Directors' remuneration report

Contents

Anthony Nightingale CMG SBS JP
Chair of the Remuneration Committee

Annual statement from the Chair of the Remuneration Committee

Dear shareholder,
I am pleased to present our Directors' remuneration report for the year to 31 December 2021 on behalf of the members of the Remuneration Committee.

This will be the last report that I present as Chair of the Remuneration Committee before I step down from the Board at the AGM. I am pleased that Chua Sock Koong, who has served on the Remuneration Committee since the 2021 AGM, has been appointed to undertake this role with effect from the 2022 AGM. I also want to thank Kai Nargolwala, Fields Wicker-Miurin and Amy Yip, who stepped down from the Committee in 2021, for their service and valuable contribution.

By way of preface, I would like to share the context for the key decisions the Committee took during 2021 and to outline those taken in respect of remuneration arrangements for 2022.

Remuneration decisions made in respect of 2021

Determining demerger-related decisions
The Jackson business demerged from the Group with effect from 13 September 2021. As I described last year, the Committee established a set of principles to underpin decisions on remuneration relating to the demerger, including:

> Executives should not be advantaged or disadvantaged by the separation;
> The value of outstanding awards and their key terms (vesting dates, holding periods, malus and clawback provisions) should be unaffected;
> If performance conditions are revised, the new conditions should be no more or less stretching than those originally attached to the awards; and
> Where the Committee has applied discretion, this will be clearly disclosed.

These principles are consistent with those adopted in respect of the 2019 demerger of the M&G business.

These principles were the basis for the decisions taken by the Committee, including the treatment of outstanding share awards which were set out in the Shareholder Circular published on 6 August 2021 which can be found at www.prudentialplc.com/~/media/Files/P/Prudential-V3/demerger-transaction-documents/demerger-transaction-circular.pdf and voted upon and approved by shareholders at the 27 August 2021 General Meeting.

This treatment, together with adjustments made to the performance targets of in-flight Prudential Long Term Incentive Plan (PLTIP) awards as a result of the demerger, is detailed in the 'Remuneration decisions taken in relation to the demerger' section of this report.

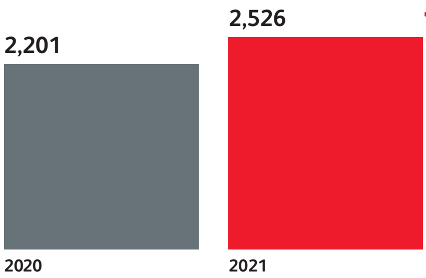
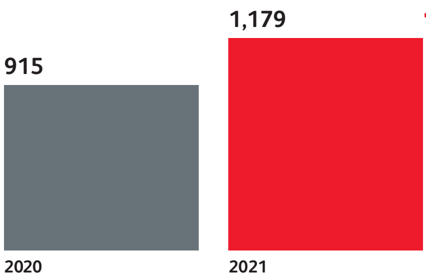
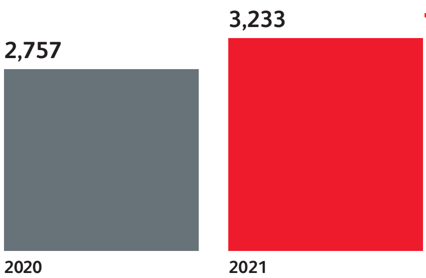
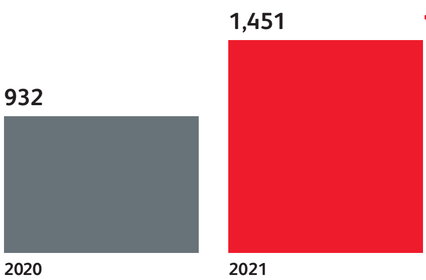
This report has been prepared to comply with Schedule 8 of The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, as well as the Companies Act 2006 and other related regulations.

The following sections were subject to audit:
Table of 2021 and 2020 Executive Director total remuneration (the 'single figure') and related notes (including details of all fixed and variable remuneration elements shown in the single figure table), Pension entitlements, Long-term incentives awarded in 2021, Chair of the Board and Non-executive Director remuneration in 2021 and 2020, Statement of Directors' shareholdings and Payments to past Directors and payments for loss of office.

Reflecting 2021 financial performance

Prudential's executive remuneration arrangements reward the achievement of Group, business, functional and personal targets, provided that this performance is delivered within the Company's risk framework and appetites, and that the conduct expectations of Prudential, our regulators and other stakeholders are met.

As set out in the Strategic report section earlier in this Annual Report, despite the continuing challenges of the market environment throughout 2021, the Group delivered positive operating results as we continue to develop our capabilities and presence in our chosen Asia and Africa markets. The table below illustrates achievement of our key financial objectives, as set out in the Strategic Report:

Performance measures	Group performance ($m)[1]	2020-2021 growth	2021 bonus achievement[2]
Life new business profit from continuing operations A measure of the future profitability of the new business sold during the year and an indicator of the profitable growth of the Group. New business profit accounted for 35 per cent of Group financial bonus targets.		**+15%**	**Above target level, approaching stretch target level**
Operating free surplus generated from continuing operations[3] A measure of the internal cash generation of our businesses. Operating free surplus generated accounted for 30 per cent of Group financial bonus targets.		**+29%**	**Above stretch target level**
Adjusted operating profit from continuing operations[4] Prudential's primary measure of profitability and a key driver of shareholder value. Adjusted operating profit accounted for 25 per cent of Group financial bonus targets.		**+17%**	**Above target level, approaching stretch target level**
Net cash remitted by businesses[5] Cash flows across the Group[6] reflect our aim of achieving a balance between ensuring sufficient net remittances from business units to cover the dividend (after corporate costs) and the use of cash for reinvestment in profitable opportunities. A cash flow measure accounted for 10 per cent of the Group financial bonus targets.		**+56%**	**Above stretch target level**

Notes

1 As reported.
2 Targets and the level of achievement are set out in the 'Annual bonus outcomes for 2021' section of the Annual report on remuneration.
3 For insurance operations, operating free surplus generated represents amounts maturing from the in-force business during the period less investment in new business and excludes non-operating items. For asset management businesses, it equates to post-tax operating profit for the year.
4 In this report 'adjusted operating profit' refers to adjusted IFRS operating profit based on longer-term investment returns from continuing operations.
5 2020 business unit remittances exclude remittances from discontinued remittances.
6 Group cash flow includes business unit remittances net of dividends and corporate costs.

Life new business profit was 15 per cent higher than prior year on an actual exchange rate basis (13 per cent on a constant exchange rate basis) driven principally by the increase in APE sales and the effect of favourable changes to the mix of products sold. This result was above the approved target.

Operating free surplus generation was 29 per cent higher than 2020 on an actual exchange rate basis (and 26 on a constant exchange rate basis) and this result was above the approved stretch target.

2021 adjusted operating profit was 17 per cent higher than prior year on an actual exchange rate basis (16 per cent on a constant exchange rate basis) reflecting the performance outlined in the Strategic report, and delivered a result that is above the approved target.

Business units remittance levels were 56 per cent higher than 2020 and were above the approved stretch target. Holding company cash was $3.6bn at the year end, after dividends, corporate costs and strategic investment. The Group cash flow measure was above the approved stretch target.

The Group achieved these results while maintaining appropriate levels of capital and while operating within the Group's risk framework and appetites in the challenging market environment.

Reflecting stakeholders' 2021 experiences

In reaching its decisions for 2021, the Committee considered the experience of the Group's stakeholders, as set out below. More details can be found in the ESG section of the Strategic report.

Investors

- **Jackson demerger:** The separation of Jackson completed Prudential's transformation into a business exclusively targeting the long-term structural opportunities of Asia and Africa, supported by a 99.65 per cent shareholder vote in favour of the separation. Shortly thereafter the Board declared a dividend in specie, distributing the Jackson shares to the Group's shareholders, other than a retained financial investment of 18.4 per cent that will be sold down to less than 10 per cent within 12 months.
- **Equity raise:** Having considered the interests of all stakeholders, particularly those expressed by the Group's existing shareholders, the Board reached the conclusion that a Hong Kong Fully Marketed Offer was in the best interests of the Company as a whole. The share offer was launched in October 2021, raising approximately $2.4 billion in equity, a portion of which was subsequently used to repay debt.
- **Investor survey:** In late 2021, the Group engaged an independent third party to undertake an in-depth investor perception study. This study included both long-standing shareholders and those who participated in the Hong Kong equity raise referred to above. The topics covered included the Group's strategy and the execution of the transformation of the Group.

Our people

- **Celebration Award:** To recognise the hard work and commitment shown by our people in preparation for the demerger and to give them a stake in the new chapter of the Company's development, each Prudential plc employee (other than the Group Executive Committee) received a Celebration Award of US$1,000 of restricted shares which will be released in October 2022.
- **Covid-19 and wellness:** Covid-19 has continued to be the dominant health and safety concern for our people. Prudential continued to support and protect colleagues through regular communication and the extension of health and safety programmes across the Group, ensuring that appropriate precautions are implemented in the workplace. In the 2021 People Survey, 91 per cent of respondents agreed that the Group was supporting employees during the Covid-19 pandemic. In addition, our offices closed for a Wellness Day in July, encouraging our people to rest, recharge and to spend time with family and friends.
- **Gender diversity:** Prudential achieved c35 per cent representation of women in senior leadership at the end of 2021, above the 30 per cent commitment under the HM Treasury 'Women in Finance Charter'. Prudential was also included in the 2021 Bloomberg Gender-Equality Index.
- **Employee engagement:** The 2021 People Survey, in which more than 95 per cent of employees participated, demonstrated that employee engagement continued to increase, up 3 per cent this year and a total of 4 per cent since our first Group-wide survey in May 2020.

Governments and Regulators

- **Finalisation of the revised basis of Group regulatory capital known as 'GWS':** GWS legislation became effective on 29 March 2021, with the formal designation of the Group as a Designated Insurance Holding Company ('DIHC') under the Hong Kong IA's GWS Framework with effect from 14 May 2021.
- **Engagement with the lead regulator:** Management worked closely with HKIA to support finalisation of preparations for compliance with the GWS legislation. The Group also proactively engaged with regulators in advance of the demerger of the US business and worked closely with the HKIA and the HKSE ahead of the Group's 2021 equity raise.
- **Covid-19 support:** The Group has not received any Covid-19 government support in 2021.

Suppliers

- **Partnership:** In 2021, the Group focused on moving away from a culture of regarding external firms as 'vendors' to improved collaboration, with the development of key digital partnerships (eg, Babylon Health). To date, we have entered into 56 key digital partnerships.
- **Rapid payments to small UK suppliers:** Following the introduction in early 2020 of more favourable payment terms for suppliers with less than 100 employees ('Jump Pay'), the Group achieved a payment rate of 86.5 per cent within 30 days in 2021, compared to 76.5 per cent in 2020.

Customers

- **Digital responsibility and Pulse:** Pulse continued to evolve during 2021 with the roll-out of Wealth@Pulse in Singapore, Thailand and the Philippines. This wealth offering gives access to wealth services and high quality advice to a wider market.
- **Product development:** During 2021, the Group created the concept of 'Modern Families' to support the development of more inclusive products that recognise that the concept of families has evolved. Prudential has also worked to simplify product brochures, information on our corporate website and our marketing campaigns to enable customers to understand the risk and benefits of products by looking at a single fact sheet.
- **Claims promise:** During 2021, the Group launched its claims promise for customers in Asia to support its customers during life's difficult moments. The promise includes commitments to timeliness, communication with care, fairness, customer experience and privacy.

Society

- **Working towards a lower carbon economy:** In May 2021, the Group set a target to be net zero by 2050 for our insurance assets, supported by 25 per cent reduction in emissions from the portfolio by 2025, a target which is incorporated in the 2022 PLTIP award. The Group is on track for achievement of this target and achieved the exit of coal equity holdings (above 30 per cent revenue threshold) by the end of 2021.
- **Prudence Foundation's** award-winning programme **Cha-Ching** is building financial literacy for millions of children. It is available in 13 languages, and reaches 35 million households every day on TV. In 2021, the Cha-Ching Curriculum programme expanded in Africa, where the Group worked with Junior Achievement Africa to bring this to 5,000 primary school students in Kenya, Ghana, Zambia, Nigeria, Uganda and Côte d'Ivoire. In March 2021, the Prudence Foundation supported the OECD's Global Money Week which aimed to equip young people to manage their money wisely.
- **Covid-19 Relief Fund:** In 2021, a new US$2 million fund was launched to continue to support communities still struggling with the pandemic. Local businesses' programmes have focused on supporting vulnerable communities on efforts that include Covid-19 messaging, hygiene and sanitation, nutrition and educational programmes.

Rewarding 2021 performance

The Committee determined remuneration outcomes having considered the financial performance of the Group, its delivery to stakeholders and the personal contribution of executives.

As set out above, 2021 saw the Group perform strongly against its key operating profit and operating free surplus generation targets in the face of difficult external conditions, including ongoing challenges caused by the pandemic and travel restrictions. At the same time, the Group achieved several significant strategic milestones as it became exclusively focused on Asia and Africa. This performance, combined with effective personal leadership, resulted in overall bonus outcomes of 96.7 per cent - 98.7 per cent for the Executive Directors. The Committee believes that the bonuses it awarded for 2021 appropriately reflect underlying Group performance, individual and/or functional performance and wider factors, including the experience of stakeholders during the year.

Over the longer term, the Group has shown strong performance against the sustainability scorecard targets, however the portion (75 per cent) of the awards related to Prudential's total shareholder return (TSR) lapsed as TSR performance was ranked below the median of the peer group. On this basis, the Committee determined that 17.75 per cent of the PLTIP awards made to Executive Directors in 2019 would vest. These awards will be released to participants from April 2022 but remain subject to a two-year holding period.

The total 2021 remuneration or 'single figure' for the Group Chief Executive, Mike Wells, is 15 per cent lower than his total 2020 'single figure' which has been restated on the required basis to reflect the actual value of the PLTIP award at vesting, notwithstanding his exceptional leadership and personal performance. This chiefly reflects the level of vesting of his 2019 PLTIP award which was partially offset by a higher 2021 AIP outcome compared to 2020.

Remuneration decisions and priorities for 2022

The Committee intends to continue to operate within the existing Directors' remuneration policy during 2022.

Reflecting senior leadership changes

As announced on 10 February 2022, Mike Wells has informed the Board that having led the Group through its transformation into an Asia and Africa-focused business, he intends to retire, and will step down from his role at the end of March 2022. Remuneration arrangements in respect of his departure have been determined in line with the shareholder-approved Directors' remuneration policy. When Mike steps down, Mark FitzPatrick will become interim Group Chief Executive whilst the Board is conducting a search for a new permanent Group Chief Executive. James Turner will become the Group Chief Financial Officer, succeeding Mark.

Information about the remuneration decisions made in connection with all of these changes was included in the 10 February 2022 announcement and can be found in the 'Statement of implementation of remuneration policy in 2022' section of this report.

