit firm was considered the most appropriate to carry out the work, given its knowledge of the Group and the synergies that arise from running these engagements alongside its main audit.</p> <p data-bbox="411 909 1414 931">All non-audit services were pre-approved by the Committee and were in line with the Policy discussed above.</p> <p data-bbox="411 949 791 972">Reappointment of the external auditor</p> <p data-bbox="411 978 1505 1088">Based on the outcome of the effectiveness evaluation and all other considerations, the Committee concluded that there was nothing in the performance of the auditor which would require a change at the next AGM. The Committee therefore recommended that KPMG be reappointed as the auditor. A resolution to this effect will be proposed to shareholders at the 2022 AGM.</p> <p data-bbox="411 1106 536 1128">Audit tender</p> <p data-bbox="411 1135 1505 1279">The Committee acknowledges the provisions contained in the UK Code in respect of audit tendering, along with legal requirements on mandatory lead auditor rotation and audit tendering. In conformance with these requirements, the Company conducted a competitive tender in 2020 to change audit firm for the 2023 financial year end. KPMG was appointed in 1999 and since 2005, the Committee has annually considered the need to retender the external audit service.</p> <p data-bbox="411 1296 1505 1406">Following the tender in 2020, the Board resolved that it intends to recommend EY for appointment for the year ending 31 December 2023 onwards, subject to shareholders' approval at the AGM in 2023. Transition to the new audit firm has commenced and in the fourth quarter of 2021 EY confirmed to the Committee their independence from the Prudential Group. A description of the detailed tender process is set out in the 2020 Annual Report and Accounts.</p> <p data-bbox="411 1424 1505 1509">Throughout the 2021 financial year, the Company has complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 issued by the UK Competition and Markets Authority.</p> <p data-bbox="411 1527 687 1550">Lead Audit Partner Rotation</p> <p data-bbox="411 1556 1505 1724">Philip Smart, KPMG Group Lead Partner, was appointed in respect of the 2017 financial year and is expected to be replaced after a five-year term following the completion of this 2021 reporting cycle. In line with the Financial Reporting Council's Ethical Standard, the rules and regulations of the SEC and the standards of the PCAOB, a new Group Lead Partner will be required for the 2022 audit. The replacement Lead Partner has been identified and an appropriate transition plan is in place. During the 2021 year end audit, the new Lead Partner shadowed Mr Smart and met with members of the Committee and management team and attended Committee meetings.</p>

Principal activities and significant issues considered by the Audit Committee during 2021

Matters considered	How the Committee addressed the matter
<p>Whistle blowing</p>	<p>Speak out The Group continues to operate a Group-wide whistleblowing programme ('Speak Out'), hosted by an independent third party (Navex). The Speak Out programme received ad hoc reports from a wide variety of channels, including a web portal, hotline, email and letters. Reports are captured, confidentially recorded by Navex, and triaged by Group Security Investigations prior to investigation by the appropriate teams.</p> <p>The Committee is responsible for oversight of the effectiveness of the Group's whistleblowing arrangements. The Committee received regular reports on the most serious cases and other significant matters raised through the programme and the actions taken to address them. The Committee was also briefed on emerging Speak Out trends and themes. The Committee may, and has, requested further reviews of particular areas of interest.</p> <p>The Committee reviews the Group's Speak Out programme annually, satisfying itself that it continues to comply with legal, regulatory and governance requirements. The Committee also considered the consistency of approach adopted across subsidiary audit committees. The Speak Out programme has been further strengthened during the year by the management level committees. Where relevant, the Committee requested information on the sharing of lessons learned.</p> <p>The Chair and Committee spent time privately with the Group Chief Security Officer to understand outcomes of investigations, ensure that investigations were adequately resourced and appropriately managed, that there had been no retaliation against anyone making a report and that investigations were not improperly influenced.</p> <p>A review of the Speak Out programme and its oversight was undertaken in 2021.</p>
<p>Internal audit</p>	<p>Regular reporting The Committee received regular updates from GwIA on audits conducted and management's progress in addressing audit findings within agreed timelines. Any delays in implementing remediation actions were escalated to the Committee and given particular scrutiny.</p> <p>The independent assurance provided by GwIA formed a key part of the Committee's deliberations on the Group's overall control environment. During 2021, the areas reviewed included: transformation and change management (in particular relating to the demerger of Jackson); financial controls; outsourcing and third-party supply; customer outcomes; cyber security and IT risk; compliance and regulatory; and the second line.</p> <p>The Group Chief Internal Auditor reports functionally to the Committee Chair and, for management purposes, to the Group Chief Executive, and also has direct access to the Chair of the Board. In addition to formal Committee meetings, the Committee meets with the Group Chief Internal Auditor in private to discuss matters relating to, for example, the effectiveness of the internal audit function, significant audit findings and the risk and control culture of the organisation.</p> <p>The Committee Chair also meets with GwIA's Quality Assurance Director to discuss the outcome of the quality reviews of GwIA's work and actions arising.</p> <p>Annual internal audit plan and focus for 2022 GwIA operates a rolling six-month approach to audit planning. The Committee approved the plan for the second half of 2021. It also considered and approved the Internal Audit Plan, resource and budget for the first half of 2022.</p> <p>The H1 2022 Internal Audit Plan was formulated based on a bottom-up risk assessment of audit needs mapped against various metrics combined with top-down challenge. The plan was then mapped against a series of risk and control parameters, including the top risks identified by the Risk Committee, to verify that it is appropriately balanced between financial, business change, regulatory and operational risk drivers and provides appropriate coverage of key risk areas and audit themes within a risk-based cycle of coverage. Key areas of focus for H1 2022 include: strategic change initiatives; customer outcomes; cyber security; financial risk and financial controls; culture; outsourcing and digitalisation.</p>

