

How we operate

This section tells you more about the Group's governance, operation of the Board and Board roles.

Group governance

Corporate governance codes – statement of compliance

The Company has dual primary listings in London (premium listing) and Hong Kong and has therefore adopted a governance structure based on the UK and Hong Kong Corporate Governance Codes (the UK and HK Codes). This report explains how the principles set out in the UK and HK Codes have been applied.

The Board confirms that, for the year under review, the Company has complied with the principles and provisions of the UK Code. In respect of provision 38 of the UK Code, Prudential has committed to aligning the level of pension contributions for newly appointed Executive Directors with that of the workforce. As recognised by the FRC's Board Effectiveness Guidance, there are practical considerations in amending arrangements for incumbents. Accordingly, Executive Directors who were in office before the 2018 UK Code came into force will have their pension contributions reduced over time, as described on page 171 of the Directors' remuneration report.

The Company has also complied with the provisions of the HK Code other than as follows: Provision B.1.2(d) of the HK Code requires companies, on a comply or explain basis, to have a remuneration committee which makes recommendations to a main board on the remuneration of non-executive directors. This provision is not compatible with provision 34 of the UK Code which recommends that the board determines the remuneration of non-executive directors. Prudential has chosen to adopt a practice in line with the recommendations of the UK Code.

The UK Code is available from:
www.frc.org.uk

The HK Code is available from:
www.hkex.com.hk

Our governance framework

The Group has established a governance framework for the business, which is approved by the Board, and is designed to promote appropriate behaviours across the Group. The Nomination & Governance Committee reviews the Group Governance framework annually.

The governance framework includes the key mechanisms through which the Group sets strategy, plans its objectives, monitors performance, considers risk management, holds business units to account for delivering on business plans and arranges governance.

The Group Governance Manual (the Manual) sets out the policies and procedures under which the Group operates, taking into account statutory, regulatory and other relevant matters. The Manual includes the Group Code of Business Conduct which is regularly reviewed by the Board. The Audit Committee monitors compliance with the Manual and the Risk Committee approves the Group risk framework and monitors compliance with it across the Group.

Business units manage and report compliance with the Group-wide mandatory requirements set out in the Manual through annual attestations. This includes compliance with our risk management framework, details of which are set out on pages 108 and 109 of this report.

The content of the Manual is reviewed regularly, reflecting the developing nature of both the Group and the markets in which it operates, with significant changes on key policies reported to the relevant Board Committee.

Subsidiary governance

Following the demerger of M&G plc, the Group is reviewing subsidiary governance to ensure this remains appropriate to the business and regulatory environment in which the Group operates. Reflecting changes in that environment, the composition of the Prudential Corporation Asia Limited board of directors now mirrors the Prudential Board and Board meetings are held concurrently. As part of demerger preparations, Prudential Corporation Asia Limited became the intermediate holding company for the Group's subsidiaries in the US and Africa.

Dialogue between the Group Chair, Group Risk Committee Chair and Group Audit Committee Chair and their counterparts at subsidiary level provided an effective information flow throughout the year and these arrangements continue where relevant. Each of the Group Chair, Group

Risk Committee Chair and Group Audit Committee Chair report to the Board or relevant Group Committee on the outcome of those dialogues, with any urgent issues being escalated between meetings as required.

The Nomination & Governance Committee is responsible for oversight of governance arrangements for the material subsidiaries. This and other activities of the Nomination & Governance Committee during 2019 are described on pages 110 to 117.

Regulatory environment

Prior to the demerger of M&G plc on 21 October 2019, the Group was subject to the consolidated supervision of the UK's Prudential Regulation Authority (PRA) under Solvency II. Following completion of the demerger, the Group-wide supervisor is now Hong Kong's Insurance Authority (Hong Kong IA).

Prior to demerger, Prudential undertook to maintain the Group-wide corporate governance framework for the Group post-demerger. This included maintaining appropriate internal controls for the oversight of the businesses, including in relation to conduct of business, the identification and mitigation of conflicts of interest and intra-group transactions. Prudential also undertook to maintain its group-wide risk management system and independent risk management function.

Individual regulated entities within the Group continue to be subject to entity-level regulatory requirements in the relevant jurisdictions in which they carry on business.

Interactions with regulators shape the Group's governance framework and the Chairman and Group Chief Executive play a leading role in representing the Group to regulators and ensuring our dialogue with them is constructive.

Terms of reference for each of the Board's principal Committees have been updated to ensure their duties align with the post-demerger business and regulatory regime.