Incentivising the achievement of our ESG commitments

During 2021, the Committee discussed how the Group's evolving ESG strategy and external commitments could be reflected in incentive arrangements. Having considered the key dimensions of the ESG strategy and the advice of the Responsibility & Sustainability Working Group, the Committee concluded that a measure aligned with our published commitment to reduce the carbon emissions of all shareholder and policyholder assets by 25 per cent by 2025[1] should be attached to 2022 PLTIP awards. This metric was selected due to its importance and the multi-year timeframe which could be translated into a meaningful three-year target (2022-2024).

The new carbon reduction measure will have a weight of 5 per cent and will replace ECap in the sustainability scorecard. Combined with the existing diversity measure, the total weight of the ESG measures in the 2022 PLTIP will be 10 per cent. Objectives related to other aspects of our ESG commitments will be included in the 2022 bonus arrangements of the responsible executives. Further information about the measures and targets set for the 2022 incentives is provided in the 'Statement of implementation of remuneration policy in 2022' section of this report.

Alignment of Annual Incentive Plan (AIP) with the Group's forward-looking strategy

For 2022, the weightings of the financial AIP measures have been aligned with those adopted for the Asia business to better reflect the Group's focus, following the demerger, on the high-growth Asia and Africa businesses. Further, in 2021, the Group Chief Financial Officer was designated as a Key Person in a Control Function under the Hong Kong Group-wide supervision regime and as such, in line with regulatory requirements, his 2022 AIP will include a functional element.

Engaging shareholders on 2022 remuneration arrangements

I had the opportunity during late 2021 to engage with many of our major shareholders, as well as the organisations that represent and advise them. I am pleased to say that we have had the benefit of substantive feedback from around 50 per cent of our shareholder register and that the majority of shareholders and advisory bodies who provided input were supportive of the remuneration decisions taken in respect of 2021 and of the arrangements that we proposed for 2022. In particular, investors endorsed the implementation of the carbon reduction measure in the PLTIP as many of them saw this as aligned with their own focus on sustainability. On behalf of the Committee, I would like to thank the shareholders and advisory bodies for their engagement. Chua Sock Koong had the opportunity to meet many shareholders during this process and I know that she looks forward to continuing this useful dialogue in the future.

Reviewing the Directors' remuneration policy

The Group's Directors' remuneration policy is due to expire at the 2023 AGM. Given the Group's exclusive focus on Asia and Africa, it is essential that the new policy equips the Group to recruit and retain critical executive talent in our key markets. The Committee is conscious of the challenges of balancing the strategic shift to Asia and Africa with the constraints which result from a primary UK listing and this will be a key consideration for the review of the policy which Chua Sock Koong will lead during 2022. Any proposed changes will be discussed with shareholders and their advisory bodies in 2022 before the new policy is presented to shareholders at the 2023 AGM.

I trust that you will find this report a clear account of the way in which the Committee has implemented the Directors' remuneration policy during 2021 and of the proposed Directors' remuneration arrangements for 2022.

Anthony Nightingale, CMG SBS JP
Chair of the Remuneration Committee

8 March 2022

Note

1 The portfolio, with a value of $128 billion as at 31 December 2020, excludes unit-linked funds and assets held by joint venture businesses. In addition, this policy cannot be applied to certain externally managed collective investment scheme balances.

Our Executive Directors' remuneration at a glance

What performance means for Executive Directors' pay in 2021

At Prudential, remuneration packages are designed to ensure strong alignment between pay and performance. 2021 saw the Group perform strongly against its financial and strategic objectives which has been appropriately reflected in the incentive outcomes, as set out in the Annual report on remuneration.

The value of the performance-related elements of remuneration is added to the fixed packages provided to Executive Directors to calculate the 2021 'single figure' of total remuneration. The total 2021 'single figure' for the Group Chief Executive is 15 per cent less than the total restated 2020 'single figure'. This chiefly reflects the level of vesting of the 2019 PLTIP award which was partially offset by a higher 2021 AIP outcome compared to 2020. The values for the current Executive Directors are outlined in the table below:

		Fixed pay		Variable pay			
Executive Director	**Role**	**2021 salary** ($000)	**2021 pension and benefits** ($000)	**2021 bonus** ($000)	**2021 PLTIP vesting** ($000)	**2021 single figure** ($000)	**2020 single figure[1]** ($000)
Mark FitzPatrick	Group Chief Financial Officer and Chief Operating Officer	1,085	416	1,860	536	3,897	4,349
James Turner	Group Chief Risk and Compliance Officer	943	771	1,629	450	3,793	4,003
Mike Wells	Group Chief Executive	1,581	668	3,057	1,296	6,602	7,768

Note

1 2020 single figure has been restated on the required basis to reflect the actual value of the 2018 PLTIP award at vesting.

Aligning pay with the Group's forward-looking strategy

Remuneration approach in light of the demerger

Following the demerger of Jackson, the Group is exclusively focused on its higher growth businesses in Asia and Africa. In this context and to reflect post-demerger priorities, the Committee has reviewed executive remuneration arrangements and made several changes. This included:

- Adjusting the weightings of the financial AIP measures, by increasing the focus on New Business Profit;
- Updating pay benchmarking peer groups to increase focus on the Asia-led financial services organisations; and
- Revising our TSR peer group ahead of 2021 awards being made under the PLTIP in order to reflect the post-demerger footprint of the Group.

To recognise the hard work and commitment shown by our employees in preparation for the demerger and to give our people a stake in the new chapter of the Company's development, each Prudential plc employee (other than the Group Executive Committee) received, in October 2021, a Celebration Award of US$1,000 of restricted shares which will be released in October 2022.

Remuneration arrangements for 2022

Decisions summarised below were taken by the Committee in 2021. Changes to the remuneration arrangements which follow the senior leadership changes announced in February 2022 are set out in the 'Statement of implementation of remuneration policy in 2022' section of this report.

Remuneration packages for 2022, effective 1 January 2022, are set out in detail in the Annual report on remuneration and are summarised below.

				Annual Incentive Plan (AIP)		
Executive Director	**Role**	**2022 salary (local currency)[1]**	**2022 salary (USD)[2]**	**Maximum bonus (% of salary)**	**Bonus deferred (% of bonus)**	**PLTIP award (% of salary)[3]**
Mark FitzPatrick	Group Chief Financial Officer and Chief Operating Officer	£822,000	$1,131,000	175%	40%	250%
James Turner	Group Chief Risk and Compliance Officer	HK$7,550,000	$971,000	175%	40%	250%
Mike Wells	Group Chief Executive	£1,184,000	$1,629,000	200%	40%	400%

Notes

1 Salary increases of 3 per cent were awarded with effect from 1 January 2022.

2 The exchange rate used to convert pay to USD is the reporting rate during 2021 of 0.7269 for GBP and 7.7728 for HKD. All salaries are rounded to the nearest $1,000/£1,000 or HKD 10,000.

3 The PLTIP award is subject to a three-year performance period and a holding period which ends on the fifth anniversary of the award.

Summary of the current Directors' remuneration policy

The current Directors' remuneration policy was approved at the AGM on 14 May 2020 and is expected to fully apply until the 2023 AGM, when shareholders will be asked to approve a revised Directors' remuneration policy, in line with the requirement to submit the policy for shareholder approval at least every three years. The Committee is comfortable that the current Policy operated as intended and that the overall 2021 remuneration paid to Executive Directors as set out below and within the Annual report on remuneration, was appropriate.

The pages that follow present a summary of the current Directors' remuneration policy. The complete policy is available on the Company's website at www.prudentialplc.com/investors/governance-and-policies/policies-and-statements.

Summary of the Directors' remuneration policy

Current key elements of remuneration		2021 2022 2023 2024 2025 2026	Key features of operation of the current policy	How we implemented the policy in 2021
Fixed pay	**Salary and benefits**		Salaries reviewed annually with increases generally aligned with those of the workforce. Benefits reflect individual circumstances and are competitive in the local market	A salary freeze was implemented in 2021 for Executive Directors, other than for the Group Chief Financial Officer and Chief Operating Officer whose salary was increased in April 2021 by 5% to reflect the increase in the scope of the role
	Pension		Pension contributions and/or a cash supplement up to 22.5% of salary (20% from 14 May 2021). Executive Directors based in Hong Kong receive this in addition to contributions into the Hong Kong Mandatory Provident Fund	Pension contributions for the incumbent Executive Directors remained at 13% of salary, in line with the employer pension contribution available to the UK workforce
Short-term variable pay One-year performance assessed on financial, functional and personal objectives, set with reference to business plans approved by the Board. Awards are subject to the achievement of a Pillar I capital underpin aligned with the Hong Kong Insurance Authority capital framework.	**Cash bonus** **Deferred bonus**		The maximum opportunity is up to 200% of salary 40% of bonus is deferred into shares for three years Award is subject to malus and clawback provisions, including in circumstances where there are non-financial issues and personal conduct which falls short of the Company's expectations	The Group Chief Executive was awarded a maximum opportunity of 200% of salary Other Executive Directors were awarded a maximum opportunity of 175% of salary 2021 bonuses were paid based on financial and personal objectives and, in the case of the Group Chief Risk & Compliance Officer, functional objectives
Long-term variable pay Three-year performance assessed on a combination of: > Financial measures; > Total Shareholder Return (TSR) relative to international insurance peers; and > Sustainability scorecard of capital, conduct and diversity measures	**Prudential Long Term Incentive Plan (PLTIP)**		Maximum award under the Plan is 550% of salary although regular awards are below this level Awards are subject to a three-year vesting period from date of grant and a further two-year holding period from the end of the vesting period Awards are subject to malus and clawback provisions, including in circumstances where there are non-financial issues and personal conduct which falls short of the Company's expectations The proportion of awards which will vest for threshold performance is 20%	Awards in 2021 were below the plan limits: > Group Chief Executive: 400% of salary > Other Executive Directors: 250% of salary Weight of 2021 PLTIP measures was as follows: 50% TSR, 30% Return on Embedded Value (RoEV) and 20% sustainability scorecard. On vesting, the Committee will review awards to ensure that participants do not benefit from windfall gains. The Committee will consider Prudential's stretching performance targets; share price performance of Prudential and its peers; the prices of the indices on which Prudential is listed; and any other factors deemed relevant.
Share ownership guidelines	**Share ownership guidelines**		Significant in-employment share ownership guidelines for all Executive Directors as follows: > 400% of salary for the Group Chief Executive > 250% of salary for other Executive Directors Executives have five years from the later of the date of their appointment, or the date of an increase in these guidelines, to build this level of ownership Executive Directors leaving the Board are required to hold the lower of their actual shareholding at their retirement date and their in-employment share ownership guideline for a period of two years, subject to Remuneration Committee discretion	The post-employment shareholding requirement is implemented by requiring Executive Directors retiring from the Board to obtain clearance to deal in the Company's shares during the two years following their retirement

Principles underlying the policy

When determining the 2020 Directors' remuneration policy, the Committee had regard to a number of key principles as illustrated below:

Current key elements of remuneration	How we implemented the policy in 2021
Simplicity	The Committee is comfortable that the current remuneration structure is simple as it consists of fixed remuneration, annual and long-term incentives only. This structure is largely unchanged from our previous policy. Stakeholders are familiar with the operation of reward arrangements and there is a demonstrable link between performance and reward outcome.
Risk	The Group Risk Committee formally provides advice to the Committee on risk management considerations to inform decisions over bonus payments and long-term incentive vesting levels. The policy provides the Committee with substantial flexibility to adjust incentive outcomes, to reduce or cancel unvested awards and to reclaim both bonus and long-term incentive payments. The Committee's discretionary powers have been formalised and additional malus and clawback triggers for personal conduct introduced in relation to the AIP and PLTIP to take into account non-financial and individual factors. The time horizon for our long-term incentives extends for five years, including the holding period on awards. There are currently significant in-employment share ownership guidelines for all Executive Directors providing a material connection to the sustained success of the Company. Executives have five years from the later of the date of their appointment, or the date of an increase in these guidelines, to build this level of ownership. A post-employment shareholding requirement for Executive Directors provides continued alignment with the success of the Company and stakeholder interests even after leaving the Board. This obligation will be implemented by requiring Executive Directors retiring from the Board to obtain clearance to deal in the Company's shares during the two years following their retirement.
Alignment to culture	New and existing Executive Directors are offered pension benefits of 13 per cent of salary, aligned with the employer pension contribution available to the UK workforce. The conduct measure in the PLTIP rewards for appropriate management action and ensures that there are no significant conduct/culture/governance issues that result in significant capital add-ons or material fines. The new carbon reduction measure in the PLTIP is aligned to the ESG strategy and recognises the Group's commitment in this area. The pay arrangements for Executive Directors are aligned with those of the senior leadership team. The vesting period attached to the long-term incentives reflects the time horizon of the business plan. The additional post-vesting holding period and post-employment shareholding requirement strengthens the community of interests between Executives and other stakeholders.
Clarity	The Committee has consulted with the Company's largest shareholders and their advisers on the current policy and executive pay decisions before they are implemented. Details on Executive Director pay are clearly set out in the Annual report on remuneration.
Proportionality	There are no incentive awards for below threshold performance. Financial targets are set against the Board-approved Plan. Under the PLTIP, 20 per cent of each portion of the award will vest for achieving threshold performance. The Committee approves the termination arrangements of Executive Directors to ensure that there is no reward for failure. The PLTIP leaver rules are another safeguard that there is no reward for failure under this plan. The Committee's discretionary powers have been formalised and additional malus and clawback triggers for personal conduct introduced in relation to the AIP and PLTIP to take into account non-financial and individual factors.
Predictability	The levels of awards under incentive arrangements to Executive Directors at threshold, on-target and maximum performance points are clearly defined and presented in relevant sections of this report.

Membership and 2021 meeting attendance

Committee Members	2021 Meetings
Anthony Nightingale CMG SBS JP (Chair)	**8/10**
Thomas Watjen	**10/10**
Kai Nargolwala[1]	**5/6**
Fields Wicker-Miurin[2]	**9/10**
Amy Yip[3]	**4/4**
The Hon. Philip Remnant CBE FCA	**9/10**
David Law ACA[4]	**9/9**
Chua Sock Koong[5]	**4/4**

Regular attendees

- **Chair**
- **Group Chief Executive**
- **Company Secretary**
- **Group Human Resources Director**
- **Director of Group Reward and Employee Relations**
- **Remuneration Committee Adviser**

Notes

1 Kai Nargolwala stepped down from the Remuneration Committee on 13 May 2021.

2 Fields Wicker-Miurin stepped down from the Remuneration Committee on 31 December 2021.

3 Amy Yip stepped down from the Remuneration Committee on 3 March 2021.

4 David Law joined the Remuneration Committee on 4 February 2021.

5 Chua Sock Koong joined the Remuneration Committee on 12 May 2021.

Role and responsibilities

The role and responsibilities of the Committee are set out in its terms of reference, which are reviewed by the Committee and approved by the Board on a periodic basis, and which can be found on the Company's website at https://www.prudentialplc.com/~/media/Files/P/Prudential-V3/content-pdf/gremco-tor-at-01-01-2022.pdf. The Committee's role is to assist the Board in meeting its responsibilities regarding the determination, implementation and operation of the overall remuneration policy for the Group, including the remuneration of the Chair of the Board, Executive Directors, Group Executive Committee members and the Company Secretary, as well as overseeing the remuneration arrangements of other staff within its purview. In 2021, the Committee met seven times and also dealt with a number of matters by email circulation.

