

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 (Main board listing) 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. Please see page 127 where we set out how we have applied the principles.

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 principle Q of the UK Code which states that no director should be involved in deciding their own remuneration outcome, and 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.

Following the introduction by the UK government of measures to limit the spread of Covid-19 by prohibiting non-essential travel and public gatherings of more than two people, and following the issuance of the Company's 2020 Annual General Meeting (AGM) Notice, the Company provided an update to shareholders in late April 2020 on its revised arrangements for the 2020 AGM. In light of those restrictions and to protect the health of Prudential's shareholders and employees, the Board decided, with regret, that shareholders, external advisers (including the auditor) and Directors (other than the Chairman) would not be able to attend the AGM in person (and thus provisions A.6.7 and E.1.2 of the HK Code could not be complied with).

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 keeps material changes to the governance arrangements under review.

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.

Group Governance Manual

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 Risk Committee approves the Group Risk Framework, an integral part of the Manual, and the Audit Committee monitors Group-wide compliance with the Manual throughout the year.

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 139 to 140 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

Since the demerger of M&G plc in October 2019, the Group has made changes to its subsidiary audit and governance arrangements to reflect the changing shape of the Group, in particular with respect to the Asia business. The Group Audit and Risk Committees have established direct links to the audit and risk committees of the four major Asia insurance businesses, Hong Kong, Indonesia, Malaysia and Singapore. Arrangements include regular reports and calls between the Chairs of the Group committees and the local committee chairs, with an open invitation to the Group Committee Chairs to attend the committee meetings of the major Asia business.

In addition, an internal legal restructuring has been undertaken to form a holding company for Eastspring managed entities, Eastspring Investments Group Pte. Ltd. This has created a regional board as well as audit and risk committees with consolidated oversight across the Eastspring business unit and a direct link to the Group-level Audit and Risk Committees.

Other Prudential Corporation Asia businesses also operate local audit and risk committees, with standard terms of reference. Those committees report to the Group-level committees through written updates provided by the attendees from Group functions.

The Nomination & Governance Committee is responsible for oversight of governance arrangements for the significant subsidiaries. A report on the activities of the Nomination & Governance Committee during 2020 can be found on pages 141 to 149.

Regulatory environment

Following the demerger of M&G plc on 21 October 2019, the Group-wide supervisor of Prudential changed to the Hong Kong Insurance Authority (the Hong Kong IA). On 24 July 2020 the Insurance (Amendment) (No. 2) Ordinance, being the enabling primary legislation providing for the GWS Framework, was enacted. This primary legislation is supported by subsidiary legislation and guidance material from the Hong Kong IA. The relevant subsidiary legislation, including the Insurance (Group Capital) Rules, was tabled before the Legislative Council on 6 January 2021 and will come into operation on 29 March 2021.

The GWS Framework includes requirements for Hong Kong insurance groups to have in place appropriate corporate governance arrangements and to maintain appropriate internal controls for the oversight of their business.

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 Chair, Group Chief Executive, Group Chief Risk Officer and Compliance Officer, and the Chief Executive of Prudential Corporation Asia 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 align their duties with the changes expected under the GWS Framework.

B D E

Stakeholder engagement

Information on the Board's engagement with, and discussion of, stakeholder views as part of the Board decision-making process can be found on pages 78 to 81. Additional information can be found on our website at www.prudentialplc.com/about-us/esg/our-approach

Employee voice

The Board has designated two Non-executive Directors to represent the workforce; Kai Nargolwala with responsibility for Asia and Africa, and Tom Watjen with responsibility for the US and the UK.

The Board received an update on activities undertaken and themes arising for consideration on a six-monthly basis. Kai Nargolwala and Tom Watjen offer their insight to Board discussions and decisions as part of the Board's consideration of the workforce as key stakeholders. Kai Nargolwala will be retiring at the AGM in May and post the proposed separation of Jackson the work he and Tom Watjen undertook will be continued by the Responsibility & Sustainability Working Group. As part of this, the Working Group will consider the best method for employee engagement in the longer term, to ensure this is tailored to the culture and strategic priorities of the refocused Group following the proposed separation of the Jackson business, and make a recommendation to the Board for implementation following the 2022 Annual General Meeting.

Please see the Section 172 statement on pages 78 to 81 for an overview of the activities undertaken during 2020.

Shareholders

The Board recognises the importance of maintaining an appropriate level of two-way communication with shareholders. The Group holds an ongoing programme of regular contact with major shareholders, conducted by the Chair, to discuss their views on the Group's governance. The Senior Independent Director and the Committee Chairs are available at the request of shareholders. Engagement with institutional investors on the Directors' Remuneration Policy and implementation is led by the Remuneration Committee Chair on an annual basis.

During 2020, in addition to the governance meetings held with investors by Paul Manduca, Shriti Vadera met with a large number of our major investors as part of her introduction to the business. The Chair of the Remuneration Committee also engaged with our investors on the Directors' Remuneration Policy. Please see our Section 172 Statement on pages 78 to 81 for more information on interactions with shareholders and other key stakeholders.