Stakeholder engagement

The Board has identified the Group's key stakeholders as including customers, investors, employees, regulators, civil society and suppliers. Examples of Board

engagement and discussion on stakeholder views as part of the Board decision-making process can be found on pages 73 to 76. Additional information can be found on our website at www.prudentialplc.com/about-us/esg/our-approach

Employee voice

Having considered the suggested methods for strengthening workforce engagement as described in the UK Code, the Board concluded that the most appropriate method for achieving effective engagement, taking into account the international nature of the business and the geographic spread of the workforce, would be to designate a Non-executive Director based in Asia and a Non-executive Director based in the US to represent the workforce in those regions. During the year, the Board designated responsibility to Kai Nargolwala for engagement with the workforce in Asia, as well as in Africa, and to Tom Watjen for engagement with the workforce in the US, as well as staff in London.

An initial framework of activities was established, combining both formal and informal interactions with employees as well as access to relevant material. In particular, during the course of the year Kai Nargolwala attended townhall sessions with staff in Singapore and Hong Kong, and Tom Watjen visited staff in Nashville in 2019 and in London in January 2020. The key focus of those discussions was the impact on staff of organisational changes following the demerger. In addition, Tom Watjen and Kai Nargolwala received briefings from the Group HR Director on workforce-related matters.

The Board received an initial update in December 2019 on activities undertaken during the year. The framework will be expanded in 2020 to provide the designated Non-executive Directors with further opportunities for interactions with the workforce and includes regular reporting to the Board on a six-monthly basis. This will include updates on activities undertaken and themes arising for the Board to consider. If necessary, key items will be escalated outside of the six-monthly reporting cycle and in addition, Kai Nargolwala and Tom Watjen will offer their insight to Board discussions and decisions as part of the Board's consideration of the workforce as key stakeholders. They will also continue to work with the Group HR Director and the Company Secretary to identify key issues requiring engagement with the workforce, the most appropriate means of doing so and reporting on these activities.

Shareholders

The Board recognises the importance of maintaining an appropriate level of two-way communication with shareholders.

Throughout 2019, Prudential engaged with institutional shareholders, focusing primarily on matters relating to the demerger of M&G plc and strategic direction following the demerger. The executive management team of the Group, Prudential Corporation Asia and Jackson met with key target investors as part of a demerger marketing programme. In October 2019, a General Meeting was convened to allow shareholders to consider and approve the demerger of M&G plc. Shareholders demonstrated their overwhelming support for the demerger resolution which received 99.4 per cent of votes in favour.

These demerger-related activities were held in addition to the Group's usual full global programme of engagement with shareholders, potential investors and analysts, in the UK and overseas, which is conducted each year by the Group Chief Executive and the Group Chief Financial Officer and Chief Operating Officer, led by the Investor Relations team. The Group intends to maintain its regular engagement with investors and analysts which provides opportunity for the executive team to communicate progress and strategy outside of the financial reporting cycle. Going forward, this may include investor conferences or more specific events focused on particular aspects of our business.

The Group Chief Executive, Group Chief Financial Officer and Chief Operating Officer and Investor Relations team also attend major financial services conferences to present to, and meet with, the Company's shareholders.

In 2019, as part of the investor relations and demerger marketing programme, over 320 meetings were held with around 300 individual institutional investors in the UK, continental Europe, the US and Asia.

The Group holds an ongoing programme of regular contact with major shareholders, conducted by the Chairman, to discuss their views on the Group's governance. The Senior Independent Director offers meetings to major shareholders as needed. Engagement with institutional investors on the Directors' Remuneration Policy and implementation is led by the Remuneration Committee Chair on an annual basis. This has allowed key investors to provide feedback on the Directors' Remuneration

Policy prior to its adoption proposed to shareholders at the 2020 Annual General Meeting. All Non-executive Directors, and in particular Committee Chairs, are available to meet with major shareholders on request.

Shareholder feedback and key issues from these meetings are communicated to the Board.

The Annual General Meeting is an opportunity for further shareholder engagement, for the Chairman to explain the Company's progress and, along with other members of the Board, to answer any questions. The Committee Chairs each attend the Annual General Meeting and are available for shareholders who wish to ask questions on the activities of their respective Committees.

Further information, including aggregate shareholdings, details of the 2019 Annual General Meeting and General Meeting as well as the 2020 Annual General Meeting, dividend payment dates, and confirmation of sufficiency of public float can be found in the shareholder information section on pages 400 to 402.