The principal responsibilities of the Committee set out in their terms of reference and discharged during 2021 were:

- Approving the operation of performance-related pay schemes operated for the Executive Directors, other members of the Group Executive Committee and the Company Secretary, and determining the targets and individual payouts under such schemes;
- Reviewing the operation and awards made under all share plans requiring approval by the Board and/or the Company's shareholders. Specifically, during 2021, this included approving the remuneration section of the Demerger Agreement and all related adjustments to pay and performance schemes;
- Monitoring compliance of the Chair and Executive Directors and other members of the Group Executive Committee with share ownership guidelines;
- Reviewing and approving individual packages for the Executive Directors and other members of the Group Executive Committee, and the fees of the Chair. Similarly, reviewing and approving fees for the Non-executive Directors of the Group's material subsidiaries;
- Reviewing workforce remuneration practices and related policies across the Group when setting the remuneration policy for Executive Directors, as well as the alignment of incentives and awards with culture;
- Reviewing and approving the content and format of the UK gender pay gap report;
- Monitoring the remuneration and risk management implications of remuneration of senior executives across the Group and other selected roles; and
- Overseeing the implementation of the Group remuneration policy for roles within the scope of the specific arrangements referred to in the Hong Kong IA GWS Framework.

The Chair and the Group Chief Executive attend meetings by invitation. The Committee also had the benefit of advice from:

- Group Chief Risk and Compliance Officer;
- Group Chief Financial Officer and Chief Operating Officer;
- Group Human Resources Director; and
- Director of Group Reward and Employee Relations.

Individuals are not present when their own remuneration is discussed and the Committee is always careful to manage potential conflicts of interest when receiving views from Executive Directors or senior management about executive remuneration proposals.

As part of our broader programme of shareholder engagement, the Chair of the Committee held meetings with shareholders and the principal advisory bodies to discuss decisions taken in respect of the Executive Directors' remuneration arrangements for 2022. We have had the benefit of substantive feedback from 50 per cent of our shareholder register and are pleased that the majority of shareholders and advisory bodies who provided input were supportive of our proposals and commended the manner in which we conducted the consultation process.

During 2021, Deloitte LLP was the independent remuneration adviser to the Committee. Deloitte was re-appointed by the Committee in 2021 following a competitive tender process. As part of this process, the Committee considered the services that Deloitte provided to Prudential and its competitors, as well as other potential conflicts of interest. Deloitte is a member of the Remuneration Consultants' Group and voluntarily operates under their code of conduct when providing advice on executive remuneration in the UK. Deloitte regularly meets with the Chair of the Committee without management present. The Committee is comfortable that the Deloitte engagement partner and team providing remuneration advice to the Committee do not have connections with Prudential that may impair their independence and objectivity. The total fees paid to Deloitte for the provision of independent advice to the Committee in 2021 were £81,250 charged on a fixed fee as well as time and materials basis. During 2021, Deloitte provided Prudential management advice on remuneration, digital and technology, taxation, internal audit, global mobility, risk and regulatory matters. Remuneration advice is provided by an entirely separate team within Deloitte.

In addition, in 2021 the Committee and management commissioned a large scale research project by Aon, which included analysis of remuneration trends and structures across a number of sectors and geographies. The total cost of this project, including analysis and data provided in respect of executives below Board, was US$117,700 charged on a fixed fee basis. Aon were selected and appointed by management. The Committee is comfortable that the advice received was objective and independent. During 2021, Aon provided other parts of the Group management advice on staff salary data, insurance services and asset management consulting services.

In 2021 the Board conducted an evaluation of its effectiveness which included an assessment of the Remuneration Committee. The evaluation confirmed that the Committee continued to operate effectively during the year.

Remuneration decisions taken in relation to the demerger

The Jackson business demerged from the Group with effect from 13 September 2021. The Committee established a set of principles, consistent with that applied on the 2019 demerger of M&G, to underpin decisions on remuneration relating to the demerger with Jackson, including:

- Executives should not be advantaged or disadvantaged by the demerger;
- The value of outstanding awards and their key terms (release dates, holding periods, malus and clawback provisions) should be unaffected;
- Where performance conditions need to be revised, the new conditions should be no more or less stretching than those originally attached to the awards; and
- Where the Committee has applied discretion, this will be disclosed clearly.

These principles formed the basis for the treatment of outstanding share awards which was set out in the Shareholder Circular published on 6 August 2021 and approved by shareholders at the August 2021 General Meeting. In summary, employees of Prudential plc (including the Executive Directors of the Company) received the demerger dividend on their outstanding deferred bonus and long-term incentive awards in the form of additional Prudential plc shares which will be released on the same timetable and on the same basis as their original share awards. The Committee decided that it was appropriate that, wherever possible, executives should be rewarded in the shares of the business which they continue to lead. For awards under UK all-employee share plans, the treatment was in line with the relevant rules and regulations.

Adjusting the AIP and in-flight PLTIP performance conditions

At the time of the demerger, the 2021 AIP financial targets were adjusted to exclude the Jackson business for the remainder of the year.

The Committee decided that the financial targets for the 2019 and 2020 PLTIP awards should be adjusted to exclude the Jackson components of the Plan on which the targets were based, with effect from the date of the demerger, in order to appropriately account for the period that Jackson were not part of the Group. The revised targets will be disclosed in the remuneration report for the year in which the awards vest.

The 2021 PLTIP award targets exclude Jackson performance, with the exception of the 'conduct' measure in the sustainability scorecard which includes Jackson until the point of demerger.

No changes have been made to the TSR peer groups for any outstanding PLTIP awards held by Prudential plc staff. The TSR peer group was revised ahead of 2021 awards being made in order to reflect the post-demerger footprint of the Group.

Demerger share calculation

At the time of the demerger of Jackson from Prudential plc shareholders received one share in Jackson for every forty shares they hold in Prudential plc. The Committee approved the approach to converting the demerger dividend into additional Prudential plc shares and ADRs for those with outstanding awards at the date of the demerger. Prudential plc employees who held awards over Prudential shares or ADRs therefore received the value of the demerger dividend in the form of additional Prudential plc shares or ADRs respectively. These additional shares/ADRs will vest on the same timetable and on the same basis as the original award.

The Committee considered a number of approaches for converting the demerger dividend into additional Prudential plc shares/ ADRs. It decided to determine the number of additional Prudential plc shares/ADRs to be awarded as a dividend by dividing the value of Jackson shares (based on the volume weighted average price realised through the bulk sale of Jackson shares immediately following demerger date) by the Prudential plc share price averaged over the first ten days of Jackson's regular trading on the NYSE. This approach ensured alignment between the value that our employees and our shareholders realised from the demerger.

TSR calculation

The Committee determined that the calculation of TSR for in-flight PLTIP awards should be adjusted to reflect the demerger of Jackson. This involved the application of an adjustment factor calculated in line with standard methodologies.

Table of 2021 Executive Director total remuneration (the 'single figure')

$000s (unless stated)	2021 salary	2021 taxable benefits*	2021 total bonus†	2021 PLTIP releases‡	2021 pension benefits§	Total 2021 fixed remuneration~	Total 2021 variable remuneration~	Total 2021 remuneration the 'single figure'^	Total 2021 remuneration the 'single figure' in GBP (£000)#
Mark FitzPatrick	1,085	275	1,860	536	141	1,501	2,396	3,897	2,832
James Turner[1]	943	646	1,629	450	125	1,714	2,079	3,793	2,757
Mike Wells	1,581	463	3,057	1,296	205	2,249	4,353	6,602	4,799
Total	3,609	1,384	6,546	2,282	471	5,464	8,828	14,292	10,388

* Benefits include (where provided) the cost of providing the use of a car and driver, medical insurance, security arrangements, relocation/expatriate benefits and shares awarded due to participation in the Share Incentive Plan (SIP).

† The total value of the bonus, comprising both the 60 per cent delivered in cash and 40 per cent bonus deferred into Prudential plc shares for three years. The deferred part of the bonus is subject to malus and clawback in accordance with the malus and clawback policies, but no further performance conditions.

‡ In line with the regulations, the estimated value of the 2021 PLTIP releases for all Executive Directors has been calculated based on the average share price over the last three months of 2021 (£14.00/US$19.26) and includes the accumulated dividends delivered in the form of shares. The Committee's approach to determining the level of vesting for this award is set out in the 'Remuneration in respect of performance periods ending in 2021' section. The number of Prudential plc shares under award has been adjusted to take account of the Jackson demerger in line with the approach set out in the section on 'Remuneration decisions taken in relation to the demerger'. As set out in the 2019 Annual Report, these awards have previously been adjusted on the demerger of M&G. The actual value of vesting PLTIP awards, based on the share price on the date awards are released, will be shown in the 2022 report. Due to the share price depreciation over the vesting period, the estimated value per share of the 2019 PLTIP awards is 9.1% lower than the value per share at grant. As a result, no value is attributable to share price appreciation. No adjustment to vesting levels has been proposed as a result of the share price depreciation.

§ 2021 pension benefits include cash supplements for pension purposes and contributions into defined contribution schemes as outlined in the 'pension benefit entitlement' section.

~ Total fixed remuneration includes salary, taxable benefits and pension benefits. Total variable remuneration includes total bonus and PLTIP releases.

^ Each remuneration element is rounded to the nearest $1,000 and totals are the sum of these rounded figures. Total remuneration is calculated using the methodology prescribed by Schedule 8 of Statutory Instrument 2013 No. 1981 – The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. Total 2021 remuneration has been converted to US dollars using the exchange rate of 0.7269 for GBP and 7.7728 for HKD. Exchange rate fluctuations will therefore impact the reported value.

Total 2021 remuneration has been converted to GBP using the exchange rate of 0.7269 USD to 1 GBP.

Note

1 Mr Turner is paid in HK dollars, while Messrs Wells and FitzPatrick are paid in sterling.

Table of 2020 Executive Director total remuneration (the 'single figure')

$000s (unless stated)	2020 salary	2020 taxable benefits*	2020 total bonus†	2020 PLTIP releases‡	2020 pension benefits§	Total 2020 fixed remuneration~	Total 2020 variable remuneration~	Total 2020 remuneration the 'single figure'^	Total 2020 remuneration the 'single figure' in GBP (£000)#
Mark FitzPatrick	980	239	1,186	1,773	171	1,390	2,959	4,349	3,391
James Turner[1]	950	643	1,322	919	169	1,762	2,241	4,003	3,122
Mike Wells	1,481	388	1,355	4,286	258	2,127	5,641	7,768	6,057
Total	3,411	1,270	3,863	6,978	598	5,279	10,841	16,120	12,570

* Benefits include (where provided) the cost of providing the use of a car and driver, medical insurance, security arrangements, relocation/expatriate benefits and shares awarded due to participation in the Share Incentive Plan (SIP).

† The total value of the bonus, comprising both the 60 per cent delivered in cash and 40 per cent bonus deferred into Prudential plc shares for three years. The deferred part of the bonus is subject to malus and clawback in accordance with the malus and clawback policies, but no further performance conditions.

‡ In line with the regulations, the value of the 2020 PLTIP releases for all Executive Directors has been calculated using the share price at vesting of £14.9984 and includes the accumulated dividends delivered in the form of shares. The number of Prudential plc shares under award have been adjusted in line with the approach set out in the section on 'Remuneration decisions taken in relation to the demerger' in the 2019 Annual Report. Due to the share price depreciation over the vesting period, the estimated value per share of the 2018 PLTIP awards is 16.5 per cent lower than the value per share at grant. As a result, no value is attributable to share price appreciation. No adjustment to vesting levels has been proposed as a result of the share price depreciation.

§ 2020 pension benefits include cash supplements for pension purposes and contributions into defined contribution schemes as outlined in the 'pension benefit entitlement' section.

~ Total fixed remuneration includes salary, taxable benefits and pension benefits. Total variable remuneration includes total bonus and PLTIP releases.

^ Each remuneration element is rounded to the nearest $1,000 and totals are the sum of these rounded figures. Total remuneration is calculated using the methodology prescribed by Schedule 8 of Statutory Instrument 2013 No. 1981 – The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. Total 2020 remuneration has been converted to US dollars using the exchange rate of 0.7798 for GBP and 7.7560 for HKD. Exchange rate fluctuations will therefore impact the reported value.

Total 2020 remuneration has been converted to GBP using the exchange rate of 0.7798 for GBP.

Note

1 Mr Turner is paid in HK dollars, while Messrs Wells and FitzPatrick are paid in sterling.

Remuneration in respect of performance in 2021

Base salary

No salary increases were awarded to Executive Directors with effect from January 2021. However, the scope of the role of the Group Chief Financial Officer and Chief Operating Officer was expanded in April 2021 to include oversight of the Group's investment processes and governance in addition to his previous responsibilities. The Hong Kong IA has also asked that he is designated as a Key Person in a Control Function with responsibility for the Financial Control function. The scope of Mr FitzPatrick's role was previously increased in 2019 to include the Chief Operating Officer responsibilities without an increase in remuneration. Having considered these developments, the Committee decided to award a 5 per cent salary increase for Mr FitzPatrick with effect from 1 April 2021.

As a result, Executive Directors received the following salaries in 2021:

Executive Director	2021 salary (local currency) from 1 January 2021	2021 salary (USD)[1] from 1 January 2021	2021 salary (local currency) from 1 April 2021	2021 salary (USD)[1] from 1 April 2021
Mark FitzPatrick, Group Chief Financial Officer and Chief Operating Officer	£760,000	$1,046,000	£798,000	$1,098,000
James Turner, Group Chief Risk and Compliance Officer	HK$7,330,000	$943,000	No change	
Mike Wells, Group Chief Executive	£1,149,000	$1,581,000	No change	

Note

1 2021 salaries were converted to US dollars using an exchange rate of 0.7269 for GBP and 7.7728 for HKD. All salaries are rounded to the nearest $1,000/£1,000 or HKD 10,000.

Pension benefit entitlements

Pension benefit arrangements for 2021 are set out in the table below. The employer pension contribution available to the UK workforce is 13 per cent of salary.

Executive Director	2021 pension benefit	Life assurance provision
James Turner	Pension supplement in lieu of pension of 13 per cent of salary and a HKD18,000 employer payment to the Hong Kong Mandatory Provident Fund.	Eight times salary.
Mark FitzPatrick and Mike Wells	Pension supplement in lieu of pension of 13 per cent of salary.	Four times salary plus an additional four times salary dependants' pension.

Annual bonus outcomes for 2021

Target setting

For 2021, financial AIP metrics comprise 80 per cent of the bonus opportunity for all Executive Directors apart from the Group Chief Risk and Compliance Officer, for whom this accounts for 40 per cent of the bonus opportunity. The performance ranges are based on the annual business plans approved by the Board and reflect the ambitions of the Group, in the context of anticipated market conditions. The financial element of Executive Directors' 2021 bonuses was determined by the achievement of four Group measures, namely adjusted operating profit, operating free surplus generation, EEV new business profit and cash flow, which are aligned to the Group's growth and cash generation focus.