Principal activities and significant issues considered by the Audit Committee during 2021

Matters considered	How the Committee addressed the matter
Internal audit <i>continued</i>	<p>Effectiveness of Internal Audit</p> <p>The Committee is responsible for approval of the GwIA charter, audit plan, resources, and for monitoring the effectiveness of the function.</p> <p>The Committee also assesses the effectiveness of GwIA through a combination of External Quality Assessment (EQA) reviews, required every five years, and an annual internal effectiveness review.</p> <p>In 2021, Deloitte performed an EQA of GwIA, which assessed GwIA as a mature function that Generally Conforms (the highest rating under the IIA's framework) with the Institute of Internal Audit (IIA) International Professional Practices Framework and Internal Audit Financial Services Code of Practice (the Standards), and with the approach to meeting the requirements and expectations of the Hong Kong Insurance Authority including the Groupwide Supervision framework. The assessment also considered GwIA's purpose, position, processes and reporting in the context of the Group's wider systems of governance.</p> <p>Having considered the findings of the EQA and the 2021 Internal Effectiveness review, performed by the GwIA Quality Assurance Director, the Committee concluded that GwIA had continued to operate independently of management and in compliance with the requirements of GwIA delegated authorities, procedures and practice standards in all material respects and had remained aligned to mandated objectives during 2021.</p>
Internal control and risk management	<p>Internal control and risk management systems</p> <p>The Committee is responsible for reporting and making recommendations to the Board on the effectiveness of the Group's system of risk management and internal control.</p> <p>The Committee considered the outcome of the annual review of the system of risk management and internal control. The review identified specific areas for improvement and the necessary actions that have been, or are being, taken.</p> <p>Group Governance Manual</p> <p>The Group Governance Manual (the Manual) sets out the general principles by which we conduct our business and ourselves and defines our Group-wide approach to Governance, Risk Management and Internal Control.</p> <p>Incorporating our Group Code of Business Conduct, the Group Governance Manual sets out the general principles by which we conduct our business and ourselves. Each business attests annually to compliance with:</p> <ul style="list-style-type: none"> > Mandatory requirements set out in Group-wide policies, including the Group Code of Business Conduct; and > Matters requiring prior approval from those parties with delegated authority. <p>The Committee reviewed the results of the Group Governance Manual annual content review and the results of the year-end compliance attestation for the year ended 31 December 2021.</p>



Jeremy Anderson
Chair

Committee's purpose

The Committee's purpose is to assist the Board in providing leadership, direction and oversight of the Group's overall risk appetite, tolerance and strategy. It oversees and advises the Board on the current and potential risks to the Group, reviewing and approving the Group's risk management framework, and monitoring its effectiveness and adherence to the various risk policies.

