



Nomination & Governance Committee report



We have continued to develop the Board's composition to reflect the Group's transformation. Following a year of change in the senior management team, key priorities in 2023 will be working with Anil to refresh management succession and development plans and to ensure we create a strong and diverse pipeline of talent.



Shriti Vadera
Chair of the Board

Committee's purpose

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

More information on the role and responsibilities of the Nomination & Governance Committee can be found in its terms of reference, which are available at www.prudentialplc.com

Membership and 2022 meeting attendance

Committee members	2022 meetings ¹
Shriti Vadera, Chair	4/4
Jeremy Anderson ²	–
Chua Sock Koong ³	3/3
Ming Lu	4/4
Anthony Nightingale ⁴	1/1
Philip Remnant	4/4
George Sartorel ³	3/3
Tom Watjen ⁵	1/1

Regular attendees

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

Notes

- 1 The Committee held one meeting jointly with the Responsibility and Sustainability Working Group (RSWG). Attendance included the members of the RSWG, who at that time comprised Mr Anderson (Chair), Mr Basu, Mr Sartorel and Ms Wong.
- 2 Jeremy Anderson joined the Committee on 16 November 2022. Prior to joining, he attended one meeting as an observer, in addition to the meeting he attended as a member of the RSWG.
- 3 Chua Sock Koong and George Sartorel joined the Committee on 1 May 2022. Prior to his joining, Mr Sartorel attended one meeting as an observer.
- 4 Anthony Nightingale stepped down from the Committee on 26 May 2022.
- 5 Tom Watjen stepped down from the Committee on 1 May 2022. He attended one additional meeting after stepping down.

Dear shareholder,

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

Succession planning for both the Board and the executive management team was a key focus in 2022. I have set out in my introduction to the Governance Report (page 178) the process that led to the appointment of Anil Wadhvani as our new Chief Executive Officer which, given the importance of the decision, involved all Non-executive Directors.

Building on the extensive succession planning activities of the Committee in 2021, the Board was able to appoint Mark FitzPatrick as interim Group Chief Executive whilst the process for appointing a permanent successor was ongoing, and to promote James Turner to the role of Group Chief Financial Officer and Avnish Kalra to the role of Group Chief Risk and Compliance Officer. This provided leadership continuity and ensured that the Group could complete its restructuring and continue to deliver on its strategy. The Committee supported Mark in his capacity as interim Group Chief Executive in restructuring the Group Executive Committee.

A key area of focus for the Committee over the next 18 months will be to oversee the development of updated succession plans for the new Chief Executive Officer and other Group Executive Committee roles. The Committee will also work closely with the RSWG to oversee the development of the framework which ensures that there is a strong and diverse pipeline of talent for the Group's future leadership needs.

Alongside management changes, we also continued to develop the Board's composition. In our recruitment, we have set requirements for deep Asian experience and strong digital understanding, alongside ensuring a balance of specific market and sectoral experience, focusing in 2022 on insurance and healthcare. We have paid careful regard to ensuring the diversity of both experience and perspectives, and the ability to contribute views within the Board, to ensure strong governance, support and challenge for the Group's transformation and operational delivery.

As Chair of the Committee, I have been pleased with the calibre of candidates we have been able to consider, reflecting the strong proposition that Prudential offers to potential Board members, and I am delighted with those who have joined through the last year. In August 2022, we announced the appointment of Arijit Basu and Dr. Claudia Suessmuth Dyckerhoff to the Board. Arijit, who joined the Board in September 2022, brings extensive operating and insurance industry experience following a nearly 40 year career at State Bank of India (SBI), including four years as CEO of SBI Life Insurance Company Ltd. Claudia, who joined the Board in January 2023, brings a deep and broad knowledge of the healthcare services sector and health technology across China and the Asia-Pacific region. She spent much of her career based in Shanghai and, more recently, in Hong Kong and has worked with healthcare providers, governments, insurers, pharmaceuticals and medical device companies. As with all new Non-executive Directors, the Committee oversees their induction to the business to quickly ensure that they are able to contribute and the Board is able to benefit from their experience and expertise.

