



Shriti Vadera
Chair

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

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

Board composition

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

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

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

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

Board agenda in 2021

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

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

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

Impact on, and engagement with, key stakeholders

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

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

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

Focus for 2022

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

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

I look forward to updating you further there.



Shriti Vadera
Chair