More information on the Risk Committee can be found in its Terms of Reference, which are available at www.prudentialplc.com/investors/governance-and-policies/board-and-committees-governance

Membership and 2021 meeting attendance

Committee Members	2021 Meetings
Jeremy Anderson	9/9
David Law	9/9
Ming Lu ¹	5/5
Kai Nargolwala ²	4/4
Alice Schroeder	9/9
Tom Watjen	9/9
Jeanette Wong ¹	5/5

Regular attendees

- > Chair of the Board
- > Group Chief Executive
- > Group Chief Risk and Compliance Officer
- > Group Chief Financial Officer and Chief Operating Officer
- > Company Secretary
- > Group Chief Internal Auditor
- > Chief risk officers of Jackson³ and PCA
- > Members of the Group Risk Leadership Team are invited to attend each meeting as appropriate.

Notes

- 1 Ming Lu and Jeanette Wong joined the Risk Committee on 12 May 2021.
- 2 Kai Nargolwala stepped down from the Board following the conclusion of the AGM held on 13 May 2021.
- 3 The Chief Risk officer of Jackson ceased attendance following the demerger.

Risk Committee report

'The Committee has continued to provide the Board with leadership, direction and oversight of the risk appetite and exposures of the Group.'

Dear shareholders

As Chair of the Risk Committee I am pleased to report on the Committee's activities and focus during 2021. The Committee continued to consider the challenges presented by the pandemic, it also provided key input into the historic changes to the Group that were completed during the year.

The Hong Kong IA's GWS Framework became effective for the Group on 14 May 2021, following designation by the Hong Kong IA, subject to agreed transitional arrangements. The Committee considered updates, including the results of an independent readiness assessment, on the implementation of the Framework prior to Prudential's designation. Following implementation, we received regular updates on the Group's ongoing compliance.

The risks associated with the Jackson demerger and equity raise, which completed in September and October 2021 respectively, were a key focus of the Committee, which considered risk opinions and approved the associated risk disclosures included in transaction documentation.

Some of the other key risks and matters considered by the Committee are summarised in this letter, with further information included in the table below.

Committee operation and governance

As part of its duties detailed above, the Committee reviews the Group Risk Framework (GRF) to ensure that it remains effective in identifying and managing the risks faced by the Group and recommends changes for approval by the Board. We considered and approved the Risk, Compliance and Security (RCS) function's planned activities for 2021 and received regular reports from the Group Chief Risk and Compliance Officer (CRCO), who is advised by the Group Executive Risk Committee (GERC). We also received regular reports from the GwIA function and updates from other areas of the business as needed. In 2021, to ensure sufficient time was provided for key matters requiring detailed discussions, additional Committee time was planned following the scheduled meetings in February and November 2021.

The Committee works closely with the Audit Committee to ensure both committees are updated and aligned on matters of common interest and I report to the Board on the main matters discussed. Direct lines of communication, reporting and oversight of the risk committees of the Group's Material Subsidiaries are in place. Their terms of reference are aligned to the Committee's own, and include the requirement for relevant risk escalations directly to the Committee. Regular direct communication and close cooperation with each of the local chairs remains a key component of our governance framework, and at each meeting I update the Committee on important points raised at local level. In order to foster a close working relationship with the local audit and risk committees and deepen understanding of Group-wide risk topics, David Law and I chaired a session attended by the non-executive directors of the Group's Material Subsidiaries.

The effectiveness of the Committee was reviewed as part of the annual Board evaluation, which confirmed that the Committee continued to operate effectively during the year, with actions agreed where necessary to improve its effectiveness. I provided feedback on the performance of the Group CRCO to the Group Chief Executive as part of the annual evaluation of the Board and its members.

Risk appetite and principal risks

a. Risk governance, capital and liquidity

The Committee performed its regular review of the Group's risk policies and proposed changes to the Group risk appetite statements and associated limits, including how these would apply following the demerger of Jackson. We regularly reviewed the strength of our capital and liquidity positions, including the results of stress and scenario analyses. We also considered regular updates on the approach for adoption of the proposed Risk-Based Capital (RBC) regime at our Hong Kong business.

b. The Group's principal risks

The Committee considered the principal risks to the Group's financial viability and non-financial resilience and sustainability, in particular those driven by a constantly-changing operating environment and the risks to, and resulting from, the Group's digital and sustainability agenda. The Committee reviewed the Group's annual Own Risk and Solvency Assessment (ORSA) report in May 2021 and in-depth reviews were performed on existing and emerging high-risk areas. The Committee also received reports from the risk committee chairs of the Material Subsidiaries in 2021, with the chief risk officers of Asia, Africa and (prior to demerger) Jackson regularly attending Committee meetings.