Operation of the Board

How the Board leads the Group

The Group is headed by a Board led by the Chairman.

The Board consists of 14 Directors, of which a majority, excluding the Chairman, are independent Non-executive Directors. Biographical details of each of the Directors can be found on pages 92 to 97 and further details of the roles of the Chairman, Group Chief Executive, Senior Independent Director, Committee Chairs and the Non-executive Directors can be found on pages 104 to 106.

The Board is collectively responsible to shareholders for the long-term sustainable success of the business through:

- Approving the Group's long-term strategic objectives, annual budgets and business plans, as recommended by the Group Chief Executive, and any material changes to them;
- Monitoring the implementation of strategic objectives, annual budgets and business plans;
- Establishing the Company's purpose, values and strategy and satisfying itself that these are aligned with the Group's culture; and
- Assessing and monitoring culture, including alignment with policy, practices, behaviours and risk appetite.

Specific matters are reserved for decision by the Board, including:

- Approving dividend policy and determination of dividends;
- Approval of strategic projects;

— Approval of the three-year business and financial plan;

— Approval of the Group's full and half-yearly results announcements and any other periodic financial reporting;

— Responsibility for an effective system of internal control and risk management;

— Overseeing the Group's corporate social responsibility programmes; and

— Ensuring effective engagement with, and encouraging participation from, key stakeholder groups.

Key areas of focus – how the Board spent its time

The Board held 10 meetings during 2019. The table below gives an indication of the key topics considered at each meeting.

	Feb	Mar ¹	May	Jun	Jul	Aug	Sep	Oct	Dec
Strategy and implementation									
Approval and review of strategic priorities	●	○	○	○	○	○	○	○	○
Strategic priorities monitoring	○	○	●	○	●	○	●	○	●
Approval of three-year operating plan	○	○	○	○	○	○	○	○	●
Strategic projects ²	●	●	●	●	●	●	●	●	●
Group Chief Executive's report	●	○	●	○	●	○	●	●	●
Report from Committee Chairs									
Audit	●	●	●	●	●	●	●	●	●
Nomination & Governance	●	○	○	○	○	○	○	●	○
Remuneration	●	○	●	●	●	○	●	○	●
Risk	●	○	●	○	●	○	○	●	●
Financial reporting and dividends									
Group Chief Financial Officer's performance report	●	○	●	●	●	○	●	●	●
Full-year and 2018 second interim dividend	●	●	○	○	○	○	○	○	○
Half-year and 2019 first interim dividend	○	○	○	○	●	●	○	○	○
Cash, capital and operations reports	●	○	●	○	●	○	●	●	●
Business unit Chief Executive updates									
Prudential Corporation Asia	●	○	●	○	●	○	●	●	●
Jackson	●	○	●	○	●	○	●	●	●
M&G ³	●	○	●	○	●	○	●	○	○
Risk, regulatory and compliance									
Relationship with Regulators and Regulatory and compliance updates	●	●	●	●	●	○	●	●	●
Group Chief Risk and Compliance Officer's report	●	○	●	○	●	○	●	●	●
Government relations	●	○	●	○	●	○	●	●	●
Governance and stakeholders									
Governance updates	●	●	●	●	●	○	●	●	●
Culture and employee engagement	○	○	●	○	○	○	○	○	●
Board evaluation and actions tracking	●	○	○	○	○	○	●	○	○
Succession planning	●	●	○	○	●	○	○	○	●
Corporate responsibility reporting and ESG	○	●	○	○	○	○	○	○	○
Diversity and inclusion	○	○	○	○	●	○	○	○	○
Non-executive Directors' fees	○	○	○	●	○	○	○	○	○
Investor updates including feedback on investor meetings	●	○	●	○	○	○	●	●	●

Notes

1 The Board held two meetings in March 2019.

2 Strategic projects considered during the year included the demerger of M&G plc, the acquisition of fund manager Thanachart in Thailand, entering into an exclusive bancassurance arrangement with Southeast Asia Commercial Joint Stock Bank, an IT outsourcing project as well as other confidential matters.