Personal objectives comprise 20 per cent of the bonus opportunity for all Executive Directors. These objectives were established at the start of the year and reflect the Company's Strategic Priorities set by the Board. For 2021, Executive Directors had two shared strategic objectives linked to developing and embedding the Group's ESG strategic framework and completing the separation of Jackson from the Group.

Functional objectives account for the remaining 40 per cent of the Group Chief Risk and Compliance Officer's bonus opportunity. These are based on the Group Risk Plan and are developed with input from the Chair of the Group Risk Committee.

AIP payments are subject to meeting minimum capital thresholds which are aligned to the Group risk framework and appetites (as adjusted for any Group Risk Committee approved counter-cyclical buffers), as described in the Group Chief Risk and Compliance Officer's report section of this report.

The Committee seeks advice from the Group Risk Committee on risk management considerations to inform decisions about remuneration architecture and performance measures to ensure that risk management, culture and conduct are appropriately reflected in the design and operation of Executive Directors' remuneration.

Performance assessment

The Committee determines the overall value of the bonus, taking account of the inputs described above and any other factors which it considers relevant.

The Committee considered a report from the Group Chief Risk and Compliance Officer which had been approved by the Group Risk Committee. This report confirmed that the 2021 results were achieved within the Group's and businesses' risk framework and appetite. The Group Chief Risk and Compliance Officer also considered the effectiveness of risk management and internal controls, and specific actions taken to mitigate risks, particularly where these may be at the expense of profits or sales. The report also confirmed that the Group met minimum capital thresholds which were aligned to the Group risk framework and appetites. The Committee took into account this advice when determining AIP outcomes for Executive Directors.

The table below illustrates the weighting of performance measures for 2021 and the level of achievement under the AIP:

	Weighting of measures (% of total bonus opportunity)			Achievement against performance measures (% of maximum for each component)			2021 AIP outcome[1] (% of total bonus opportunity)
Executive Director	**Group financial measures**	**Functional objectives**	**Personal objectives**	**Group financial measures**	**Functional objectives**	**Personal objectives**	
Mark FitzPatrick	80%	–	20%	98.4%	–	96.4%	98.0%
James Turner	40%	40%	20%	98.4%	98.8%	99.2%	98.7%
Mike Wells	80%	–	20%	98.4%	–	90.0%	96.7%

Note

1 All bonus awards are subject to 40 per cent deferral for three years and the deferred bonus will be paid in Prudential plc shares.

Financial performance

The Committee reviewed performance against the performance ranges at its meeting in February 2022. Group adjusted operating profit and Group free surplus generation were approaching the stretch target established by the Board. Life new business profit and Group cash flow achievement exceeded the stretching targets established by the Board.

The level of performance required for threshold, plan and maximum payment against the Group's 2021 AIP financial measures and the results achieved are set out below:

2021 AIP measure	Weighting	Threshold ($m)	Target ($m)	Stretch target ($m)	Achievement ($m)
Group adjusted operating profit	25%	4,882	5,278	5,674	5,616
Group operating free surplus generated	30%	1,726	1,866	2,006	2,087
Group cash flow	10%	(348)	91	154	394
Group EEV new business profit	35%	2,163	2,472	2,534	2,526

Personal performance

A proportion of the annual bonus for each Executive Director is based on the achievement of personal objectives including:

- The executive meeting their individual conduct and customer measures;
- The executive's contribution to Group strategy as a member of the Board; and
- Specific goals related to the function for which they are responsible and progress on major projects.

At the end of the year, the Committee considered the performance of all executives against objectives established at the start of the year. At its meeting in February 2022, it concluded that 2021 had seen the execution of significant strategic objectives, as described in the Strategic report. These achievements reflect Executive Directors' high level of performance against their 2021 personal objectives. All executives met their individual conduct measures and each Executive Director made a significant contribution to the achievement of Group strategy during 2021.

The below summarises performance against the personal objectives and strategic priorities for the current Executive Directors:

Shared strategic objectives

2021 key strategic objective	Achievement	Performance relative to target
ESG – climate and diversity Develop and embed the Group's ESG strategic framework, with a particular focus on: > initiatives to improve accessibility to health and financial security; > managing the Group's exposure to climate-related risks and opportunities; and > its actions as a consequence, and improving diversity, inclusion and belonging in the organisation. **SOCIETY, PEOPLE**	The ESG framework was embedded at both functional and local business levels and the Prudential Sustainability Advisory Group was established. In May 2021, the Group set a target to become a net zero 2050 asset owner supported by a 25 per cent reduction in emissions from the portfolio by 2025. The Group is on track for achievement of this target and has achieved the exit of coal equity holdings (above the 30 per cent revenue threshold) by the end of 2021. A responsible investment policy was agreed and has been implemented. The Group launched the We DO Family campaign to support the development of inclusive products that recognise the evolution of nuclear families by expanding the Group's product coverage to include a wider array of relationships. The Group demonstrated its commitment to Diversity & Inclusion by achieving a c35 per cent representation of women in senior leadership at the end of 2021, above the 30 per cent commitment under the HM Treasury 'Women in Finance Charter'. The Group was included on the Bloomberg Gender Equality Index for the first time and is committed to the United Nations Women's Empowerment Principles.	Above target level, approaching stretch target level
Complete the separation of Jackson from the Group **INVESTORS**	The Group completed the separation of Jackson resulting in Prudential's transformation from a diversified, global group into a focused business exclusively targeting the long-term structural opportunities of Asia and Africa. The Group secured shareholder support of the demerger (at the General Meeting in August 2021, 99.65 per cent shareholders supported the demerger resolution). Shortly thereafter the Board declared a dividend in specie, distributing the Jackson shares to the Group's shareholders. The Group retained a stake in Jackson following the demerger.	Above stretch target level

Mark FitzPatrick, Group Chief Financial Officer and Chief Operating Officer

2021 key strategic deliverables	Achievement	Performance relative to target
Strategic communications with debt and equity markets and Equity raise Lead strategic communications between Prudential and the debt and equity markets, and specifically deliver the required debt repayment and refinancing. Seek to raise US$2.5-3 billion of new equity capital. **INVESTORS**	Ensured debt and equity plan remained supported by investors as the Jackson demerger and Equity raise evolved, through regular engagement with investors and ratings agencies so that both share prices and credit ratings were not impacted by equity raise and temporarily high leverage post Jackson demerger. Ensured that market disclosures on debt issuance and repayment were updated at the appropriate times and the lead regulator HKIA was supportive of the debt transactions and their capital implications. Raised c$1 billion and repaid c$3 billion of debt (including $1.7 billion redeemed in January 2022), maximising opportunity for deleveraging, debt refinancing and reduction in interest costs. Developed and refined structure, transaction size and timing throughout 2021, to ensure a successful Hong Kong Equity raise, ultimately leading to significant increase in Hong Kong share liquidity. Developed and communicated the equity story to investors through Capital Markets Day, leading Finance, Investor Relations, Corporate Strategy, Communications, Legal and external parties to deliver and execute.	Above stretch target level
Increase Asia shareholder base Increase the Asia shareholder base and Hong Kong liquidity. **INVESTORS**	Raised $2.4 billion of equity in Hong Kong to optimise balance sheet to reflect focus on Asia and Africa. Delivered the Hong Kong Equity raise marketing, securing milestone orders and ran the Hong Kong public offering. Supported further roll out of Asia research coverage. Directly managed Asia based IR effort, tailoring Investor Relation efforts to increase access to Asia-based investors via conferences and Investor Relation activities, including site visits. Drove continued domestic Hong Kong stock commentary and public relations efforts.	Above stretch target level
Deliver IFRS 17 reporting changes to ensure systems in place to deliver comparative reporting from 2022. **REGULATORS**	Sponsored the IFRS17 programme and chaired the Group-wide steering committee for IFRS 17. During 2021, the Group made significant progress with the build and testing of new actuarial and finance systems. Programme activities were completed to enable the production of the opening balance sheet and comparatives in 2022.	Above target level, approaching stretch target level

Recognising Mr FitzPatrick's very strong performance against both his individual and shared personal objectives during 2021, the Committee judged that 19.3 per cent of a maximum of 20 per cent attributable to personal objectives was appropriate.

James Turner, Group Chief Risk and Compliance Officer

2021 key objectives	Achievement	Performance relative to target
Lead strategic communications between Prudential and key regulators, ensuring constructive and open relationships. **Maintain constructive engagement and relationships with industry peers.** **REGULATORS**	Worked closely with HKIA to support finalisation of preparations for compliance with the GWS legislation, which became effective on 29 March 2021, with formal designation of the Group with effect from 14 May 2021. Proactively engaged with regulators in advance of the demerger of US business and provided support for the necessary interaction between the HKIA and DIFS. Provided insight to regulators on key Group risks and associated developments as part of the annual College of Supervisors. Engaged with both regulators and the stock exchange as part of a key role in the Group's 2021 equity raise. Continued leadership role in discussions with regulator and peers on development of the HK RBC capital regime given its economic capital focus.	Above stretch target level
Develop the Risk and Compliance leadership team and key talent to enable strong succession planning/talent pipeline. **PEOPLE**	Supported the development of the senior team within the US business to take key functional leadership roles post operational separation of the US business. Supported Group-wide talent development initiatives including mentorship and sponsorship of future and recently promoted leaders across Asia. Developed the Risk and Compliance leadership key talent across the region including identifying potential successors for the Group Chief Risk and Compliance Officer role.	Above stretch target level

Recognising Mr Turner's very strong performance against both his individual and shared personal objectives during 2021, the Committee judged that 19.8 per cent of a maximum of 20 per cent attributable to personal objectives was appropriate.

Mike Wells, Group Chief Executive

2021 key objectives	Achievement	Performance relative to target
Pulse Progress the rapid roll out across Asia and Africa and monetisation potential of Pulse as a platform with increasing functionality and operational and financial synergies with the rest of the business. **CUSTOMERS**	Supervised the roll-out of Pulse which is now available in 17 markets and exceeding 32 million downloads and c13 million registrations by the end of 2021. Pulse has attracted a large proportion of young generation users (aged 18 to 35) and mass segment users. Insights gathered on Pulse provided a better understanding of customer needs, allowing the Group to digitally deliver products and services customized to users' interests and requirements. These insights also help the agency network assist those customers that require a more personal, advice-led approach. By the end of 2021, the Group has entered into over 56 key digital partnerships which allowed it to harness the strengths and abilities of its partners, to broaden the product and services offering and to expand its market reach.	Above stretch target level
Accelerated Asian and African growth Ensure a healthy balance sheet and sufficient capital and funding for accelerated Asian and African growth, including for opportunities that may be developed or become available outside the Group 2021–2023 Plan, in a manner that begins the re-rating of the share price. **INVESTORS**	In October 2021 Prudential completed a share offer raising approximately HK$18.5 billion or US$2.4 billion on the Hong Kong Stock Exchange (HKSE). The proceeds were used to redeem existing debt, in order to maintain and enhance Prudential's financial flexibility in light of the breadth of opportunities to invest for growth in Asia and Africa. We estimate the Moody's total leverage at 31 December to be 26 per cent and if the further debt redemptions of $1,725 million in January 2022 had been completed as at 31 December 2021, we estimate that this figure would have been 21 per cent.	Above stretch target level

Recognising Mr Wells's very strong performance against both his individual and shared personal objectives during 2021, the Committee judged that 18 per cent of a maximum of 20 per cent attributable to personal objectives was appropriate.

Functional performance

The Group Chief Executive and the Chair of the Group Risk Committee undertake the assessment of performance against functional objectives for the Group Chief Risk and Compliance Officer. 2021 achievement is summarised below:

Summary of 2021 functional objectives	Achievement	Performance relative to target
Group-wide risk and compliance developments Oversee implementation of HKIA GWS requirements with key focus on development of GIECA. Specific non-financial risk framework development to change to reflect the 2021 plan: > Enhancing customer-related conduct risk management information. > Adapting the framework to ensure it remains effective in light of the strategic objectives related to the Pulse business. > Further updates to reflect the impact of climate related transition risk. **INVESTORS, REGULATORS**	Worked closely with Group Finance to lead the development of the GIECA methodology, including providing regular updates to the Group Risk Committee to enable appropriate level of challenge and transparency of key assumptions and modelling simplifications during the critical development stage. Led the adaptation of the Enterprise Risk Management Framework and Governance to meet changing requirements, including those associated with the Group's strategic focus digitalisation and external developments in the understanding of the risks associated with climate change. Engaged first-line stakeholders in training, awareness and conduct risk assessments, as well as providing conduct advice for Pulse, and enhancing conduct elements in the product approval process.	Above stretch target level
Risk and compliance oversight Ensure the business is sufficiently informed on external risk perspectives and challenged, where appropriate to take effective actions and decisions. Provide Non-executive and Executive management information and insight to fully support members in meeting their responsibilities and duties set out in their Terms of Reference in respect of risk management. Support the identification and management of emerging and top risks by the business, including deep dives into areas identified in the Top Risk process (eg interest rate management, oversight of the separation of Jackson, modelling and assumption risks and technology risk management). **INVESTORS, REGULATORS**	Delivered insightful Chief Risk and Compliance Officer updates to the Group Risk Committee focusing on the impact on the Group of rapidly developing risk themes such as geo-political developments, pandemic impacts, the management of sanctions and credit risk in the balance sheet. Completed the program of targeted, deep dive risk reviews, as proposed and agreed with the Group Risk Committee at the start of the year, including assessments following penetration testing, the use and development of digital wallets and the long-term impacts of lower for longer interest rates on core products in each of the larger markets. Provided clear and concise risk analysis and opinions in support of Board decisions including in relation the demerger of the US business, the equity raise and other strategic initiatives. Led an initiative, including training, to demonstrate an open discussion of mistakes and 'what could go wrong' by senior leaders, in order to encourage similar conversations within teams and promote psychological safety.	Above stretch target level
Operating model Implementation Operationalise a Group-wide function for the International business, improving efficiency and effectiveness through collaboration and coordination. **INVESTORS**	Completed functional alignment to Asia/Africa business operations following the demerger of the US business including build of technology and digital risk capabilities and leadership for the Asia/Africa business. Reinforced functional mission and operation as a Group-wide function and developed communication and training programmes to support the global Risk, Compliance and Security function in understanding and responding to key elements of the Group's strategy including digitalisation and ESG related initiatives.	Above target level, approaching stretch target level

In recognition of James Turner's very strong performance against his functional objectives during 2021, the Committee judged that 39.5 per cent of a maximum of 40 per cent attributable to functional objectives was appropriate.

2021 bonus awards

The Committee determined the 2021 AIP awards below on the basis of the performance of the Group and of the individual executives. In making these decisions, it reflected on factors including:

- The overall contribution of the executive;
- Behavioural, conduct and risk management considerations; and
- Wider experience of stakeholders and overall corporate performance.

40 per cent of the 2021 bonus awards will be deferred into shares for three years.