c. Covid-19 risks

The Committee continued to monitor developments in risks from the pandemic and the Group's ongoing responses to it. It has become clear that Covid-19 and its impact will continue for longer than many would have predicted, and some societal changes accelerated by the pandemic may be significantly long-term or permanent. This includes the expectations on the nature of working arrangements and customer expectations on insurance and health products and their accessibility. A key focus of the Committee in 2022 will be on how Prudential continues to conduct itself in a way to sustainably deliver easily accessible and socially inclusive products. Similarly, time will be prioritised to discuss the fair treatment of its policyholders, the well-being of its staff, and the broader long-term macro-economic impacts of Covid-19, such as increased inflation. A fuller explanation of the principal risks facing the Group and the way in which these are managed is set out in the Risk Review on pages 44 to 65.

Sustainability, including climate change risk

The Group's annual update of its principal risks and ORSA report included assessments of the key sustainability risk areas associated with ESG considerations, including climate change related risks. In 2021, the Committee considered key changes to the GRF to reflect that sustainability risks, such as environmental risk, can impact and increase the Group's existing risks. Updates to the non-financial risk appetite framework to frame risk appetite statements around stakeholder considerations and lenses, more aligned to ESG considerations, were approved by the Committee, and policies were updated to explicitly reference climate change and other ESG considerations. A Group Responsible Investment Policy was approved to support the Group's external commitments, including those around asset book de-carbonisation. We also approved the Group's revised Third-Party and Outsourcing Policy, which specifically references ESG within its key principles.

Digital and technology risks

The Committee received regular updates on information security, data privacy and technology risks and incidents, as well as developments in the external threat landscape such as the rise in prominence of ransomware. It approved a new Group Data Policy establishing the principles and requirements for effective and scalable data management, in light of the increase in volume and variety of data expected as part of the Group's digital aspirations. A specific session of the Committee's October 2021 meeting included updates on the Group's technology risk governance model, regulatory developments, the results of external penetration testing and a deep dive review into planned features of Prudential's Pulse platform.

The Committee was kept apprised on the key risks associated with Pulse. It also received updates on the progress of roll-out plans in new markets and the implementation of key platform features, as well as developments in risk governance over the Pulse business, such as the setting up of an Audit and Risk Committee at the Pulse subsidiary during the year.

Model risk

In 2021, given their importance to the Group's business, the Committee focused on the risks associated with its critical models. Following the revision to Jackson's hedge modelling, announced on 28 January 2021, which impacted Jackson's statutory capital, with the Committee's support I led a review of the oversight and governance arrangements which operate for the Group's critical models. The work focused on reviews of relevant Group policies, existing controls in relation to models and model changes, risk validation activity, and the visibility of model risk management information. It took into account the output from an internal audit performed during the year.

The Committee has been satisfied that appropriate controls are in place and operating for critical models across the Group's portfolio of businesses. A number of enhancements are being made at a Group and business level to ensure consistency of approach and additional oversight by both specialist technical teams and the board-level governance risk and audit committees across the Group, with implementation in 2022.

The Committee approved updates to the Group's Model and User Developed Applications Policy, which explicitly includes the AI ethical principles the Group's models must comply with. Updates included an increase in oversight of models in development and the broadening of the considerations when assessing model criticality to include a wider group of stakeholders and reputational risk impacts.

The Committee received regular updates on the development of the Group internal economic capital assessment (GIECA) model in 2021. This included approving the overall GIECA methodology, prior to submission to the Hong Kong IA, and the risk calibrations for new long-term economic assumptions. It also considered the governance framework and validation activity for the GIECA model.

The Committee was also regularly updated on developments on the model planned to be used by the Hong Kong business under the Hong Kong IA's RBC regime.

I would like to take this opportunity to thank my fellow Committee members and Prudential's RCS function, both at Group level and at the level of local businesses, in supporting the crucial work of the Committee during such a transformative year.



