



It has been a historic year for Prudential. During 2021, we completed the strategic re-positioning of our business to focus solely on the growth opportunities in Asia and Africa.

Despite the difficult conditions created by the Covid-19 pandemic, we have continued to deliver for our customers and all our stakeholders, producing a resilient financial performance. Closed borders and lockdowns through the year have presented significant challenges to our management and employees, which makes the quality of their delivery over the year all the more extraordinary.

In February 2022 we announced that our Group Chief Executive, Mike Wells, would be retiring from his role at the end of March. I would like to thank Mike for his outstanding contribution to Prudential over the last 26 years, and particularly as CEO for the last seven years. He has led the Group through one of the most significant periods of change in its 174-year history, while steering it through the unprecedented events of the pandemic. The Board and I wish him every success in the future.

Given Prudential's now-exclusive focus on Asia and Africa, the Board has decided that the roles of the Group CEO and the Group CFO will be based in Asia, where Prudential's largest businesses, the Group regulator and the rest of the senior management team are located. With the strategic re-positioning of the Group complete, we can now take the next steps in the simplification of our management and operational model. We have a depth of talent and experience in the executive team under whose leadership the Group will continue to deliver on its strategy. I am delighted that Mark FitzPatrick is taking on the role of interim Group CEO and continuing as COO when Mike steps down, as we conduct a search for a Group CEO. And I am delighted that James Turner, currently our Group Chief Risk and Compliance Officer, will become Group Chief Financial Officer. For further details, please see the announcement made on 10 February 2022.

Prudential's milestones in 2021 have been achieved due to the remarkable efforts of our people, who have maintained their dedication to serving our customers in the face of the many difficulties created by Covid-19. We sadly lost 52 staff and agents during the year to Covid-19 and our thoughts are with their families, friends and colleagues. We have taken steps throughout the year to support the emotional, mental and financial wellbeing of our people across the Group through these challenging times.

Over the long term, we see that our markets have the capacity for superior growth and favourable dynamics, and that our strategy is aligned with public policy objectives. By applying our strengths and deploying them in our high-growth businesses, we believe we can deliver a distinctive shareholder proposition. In the immediate term, shareholders also benefited from the dividend payable in cash in respect of 2021 of 17.23 cents per share (2020: 16.10 cents per share), in line with our stated dividend policy.

We strive to support our customers by making healthcare affordable and accessible and by promoting financial inclusion. We work to protect our customers' wealth, help them grow their assets, and empower them to save for their goals. We also seek to assist in the process of a just and inclusive carbon transition that understands and meets the needs of emerging and developing economies. 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 inclusive transition to a low-carbon economy. During 2021 we announced plans to decarbonise our portfolio of assets¹ held on behalf of our insurance companies, with a goal of becoming net zero by 2050.

Strategic re-positioning

During 2021 we completed the demerger of our US business, Jackson. The markets for the industry in the US have been extremely difficult in the recent period. We appreciate that the short-term valuation outcomes of this important step may have been disappointing for some longstanding shareholders, but we believe that the demerger was the right decision for Prudential in the long term, enabling the business to focus exclusively on and generate value from the opportunities in Asia and Africa.

The long history of this company has been one of change, and the Jackson demerger has shown that we remain prepared to make difficult decisions in the long-term interest of the business, including reducing our footprint and becoming more focused to create value for shareholders. I wish our former colleagues in the US well.

Following the demerger of Jackson, in 2021 we took further structural steps in our strategic transformation, conducting a successful equity raise in Hong Kong and a debt redemption. These have been executed during a period of extraordinary market volatility and, given these conditions, we expect it will take time for full value to be generated from what we have achieved.

The war in Ukraine and associated acute geopolitical tensions, together with the ongoing challenge from Covid-19 and its effects, mean that the environment remains highly uncertain. However, the underlying structural driver of our business – the need for health and protection provision in Asia and Africa – remains strong, and has in fact been reinforced by the pandemic. We are well positioned in markets where the need for our products is clear, we are continually innovating with our products and we have a multi-channel distribution network that ensures that we can deliver for our customers across our markets.

The skill sets of our operational leadership at a market and segment level have been complemented in 2021 by the addition of specialist experience in Sharia and technology, as well as distribution. Our structural transformation, our digital development and the quality of our people enable us to continue to meet our customers' needs and provide value for our shareholders.

Purpose and ESG

The success of our business is inextricably linked to our purpose. As well as informing the products we deliver, how we deliver them and how we support our customers, this purpose can be seen through our progress in embedded Environmental, Social and Governance (ESG) matters in our strategy. During 2021, we increased our focus on ESG and made significant progress in delivering across all aspects of our ESG framework. The Board has devoted more time to this topic and to other people matters, including by establishing a Board Responsibility and Sustainability Working Group (RSWG) chaired by Alice Schroeder, which has overseen our work on the environment, communities, diversity, inclusion, people and culture, the embedding of our ESG framework and the enhancement of disclosures for 2021. You can read about the activities of the Working Group on page 69 and some highlights are provided below. You can find our full ESG Report on page 66.

Our people

Our successful transformation and our performance have been made possible by the remarkable work of our people, and I would like to thank them for their dedication. During 2021 we continued to take steps to ensure the wellbeing of our people in the face of the disruption caused by Covid-19. We created a framework with all our local businesses to define how we ensure we look after our employees, physically, financially, socially and mentally, developing Group-wide programmes supplemented by local initiatives. We increased our focus on mental health, raising awareness, providing preventive care, offering protection and building sustainability through support and connection in the workplace. We continue to develop our wellbeing approach in the context of the rapid transition to hybrid ways of working.