The Committee continues to review the composition of the Board and the skills and experience needed in order for it to lead and oversee the Group.

As announced in November, the role of Group Chief Financial Officer is no longer an Executive Director role. The Committee and the Board satisfied itself that in making this change, which is in line with many boards of Asia listed companies, the role and status of the Group Chief Financial Officer as well as the Group Chief Risk and Compliance Officer within the Prudential boardroom is well safeguarded and the Company's governance processes and protections for shareholders remain robust. In particular, with further details set out in the Governance Report, the Group Chief Financial Officer and the Group Chief Risk and Compliance Officer are standing attendees at the Board, their appointment is a matter reserved to the Board, and the Chairs of the Audit and Risk Committee have a key role in their performance assessment.

Looking ahead, the Committee has identified specific focus areas for succession planning, including insurance-specific financial assurance skills in anticipation of David Law reaching the end of his tenure in 2024.

The rest of this report sets out in more detail the activities of the Committee in 2022. I would like to thank the Committee members for their diligence and contribution throughout the year.



Shriti Vadera

Chair of the Nomination & Governance Committee

Board composition, skills and succession

The Committee keeps under review the leadership needs of the Group, both for Executive and Non-executive Directors. Board succession plans are supported and informed by the results of the annual Board evaluation, individual Director evaluations and any skills gaps identified. Ongoing succession planning helps to ensure that the Board maintains a balance in the mix of skills and experience of its members.

The Committee regularly reviews the size, structure and composition of the Board, its principal committees and the RSWG, including an appropriate combination of Non-executive to Executive Directors on the Board, the overall number of Directors and their respective skills and experience. The Chair also seeks views on the needs of the Board and its principal committees as part of the annual Board evaluation and the Committee discusses desired skills as part of succession planning.

To support its assessment of skills and support succession planning, the Committee maintains a skills matrix for Non-executive Directors to help it map existing and desired skills on the Board and identify any gaps. The skills matrix includes the key skills and experience gained from positions external to Prudential that the Committee considers as particularly valuable for the Board to enable it to effectively oversee the Group and the execution of our strategy.

Looking ahead, in light of Non-executive Directors who are due to step down at the 2023 AGM and who will reach the end of their tenure at the 2024 AGM, the Committee has identified the need for a Board member with insurance-specific financial assurance expertise as David Law reaches the end of his tenure in 2024.



Non-executive Directors

The existing Non-executive Board members contribute a range of industry operating experience, sector expertise and personal strengths to the Board. In 2022, the Committee focused on the Board's need to increase its expertise and experience in the areas of insurance and healthcare, which led to the appointments of Arijit Basu and Dr Claudia Suessmuth Dyckerhoff. Mr Basu has an in-depth understanding of the banking and insurance industries in India whilst Dr Suessmuth Dyckerhoff has broad experience in the healthcare sector in Asia, including specifically in China. These appointments are part of an ongoing process to refresh the Board to ensure that it has the right skills and experience to support the Group's strategic objectives in Asia and Africa, both now and in the future.

The regular and ongoing review of candidates by the Committee ensures a controlled approach to the onboarding of new Non-executive Directors and allows a sufficient transition period with those Directors who are reaching the end of their tenure.

The Committee also makes recommendations to the Board in relation to skills to ensure the Audit Committee has the skills required by the Codes and US legislation. The Audit Committee financial expert, as defined in the Sarbanes-Oxley Act, is David Law.

Executive roles

Given the importance of Chief Executive Officer succession and the Board's collective responsibility, the succession process that led to the appointment of Mr Wadhvani involved all of the Non-executive members of the Board and is described on page 178.

Based on the extensive work by the Committee in 2021 on succession planning for Group Executive roles, including considering full assessments and development plans for internal candidates and external benchmarking, the Committee had identified Mr Turner as the preferred successor for the role of Group Chief Financial Officer, and Avnish Kalra as the preferred successor for the role of Group Chief Risk and Compliance Officer. The Board approved these appointments in February 2022. The Board was also able to approve the appointment of Mark FitzPatrick as interim Group Chief Executive whilst the process for appointing a new Chief Executive Officer was completed. These appointments ensured continuous and effective leadership of the Group.

