Shriti Vadera
Chair

Nomination & Governance Committee report

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

Committee's purpose

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

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

Membership and 2021 meeting attendance

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

Regular attendees

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

Notes

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

Dear shareholders

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

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

Succession planning

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

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

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

Non-executive Director induction

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

Diversity and inclusion

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

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

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

Committee composition

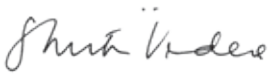
The Committee regularly reviews the size, structure and composition of the Board and its principal Committees. A number of changes to Committee membership were made at the start of the year, including to this Committee. New members have generally been assigned to either the Audit or Risk Committee to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

Governance

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

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

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



Shriti Vadera
Chair of the Nomination & Governance Committee

Board composition

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

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

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

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

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

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

Succession planning

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

Executive roles

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

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

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

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

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

Non-executive roles

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

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

The re-election of Philip Remnant

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

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

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

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

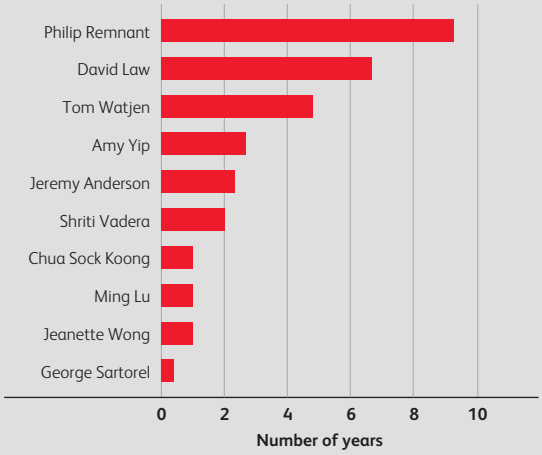
Process for appointing new Directors

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

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

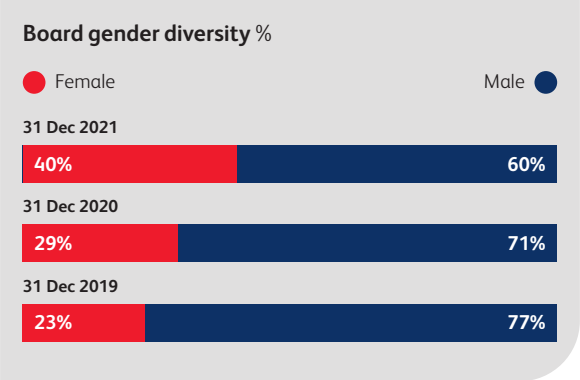
Contemporaneous with this process, due diligence checks are undertaken on the candidate and Prudential liaises with the relevant regulatory authorities. The Committee is kept updated on this process as appropriate.

Non-executive Director tenure*



* Tenure following the conclusion of the 2022 AGM, to be held on 26 May 2022.

Board diversity



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

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

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

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

Terms of appointment

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

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

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

Independence

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

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

Time commitment

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

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

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

Number of regular scheduled meetings

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

Conflicts of interest

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

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

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

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

Board effectiveness

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

Governance

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