Due to the UK government restrictions to limit the spread of Covid-19, the AGM on 14 May 2020 chaired by Paul Manduca was held as a 'closed meeting' with just two shareholders to provide the requisite quorum to enable the formal business of passing resolutions to be conducted. In recognising the continuing importance of the AGM as an opportunity to engage with shareholders, the Board encouraged participation from shareholders. The revised meeting arrangements included an option for shareholders to submit questions to the Board in advance of the meeting, the answers to which were posted on the Company's website, and shareholders were also asked to vote their shares by proxy ahead of the meeting. Prudential kept shareholders informed through its website and released a number of updates during the period of the Covid-19 pandemic, including a Q1 business update and other presentations.

Notwithstanding the pandemic and related unprecedented measures and circumstances, the Board continues to receive regular updates on shareholder engagement activities.

A B C D H I

Operation of the Board

How the Board leads the Group

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

The Board currently consists of 13 Directors, of which a majority, excluding the Chair are independent Non-executive Directors. Biographical details of each of the Directors can be found on pages 122 to 126 and further details of the roles of the Chair, Group Chief Executive, Senior Independent Director, Committee Chairs and the Non-executive Directors can be found on pages 134 to 136.

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

- Establishing the Company's purpose, values and strategy and satisfying itself that these are aligned with the Group's culture;
- Approving the Group's long-term strategy, strategic objectives, capital allocation, annual budgets and business plans, recommended by the Group Chief Executive, and any material changes to them;
- Monitoring the implementation of strategic objectives; 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 or other capital distributions;
- Approving of strategic projects;
- Approving of the three-year business and financial plan;
- Appointing and removing of Directors and the Company Secretary;
- Approving of the Group's full and half-yearly results announcements and any other periodic financial reporting;
- Ensuring an effective system of internal control and risk management is in place, maintained and reviewed at least annually;
- Approving the Group's overall risk appetite and tolerance; 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 nine meetings during 2020. The table below gives an indication of the key topics considered at each meeting.

	Feb	Mar	Apr	May	Jul	Aug ¹	Sep	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 2019 second interim dividend	●	●	○	○	○	○	○	○
Half-year and 2020 first interim dividend	○	○	○	○	●	●	○	○
Cash, capital and operations reports	●	○	○	●	●	○	●	●
Business unit Chief Executive updates								
Prudential Corporation Asia	●	○	●	●	●	○	●	●
Jackson	●	○	●	●	●	○	●	●
Risk, regulatory and compliance								
Regulatory and Government Relations updates	●	○	○	●	●	○	●	●
Group Chief Risk and Compliance Officer's report	●	○	●	●	●	○	●	●
Governance and stakeholders								
Key governance developments	●	○	○	●	●	○	●	●
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	●	○	●	●	●	○	●	●
Audit tender	○	○	○	○	○	○	○	●

Notes

1 Two meetings for the 2020 Half Year Accounts were held in August.

2 Strategic projects considered during the year included the bancassurance partnership with TMB and Thanachart, the proposed separation of Jackson and various aspects of the strategic positioning of the Group, the Athene transaction, and the expansion of Pulse and associated commercial partnerships.

The Board held a separate workshop focusing on the proposed separation of Jackson in January and a three-day strategy event in June.

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

Board and Committee meeting attendance throughout 2020

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

		Board 9 meetings	Audit Committee 11 meetings	Nomination & Governance Committee 6 meetings	Remuneration Committee 5 meetings	Risk Committee 8 meetings	Joint Audit and Risk Committee 2 meetings	General Meetings ¹ 1 meeting
Chairman	Paul Manduca	●●●●●●●●		●●●●● ²				●
Executive Directors	Mike Wells	●●●●●●●●						
	Mark FitzPatrick	●●●●●●●●						
	James Turner	●●●●●●●●						
Non-executive Directors	Philip Remnant	●●●●●●●●	●●●●●●●●●●	●●●●●	●●●●●			●
	Jeremy Anderson	●●●●●●●●	●●●●●●●●●●	●●●●● ³		●●●●●●●●	●●	
	Howard Davies ⁴	●●●●	●●●●	●●●		●●●		●
	David Law	●●●●●●●●	●●●●●●●●●●	●●●●●		●●●●●●●●	●●	
	Kai Nargolwala	●●●●●●●●			●●●●●	●●●●●●●●	●●	
	Anthony Nightingale	●●●●●●●●		●●●●●	●●●●●			
	Alice Schroeder	●●●●●●●●	●●●●●●●●●●			●●●●●●●●	●●	
	Tom Watjen	●●●●●●●●			●●●●●	●●●●●●●●	●●	
	Fields Wicker-Miurin	●●●●●●●●			●●●●●			
	Amy Yip	●●●●●●●●			●●●●●			
Shriti Vadera ⁵	●●●●●		●●●●●					

Notes

- 1 Due to the Covid-19 restrictions in the UK, only the Chairman attended the Annual General Meeting with the Company Secretary.
- 2 Paul Manduca recused himself from a meeting of the Nomination & Governance Committee which was convened to discuss his succession plans.
- 3 Jeremy Anderson was appointed a member of the Nomination & Governance Committee with effect from 14 May 2020.
- 4 Howard Davies stepped down from the Board with effect from the conclusion of the AGM held on 14 May 2020.
- 5 Shriti Vadera was appointed a member of the Board and of the Nomination & Governance Committee with effect from 1 May 2020.