3 The effective date of the demerger of M&G plc was 21 October 2019.

The Board held a separate two-day strategy event in June in the US. The Board also held four workshops during the year to discuss key strategic matters, focusing on the demerger of M&G plc and strategy for the Prudential Group post-demerger, facilitating more in-depth discussion and challenge ahead of formal meetings and decisions. One of the Board meetings in

March 2019 was to consider the Group's 2018 full-year report only and the meeting in August 2019 was primarily to consider the Group's 2019 half-year report and accounts. In addition to the March Board meeting, the Board received a separate in-depth update from the management team of Prudential Corporation Asia covering progress against strategic

priorities, key risks facing the business in Asia, future opportunities, customer-orientated initiatives, brand, culture, the Eastspring business and the activities of the Prudence Foundation.

Between meetings, the Board is provided with monthly update reports from management.

Board and Committee meeting attendance throughout 2019

Individual Directors' attendance at meetings throughout the year is set out in the table below.

		Board 10 meetings	Audit Committee 12 meetings	Nomination & Governance Committee 3 meetings	Remuneration Committee 8 meetings	Risk Committee 5 meetings	Joint Audit and Risk Committee 1 meeting	General Meetings ¹ 2 meetings
Chairman	Paul Manduca ²	●●●●●●●●●●		● ●				●●
Executive Directors	Mike Wells	●●●●●●●●●●						●●
	Mark FitzPatrick	●●●●●●●●●●						●●
	James Turner	●●●●●●●●●●						●●
	Michael Falcon ³	●●●●●						●
	John Foley ³	●●●●●						●
	Nic Nicandrou ³	●●●●●						●
Non- executive Directors	Philip Remnant	●●●●●●●●●●	●●●●●●●●●●	●●●	●●●●●●●●		●	●●
	Howard Davies	●●●●●●●●●●	●●●●●●●●●●	●●●		●●●●●●	●	●
	David Law	●●●●●●●●●●	●●●●●●●●●●	●●●		●●●●●●	●	●
	Kai Nargolwala	●●●●●●●●●●			●●●●●●●●	●●●●●●	●	●
	Anthony Nightingale	●●●●●●●●●●		●●●	●●●●●●●●			●
	Alice Schroeder	●●●●●●●●●●	●●●●●●●●●●			●●●●●●	●	●
	Lord Turner ⁴	●●●●●	●●●●●			●●	●	●
	Tom Watjen	●●●●●●●●●●			●●●●●●●●	●●●●●●	●	●
	Fields Wicker-Miurin	●●●●●●●●●●			●●●●●●●●			●
Amy Yip ⁵		●●			●●			

Notes

- In addition to the Annual General Meeting held in May each year, a General Meeting of shareholders was held on 15 October 2019. The purpose of the General Meeting was for shareholders to vote on the proposed demerger of M&G plc and election of Amy Yip as a Director of the Company. The nature of the business of the meeting meant that it was not considered necessary for the entire Board to be present. In addition to the Chairman and Senior Independent Director, each of the Executive Directors was present at the General Meeting and available to answer questions from shareholders about the business of the meeting.
- Paul Manduca recused himself from a meeting of the Nomination & Governance Committee which was convened to discuss his succession plans. Further information about Paul Manduca's succession may be found in the Nomination & Governance Committee report.
- Michael Falcon, John Foley and Nic Nicandrou stepped down from the Board with effect from the conclusion of the AGM held on 16 May 2019. Michael Falcon and Nic Nicandrou each continue in their role as chief executive of their respective business units as well as their membership of the Group Executive Committee. John Foley maintained his position as chief executive of M&G plc and continued as a member of the Group Executive Committee until demerger on 21 October 2019.
- Lord Turner stepped down from the Board with effect from the conclusion of the AGM held on 16 May 2019.
- Amy Yip was appointed a member of the Board and of the Remuneration Committee with effect from 2 September 2019.

Board and Committee papers are usually provided one week in advance of a meeting. Where a Director is unable to attend a meeting, his or her views are canvassed in advance by the Chairman of that meeting where possible.

Board effectiveness

Actions during 2019 arising from the 2018 review

The performance evaluation of the Board and its principal Committees for 2018 was conducted internally at the end of 2018 through a questionnaire. The findings were presented to the Board in February 2019 and an action plan agreed to address areas of focus identified by the evaluation.

The review confirmed that the Board continued to operate effectively during the year and no major areas requiring improvement were highlighted.