Executive Director	Role	2021 salary[1]	Maximum 2021 AIP (% of salary)	Actual 2021 AIP award (% of maximum opportunity)	2021 bonus award (including cash and deferred elements)
Mark FitzPatrick[2]	Group Chief Financial Officer and Chief Operating Officer	$1,085,000	175%	98.0%	$1,859,795
James Turner	Group Chief Risk and Compliance Officer	$943,000	175%	98.7%	$1,628,507
Mike Wells	Group Chief Executive	$1,581,000	200%	96.7%	$3,056,778

Notes

1 Salaries are converted to US dollars using an exchange rate of 0.7269 for GBP and 7.7728 for HKD.

2 The salary for Mr FitzPatrick reflects the salary increase awarded with effect from 1 April 2021.

Long-term incentives vesting in respect of performance to 31 December 2021

Prudential Long Term Incentive Plan (PLTIP)

Target setting

Our long-term incentive plans have stretching performance conditions that are aligned to the strategic priorities of the Group. In 2019, all Executive Directors were granted awards under the PLTIP. In determining the financial targets under the sustainability scorecard, the Committee had regard to the stretching nature of the three-year Business Plan for adjusted operating profit and capital positions as set by the Board. Further, in setting the conduct and diversity targets under the sustainability scorecard, the Committee considered input from the Group Chief Risk and Compliance Officer on conduct risk for the conduct measure and had regard to the Company's commitment under the Women in Finance Charter for the diversity measure.

The weightings of the measures are detailed in the table below:

	Weighting of measures					Vesting (% of maximum)	
		Sustainability Scorecard					
Executive Director	Group TSR[1]	Solvency II capital generation/ Group free surplus generation[2]	ECap operating capital generation[3]	Conduct[4]	Diversity[5]	Threshold performance	Stretch performance
Mark FitzPatrick	75%	6.25%	6.25%	6.25%	6.25%	20%	100%
James Turner	75%	6.25%	6.25%	6.25%	6.25%	20%	100%
Mike Wells	75%	6.25%	6.25%	6.25%	6.25%	20%	100%

Notes

1 Group TSR is measured on a ranked basis over three years relative to peers.

2 At the time of award a Solvency II operating capital generation measure was used in the sustainability scorecard. As set out in the 'Remuneration decisions taken in relation to the demerger' section of the 2019 Directors' remuneration report, Solvency II operating capital generation was replaced with Group free surplus generation from 1 July 2019 since Prudential ceased to be subject to Solvency II capital requirements and no longer calculated or disclosed a Solvency II position following the demerger of the M&G business and the change in the Company's Group-wide supervisor.

3 This is cumulative three-year ECap Group operating capital generation, less cost of capital (based on the capital position at the start of the performance period).

4 Conduct is assessed through appropriate management action, ensuring there are no significant conduct/culture/governance issues that could result in significant capital add-ons or material fines.

5 Diversity is measured as the percentage of the Leadership Team that is female at the end of 2021. The target for this metric has been based on progress towards the goal that the Company set when it signed the Women in Finance Charter, where 30 per cent of our Leadership Team should be female by the end of 2021.

As described in the section on 'Remuneration decisions taken in relation to the demerger', the Committee adjusted the performance conditions attached to the 2019 PLTIP awards in order to take account of the demerger with Jackson, ensuring that the revised performance conditions were no more or less stretching than those originally attached to the awards. As set out in the 2019 Annual Report, these awards have previously been adjusted on the demerger of M&G. The performance assessment provided opposite is based on these adjusted targets.

Performance assessment

In deciding the proportion of the awards to be released, the Committee considered actual results against performance targets. The Committee also reviewed underlying Company performance to ensure vesting levels were appropriate, including an assessment of whether results were achieved within the Group's risk framework and appetite. Finally, overall vesting levels were reviewed to ensure that levels of reward provided remain reflective of the Company's performance. The Directors' remuneration policy summary section contains further details of the design of Prudential's long-term incentive plans.

	Threshold (20 per cent of award vests)	Stretch (100 per cent of award vests)	Performance achieved	Vesting outcome
TSR[1]	Median	Upper quartile	below median	0 per cent
Group Solvency II operating capital generation/Group operating free surplus generation[3]	Group Solvency II operating capital generation from 1 January 2019 to 30 June 2019 – target $2.0 billion. Group operating free surplus generation from 1 July 2019 to 31 December 2021 – target $9.6 billion		above target but below the cumulative stretch target	83 per cent
Capital measure – Group ECap operating capital generation[3]	Target $6.1 billion		below threshold	0 per cent
Conduct	Partial achievement	Stretch achievement	no conduct, culture or governance issues that resulted in significant capital add-ons or material fines	100 per cent
Diversity[2]	28 per cent of Leadership Team being female	32 per cent of Leadership Team being female	35 per cent of our Leadership Team was female	100 per cent

Notes

1 Peer group for the 2019 awards is AIA, Aegon, AXA Equitable, China Taiping Insurance, Great Eastern, Lincoln National, Manulife, MetLife, Ping An Insurance, Principal Financial, Prudential Financial, Sun Life Financial. No adjustments were made to the peer group in respect of the demerger.
2 In 2019 the Leadership Team was subdivided into the Leadership Team and the Executive Council. Both of these leadership groups are considered for the purposes of this assessment.
3 Jackson performance was excluded from the point of demerger.

Details of cumulative achievement under the capital measures have not been disclosed as the Committee considers that these are commercially sensitive and would put the Company at a disadvantage compared to its competitors. The Committee will keep this disclosure policy under review based on whether, in its view, disclosure would compromise the Company's competitive position.

PLTIP vesting

The Committee considered a report from the Group Chief Risk and Compliance Officer which had been approved by the Group Risk Committee. This report confirmed that the financial results were achieved within the Group's risk framework and appetite. On the basis of this report and the performance of the Group described above, the Committee decided not to apply any adjustment to the arithmetic vesting outcome under the 2019 PLTIP awards and determined the vesting of each Executive Director's PLTIP awards as set out below:

Executive Director	Maximum value of award at full vesting[1]	Percentage of the PLTIP award vesting	Number of shares vesting[2]	Value of shares vesting[1]
Mark FitzPatrick, Group Chief Financial Officer and Chief Operating Officer	$3,018,080	17.75%	27,814	$535,694
James Turner, Group Chief Risk and Compliance Officer	$2,533,597	17.75%	23,349	$449,699
Mike Wells, Group Chief Executive	$7,300,743	17.75%	67,284	$1,295,881

Notes

1 The share price used to calculate the value of the PLTIP awards with performance periods which ended on 31 December 2021 and vest in April 2022 for all Executive Directors, was the average share price for the three months up to 31 December 2021, being £14.00 converted at the exchange rate of 0.7269 USD. The number of Prudential plc shares under award has been adjusted to account for the demerger of Jackson in line with the approach set out in the section on 'Remuneration decisions taken in relation to the demerger'.
2 The number of shares vesting includes accrued dividends. Shares vesting will be subject to a two-year holding period.

Long-term incentives awarded in 2021

2021 share-based long-term incentive awards

The table below shows the awards of conditional shares made to Executive Directors under the PLTIP in 2021 and the performance conditions attached to these awards.

Executive Director	Role	Number of shares subject to award	Face value of award		Percentage of awards released for achieving threshold targets	End of performance period	Weighting of performance conditions		
			% of salary	(USD)†			Group TSR	RoEV	Sustainability scorecard§
Mark FitzPatrick	Group Chief Financial Officer and Chief Operating Officer	126,245	250%	$2,613,822	20%	31 December 2023	50%	30%	20%
James Turner	Group Chief Risk and Compliance Officer	111,215	250%	$2,302,636	20%	31 December 2023	50%	30%	20%
Mike Wells	Group Chief Executive	305,382	400%	$6,322,739	20%	31 December 2023	50%	30%	20%

† Awards for Executive Directors are calculated based on the average share price over the three dealing days prior to the grant date, being £15.05/$20.70.
§ Each of the four measures within the sustainability scorecard has equal weighting. They are GWS operating capital generation, Group ECap operating capital generation, diversity and conduct.

The Committee will review awards on vesting to ensure that participants do not benefit from windfall gains. The Committee will consider Prudential's stretching performance targets, the share performance of Prudential and its peers, the prices of the indices on which Prudential is listed and any other factors deemed relevant.

As set out in the section on 'Remuneration decisions taken in relation to the demerger', 2021 PLTIP targets were set excluding the Jackson business from the targets, with the exception of the conduct measure in the sustainability scorecard which included Jackson until the demerger date.

Relative TSR

Under the Group TSR measure, 20 per cent of the award will vest for TSR at the median of the peer group, increasing to full vesting for performance within the upper quartile. The peer group for 2021 PLTIP awards, which reflects the footprint of the post-separation Group, is set out below:

AIA Group	Allianz	AXA	China Life
China Pacific Insurance (CPIC)	China Taiping Insurance	Great Eastern	Manulife Financial
New China Life (NCI)	Ping An Insurance	Sun Life Financial	Zurich Insurance Group

Return on Embedded Value (RoEV)

Performance will be assessed on the average three-year Group RoEV relative to the 2021-2023 Board approved Plan. 20 per cent of the award will vest for achieving the threshold level of 9.0 per cent, increasing to full vesting for reaching the stretch level of at least 11.0 per cent.

Sustainability scorecard

Under the 2021 sustainability scorecard, performance will be assessed for each of the four measures, at the end of the three-year performance period. Performance will be assessed on a sliding scale. Each of the measures has equal weighting and the 2021 measures are set out below:

Capital measure:	Cumulative three-year ECap Group operating capital generation, less cost of capital (based on the capital position at the start of the performance period) relative to threshold.
Vesting basis:	Performance below threshold results in nil vesting, 20 per cent vesting for achieving threshold, increasing to full vesting for performance above stretch level. The threshold figure for this metric will be published in the Annual Report for the final year of the performance period.
Capital measure:	Cumulative three-year GWS[1] operating capital generation relative to threshold.
Vesting basis:	Performance below threshold results in nil vesting, 20 per cent vesting for achieving threshold, increasing to full vesting for performance above stretch level. The threshold figure for this metric will be published in the Annual Report for the final year of the performance period.
Conduct measure:	Through strong risk management action, ensure there are no significant conduct/culture/governance issues that result in significant capital add-ons or material fines.
Vesting basis:	Performance below threshold results in nil vesting, 20 per cent vesting for partial achievement of the Group's expectations, increasing to full vesting for achieving the Group's expectations.
Diversity measure:	Percentage of the Executive Council and Leadership Team that are female at the end of 2023.
Vesting basis:	Performance below threshold results in nil vesting, 20 per cent vests for meeting the threshold of at least 33 per cent of our Executive Council and Leadership Team being female at the end of 2023. Full vesting will be achieved for reaching the stretch level of at least 37 per cent being female by the end of 2023.

Note:

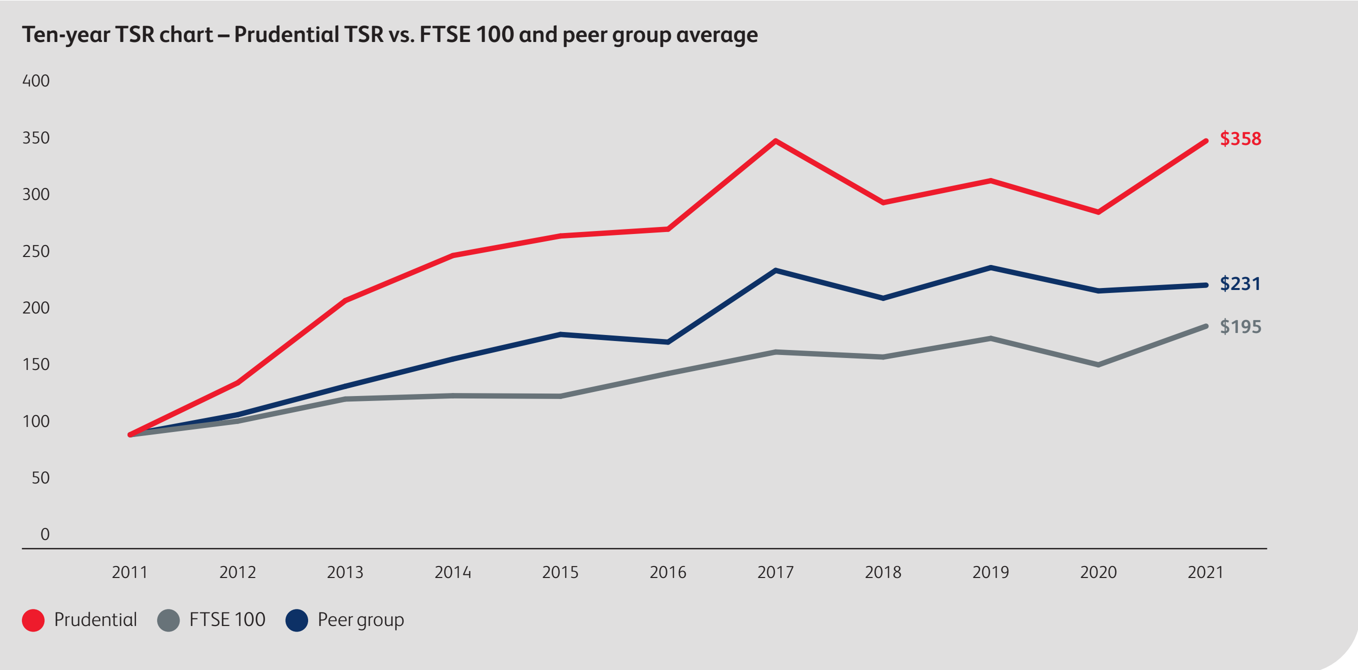
1 Following the Group's designation by the Hong Kong Insurance Authority in May 2021, the Group's regulatory capital requirements are now determined by the GWS Framework. This means that the Local Capital Summation Method (LCSM) measure has been replaced with GWS operating capital generation. Since the GWS methodology for calculating operating capital generation is the same as that previously applied under the LCSM framework, this will not require any adjustment to be made to the targets attached to outstanding PLTIP awards and the assessment of their achievement will be unaffected.

Pay comparisons

Performance graph and table

The chart below illustrates the TSR performance of Prudential, the FTSE 100 (as the Company has a premium listing on the London Stock Exchange) and the peer group of international insurers used to benchmark the Company's performance for the purposes of the 2021 PLTIP awards. The chart illustrates the performance of a hypothetical investment of $100 in ordinary shares of Prudential plc over the 10-year period 1 January 2012 to 31 December 2021 compared to a similar investment in the FTSE 100 or an index of the Company's peers. Total shareholder return is based on Returns Index data calculated on a daily share price growth plus re-invested dividends (as measured at the ex-dividend dates).

Prudential TSR vs. FTSE 100 and peer group average – total return over 10-year period to December 2021



The information in the table below shows the total remuneration for the Group Chief Executive over the same period:

$000[1]	2012	2013	2014	2015	2015	2016	2017	2018	2019	2020	2021
Group Chief Executive	T Thiam	T Thiam	T Thiam	T Thiam[2]	M Wells[2]	M Wells	M Wells	M Wells	M Wells	M Wells	M Wells
Salary, pension and benefits	2,169	2,201	2,406	938	3,048	3,029	2,415	2,423	2,122	2,126	2,249
Annual bonus payment	3,160	3,207	3,501	1,077	1,903	2,904	2,673	2,848	2,804	1,355	3,057
(As % of maximum)	(100%)	(99.8%)	(100%)	(77.3%)	(99.7%)	(99.5%)	(94%)	(95%)	(96%)	(46.0%)	(96.7%)
LTIP vesting	9,733	8,167	16,233	5,174	6,564	4,016	5,955	4,837	2,746	4,286	1,296
(As % of maximum)	(100%)	(100%)	(100%)	(100%)	(100%)	(70.8%)	(95.8%)	(62.5%)	(62.5%)	(68.8%)	(17.8%)
Other payments	–	–	–	–	–	–	–	–	–	–	–
Group Chief Executive 'single figure' of total remuneration[3]	15,062	13,575	22,140	7,189	11,515	9,950	11,042	10,109	7,671	7,768	6,602

Notes

1 All remuneration has been converted to USD using the average exchange rate for each respective financial year.

2 Tidjane Thiam left the Company on 31 May 2015. Mike Wells became Group Chief Executive on 1 June 2015. The figures shown for Mike Wells's remuneration in 2015 relate only to his service as Group Chief Executive.