The Committee also has oversight of a diverse pipeline of leadership talent extending below the level of the Group Executive Committee in order to attract, retain and develop the next generation of emerging leaders. Responsibility for overseeing talent development across the Group more broadly, including diversity, inclusion, and employee wellbeing sits with the RSWG. The Committee and RSWG hold joint meetings where appropriate.

The Committee is supported by the Group HR Director and during the year engaged Egon Zehnder and Spencer Stuart to support the searches for certain Non-executive and Executive hires. Spencer Stuart is also engaged by the Group for senior management recruitment and Egon Zehnder for senior management recruitment and leadership assessment and development.

Process for appointing new Directors

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

The Committee is involved from the start in identifying a vacancy or a gap in the Board's skills. A role description is prepared, listing the desired skills and experience and reflecting feedback from the Committee and the objectives of the Board's Diversity Policy. Once agreed, specialist talent agencies are typically engaged to create a long-list of candidates, which is reviewed by the Committee and other Board members to create a short-list. Interviews with short-listed individuals then take place with the Committee and additional selected Board members and feedback is provided to the Committee. In this manner, a preferred candidate is selected and the Committee then recommends the individual to the Board for appointment. The Senior Independent Director leads the Committee in the process of appointing a new Chair and the Chair leads the process for the appointment of a new Chief Executive Officer, involving all Non-executive Directors in the process.

Contemporaneous with this process, due diligence checks are undertaken on the candidate and Prudential liaises with the relevant regulatory authorities. The Committee is kept updated on this process as appropriate. Following appointment, the Committee oversees the induction of new Non-executive Directors.

Director evaluation

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

In reaching this conclusion, the Committee determined that the Non-executive Directors continued to demonstrate the desired attributes, contributing effectively to decision-making and exercising sound independent judgement in holding management to account. Accordingly, the Committee recommended to the Board those Directors standing for election at the 2023 Annual General Meeting.

During 2022, the Committee also reviewed the membership of the Board's principal Committees and the RSWG, recommending changes to the Board. When making recommendations, the Committee takes account of the current composition of each of the principal Committees and the RSWG, the skills and experience of the members and the strategic objectives of the Group. Assigning new Directors to the Audit or Risk Committees has also helped them to build up their knowledge of the business. More information on Committee and RSWG membership changes can be found on page 180.



Senior Independent Director succession

The role of Senior Independent Director derives from the UK Corporate Governance Code. The Senior Independent Director acts as a sounding board for the Chair and supports her in the delivery of her objectives. He also acts as an intermediary for other Directors and shareholders when necessary. The Senior Independent Director also leads the annual performance evaluation of the Chair as well as leading on the search of any new Chair.

During 2022, the Chair consulted with members of the Committee and other Board members on the best candidate to succeed Philip Remnant, who has held the role of Senior Independent Director since joining the Board in January 2013. Mr Anderson was considered the ideal candidate. He is familiar with the UK investor and governance landscape, has long experience of engaging with stakeholders, including through successfully carrying out a similar role at UBS, and possesses the personal skills necessary to fulfil the different functions of the role.

In anticipation of his appointment, Mr Anderson became a member of the Committee on 16 November 2022 and will step down from the RSWG on 31 March 2023, following the publication of the 2022 ESG Report.

Board diversity policy

Given the location of the Group's operations, its business strategy and long-term focus in Asia and Africa, the Committee seeks candidates with backgrounds, experience and skills that broaden the Board's capability, and who possess a balance of sector-specific knowledge, operational experience and commercial acumen, ensuring it has representation from individuals with insights into the markets in which the Group operates. Talent search agencies are briefed on the Group's requirements and candidate selection is based on merit, against objective criteria and with due regard for the benefits of diversity, including diversity of thought and perspective, gender, ethnicity, age, geographical provenance and social, educational and professional backgrounds.