Jeremy Anderson
Chair of the Risk Committee

Principal activities and significant issues considered by the Risk Committee during 2021

Matters considered	How the Committee addressed the matter
Risk Management	<p>Group principal risks, including Chief Risk and Compliance Officer (CRCO) reporting</p> <p>The Committee evaluated the Group's principal risks, considering recommendations for promoting additional risks and changes in the scope of existing risks. The Committee also received regular reporting on the Group's exposure to, and management of, its principal risks, emerging risk themes and external developments within the Group CRCO's regular report to the Committee. Further information on how the Group identifies emerging and principal risks can be found in the Risk Review.</p> <p>The Group CRCO's reports also provided the Committee with regulatory updates, including the implications of the developing global capital standards, systemic risk regulation, engagement with the Hong Kong IA on the implementation of the GWS Framework and the Group's ongoing compliance with the Framework following its designation by the supervisor.</p> <p>Covid-19 related risks</p> <p>The impact of the Covid-19 pandemic has been broad with continuing implications for the Group's solvency and liquidity position. The Committee received regular updates on the nature and extent of the impacts across its principal risks, including the ongoing resilience, market and economic, product, information security, distribution and customer conduct risks and the Group's ongoing responses to them.</p> <p>A key focus of the Committee in 2021 has been monitoring the potential impact of the pandemic to the level of mortality claims and policy lapses or surrenders (both to the business and to customers) in certain markets.</p> <p>Deep dives</p> <p>As part of its risk oversight responsibilities, the Committee considers the results of 'deep dive' risk reviews performed over the year.</p> <p>In 2021, these focused on the risks related to the Group's medical reimbursement product lifecycle and product risks across its major insurance businesses; the product implications arising from IFRS17; network security through penetration testing; and proposed functionality for the Pulse platform. The Committee also considered the results of a review of the risk assessment processes for anti-money laundering and anti-bribery and corruption across its markets.</p> <p>The Committee received updates on actions and developments relating to deep dives completed in 2020, including those related to interest rate risk management.</p> <p>Transformation oversight</p> <p>The Committee monitored the progress of the Group's key strategic projects during the year which, in addition to those outlined in the letter above, included activities focused on IFRS 17 implementation and IBOR cessation.</p> <p>Information security and data privacy</p> <p>During 2021, updates were provided to the Committee on key external developments relevant to information security and data privacy, including changes in regulations and the external threat landscape. This included a focus on the global increase in frequency of ransomware attacks and the risk management and mitigation arrangements in place at the Group. The Committee also received regular progress updates on the operationalisation of the Group-wide governance model and strategy for the management of information security and data privacy risks, as well as Group-wide information security and privacy metrics providing a view of security posture across the businesses. In May 2021, we approved a new Group Data Policy, detailed in the letter above.</p> <p>A session of the October 2021 Committee meeting was dedicated to information security and data privacy, where the Committee considered the matters detailed in the letter above.</p>

Principal activities and significant issues considered by the Risk Committee during 2021

Matters considered	How the Committee addressed the matter
Risk Management <i>continued</i>	<p>Sustainability, including climate change, risk A key component of the RCS Plan for 2021, approved by the Committee in February 2021, was the embedding of climate risk considerations into the GRF. This, and the other ESG-related matters considered by the Committee, have been detailed in the letter above.</p> <p>We received regular updates on key climate-related regulatory and legislative developments, including those in respect of disclosure requirements, progress against the Group's responsible investment commitments and its ESG ratings by external assessors and agencies.</p> <p>Remuneration The Committee has a formal role in the provision of advice to the Remuneration Committee on risk management considerations in respect of executive remuneration. It considered risk management assessments of proposed executive remuneration structures and outcomes during the year, making related recommendations to the Remuneration Committee for its consideration.</p> <p>Stress and scenario testing The Committee is responsible for reviewing the outcome and results of stress and scenario testing, which is a key risk identification, measurement and management tool for the Group.</p> <p>Stress and scenario testing is a key component of the Group's ORSA process and the Risk Assessment of the Business Plan, as described below, as well as its Recovery Planning and Reverse Stress Testing (RST).</p> <p>The Group's Recovery Plan, considered by the Committee in October 2021, included an assessment of the viability and operational resilience of the Group under severe financial and non-financial shock scenarios. The Plan concluded that, as at end of 2021, the Group is expected to remain in a resilient financial and operational condition when under severe stress, with only a very extreme scenario breaching the Group's recovery activation measures, and that established governance frameworks and procedures are in place for senior management to respond to actual and potential threats.</p> <p>Risk Assessment of the Business Plan As part of its role in overseeing and advising the Board on future risk exposures and strategic risks, the Committee reviewed the Risk Assessment of the Business Plan, which highlighted key financial and non-financial risks, in particular those driven by the uncertain recovery in markets, the impacts of regional Covid-19 resurgences and reinstatements of restrictions and geopolitical risks. The analysis reviewed included sensitivity assessments of the impact of various plausible scenarios.</p> <p>Model risk management At a number of meetings during the year, the Committee reviewed the oversight and governance arrangements which operate for the Group's critical models. The review focused on a number of activities undertaken by management and internal audit to look at relevant Group policies, existing controls in relation to models and model changes, risk validation activity, and the visibility of model risk management information, taking into account the output from an internal audit performed during the year. The review made a number of recommendations which, in summary:</p> <ul style="list-style-type: none"> > confirm the central role of management and the various executive technical committees in overseeing model assumptions, development and assurance, and in determining matters for escalation, but adjust some of their terms of reference to expand their coverage; > clarify the oversight expectations and responsibilities of the Audit and Risk Committees at Group and BU level; and > develop guidance, examples and training to help committees approach their roles in an appropriately consistent manner. <p>The Committee will monitor progress against the agreed actions over the course of 2022.</p>