3 Further detail on the 'single figure' is provided in the 'single figure' table for the relevant year. The figures provided reflect the value of vesting LTIP awards on the date of their release other than for 2021 (for which an estimate is used).

Relative importance of spend on pay

The table below sets out the amounts payable in respect of 2020 and 2021 on all employee pay and dividends:

	2020	2021	Percentage change
All employee pay ($m)[1,2]	1,000	1,057	6%
Dividends including demerger dividend ($m)[3]	420	2,201	424%
Dividends excluding demerger dividend ($m)[3]	420	466	11%

Notes

1 All employee pay as taken from note B2.1 to the financial statements.
2 FY21 and FY20 excludes Jackson costs.
3 Dividends taken from note B5 to the financial statements.

Percentage change in remuneration

The table below sets out how the change in remuneration for each Director between 2020 and 2021 and between 2019 and 2020 compared to a wider employee comparator group:

	Salary (% change)		Benefits (% change)		Bonus[8] (% change)	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
Executive Directors						
Mark FitzPatrick[1,2]	3%	1%	15%	26%	46%	(27)%
James Turner[1]	(0.5)%	10%	1%	49%	23%	(2)%
Mike Wells[1]	(0.5)%	1%	20%	35%	110%	(52)%
Chair and Non-executive Directors						
Shriti Vadera[3]	907%	–	–	–	n/a	–
Jeremy Anderson[4]	13%	–	n/a	n/a	n/a	n/a
David Law[4]	6%	1%	n/a	n/a	n/a	n/a
Ming Lu[6]	–	–	n/a	–	n/a	–
Kai Nargolwala[5]	(61)%	10%	n/a	n/a	n/a	n/a
Anthony Nightingale	0%	4%	n/a	n/a	n/a	n/a
Philip Remnant	0%	1%	n/a	n/a	n/a	n/a
Alice Schroeder[4]	24%	1%	n/a	n/a	n/a	n/a
Chua Sock Koong[6]	–	–	n/a	–	n/a	–
Thomas Watjen[4]	(4)%	10%	n/a	n/a	n/a	n/a
Fields Wicker-Miurin[4,7]	14%	1%	n/a	n/a	n/a	n/a
Jeanette Wong[6]	–	–	n/a	–	n/a	–
Amy Yip	0%	0%	n/a	n/a	n/a	n/a
Average pay for all UK-based employees	3.05%	3.76%	0.67%	(3.95)%	5.76%	(7.27)%

Notes

1 The change in the total salaries paid to Messrs FitzPatrick, Turner and Wells in 2020 includes a salary increase reversed from 1 April 2020. The change in salaries and bonuses for Executive Directors is calculated on a local currency basis. The change in benefits for Executive Directors is calculated in USD, as benefits values are denominated in a number of currencies.
2 Mark FitzPatrick received a salary increase of 5 per cent effective 1 April 2021 due to an increased scope to his role.
3 Shriti Vadera joined the Board and the Nominations Committee on 1 May 2020 and became Chair on 1 January 2021. The change in pay reflects her pro-rated pay for 2020 as well as her change in role.
4 Fluctuations in pay are due to change in Committee memberships in 2021.
5 Kai Nargolwala stepped down from the Board at the 2021 AGM.
6 Chua Sock Koong, Ming Lu and Jeanette Wong joined the Board in 2021.
7 Fields Wicker-Miurin retired from the Board on 31 December 2021.
8 The change in bonus shows change in the value of the annual bonus and does not include the value of long-term incentive awards, in line with the reporting regulations.

The regulations prescribe that this comparison should include all employees of the parent company. The number of individuals employed by the parent company is insufficient to be the basis of a representative comparison. Therefore, the Committee decided to use all UK-based employees as the basis for this calculation. The average pay for all employees has been calculated on a full-time equivalent basis by reference to the total pay awarded to UK employees in 2021, 2020 and 2019. The salary increase includes uplifts made through the annual salary review, as well as any additional changes in the year, for example, to reflect promotions or role changes. The increase in bonus is driven by the strong financial performance of the business in 2021 compared to 2020. There has been no change to the level of taxable benefit coverage received by employees.

Group Chief Executive pay compared with employee pay

The table below compares the Group Chief Executive's 'single figure' of total remuneration to that received by three representative UK employees in 2021.

The reduction in 'single figure' remuneration for the Group Chief Executive was driven by the lower vesting of the 2019 PLTIP. This was coupled with the increase in bonus received by all employees, due to the better financial performance of the Group, which has led to a reduction in pay ratio at all quartiles when compared to previous years.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	Option B	62 : 1	44 : 1	29 : 1
2020[1]	Option B	72 : 1	48 : 1	32 : 1
2019	Option B	78 : 1	60 : 1	39 : 1

Note

1 2020 CEO pay ratio has been recalculated to account for the 2020 CEO 'single figure' restated on the required basis to reflect the actual value of the 2018 PLTIP award at vesting.

Under the regulations, there is a choice of three methodologies to determine the 25th, median and 75th full-time equivalent remuneration of our UK employees. The Company has chosen to use the 2021 hourly rate gender pay gap information (collected in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017), as this method uses data that is aligned with other disclosures made under our gender pay gap reporting and includes all UK employees ('Option B' in the table above). The employees used in the calculations were identified using the most recently collected gender pay gap data, on 1 February 2022, following the end of the financial year. Base salary and total remuneration for these identified employees has then been calculated based on their actual remuneration for 2021. The Committee determined that the identified employees are reasonably representative since the structure of their remuneration arrangements is in line with that of the majority of employees within the UK-based Group Head Office workforce. The same methodology used for calculating the 'single figure' of the Group Chief Executive has been used for calculating the pay and benefits of these three UK employees. No elements of remuneration were omitted or adjusted. The identified individuals were employed on a full-time basis so no further adjustment has been made to their remuneration.

The salary and total remuneration received during 2021 by the indicative employees used in the above analysis are set out below:

	25th percentile	Median	75th percentile
2021 salary ($000)	87	113	153
Total 2021 remuneration ($000)	106	150	227

The Committee believes that the median pay ratio is consistent with the pay, reward and progression policies for our UK-based Group Head Office employees. The base salary and total remuneration levels for the Group Chief Executive and the median representative employee are competitively positioned within the relevant markets and reflect the operation of our remuneration structures which are effective in appropriately incentivising staff, having regard to our risk framework, risk appetites and to rewarding the 'how' as well as the 'what' of performance.

Gender pay gap

Our UK business, Prudential Services Limited, is the employing entity for all of our London Head Office staff including the UK-based Group Chief Executive and his direct reports. Prudential Services Limited has recently reported its 2021 UK gender pay gap data and details can be found on the Group's website (www.prudentialplc.com/en/esg/esg-reporting).

Due to the change in the Group's business focus, senior management roles are split between locations in the UK and Asia. The 2021 gender pay gap calculations are based on the employees based in the UK only, and therefore exclude data for part of our senior management team, including a number of senior female leaders, who are based in Hong Kong.

While women and men continue to be paid equally for performing similar roles, our gender pay gap reflects the fact that men and women have traditionally held different roles, particularly in the financial services sector. It highlights the fact that we have more men than women in leadership and senior operational roles. We continue to focus our efforts on closing the gender pay gap as quickly as possible. Female representation in our leadership roles has increased from 33 per cent in 2020 to 35 per cent in 2021 in our London Head Office.

The UK headcount of Prudential Services Ltd is now below the 250-person threshold which triggers mandatory publication of the gender pay gap and the CEO pay ratio. Both the 2021 gender pay gap and the CEO pay ratio data have been disclosed on a voluntary basis.

Consideration of workforce pay and approach to engagement

During the year, the Committee considered workforce remuneration and related policies in the businesses across the Group. Information presented to the Committee, by way of a dashboard, included how the Company's incentive arrangements are aligned with the culture and informed the Committee's decision-making on executive pay and policy. By way of example, employee salary increase budgets are considered as part of the year-end review of Executive Director compensation and salary increases.

As part of the Board's wider approach to employee engagement, which also included a Group-wide engagement survey, the Committee took additional measures in 2021 to explain how the remuneration of Executive Directors aligns with the wider Company pay policy. The Company operates a microsite on its intranet that outlines executive pay arrangements during the previous financial year and key areas of change for the year ahead. It explains to employees that total remuneration for Executive Directors is made up of a number of elements and is governed by both the Directors' remuneration policy and the Group's remuneration policy (which is also published on the Company's website) with the relevant links to these documents. Employee engagement was led by two Non-executive Directors until May 2021 when this responsibility was transferred to the Responsibility & Sustainability Working Group established by the Board in February 2021. The Governance Report section of this report describes how they discharged this responsibility during 2021.

To recognise the hard work and commitment shown by our employees in preparation for the demerger and to give our people a stake in the new chapter of the Company's development, each Prudential plc employee (other than the Group Executive Committee) received, in October 2021, a Celebration Award of US$1,000 of restricted shares which will be released in October 2022.

As part of our continuing efforts to safeguard our employees' wellbeing, we implemented a Group Wellness Day on 2 July 2021. All employees Group-wide were encouraged to take that extra day off to rest and recharge, spend time with family and friends. Feedback from the 2021 Collaboration Jam suggests that the Wellness Day was very well received.

Chair and Non-executive Director remuneration in 2021

Chair fees

Shriti Vadera became the Chair of the Board from 1 January 2021. Her 2021 fee was set at £765,000 ($1,052,414) with effect from that date.

Non-executive Directors' fees

The Non-executive Directors' fees are denominated in Sterling. Fee levels were reviewed by the Board during 2021, and no increases to the Sterling amounts were awarded. Increases in US Dollar amounts reflect changes in exchange rate. The Board approved fees for the Responsibility & Sustainability Working Group at the time it was established in February 2021, taking account of the anticipated duties and time commitment involved in discharging the assigned responsibilities.

Annual fees	From 1 July 2020 ($)[2]	From 1 July 2020 (£)[2]	From 1 July 2021 ($)[2]	From 1 July 2021 (£)[2]
Basic fee	127,000	99,000	136,000	99,000
Additional fees:				
Audit Committee Chair	96,000	75,000	103,000	75,000
Audit Committee member	38,000	30,000	41,000	30,000
Remuneration Committee Chair	83,000	65,000	89,000	65,000
Remuneration Committee member	38,000	30,000	41,000	30,000
Risk Committee Chair	96,000	75,000	103,000	75,000
Risk Committee member	38,000	30,000	41,000	30,000
Nomination & Governance Committee Chair[1]	–	–	–	–
Nomination & Governance Committee member	19,000	15,000	21,000	15,000
Responsibility & Sustainability Working Group Chair	–	–	62,000	45,000
Responsibility & Sustainability Working Group member	–	–	30,000	22,000
Senior Independent Director	64,000	50,000	69,000	50,000
Workforce engagement role[3]	38,000	30,000	41,000	30,000

Notes

1 There is no fee paid for the role of Nomination & Governance Committee Chair.
2 Fees were denominated in sterling and were converted to USD using an exchange rate of 0.7798 for 2020 and 0.7269 for 2021.
3 The workforce engagement role was discontinued in 2021, as the scope of this role is now covered by the newly formed Responsibility & Sustainability Working Group. No specific fees are currently paid for the workforce engagement role.

If, in a particular year, the number of meetings is materially greater than usual, the Company may determine that the provision of additional fees is fair and reasonable.

The resulting fees paid to the Chair and Non-executive Directors are:

	2021 fees ($000s)	2020 fees ($000s)	2021 taxable benefits* ($000s)	2020 taxable benefits* ($000s)	Total 2021 remuneration: the 'single figure' ($000s)†	Total 2021 remuneration: the 'single figure' in GBP (£000s)‡	Total 2020 remuneration: the 'single figure' ($000s)†	Total 2020 remuneration: the 'single figure' in GBP (£000s)‡
Chair								
Shriti Vadera[1]	**1,052**	97	**102**	–	**1,154**	**839**	97	76
Non-executive Directors								
Jeremy Anderson[2]	**306**	252	**–**	–	**306**	**222**	252	197
David Law	**318**	281	**–**	–	**318**	**231**	281	219
Ming Lu[3]	**126**	–	**–**	–	**126**	**92**	–	–
Kai Nargolwala[4]	**102**	242	**–**	–	**102**	**74**	242	189
Anthony Nightingale	**246**	230	**–**	–	**246**	**179**	230	179
Philip Remnant	**308**	287	**–**	–	**308**	**224**	287	224
Alice Schroeder	**270**	204	**–**	–	**270**	**197**	204	159
Chua Sock Koong[3]	**139**	–	**–**	–	**139**	**101**	–	–
Jeanette Wong[3]	**144**	–	**–**	–	**144**	**105**	–	–
Thomas Watjen	**250**	242	**–**	–	**250**	**182**	242	189
Fields Wicker-Miurin[5]	**203**	165	**–**	–	**203**	**147**	165	129
Amy Yip	**177**	165	**–**	–	**177**	**129**	165	129
Total	**3,641**	2,165	**102**	–	**3,743**	**2,722**	2,165	1,690

* Benefits include the cost of providing the use of a car and driver, medical insurance and security arrangements.

† Each remuneration element is rounded to the nearest $1,000/£1,000 and totals are the sum of these rounded figures. Total remuneration is calculated using the methodology prescribed by Schedule 8 of the Companies Act. The Chair and Non-executive Directors are not entitled to participate in annual bonus plans or long-term incentive plans.

‡ Total remuneration has been converted to US dollars using the exchange rate of 0.7798 for the 2020 single figure calculations and 0.7269 for the 2021 single figure calculations.
As Non-executive Directors and the Chair don't receive variable remuneration components, the table above doesn't include a sum of total fixed and total variable remuneration.

Notes

1 Shriti Vadera joined the Board on 1 May 2020.
2 Jeremy Anderson joined the Board on 1 January 2020 and was appointed as the Chair of the Risk Committee in May 2020.
3 Jeanette Wong, Chua Sock Koong and Ming Lu joined the Board on 12 May 2021.
4 Kai Nargolwala retired from the Board on 13 May 2021.
5 Fields Wicker-Miurin retired from the Board on 31 December 2021.

Statement of Directors' shareholdings

The interests of Directors in ordinary shares of the Company are set out below. 'Beneficial interest' includes shares owned outright, shares acquired under the Share Incentive Plan (SIP) and deferred annual incentive awards, detailed in the 'Additional remuneration disclosures' section. It is only these shares that count towards the share ownership guidelines.