The Board's target for female representation on the Board is 40 per cent by the end of 2025, as recommended by the FTSE Women Leaders Review. At 31 December 2022, the role of Chair was held by a woman and the overall representation of women on our Board was 31 per cent. On 1 January 2023 female representation increased to 38 per cent. As previously announced, Philip Remnant and Tom Watjen will not stand for re-election at the forthcoming AGM, which will further increase the proportion of women on our Board to 45 per cent.

The Parker Review recommends that we appoint at least one director from what is regarded in the UK as an ethnic minority background. We have exceeded this recommendation, with six of our 13 Directors meeting those criteria as at 31 December 2022 (seven out of 11 following the 2023 AGM or 63%) reflecting our Asian and African focus and operations. We are one of only three FTSE 100 companies with a non-white Chair.

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

The Committee considers that the pipeline for diverse talent to serve on the Group Executive Committee remains reasonable with continued effort needed. Female representation of those who are regarded as senior management and part of the leadership teams is 35%. The RSWG has overseen the development of a people dashboard, which includes measures for tracking local representation, gender, age, tenure and experience. Inclusive leadership practices are implemented starting with the Board and Committee and throughout the organisation. A full description of the Group's activities on diversity and inclusion throughout the workforce, including at senior management level, can be found in the ESG report, on pages 67 to 175.

The following tables set out the information Prudential is required to disclose under UK LR 9.8.6R(10) and is expressed as at 31 December 2022.

Gender identity or sex¹

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management ²	Percentage of executive management
Men	9	69%	3	6	75%
Women	4	31%	1	2	25%
Not specified/prefer not to say	–	–	–	–	–

Ethnic background¹

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management ²	Percentage of executive management
White British or other White (including minority-white groups)	7	54%	3	3	37%
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	6	46%	1	5	63%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

¹ The information in this table was collected directly from each individual.

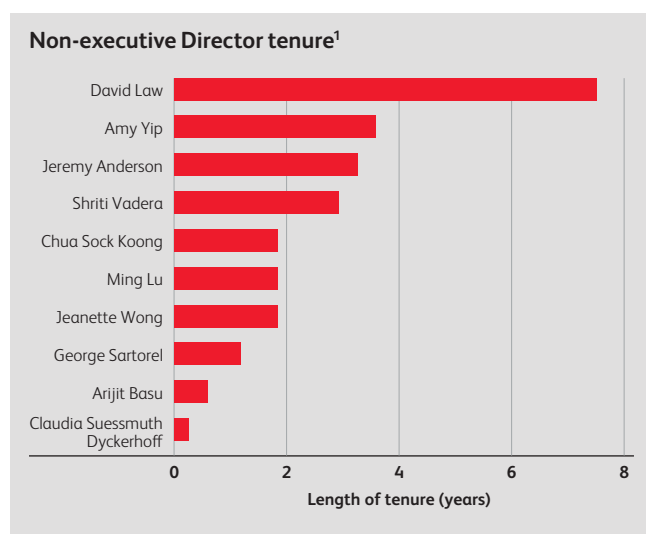
² For the purposes on this disclosure 'executive management' means the Group Executive Committee.

A full description of the Group's activities on diversity and inclusion can be found in the ESG report, on pages 109 to 116.

Terms of appointment

Non-executive Directors are appointed for an initial term of three years, and subject to review by the Committee and re-election by shareholders, it is expected that Non-executive Directors serve a second term of three years. After six years, Non-executive Directors may be appointed for a further year, up to a maximum of three years, or more in certain limited circumstances. Reappointment is subject to rigorous review as well as re-election by shareholders.

In line with provisions of the UK Code, the notice of AGM includes details on the skills and experience of each director seeking re-election and specific reasons why their contribution is, and continues to be, important to the Company's long-term sustainable success.



¹ At the date of publication

The Directors' Remuneration Report sets out the terms of Non-executive Directors' letters of appointment, in addition to the terms applicable to Executive Directors' service contracts.