Set out below are the themes, summary of actions and progress updates:

Theme	Summary of actions	Progress
Board composition and process	<ul style="list-style-type: none"> — Continuing work on Board succession with a focus on gender and geographic diversity. — Reduction in Board and Committee paper volume. 	<ul style="list-style-type: none"> — During the year, Amy Yip joined the Board, strengthening the overall diversity of skills, gender and experience. — Diversity remains a key factor in ongoing succession planning. The Nomination & Governance Committee reviews the diversity policy and how diversity initiatives align with strategic objectives. — Management is considering whether paper volumes can be further decreased as part of changes to the meeting structure post-demerger.
Risk, capital and audit	<ul style="list-style-type: none"> — Cyber risk focus for Board agenda for 2019. — Board training on the Hong Kong IA regulatory regime. 	<ul style="list-style-type: none"> — A cyber risk update was provided to a joint meeting of the Risk and Audit Committees in April 2019, to which all Board members were invited. — Board members were briefed on the new regulatory regime in December 2019.
Stakeholders	<ul style="list-style-type: none"> — Review of stakeholder groups. — Review of workforce voice and its representation at Board level. 	<ul style="list-style-type: none"> — Stakeholder groups are reviewed and reported on in the ESG Report, which was approved by the Board in March 2020. — Workforce engagement mechanisms were approved by the Board during the year and a report on engagement activities was reviewed at the Board meeting in December 2019. This will be an area of continued focus in 2020 as the framework of Non-executive Director engagement is developed and their reporting to the Board embedded.
People	<ul style="list-style-type: none"> — Develop diversity and inclusion reporting to the Board. — Ensure overseas and 'home' Boards give scope for Non-executives to meet colleagues below Group Executive Committee level. 	<ul style="list-style-type: none"> — The Board received an update on key initiatives to promote diversity and invest in talent for the long-term success of the Company. — The Nomination & Governance Committee will receive more reporting in this area going forward given its extended remit. — Both the Board visit to Hong Kong in March and the Board strategy session in Lansing in June provided opportunities for Non-executive Directors to meet with management below the Group Executive Committee level as part of presentations by Prudential Corporation Asia and Jackson management and in informal settings. — Non-executive Directors continue to engage directly with management as part of their meeting preparations, particularly for Committee meetings.

2019 review and actions for 2020

The performance evaluation of the Board and its principal Committees for 2019 was conducted internally at the end of 2019 through a questionnaire. The findings were presented to the Board in February 2020 and an action plan agreed to address areas of focus identified by the evaluation.

The review confirmed that the Board continued to operate effectively during the year and no major areas requiring improvement were highlighted.

Theme	Summarised actions
Board composition and process	<ul style="list-style-type: none"> — Continue to use workshops, as appropriate, to support discussions. — Monitor Board meeting arrangements in the post-demerger context and ensure strategic focus areas, including culture and values, continue to receive appropriate agenda time.
Risk, capital and audit	<ul style="list-style-type: none"> — Keep Board training in this area under review and schedule additional sessions as appropriate.
Stakeholders	<ul style="list-style-type: none"> — Continue to develop and embed reporting by the designated Non-executive Directors on workforce engagement.
People	<ul style="list-style-type: none"> — Continue to develop reporting on talent management, succession pipeline and Diversity & Inclusion, utilising the expanded role of the Nomination & Governance Committee.

In accordance with the UK Code, the 2020 Board evaluation will be externally facilitated. The process for identifying and appointing the external evaluator will be overseen by the Nomination & Governance Committee.

Committee effectiveness and evaluation

Committee Chairs have responsibility for ensuring each Committee operates effectively. In order for Committees to provide effective challenge to management, the Committee Chairs each encourage open debate and contributions from all Committee members.

The effectiveness of each Committee is monitored via the annual Board effectiveness programme. Each Committee was found to be operating effectively. More details are set out in each of the Committee reports.

Director evaluation

The performance of the Non-executive Directors and the Group Chief Executive during 2019 was evaluated by the Chairman in individual meetings.

Philip Remnant, the Senior Independent Director, led the Non-executive Directors in a performance evaluation of the Chairman.

Executive Directors are subject to regular review and the Group Chief Executive individually appraised the performance of each of the Executive Directors as part of the annual Group-wide performance evaluation of all employees. The Chair of the Risk Committee provides feedback to the Group Chief Executive on the performance of the Group Chief Risk and Compliance Officer.

The outcome of each of these evaluation processes is reported to the Nomination & Governance Committee in February each year in order to inform the Committee's recommendation for Board members to be put forward for re-election by shareholders.

Executive Director performance is also reviewed by the Remuneration Committee as part of its deliberations on bonus payments.

Directors
Board roles and governance

Chairman – Paul Manduca

The Chairman is responsible for the leadership and governance of the Board, ensuring its smooth and effective running in discharging its responsibilities to the Group's stakeholders and managing Board business.