Principal activities and significant issues considered by the Risk Committee during 2021

Matters considered	How the Committee addressed the matter
Regulatory and Compliance Matters	<p>GWS Framework The matters considered by the Committee in advance of the Group's designation under, and ongoing compliance with, the GWS Framework post-designation have been detailed in the letter above.</p> <p>Compliance and regulatory change The Committee received regular reporting on key regulatory compliance risks and mitigation activity across the Group's businesses throughout the year, covering regulatory changes, reviews and interventions, including those relating to US-China sanctions.</p> <p>We also received regular updates on conduct risk and progress under the Group's Conduct Risk Programme, including those related to the further implementation, assurance and the engagement model of the Group Conduct Risk Framework.</p> <p>Group-wide Internal Audit The Committee received updates from GwIA throughout the year relating to matters which fall within the scope of its responsibilities. In October 2021, we considered the GwIA function's report on its audit into model governance.</p>
Risk and Compliance Framework	<p>Annual review of risk policies, risk framework compliance and Committee effectiveness The GRF and risk policies were subject to their annual review, with amendments made to ensure the policies remained appropriate post the GWS Framework becoming effective for the Group and the Jackson demerger, as well as changes to reflect the Group's purpose, ESG strategy and culture framework. The Board approved the changes recommended by the Committee.</p> <p>The Committee reviewed the results of the annual Group Governance Manual year-end compliance attestation performed by the business units under the GRF and associated policies.</p> <p>In February 2022, the Committee considered the findings of the annual evaluation of Committee effectiveness, agreeing actions where necessary to improve Committee effectiveness. It also considered the effectiveness of, and approved updates to, the RCS Function Mandate which formally sets out the purpose and responsibilities of the RCS function and its effectiveness in overseeing the key risks to the Group.</p> <p>Group Risk Appetite and Limits The Committee is responsible for recommending changes in the Group's overall risk appetite and tolerance to the Board for approval.</p> <p>In May 2021, the Committee recommended for approval by the Board proposed enhancements to the Group Risk Appetite framework to ensure its continued appropriateness post the Jackson demerger and to meet relevant requirements under the new GWS Framework. We approved new Limits and Triggers on asset duration and duration mismatches in July 2021 for road-testing. In November 2021, we approved an increase in the Group's capital counter-cyclical buffer reflective of the assessed mid-to-late economic cycle.</p> <p>Updates to the non-financial risk appetite framework and statements were approved in November 2021 to frame risk appetite statements around stakeholder considerations and lenses, more aligned to ESG considerations.</p>

Principal activities and significant issues considered by the Risk Committee during 2021