	1 January 2021 (or on date of appointment)	During 2021		31 December 2021			Share ownership guidelines	
	Total beneficial interest (number of shares)	Number of shares acquired	Number of shares disposed	Total beneficial interest* (number of shares)	Number of shares subject to performance conditions†	Total interest in shares	Share ownership guidelines‡ (% of salary/fee)	Beneficial interest as a percentage of basic salary/ basic fees§
Chair								
Shriti Vadera	67,500	–	–	67,500	–	67,500	100%	125%
Executive Directors								
Mark FitzPatrick	166,360	121,509	59,269	228,600	459,132	687,732	250%	405%
James Turner	138,168	77,843	11,276	204,735	422,448	627,183	250%	307%
Mike Wells[1]	1,144,085	257,333	136,846	1,264,572	1,110,622	2,375,194	400%	1556%
Non-executive Directors								
Jeremy Anderson	9,157	–	–	9,157	–	9,157	100%	131%
Chua Sock Koong[2]	–	7,500	–	7,500	–	7,500	100%	107%
David Law	11,054	–	–	11,054	–	11,054	100%	158%
Ming Lu[3]	–	7,000	–	7,000	–	7,000	100%	100%
Kai Nargolwala[4]	70,000	–	–	70,000	–	70,000	100%	1000%
Anthony Nightingale	50,000	–	–	50,000	–	50,000	100%	714%
Philip Remnant	7,916	–	–	7,916	–	7,916	100%	113%
Alice Schroeder[5]	20,000	–	–	20,000	–	20,000	100%	286%
Thomas Watjen[6]	10,340	–	–	10,340	–	10,340	100%	148%
Fields Wicker-Miurin[7]	6,500	–	–	6,500	–	6,500	100%	93%
Jeanette Wong[8]	–	–	–	–	–	–	100%	–
Amy Yip	2,500	–	–	2,500	–	2,500	100%	36%

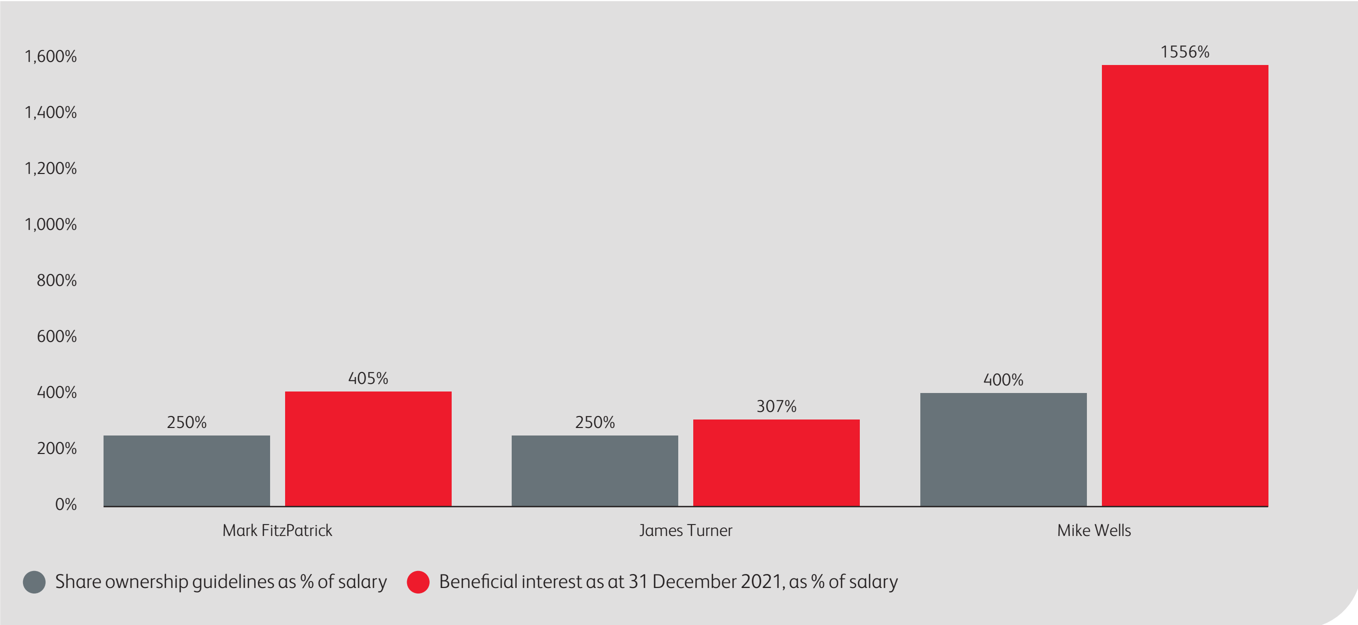
* There were no changes of Directors' interests in ordinary shares between 31 December 2021 and 7 March 2022 with the exception of the UK-based Executive Directors due to their participation in the monthly Share Incentive Plan (SIP). Mark FitzPatrick acquired a further 29 shares in the SIP and Mike Wells acquired a further 30 shares in the SIP during this period.
† Further information on share awards subject to performance conditions are detailed in the 'share-based long-term incentive awards' part of the 'Additional remuneration disclosures' section.
‡ Holding requirement of the Articles of Association (2,500 ordinary shares) must be obtained within one year of appointment to the Board. The increased guidelines for Executive Directors were introduced with effect from January 2013 and increased again in 2017. Executive Directors have five years from this date (or date of joining or role change, if later) to reach the enhanced guideline. The guideline for Non-executive Directors was introduced on 1 July 2011. Non-executive Directors have three years from their date of joining to reach the guideline.
§ Based on the average closing price for the six months to 31 December 2021 (£14.14).

The Company and its Directors, Chief Executives and shareholders have been granted a partial exemption from the disclosure requirements under Part XV of the Securities and Futures Ordinance (SFO). As a result of this exemption, Directors, Chief Executives and shareholders do not have an obligation under the SFO to notify the Company of shareholding interests, and the Company is not required to maintain a register of Directors' and Chief Executives' interests under section 352 of the SFO, nor a register of interests of substantial shareholders under section 336 of the SFO. The Company is, however, required to file with the Stock Exchange of Hong Kong Limited any disclosure of interests notified to it in the United Kingdom.

Notes

1 For the 1 January 2021 figure, Mike Wells's beneficial interest in shares is made up of 297,320 ADRs (representing 594,640 ordinary shares) and 549,445 ordinary shares. For the 31 December 2021 figure, his beneficial interest in shares is made up of 297,320 ADRs (representing 594,640 ordinary shares) and 669,932 ordinary shares.
2 Chua Sock Koong was appointed to the Board on 12 May 2021.
3 Ming Lu was appointed to the Board on 12 May 2021.
4 Kai Nargolwala stepped down from the Board on 13 May 2021. Total interests in shares is shown at this date.
5 For the 1 January 2021 figure, Alice Schroeder's beneficial interest in shares is made up of 10,000 ADRs (representing 20,000 ordinary shares). For the 31 December 2021 figure, the beneficial interest in shares is made up of 10,000 ADRs (representing 20,000 ordinary shares).
6 For the 1 January 2021 figure, Thomas Watjen's beneficial interest in shares is made up of 5,170 ADRs (representing 10,340 ordinary shares). For the 31 December 2021 figure, the beneficial interest in shares is made up of 5,170 ADRs (representing 10,340 ordinary shares).
7 Fields Wicker-Miurin stepped down from the Board on 31 December 2021. Total interests in shares is shown at this date.
8 Jeanette Wong was appointed to the Board on 12 May 2021.

The bar chart below illustrates the Executive Directors' shareholding as a percentage of base salary relative to the applicable share ownership guideline.



Outstanding share options

The following table sets out the share options held by the Executive Directors in the UK Savings-Related Share Option Scheme (SAYE) as at the end of the period. No other directors participated in any other option scheme.

	Date of grant	Exercise price (pence)	Market price at 31 Dec 2021 (pence)	Exercise period		Number of options						
				Beginning	End	Beginning of period	Granted	Exercised	Cancelled	Forfeited	Lapsed	End of period
Mark FitzPatrick	21 Sep 17	1455	1274.5	01 Dec 22	31 May 23	2,061	–	–	–	–	–	2,061
James Turner	21 Sep 17	1455	1274.5	01 Jan 21	30 Jun 21	1,237	–	1,237	–	–	–	–
Mike Wells	22 Sep 20	964	1274.5	01 Dec 23	31 May 24	1,867	–	–	–	–	–	1,867

Notes
1 No gain was made by Directors in 2021 on the exercise of SAYE options.
2 No price was paid for the award of any option.
3 The highest and lowest closing share prices during 2021 were £15.86 and £11.73 respectively.
4 All exercise prices are shown to the nearest pence.

Directors' terms of employment

Details of the service contracts of each Executive Director are outlined in the table below. The Directors' remuneration policy contains further details of the terms included in Executive Director service contracts.

	Date of contract	Notice period to the Company	Notice period from the Company
Executive Directors			
Mark FitzPatrick	17 May 2017	12 months	12 months
James Turner	1 March 2018	12 months	12 months
Mike Wells	21 May 2015	12 months	12 months

Letters of appointment of the Chair and Non-executive Directors

Details of Non-executive Directors' individual appointments are outlined below. The Directors' remuneration policy contains further details on their letters of appointment. The Chair and Non-executive Directors are not entitled to receive any payments for loss of office.

Chair/Non-executive Director	Appointment by the Board	Notice period	Time on the Board at 2022 AGM
Chair			
Shriti Vadera	1 May 2020 (Chair from 1 January 2021)	12 months	2 years
Non-executive Directors			
Kai Nargolwala[1]	1 January 2012	6 months	n/a
Philip Remnant	1 January 2013	6 months	9 years 4 months
Anthony Nightingale	1 June 2013	6 months	8 years 11 months
Alice Schroeder	10 June 2013	6 months	8 years 11 months
David Law	15 September 2015	6 months	6 years 8 months
Thomas Watjen	11 July 2017	6 months	4 years 10 months
Fields Wicker-Miurin[2]	3 September 2018	6 months	n/a
Amy Yip	2 September 2019	6 months	2 years 8 months
Jeremy Anderson	1 January 2020	6 months	2 years 4 months
Ming Lu	12 May 2021	6 months	1 year
Chua Sock Koong	12 May 2021	6 months	1 year
Jeanette Wong	12 May 2021	6 months	1 year

Note

1 Kai Nargolwala retired from the Board on 13 May 2021.
2 Fields Wicker-Miurin retired from the Board on 31 December 2021.

Payments to past Directors and payments for loss of office

There were no payments to Directors for loss of office in 2021.

As disclosed in the 2019 Directors' remuneration report, a number of Directors stepped down from the Board in 2019. Treatment of their outstanding awards and other remuneration elements was disclosed in 2019. We set out below payments in respect of the awards that vested during 2021.

Nic Nicandrou

Nic (Chief Executive, Asia and Africa) holds a PLTIP award granted in 2019 and as set out in the section 'Remuneration in respect of performance in 2021' the performance condition attached to Nic's 2019 PLTIP awards was partially met and 17.75 per cent of these awards will be released in 2022. The details of the release are set out below.

Award	Number of shares vesting[1]	Value of shares vesting[2]
PLTIP	38,945	$750,076

Notes

1 The number of shares vesting includes accrued dividends.

2 The share price used to calculate the value was the average share price for the three months up to 31 December 2021 being £14.00.

Paul Manduca

The former Chair, Paul Manduca, received benefits of $104,401 in 2021, as the Company paid taxes on certain benefits provided to Mr Manduca during the period of his Board service which ended on 31 December 2021.

Other Directors

A number of former Directors receive retiree medical benefits for themselves and their partner (where applicable). This is consistent with other senior members of staff employed at the same time. A de minimis threshold of £10,000 has been set by the Committee; any payments or benefits provided to a past Director above this amount will be reported.

Statement of voting at general meeting

The Directors' remuneration policy was approved by shareholders at the 2020 Annual General Meeting. At the 2021 Annual General Meeting, shareholders were asked to vote on the 2020 Directors' remuneration report. Each of these resolutions received a significant vote in favour by shareholders and the Committee is grateful for this support and endorsement by our shareholders. The votes received were:

Resolution	Votes for	% of votes cast	Votes against	% of votes cast	Total votes cast	Votes withheld
To approve the Directors' remuneration policy (2020 AGM)	1,930,172,979	95.84	83,796,656	4.16	2,013,969,635	1,043,445
To approve the Directors' remuneration report (2021 AGM)	1,881,362,121	94.71	104,979,307	5.29	1,986,341,428	24,844,708

Statement of implementation of remuneration policy in 2022

Base salary

Executive Directors' remuneration packages were reviewed in 2021 with changes effective from 1 January 2022. When the Committee made these decisions, in line with the Director's remuneration policy, several factors were taken into consideration, including the salary increases awarded to other employees in 2021 and the expected increases in 2022, the performance of the Executive Directors, and external market reference points (which were updated following the demerger to increase focus on Asia-led financial services organisations).

After due deliberation, the Committee considered there should be 3 per cent salary increases to the Executive Directors with effect from 1 January 2022. The 2022 salary increase budgets for other employees across the Group's businesses were between 4.5 per cent and 5 per cent. On this basis, 2022 will be the tenth consecutive year in which the increases generally offered to executives have been below or close to the bottom of the range of salary increases budgeted for the broader workforce.

The salaries which were effective from 1 January 2022 are set out below:

- Mark FitzPatrick: £822,000
- James Turner: HK$7,550,000
- Mike Wells: £1,184,000

On 1 April 2022, Mike Wells will step down from his role and Mark FitzPatrick will be appointed as interim Group Chief Executive. During his interim appointment, Mr FitzPatrick's salary will remain unchanged at £822,000, and he will be eligible for a monthly, pensionable cash supplement of £30,167, giving him the same fixed pay for this period as his predecessor. On the same date, James Turner will be appointed as Group Chief Financial Officer. Mr Turner's annual salary will increase to HK$8,460,000. This figure is lower than the salary paid to his predecessor given that Mr Turner is not being appointed as Chief Operating Officer.

Annual bonus

Award levels

Mike Wells will continue to be eligible for a maximum bonus opportunity of 200 per cent of salary, unchanged from prior year. This will be prorated for the period worked (until 31 March 2022). Mark FitzPatrick will be eligible for a maximum bonus opportunity of 175 per cent of salary, unchanged from prior year. Following his appointment as interim Group Chief Executive, his maximum bonus opportunity will increase to 200 per cent of salary, aligned to the current opportunity for the Group Chief Executive role. This increased bonus opportunity will include the monthly cash supplement for the period served as interim Group Chief Executive. James Turner's maximum bonus opportunity will remain unchanged at 175 per cent of salary.

Performance conditions

In 2021 the Group Chief Financial Officer role was designated under the Hong Kong Group-wide supervision regime as a Key Person in a Control Function, and in line with the Hong Kong IA's regulatory requirements for control staff, his 2022 Annual Incentive Plan (AIP) will include a functional component. Therefore, the 2022 AIP for the Group Chief Financial Officer role will be based on the achievement of financial (50 per cent), functional (30 per cent) and personal (20 per cent) performance targets. This structure will apply to Mark FitzPatrick between 1 January 2022 and 31 March 2022 and to James Turner for the remainder of the year. The balance of financial, functional and personal performance targets will remain unchanged for the other Executive Director roles.