Managing Board business

- Responsible for setting the Board agenda, ensuring the right issues are brought to the Board's attention through collaboration with the Group Chief Executive and the Company Secretary
- Facilitating open, honest and constructive debate among Directors. When chairing meetings, ensuring there is sufficient time to consider all topics, all views are heard and all Board members, and in particular Non-executive Directors, have an opportunity to constructively challenge management
- Meeting with Non-executive Directors throughout the year. In 2019, the Chairman met with Non-executive Directors without Executive Directors being present on four occasions and also met with each Non-executive Director individually
- Ensuring information brought to the Board is accurate, clear, timely and contains sufficient analysis appropriate to the scale and nature of the decisions to be made
- Promoting effective reporting of Board Committee business at Board meetings through regular Committee Chair updates

Membership and composition of the Board

- Leading the Nomination & Governance Committee in succession planning and the identification of potential candidates, having regard to the skills and experience the Board needs to fulfil its strategy, and making recommendations to the Board
- Considering the development needs of the Directors so that Directors continually update their skills and knowledge required to fulfil their duties, including the provision of a comprehensive induction for new Directors
- Maintaining an effective dialogue with the Non-executive Directors to encourage engagement and maximise their contributions

Governance

- Leading the Board's determination of appropriate corporate governance and business values, including ethos, values and culture at Board level and throughout the Group
- Working with the Company Secretary to ensure continued good governance
- Acting as key contact for independent chairs of Material Subsidiaries¹
- Meeting with the independent chairs of the Group's Material Subsidiaries¹ on a regular basis and reporting to the Board on the outcome of those meetings

Relationship with the Group Chief Executive

- Discussing broad strategic plans with the Group Chief Executive prior to submission to the Board
- Ensuring the Board is aware of the necessary resources to achieve the strategic plan
- Providing support and advice to the Group Chief Executive

Relations with shareholders and other stakeholders

- Representing the Board externally at business, political and community level. Presenting the Group's views and positions as determined by the Board
- Playing a major role in the Group's engagement with regulators
- Balancing the interests of different categories of stakeholders, preserving an independent view and ensuring effective communication
- Engaging in a programme of meetings with key shareholders throughout the year and reporting to the Board on the issues raised at those meetings

External positions

- Approving Directors' external appointments prior to them being accepted, taking into account the required time commitment and escalating consideration of conflicts of interests to the Nomination & Governance Committee as needed

Group Chief Executive – Mike Wells

The Group Chief Executive leads the Executive Directors and senior executives and is responsible for the operational management of the Group on behalf of the Board on a day-to-day basis:

- Responsible for the implementation of Board decisions
- Establishes processes to ensure operations are compliant with regulatory requirements
- Sets policies, provides day-to-day leadership and makes decisions on matters affecting the operation, performance and strategy of the Group, seeking Board approval for matters reserved to the Board
- Supported by the Group Executive Committee which he chairs and which receives reports on performance and implementation of strategy for each business unit and discusses major projects and other activities related to the attainment of strategy
- Chairs the Chief Executive's Committee meetings which are held weekly to review matters requiring approval under the Group's framework of delegated authorities
- Keeps in regular contact with the Chairman and briefs him on key issues
- Meets with key regulators worldwide
- Leads on day-to-day effective stakeholder engagement

Senior Independent Director – Philip Remnant

The Senior Independent Director acts as an alternative conduit to the Board for shareholder concerns and leads the evaluation of the Chairman:

- Acts as a sounding board for the Chairman, providing support in the delivery of the Chairman's objectives
- Leads the Non-executive Directors in conducting the Chairman's annual evaluation and leads the Chairman's succession planning
- Holds meetings with Non-executive Directors without management being present, typically at least once a year to evaluate the performance of the Chairman
- Offers meetings to major shareholders to provide them with an additional communication point on request and is generally available to any shareholder to address concerns not resolved through normal channels

Committee Chairs

Each of the Committee Chairs is responsible for the effective operation of their respective Committees:

- Responsible for the leadership and governance of their Committee
- Sets the agenda for Committee meetings
- Reports to the Board on the activities of each Committee meeting and the business considered, including, where appropriate, seeking Board approval for actions in accordance with the Committees' terms of reference
- Works with the Company Secretary to ensure the continued good governance of each Committee during the year

In addition to Committee duties, the Chairs of the Audit and Risk Committees act as key contact points for the independent chairs of the audit and risk committees of the Material Subsidiaries¹