Matters considered	How the Committee addressed the matter
<p>External and regulatory reporting</p>	<p>ORSA The ORSA is a key ongoing process for identifying, assessing, controlling, monitoring and reporting the risks to which the Group is exposed and assessing capital adequacy over the business planning horizon.</p> <p>In May 2021, the Committee considered the Group's ORSA report, based on the Business Plan, prior to its approval by the Board.</p> <p>Systemic Risk Management The Financial Stability Board (FSB) has endorsed a new Holistic Framework for systemic risk management and suspended Global Systemically Important Insurer (G-SII) designations until the completion of a review in 2022.</p> <p>Many of the policy requirements that resulted from the Group's prior designation in 2016 as a G-SII have been adopted into the Insurance Core Principles (ICPs) and ComFrame – the common framework for the supervision of Internationally Active Insurance Groups (IAIGs) – and included under the Hong Kong IA's GWS Framework. Prudential was included in the first register of IAIGs released by the IAIS on 1 July 2020 and was designated an IAIG by the Hong Kong IA following an assessment against the established criteria in ComFrame. The Committee therefore considered, and recommended for approval by the Board, the Systemic Risk Management Plan, Recovery Plan and Liquidity Risk Management Plan.</p> <p>GIECA development The Committee received regular updates on the development of the Group's GIECA model and remained actively involved in its progress. Following updates at the February and May 2021 meetings, which included a summary of the key methodology decisions, the Committee approved risk calibrations for new long-term economic assumption risks at its July 2021 meeting.</p> <p>In October 2021, the Committee approved the overall updated GIECA methodology prior to submission to the Hong Kong IA, and considered the governance framework for the GIECA model and a validation report and opinion on model developments.</p> <p>In November 2021, we approved key assumptions for the proposed model to be used for FY 2021 results.</p> <p>Hong Kong RBC In February 2021, the Committee considered an update on Hong Kong RBC adoption which included considerations on technical specifications. In November 2021, it considered the plans for independent assurance opinions on RBC results and considered updates on the internal and external validation of the proposed RBC model.</p> <p>Insurance Capital Standards (ICS) The Committee considered the Group's FY2020 ICS results in November 2021. This included an update on key areas of focus for the Group's engagement on the development of the ICS during the five-year monitoring period.</p>

Statutory and regulatory disclosures

Financial reporting

The Directors have a duty to report to shareholders on the performance and financial position of the Group and are responsible for preparing the financial statements on pages 234 to 321 and the supplementary information on pages 334 to 335. It is the responsibility of the auditor to form independent opinions, based on its audit of the financial statements and its audit of the EEV basis supplementary information, and to report its opinions to the Company's shareholders and to the Company. Its opinions are given on pages 322 to 331 and pages 357 to 359. Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the financial affairs of the Company and of the Group. The criteria applied in the preparation of the financial statements are set out in the Statement of Directors' responsibilities on page 321.

Company law also requires the Board to approve the Strategic report. In addition, the UK Code requires the Directors' statement to state that they consider the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

The Directors are further required to confirm that the Strategic report includes a fair review of the development and performance of the business, with a description of the principal risks and uncertainties. Such confirmation is included in the Statement of Directors' responsibilities on page 321.

The Strategic report provides, on pages 6 to 145, a description of the Group's capital position, financing and liquidity. The risks facing the Group's business are discussed in the Risk review of the risks facing our business and how these are managed on pages 44 to 65.

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; each Director has taken all the steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Going concern

In accordance with the guidance issued by the Financial Reporting Council in September 2014, 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', after making sufficient enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue their operations for a period of at least 12 months from the date that the financial statements are approved. Further information is provided in note A1 on page 242.

Powers of the Board

The Board may exercise all powers conferred on it by the Company's Articles and the Companies Act 2006. This includes the powers of the Company to borrow money and to mortgage or charge any of its assets (subject to the limitations set out in the Companies Act 2006 and the Company's Articles of Association) and to give a guarantee, security or indemnity in respect of a debt or other obligation of the Company.

Rules governing the appointment of Directors

The appointment and removal of Directors is governed by the provisions in the Articles of Association (the Articles), the UK Code, the HK Code (as appended to the Hong Kong Listing Rules) and the Companies Act 2006.

Director indemnities

Subject to the provisions of the Companies Act 2006, the Company's Articles permit the Directors and officers of the Company to be indemnified in respect of liabilities incurred as a result of their office. Suitable insurance cover is in place in respect of legal action against directors and senior managers of companies within the Group. Qualifying third-party indemnity provisions are also available for the benefit of the Directors of the Company and such other persons, including certain directors of other companies within the Group. These indemnities were in force for 2021 and remain so.

Contract of significance

At no time during the year did any Director hold a material interest in any contract of significance with the Company or any subsidiary undertaking.

Securities dealing and inside information

Prudential has adopted securities dealing rules relating to transactions by Directors on terms no less exacting than required by Appendix 10 to the HK Listing Rules and by relevant UK regulations. Having made specific enquiry of all Directors, the Directors have complied with these rules throughout the period.

The Group has adopted an Information Sharing and Securities Dealing Policy which includes guidance and procedures for the identification, dissemination and escalation of inside information as well as appropriate controls on the disclosure of such information in line with regulatory requirements. All staff are made aware of the policy and receive communications reminding them of their obligations when they work on any confidential matters in the business or are notified when the Company enters or exits a closed period.