We also took steps during the year to continue to improve diversity and inclusion (D&I) among our colleagues. Our diversity figures improved in 2021, but we recognise that we have more to do and have established a number of new initiatives in this area. Our Global D&I Council is responsible for defining our global D&I strategy, supporting programmes and promoting D&I initiatives across our markets, as well as challenging the organisation when progress is limited.

We extended our staff engagement across the business through global engagement surveys, global town hall meetings and our second Group-wide Collaboration Jam, a three-day inclusive online conversation where colleagues could connect and co-create solutions for the issues that matter most to them. We acted on feedback from colleagues in a number of areas, improving our performance on open and honest two-way communication, enabling employees to report concerns without fear, taking steps to prevent our people feeling overstressed by work, and taking action when individuals are not performing in their roles. Our overall level of colleague engagement continues to improve, with our engagement score being ahead of the median score for all industries globally.

Our first Collaboration Jam in 2020 helped us to define our new values of being ambitious, curious, empathetic, courageous and nimble, and these values are now embedded in our approach to feedback and reward, and the ways in which we work across the Group.

Along with my fellow Non-executive Directors, I have had the opportunity through joining town halls and small-group sessions with future leaders within the Group to see first-hand how these values are being embedded in our business. It has been frustrating during 2021 not to be able to visit as many of our locations and meet as many of our people as we would have liked, and hopefully travel restrictions will be eased during 2022 to allow us to do so much more frequently.

Our communities

We have continued to serve the communities in which we work, to try and make a difference where it is most needed, particularly in the face of the challenges created by Covid-19. We have innovated in our products to meet the changing needs of customers, developed our distribution platform to make our products more easily available to the customers who need them, including through digital access, and provided direct contributions to those communities to help deal with the impact of the pandemic.

Following on from the success of our Covid-19 Relief Fund in 2020, last year we launched a new dedicated fund to continue to support communities struggling with the pandemic. Administered by the Prudence Foundation, our community investment arm, the fund was used by local businesses to focus on supporting vulnerable communities with efforts that include Covid-19 messaging, hygiene and sanitation, nutrition and educational programmes. Alongside this support, the Prudence Foundation continued its important work focusing on promoting financial literacy, supporting early childhood care and development, and delivering education and awareness on climate and disaster risk preparedness, road safety and first aid.

The Board

We have made a number of changes to the Board to align with and support the shape and direction of the Group. In January 2022, George Sartorel joined us, and this appointment, together with our appointments in 2021 of Chua Sock Koong, Ming Lu and Jeanette Wong, represents the addition of deep operational experience in Asia and digital knowledge. As part of that evolution, Anthony Nightingale, who has been Chair of the Remuneration Committee since 2015, and Alice Schroeder, Chair of the RSWG, will be leaving the Board at our 2022 Annual General Meeting, while Fields Wicker-Miurin left the Board at the end of 2021. I would like to thank Anthony, Alice and Fields for their invaluable contributions to the business. The composition of the Board will continue to change, and we continue to seek suitable candidates with skills and depth of experience in our markets and with an increased focus on digital capabilities.

I look forward to working with my fellow Board members and our colleagues across the Group as the re-shaped and re-focused Prudential continues to develop, grow and deliver.



Shriti Vadera
Chair of the Board

Note

1 Our investment portfolio includes both listed equities and corporate bonds, while excluding assets held by joint venture businesses and assets in unit-linked funds as we do not have full authority to change the investment strategies of these.

What we offer investors

Prudential has a high quality, diversified portfolio in Asia and Africa, supported by a leading multi-channel distribution platform which leads us to be well placed to continue to deliver value for our shareholders and all our stakeholders.

Our long-term opportunities

- > Our markets have favourable demographics
- > Our markets have superior economic growth
- > Our strategy is aligned with public policy objectives

There are substantial and unmet consumer needs in our markets that are set to continue in the long term, and provide significant opportunity for growth and value creation.

Asia's health and protection gap is estimated at

\$1.8 trillion¹

80%

of the Asian population has no insurance cover², and

39%

of health and protection spend is paid out-of-pocket⁴

Less than

50%

of people in Africa have access to modern health facilities³

Notes

- 1 Source: Swiss Re Institute: The health protection gap in Asia, October 2018.
- 2 Prudential estimate based on number of in-force policies over total population.
- 3 Source: Health and Diseases in Africa, October 2017 (nih.gov).
- 4 Source: World Health Organisation: Global Health Observatory data (2019). South-East Asia, Out-of-pocket expenditure as percentage of current health expenditure (CHE).

Applying our strengths



Our businesses are diversified across Asia and Africa, with a health and protection focus

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Our modern multi-channel distribution platform includes agents, banks and digital

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We offer adaptable, consumer-centric products including on the Pulse digital platform

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Our leading Asia-based asset manager, Eastspring, has \$258.5bn assets under management

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We have disciplined capital allocation

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Delivering a distinctive shareholder proposition

We believe that our strategy and execution ability will help support our ambition to achieve the following:

Ambition for growth rates of new business profit to substantially exceed GDP growth in the markets in which Prudential operates

Ambition to fund further profitable compounding growth and high risk-adjusted returns for shareholders

Ambition for long-term double-digit growth in embedded value per share