Non-executive Directors

All of the Non-executive Directors are deemed to be independent and together have a wide range of experience which can be applied to attain the strategic aims of the Group through:

- Constructive and effective challenge
- Providing strategic guidance and offering specialist advice
- Scrutinising and holding to account the performance of management in meeting agreed goals and objectives
- Serving on at least one of the Board's principal Committees
- Engaging with Executive Directors and other senior management at Board and Committee meetings as well as at training sessions and on an informal basis
- Taking part in one-to-one meetings with the Group Strategy team and participation in the annual strategy session

The Board has established four principal Committees. These Committees form a key element of the Group governance framework, providing effective independent oversight of the Group's activities by the Non-executive Directors. Each Committee Chair provides an update to the Board on the matters covered at each Committee meeting, supported by a short written summary. The terms of reference for each Committee are reviewed at least annually. The functions of the principal Committees are summarised below.

Nomination & Governance Committee	Remuneration Committee	Audit Committee	Risk Committee
<p>Chair Paul Manduca</p> <ul style="list-style-type: none"> — Keeps leadership needs under review in support of the Group's strategic objectives — Develops succession planning for the Board and senior executives based on merit against objective criteria promoting diversity in all areas — Oversees development of a diverse pipeline in succession planning — Monitors the Group's diversity initiatives — Recommends appointments to the Board, its principal Committees and appointments of non-executive chairs to the boards of Material Subsidiaries¹ — Oversees the governance of Material Subsidiaries¹ and the Group's overall governance framework <p>➤ See Nomination & Governance Committee Report on pages 110 to 117</p>	<p>Chair Anthony Nightingale</p> <ul style="list-style-type: none"> — Ensures there is a formal and transparent process for establishing the Directors' Remuneration Policy — Approves individual remuneration packages of the Chairman, Executive Directors, senior executives and Material Subsidiary¹ non-executive directors — Approves the overall Remuneration Policy for the Group — Reviews the design and development of share plans and approves and assesses performance targets where applicable and ensures alignment with the Group's culture — Reviews workforce remuneration practices and policies when setting executive remuneration <p>➤ See Remuneration Committee Report on pages 136 to 195</p>	<p>Chair David Law</p> <ul style="list-style-type: none"> — Responsible for the integrity of the Group's financial reporting, including scrutinising accounting policies — Monitors the effectiveness of internal control and risk management systems — Monitors the effectiveness and objectivity of internal and external auditors — Approves the internal audit plan — Recommends the appointment of the external auditor <p>➤ See Audit Committee Report on pages 118 to 126</p>	<p>Chair Howard Davies</p> <ul style="list-style-type: none"> — Leads on and oversees the Group's overall risk appetite, risk tolerance and strategy — Approves the Group's risk management framework and monitors its effectiveness — From 2020 the Committee has full responsibility for all aspects of compliance — Supports the Board and management in embedding and maintaining a supportive culture in relation to the management of risk — Provides advice to the Remuneration Committee on risk management considerations to inform remuneration decisions <p>➤ See Risk Committee Report on pages 127 to 132</p>

Terms of reference for the principal Committees can be accessed at www.prudentialplc.com/investors/governance-and-policies/board-and-committees-governance

The Board has established a Standing Committee which can meet as required to assist with any business of the Board. It is typically used for ad hoc or urgent matters which cannot be delayed until the next scheduled Board meeting.

All Directors are members of the Standing Committee and have the right to attend all meetings and receive papers.

Notice of a Standing Committee meeting is sent to all Directors and if an individual is unable to attend, he/she can give comments to the Chairman or Company Secretary ahead of the meeting for consideration by the Standing Committee. Before taking decisions on any matter, the Standing Committee must first determine that the business it is considering is appropriate for a Committee of the Board and does not properly need to be brought before the whole Board. All Standing Committee meetings are reported in full to the next scheduled Board meeting.

This governance structure allows for fast decision-making where necessary, while ensuring that the full Board has oversight of all matters under consideration and all Non-executives can contribute. Over 2019, the Company held three meetings of the Standing Committee.

Note

¹ Following the demerger of M&G plc, the Group is reviewing subsidiary governance to ensure this remains appropriate to the business and regulatory environment in which the Group operates.