Requirements of Listing Rule 9.8.4

Information to be included in the Annual Report and Accounts under UK Listing Rule 9.8.4 may be found as follows:

Listing Rule	Description	Page
9.8.4 (4)	Details of long-term incentive schemes required by Listing Rule 9.4.3	214
9.8.4 (7)	Details of allotments of equity securities for cash	296
9.8.4 (10)	Contracts of Significance involving a Director	191
9.8.4 (12)	Details of shareholder waiver of dividends	401
9.8.4 (13)	Details of shareholder waiver of future dividends	401

US regulation and legislation

As a result of its listing on the New York Stock Exchange, the Company is required to comply with the relevant provisions of the Sarbanes-Oxley Act 2002 as they apply to foreign private issuers and have adopted procedures to ensure such compliance. In particular, in relation to Section 302 of the Sarbanes-Oxley Act 2002 which covers disclosure controls and procedures, a Disclosure Committee has been established, reporting to the Group Chief Executive, chaired by the Group Chief Financial Officer and Chief Operating Officer and comprising members of head office management. The work of the Disclosure Committee supports the Group Chief Executive and Group Chief Financial Officer and Chief Operating Officer in making the certifications regarding the effectiveness of the Group's disclosure procedures.

Hong Kong IA GWS public disclosures

Under the GWS Framework, the Group is required to provide publicly certain risk, capital and other disclosures. These GWS public disclosure requirements, as set out in the Guideline on Group Supervision (GL32) and Insurance (Group Capital) Rules issued by the Hong Kong IA, are met by certain disclosures within this Annual Report and Accounts.

Change of control

Under the agreements governing Prudential Corporation Holdings Limited's life insurance and fund management joint ventures with China International Trust & Investment Corporation (CITIC), if there is a change of control of the Company, CITIC may terminate the agreements and either, (i) purchase the Company's entire interest in the joint venture or require the Company to sell its interest to a third party designated by CITIC, or (ii) require the Company to purchase all of CITIC's interest in the joint venture. The price of such purchase or sale is to be the fair value of the shares to be transferred, as determined by the auditor of the joint venture.

Customers

The five largest customers of the Group constituted in aggregate less than 30 per cent of its total revenue from sales for each of 2021 and 2020.

Index to principal Directors' report disclosures

Information required to be disclosed in the Directors' report may be found in the following sections:

Information	Section in Annual Report	Page number(s)
Disclosure of information to auditor	Statutory and regulatory disclosures	191 and 192
Directors in office during the year	Board of Directors	150 to 155
Board Diversity	Governance report	169 to 174
ESG report	ESG report	66 to 137
Employment practices	ESG report	66 to 137
Greenhouse gas emissions	ESG report	66 to 137
Charitable donations	ESG report	66 to 137
Political donations and expenditure	ESG report	66 to 137
Remuneration Committee report	Directors' remuneration report	194 to 233
Directors' interests in shares	Directors' remuneration report	223
Agreements for compensation for loss of office or employment on takeover	Directors' remuneration report	226
Details of qualifying third-party indemnity provisions	Governance report	191
Internal control and risk management	Governance report and Strategic report	167 and 168
Powers of Directors	Governance report	191
Rules governing appointment of Directors	Governance report	191
Significant agreements impacted by a change of control	Governance report	191
Future developments of the business of the Company	Strategic and operating review	14 to 18
Post-balance sheet events	Note D3 of the notes on the Group financial statements	303
Rules governing changes to the Articles of Association	Shareholder information	400
Structure of share capital, including changes during the year and restrictions on the transfer of securities, voting rights, power to purchase own shares and significant shareholders	Shareholder information, Governance report and note C8 of the notes on the Group financial statements	296
Business review	Group overview and Strategic report	6 to 145
Changes in borrowings	Financial review and note C5 of the notes on the Group financial statements	290
Dividend details	Group overview and Strategic report	6 to 145
Financial instruments	Strategic report and Additional information	44 to 65 and 276 to 280
Corporate governance statement including compliance with the Code	Governance report	146 to 193
Fostering the Company's business relationships	ESG report	138 to 145
Monitoring culture	ESG report	97

In addition, the risk factors set out on pages 382 to 395 and the additional unaudited financial information set out on pages 361 to 381, are incorporated by reference into the Directors' report.

The Directors' report is signed on behalf of the Board of Directors by



Tom Clarkson
Company Secretary

8 March 2022