Independence

All Directors have a statutory duty to exercise independent judgement. For Non-executive Directors, the application of independent judgement is critical to their role in providing constructive challenge and holding management to account, while providing strategic guidance and offering specialist advice. The independence of Non-executive Directors is assessed as part of the appointment process, and annually thereafter, in line with requirements. To support that assessment, each Non-executive Director (except the Chair) provides an annual independence confirmation as required under the Hong Kong Listing Rules. Members of the Audit Committee are also assessed against independence criteria in the Sarbanes-Oxley Act.

During 2022 all Non-executive Directors were considered to be independent by the Committee. The Chair, who was independent on appointment, is no longer counted as independent in accordance with the UK Corporate Governance Code.

Philip Remnant, the Senior Independent Director, joined the Board in January 2013 and was re-elected at the AGM in May 2022 to serve for a further one year term, with 96.65% of votes cast in favour. While the UK Code provides that the independence of a director who has served for more than nine years is likely to have been impaired, or could appear to have been impaired, the Committee and the Board were satisfied, having assessed his independence throughout 2022, that Lord Remnant remained independent in judgement and character. As previously announced, Lord Remnant will not stand for re-election at the forthcoming AGM in May 2023. He will be succeeded as Senior Independent Director by Jeremy Anderson.

When considering the independence of Jeremy Anderson and Jeanette Wong, the Committee and the Board took into account that both Mr Anderson and Ms Wong serve as Non-executive Directors of UBS Group AG. The Committee and the Board have determined that this cross-directorship does not affect their independence. Based on their contributions to Board discussions to date, the Board is confident that both can be expected to continue to demonstrate objectivity and independence of judgement.

Time commitment

Non-executive Directors are expected to devote such time as is necessary for the proper performance of their duties. The expected time commitment for directors to effectively discharge their duties is agreed and set out in writing in the Letter of Appointment, at which point the existing external demands on an individual's time are assessed to confirm their capacity to take on the role. The assessment takes into account the time required to prepare for and attend Board and Committee meetings, the AGM, general projects, Board training, dinners and other activities. Further external appointments which could impair the ability of Directors to meet these time commitments must first be discussed with the Chair (or, for the Chair, with the Senior Independent Director) and, where appropriate, approved by the Committee or the Board. Should the Executive Director wish to take on any external appointments, this would also be subject to Board consent. In line with UK Code recommendations, the Executive Director is not permitted to hold more than one non-executive directorship with a FTSE 100 company or other significant appointments.

During 2022, the Committee considered the time commitment required of the Non-executive Directors. Taking into account the varying demands of the business, it was concluded that the time commitment required of Directors needed to be refreshed. The current time expectations for Board and Committee membership are set out in the following table. The time expectations of Directors performing Chair roles is considerably more.

Number of regular scheduled meetings	
	Approximate time commitment
Board	6 meetings / 33 days
Audit Committee	5 meetings / 15 days
Risk Committee	5 meetings / 8.5 days
Remuneration Committee	4 meetings / 6 days
Nomination & Governance Committee	3 meetings / 5 days
Responsibility & Sustainability Working Group	4 meetings / 5.5 days

Conflicts of interest

Directors have a statutory duty to avoid conflicts of interest. In addition, the Company has in place procedures to identify and, where necessary, mitigate potential conflicts of interest. These processes help to ensure decisions are made in the best interests of the Company. The Board has delegated authority to the Committee to identify and, where necessary, authorise any actual or potential conflicts of interest.

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

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

Board effectiveness

The Committee oversees the process by which the Board, its Committees and individual Directors' effectiveness is assessed. The 2022 Board evaluation was conducted internally using a questionnaire. The findings were presented to the Committee and the Board in March 2023 and suggested actions to address areas of focus identified by the evaluation were discussed. The themes, summary of actions and progress are set out on page 201.

Governance

The Committee reviews the Group's governance framework regularly, monitoring the Group's significant governance policies, (including governance arrangements of the Group's main subsidiaries), recommending changes to the Board as appropriate.