Building Directors' knowledge Induction – new Directors

Amy Yip received a comprehensive induction, tailored to reflect her experience and position as a Non-executive Director. A summary of the general and specific induction programme for Amy Yip is set out below:

General induction programme relevant to new Non-executive Directors		
Understanding our governance	Understanding our business	Role-specific induction programme for Amy Yip
<ul style="list-style-type: none"> — Meetings with the Chairman and Group Chief Executive separately — Explanation of Prudential's corporate structure, Board and Executive Committee structure — Briefings on Group governance framework and key policies — Training as needed on the rules and governance requirements of the London and Hong Kong Stock Exchanges and on fulfilling the statutory duties of a Director 	<ul style="list-style-type: none"> — Explanation of the Group's strategy and business plan — Tailored briefings with each business unit to gain a comprehensive understanding of each of their business models, product suites, pricing arrangements and governance structures — Tailored meetings with all Group functions — Comprehensive briefings on the regulatory environment in which the Group operates — Briefings on top risks and internal controls — Induction briefings and training as a whole give Directors an understanding of the interests of the Group's key stakeholders 	<ul style="list-style-type: none"> — Orientation to the work and role of the Remuneration Committee — Updates on current UK remuneration topics — Meeting with the Chair of the Remuneration Committee to discuss the annual cycle of Committee work, its current focus and focus for 2020 and beyond

Jeremy Anderson was appointed to the Board as a Non-executive Director with effect from 1 January 2020. His induction commenced in early 2020 and included a particular focus on risk matters to support his role as a member of the Risk Committee.

Continuing development of knowledge and skills

During 2019, the Board and its Committees received a number of technical and business updates as part of their scheduled meetings, providing information on external developments relevant to the Group and on particular products or operations. Below is an overview of how Directors are kept up to date:

- The Board holds an annual strategy session, which allows for detailed updates on each of the business units and deep dives on strategic direction and objectives for the Group. In 2019, these included a particular focus on the demerger of M&G plc and updates on the views of investors and other stakeholders;
- The Board receives updates on brand, environment, health and safety, culture, diversity and inclusion and employee engagement activities, usually once a year;
- The Board receives updates on corporate governance, political and regulatory developments in the US, UK, Europe and Asia and the dynamics of equity and currency markets at every scheduled meeting. Governance topics included gender pay gap reporting, the BEIS committee report on the future of audit and the Government's response to it, the Hampton-Alexander review publication, guidelines from investment institutions, the Financial Reporting Council's Lab report on climate-related corporate reporting and the publication of the updated Stewardship Code. The Board was also updated on the impact of the discontinuation of LIBOR;
- In April 2019, the Group ran a focused cyber security and information security update for members of the Risk and Audit Committees, which was particularly aimed at developing the knowledge of the Non-executive Directors;
- The Board reviews each business unit in depth at least once a year and conducts periodic site visits as part of this. In 2019, the Board received a presentation on Jackson Holdings. Other training included an overview of Jackson's distribution and products;
- The Nomination & Governance Committee received updates on the Climate Change and TCFD implementation as part of its expanded ESG remit;
- The Board and the Risk Committee receive regular updates on market developments and key risks. The Risk Committee reviews top risks on an annual basis and deep dives into specific topics in response to the identification of key risks. This review covers the financial, operational and strategic risks, whilst also identifying and addressing business environment and insurance risks within the Group;
- The Risk Committee received updates on regulatory developments focusing on the supervision of the Prudential Regulation Authority and discussions with the Hong Kong IA on the new Group-wide regulatory framework. A deep-dive review of artificial intelligence and digital transformation was undertaken as well as updates on civil unrest in Hong Kong;
- The Audit Committee received updates on developments affecting financial reporting and the work of audit committees more widely. In 2019, this included financial reporting disclosure developments and audit industry updates. These updates included consideration of the accounting treatment of the M&G Group, information security, financial crime and fraud prevention, working capital arrangements and the implementation of IFRS 17; and
- The Remuneration Committee receives updates on regulatory and governance developments affecting the Group's remuneration arrangements. In 2019, these included updates on discussions with the Hong Kong IA on the new regulatory regime, compliance with the UK Corporate Governance Code 2018 and guidelines from investment institutions.

All Directors have the opportunity to discuss their individual development needs as part of the annual Board effectiveness review and are encouraged to request specific updates during the year. At the start of the year, suggested topics are shared with the Board for feedback. Directors are asked to provide a record of training received externally on an annual basis. All Directors have the right to obtain professional advice at Prudential's expense. Board training materials are also made available, as relevant, to Group Executive Committee members, who have an opportunity to request any additional training as needed.