As disclosed in the 2020 Annual Report, for 2022 financial AIP measures and weightings will be aligned with those adopted for the Asia business, increasing the focus on NBP. The resulting 2022 financial AIP measures and weightings are as follows:

- Group EEV new business profit – 45 per cent;
- Group adjusted operating profit – 25 per cent;
- Group operating free surplus generated – 20 per cent; and
- Group Holding Company cash flow – 10 per cent.

There was general endorsement of the weighting of the 2022 AIP measures by shareholders during our latest consultation.

2022 share-based long-term incentive awards

Award levels

Mike Wells will not receive a 2022 PLTIP award. No changes have been made to the PLTIP award levels for other Executive Directors for 2022.

Performance conditions

The performance conditions and weightings for the 2022 PLTIP awards for all Executive Directors will be as follows, unchanged from prior year:

- Relative TSR (50 per cent of award);
- A return on embedded value measure (30 per cent of award); and
- Sustainability scorecard of strategic measures (20 per cent of award).

Relative TSR

Under the Group TSR measure, 20 per cent of the award will vest for TSR at the median of the peer group, increasing to full vesting for performance within the upper quartile. TSR is measured on a local currency basis since this has the benefit of simplicity and directness of comparison.

The TSR peer group remains unchanged from 2021 and is set out below:

AIA Group	Allianz	AXA	China Life
China Pacific Insurance (CPIC)	China Taiping Insurance	Great Eastern	Manulife Financial
New China Life (NCI)	Ping An Insurance	Sun Life Financial	Zurich Insurance Group

Return on Embedded Value

20 per cent of the award will vest for achieving the threshold level of performance of 8.0 per cent, increasing to full vesting for reaching the stretch level of at least 10.8 per cent. RoEV will be calculated as the total post-tax EEV operating profit as a percentage of the average EEV basis shareholders' equity. RoEV will be assessed at the Group level.

Sustainability scorecard

The sustainability scorecard has been revised to ensure that reward remains aligned with the strategic priorities and capital allocation framework of the post-separation Group. In particular:

- A new carbon reduction measure replaced ECap in the sustainability scorecard for 2022 PLTIP awards to reflect the Group's evolving ESG strategy and external commitments to reduce the carbon emissions of all shareholder and policyholder assets by 25 per cent by 2025; and
- GWS operating capital generation replaced the LCSM following the Hong Kong Group-wide Supervision framework becoming effective in May 2021.

Under the 2022 sustainability scorecard, performance will be assessed for each of the four measures, at the end of the three-year performance period. Performance will be assessed on a sliding scale. Each of the measures has equal weighting and the 2022 measures are set out below:

Carbon reduction measure:	A reduction in weighted average carbon intensity (WACI) at the end of the performance period (31 December 2024) compared with the baseline as at 31 December 2019. Please see our ESG report for details of our carbon reduction target, our progress to date and the future actions that we plan in order to achieve our ambitions in this area.
Vesting basis:	Performance below threshold results in nil vesting, 20 per cent vesting for achieving threshold of at least 22.5 per cent reduction in WACI (ie 299), increasing to full vesting for performance above stretch level of at least 27.5 per cent reduction in WACI (ie 280). The 2019 baseline has been the subject of limited scope assurance by EY. Please see our ESG report for details.
Capital measure:	Cumulative three-year GWS operating capital generation relative to threshold.
Vesting basis:	Performance below threshold results in nil vesting, 20 per cent vesting for achieving threshold, increasing to full vesting for performance above stretch level. The threshold figure for this metric will be published in the Annual Report for the final year of the performance period.
Conduct measure:	Through strong risk management action, ensure there are no significant conduct/culture/governance issues that result in significant capital add-ons or material fines.
Vesting basis:	Performance below threshold results in nil vesting, 20 per cent vesting for partial achievement of the Group's expectations, increasing to full vesting for achieving the Group's expectations.
Diversity measure:	Percentage of the Executive Council and Leadership Team that are female at the end of 2024.
Vesting basis:	Performance below threshold results in nil vesting, 20 per cent vests for meeting the threshold of at least 34 per cent of our Executive Council and Leadership Team being female at the end of 2024, increasing to full vesting for reaching the stretch level of at least 38 per cent being female at that date.

Mike Wells's leaving arrangements
As announced on 10 February 2022, Mr Wells will remain employed by the Group until 8 February 2023. His salary, pension and certain benefits will continue to be paid or provided, on the same basis as at present, until the end of his employment.

Mr Wells's 2021 bonus will be calculated and paid in the usual way, at the usual time. A 2022 bonus, if any, would be pro-rated for the period worked in 2022.

Mr Wells's outstanding deferred bonus awards will be released on the original timetable, subject to malus and clawback provisions. Outstanding long-term incentive awards will be pro-rated to the end of his employment and will vest in line with the original vesting dates, subject to satisfaction of the performance conditions as well as malus and clawback provisions. No long-term incentive award will be made in 2022.

Mr Wells's shareholding will be subject to the share ownership guideline (400% of his current salary) for a period of two years after stepping down from the Board. During this period he will be required to obtain clearance to deal in the Company's shares. A capped contribution will be made to legal fees, and to the costs of filing UK tax returns for periods for which Mr Wells has Prudential employment income taxable in the UK. Mr Wells will not be eligible for any payments for loss of office.

Further information on these remuneration arrangements, prepared in accordance with section 430(2B) of the Companies Act 2006, is available on the Prudential website at www.prudentialplc.com/en/investors/governance-and-policies/section-430-2B-of-the-companies-act-2006

Chair and Non-executive Directors
Fees for the Chair and Non-executive Directors will remain unchanged from 1 January 2022. The next regular fee level review will be conducted in 2022.

Anthony Nightingale, CMG SBS JP
Chair of the Remuneration Committee

8 March 2022

Shriti Vadera
Chair

8 March 2022

Additional remuneration disclosures

Directors' outstanding long-term incentive awards

Share-based long-term incentive awards

	Plan name	Year of award	Conditional share awards outstanding at 1 Jan 2021 (Number of shares)	Conditional awards in 2021 (Number of shares)	Demerger adjustment in 2021[2]	Market price at date of award (pence)	Dividend equivalents on vested shares[1] (Number of shares released)	Rights exercised in 2021	Rights lapsed in 2021	Conditional share awards outstanding at 31 December 2021 (Number of shares)	Date of end of performance period
Mark FitzPatrick	PLTIP	2018	123,110			1750	7,047	84,638	38,472	–	31 Dec 20
	PLTIP	2019	142,470		4,765	1605.5				147,235	31 Dec 21
	PLTIP	2020	175,115		5,857	1049.5				180,972	31 Dec 22
	PLTIP	2021		126,245	4,222	1495.5				130,467	31 Dec 23
			440,695	**126,245**	**14,844**		**7,047**	**84,638**	**38,472**	**458,674**	
James Turner	PLTIP	2018	103,281			1750	3,651	43,894	59,387	–	31 Dec 20
	PLTIP	2019	119,600		4,000	1605.5				123,600	31 Dec 21
	PLTIP	2020	177,562		5,938	1049.5				183,500	31 Dec 22
	PLTIP	2021		111,215	3,719	1495.5				114,934	31 Dec 23
			400,443	**111,215**	**13,657**		**3,651**	**43,894**	**59,387**	**422,034**	
Mike Wells	PLTIP	2018	297,713			1750	17,043	204,678	93,035	–	31 Dec 20
	PLTIP	2019	344,629		11,526	1605.5				356,155	31 Dec 21
	PLTIP	2020	423,594		14,168	1049.5				437,762	31 Dec 22
	PLTIP	2021		305,382	10,214	1495.5				315,596	31 Dec 23
			1,065,936	**305,382**	**35,908**		**17,043**	**204,678**	**93,035**	**1,109,513**	

Notes

1 A dividend equivalent was accumulated on these awards.

2 The table above reflects the adjustments made to outstanding awards at the time of the demerger.

Other share awards

The table below sets out Executive Directors' deferred bonus share awards.

	Year of grant	Conditional share awards outstanding at 1 Jan 2021 (Number of shares)	Conditionally awarded in 2021 (Number of shares)	Dividends accumulated in 2021[1] (Number of shares)	Shares released in 2021 (Number of shares)	Demerger adjustment[2]	Conditional share awards outstanding at 31 December 2021 (Number of shares)	Date of end of restricted period	Date of release	Market price at date of award (pence)	Market price at date of vesting or release (pence)
Mark FitzPatrick											
Deferred 2017 annual incentive award	2018	34,289			34,289		–	31 Dec 20		1750	1495.5
Deferred 2018 annual incentive award	2019	39,295		310		1,321	40,926	31 Dec 21		1605.5	
Deferred 2019 annual incentive award	2020	49,903		393		1,677	51,973	31 Dec 22		1047	
Deferred 2020 annual incentive award	2021		24,570	68		821	25,459	31 Dec 23		1495.5	
		123,487	**24,570**	**771**	**34,289**		**118,358**				
James Turner											
Deferred 2018 annual incentive award	2019	25,125		197		844	26,166	31 Dec 21		1605.5	
Deferred 2019 annual incentive award	2020	43,095		340		1,448	44,883	31 Dec 22		1047	
Deferred 2020 annual incentive award	2021		24,889	68		832	25,789	31 Dec 23		1495.5	
		68,220	**24,889**	**605**	**–**		**96,838**				
Mike Wells											
Deferred 2017 annual incentive award	2018	59,344			59,344		–	31 Dec 20		1750	1495.5
Deferred 2018 annual incentive award	2019	67,551		533		2,270	70,354	31 Dec 21		1605.5	
Deferred 2019 annual incentive award	2020	85,712		676		2,881	89,269	31 Dec 22		1047	
Deferred 2020 annual incentive award	2021		28,074	77		938	29,089	31 Dec 23		1495.50	
		212,607	**28,074**	**1,286**	**59,344**		**188,712**				

Notes

1 A dividend equivalent was accumulated on these awards.

2 The table above reflects the adjustments made to outstanding awards at the time of the demerger.

All-employee share plans

It is important that all employees are offered the opportunity to own shares in Prudential, connecting them both to the success of the Company and to the interests of other shareholders. Executive Directors are invited to participate in these plans on the same basis as other staff in their location.

Save As You Earn (SAYE) schemes

UK-based Executive Directors are normally eligible to participate in the HM Revenue and Customs (HMRC) approved Prudential Savings-Related Share Option Scheme. This scheme allows all eligible employees to save towards the exercise of options over Prudential plc shares with the option price set at the beginning of the savings period at a discount of up to 20 per cent of the market price.

Participants are able to elect to enter into savings contracts of up to £500 per month for a period of three or five years. At the end of this term, participants may exercise their options within six months and purchase shares. If an option is not exercised within six months, participants are entitled to a refund of their cash savings plus interest if applicable under the rules. Shares are issued to satisfy those options which are exercised. No options may be granted under the schemes if the grant would cause the number of shares which have been issued, or which remain issuable pursuant to options granted in the preceding 10 years under the scheme and any other option schemes operated by the Company, or which have been issued under any other share incentive scheme of the Company, to exceed 10 per cent of the Company's ordinary share capital at the proposed date of grant.

Details of Executive Directors' rights under the SAYE scheme are set out in the 'Outstanding share options' table.

Share Incentive Plan (SIP)

UK-based Executive Directors are also eligible to participate in the Company's Share Incentive Plan (SIP). All UK-based employees are able to purchase Prudential plc shares up to a value of £150 per month from their gross salary (partnership shares) through the SIP. For every four partnership shares bought, an additional matching share is awarded which is purchased by Prudential plc on the open market. Dividend shares accumulate while the employee participates in the plan. If the employee withdraws from the plan, or leaves the Group, matching shares may be forfeited.

The table below provides information about shares purchased under the SIP together with matching shares (awarded on a 1:4 basis) and dividend shares.

	Year of initial grant	Share Incentive Plan awards held in Trust at 1 Jan 2021 (Number of shares)	Partnership shares accumulated in 2021 (Number of shares)	Matching shares accumulated in 2021 (Number of shares)	Dividend shares accumulated in 2021 (Number of shares)	Share Incentive Plan awards held in Trust at 31 December 2021 (Number of shares)
Mark FitzPatrick	2017	570	125	31	5	731
James Turner	2011	849	–	–	7	856
Mike Wells	2015	925	124	31	8	1,088

Cash-settled long-term incentive awards

There are no outstanding cash settled awards held by Executive Directors.

Dilution

Releases from the Prudential Long Term Incentive Plan and the Prudential Agency Long Term Incentive Plan are satisfied using new issue shares rather than by purchasing shares in the open market. Shares relating to options granted under all-employee share plans are also satisfied by new issue shares. The combined dilution from all outstanding shares and options at 31 December 2021 was 1 per cent of the total share capital at the time. Deferred bonus awards will continue to be satisfied by the purchase of shares in the open market.

Remuneration of the five highest-paid individuals and the remuneration of senior management

In line with the requirements of the Stock Exchange of Hong Kong Limited, the following table sets out, on an aggregate basis, the annual remuneration of i) the five highest-paid employees, and ii) senior management for the year ended 31 December 2021.

Of the five individuals with the highest emoluments in 2021, one was an Executive Director for the full year whose emoluments are disclosed in this report. The aggregate of the emoluments of the other four individuals for 2021 are set out in the table below. Senior management comprised the Executive Directors and members of the Group Executive Committee. The table sets out the aggregate of the emoluments paid to the senior management team:

	Five highest paid		Senior management	
Components of remuneration	HKD000	$000	HKD000	$000
Base salaries, allowances and benefits in kind	25,463	3,276	72,725	9,356
Pension contributions	2,500	322	7,028	904
Performance-related pay	60,441	7,776	118,235	15,211
Payments made on appointment	–	–	–	–
Payments made on separation[1]	244,893	31,506	182,650	23,499
Total	333,297	42,880	380,638	48,970

Note
1 Further detail on the payments made to Senior Managers can be found in note B2.3 to the IFRS financial statements.

Their emoluments for 2021 were within the following bands:

		Number of employees	
Remuneration band HKD	**Remuneration band USD equivalent**	**Five highest paid**	**Senior management[1]**
4,000,001 – 4,500,000	514,600 – 578,900	0	1
14,000,001 – 14,500,000	1,801,200 – 1,865,500	0	1
25,500,001 – 26,000,000	3,280,700 – 3,345,000	0	1
29,000,001 – 29,500,000	3,731,000 – 3,795,300	0	1
30,000,001 – 30,500,000	3,859,600 – 3,923,900	0	1
41,000,001 – 41,500,000	5,274,800 – 5,339,100	1	1
44,500,001 – 45,000,000	5,725,100 – 5,789,400	1	0
51,000,001 – 51,500,000	6,561,300 – 6,625,700	0	1
63,000,001 – 63,500,000	8,105,200 – 8,169,500	1	0
184,000,001 – 184,500,000	23,672,300 – 23,736,600	1	1

Note
1 Further detail on the payments made to Senior Managers can be found in note B2.3 to the IFRS financial statements.