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 Chair of that meeting where possible.

Board effectiveness



Actions during 2020 arising from the 2019 review

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 was 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"> — 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. 	<ul style="list-style-type: none"> — The workshop format has been used to enable more Board time for discussion where appropriate. — Meeting arrangements have been adapted in response to Covid-19 travel restrictions, including technology upgrades and meeting adjustments to maximise time available and enable Directors to continue to focus on key strategic areas.
Risk, Capital and Audit	<ul style="list-style-type: none"> — Keep Board training in this area under review and schedule additional sessions as appropriate. 	<ul style="list-style-type: none"> — The Board continued to receive relevant updates during the year. Due to Covid-19 related travel restrictions, on-site sessions were not possible but will resume once restrictions have eased. More details on Board and Committee training is included on page 138.
Stakeholders	<ul style="list-style-type: none"> — Continue to develop and embed reporting by the designated Non-executive Directors on workforce engagement. 	<ul style="list-style-type: none"> — The roles of the two Designated Non-executive Directors were embedded during 2020 and the Board received reports on their activities. — The Responsibility & Sustainability Working Group established in February 2021 (as described on page 137) will take over the role of workforce engagement from the 2021 AGM until the 2022 AGM. It will also consider and make a recommendation to the Board on the most appropriate method for workforce engagement thereafter.
People	<ul style="list-style-type: none"> — Continue to develop reporting on talent management, succession pipeline and D&I, utilising the expanded role of the Nomination & Governance Committee. 	<ul style="list-style-type: none"> — Talent management and D&I has been more firmly embedded within the processes across the business, which was reinforced as part of the culture framework developed during the year. — Reporting has been expanded and includes more forward-looking assessments and metrics which are being developed by the newly established D&I Council as part of the Group's D&I strategy.

2020 review and actions for 2021

The performance evaluation of the Board and its principal Committees for 2020 was conducted externally by Independent Board Evaluation, an independent consultancy. The external nature of the review met the provisions of the UK Corporate Governance Code which requires external evaluations on no less than three-yearly intervals.

The evaluation covered the Board, each of the principal committees, and an individual assessment of the Chair and each of the other Non-executive Directors. The Board evaluation focused on Board performance and focus, Board composition, succession planning and induction, and support provided to Board members. The evaluation included seeking feedback from each Director, the Company Secretary and senior management.

Interviews were held with all Board members and other stakeholders, and these were supplemented by attendance and observation at a number of Board and Committee meetings. Supporting materials to enhance understanding of how the Board and its Committees operate were provided.

The findings were presented to the Nomination & Governance Committee and the Board in December 2020 and collective Committee and Board discussions to exchange ideas and agree priorities arising from the report took place.

The Board agreed an action plan to respond to the recommendations at its meeting in February.



The report identified a number of strengths of the Board, including a strong Board culture of engagement and collaboration, strong governance and compliance, and clear, timely information being provided to support Board meetings. The evaluation concluded that the Board and its principal committees were operating effectively. Some areas were identified for development in order to support the onboarding of new Board members and to keep pace with the transformation of the Group.

Through the evaluation and subsequent additional discussion at the Board meeting in February 2021, the Board identified areas of particular focus and related actions:

Theme	Summary of actions
Maximising Board inclusivity	<ul style="list-style-type: none"> — Enhance induction processes to leverage new Board members' skills as quickly as possible. — Recognising the challenge with current travel restrictions, create more opportunities for less formal discussion among Board members.
Focusing on the People and ESG Agenda	<ul style="list-style-type: none"> — Consider how best to give additional Board time and focus to the ESG and people agenda.
Improvements to Board information flows	<ul style="list-style-type: none"> — As the shape of the Group changes, build up Board members' depth of knowledge of the Asia and Africa business and re-focus the Board agenda to maximise time considering business performance and strategy on a more granular basis. — Review and strengthen links with subsidiary boards to leverage insight and support from those boards.
Improvements to Board processes	<ul style="list-style-type: none"> — Consider processes for briefings outside of meetings to support inclusivity and maximise ways in which Board members benefit from each other's experience and expertise.

Director evaluation

The performance of Directors during 2020 was evaluated by Independent Board Evaluation as part of the overall Board evaluation programme. Feedback on individual performance of Non-executive Directors was provided to the then Chair designate, who held discussions with each of them at the start of 2021 on becoming Chair. Feedback on the performance of the then Chair designate was separately provided to, and discussed with her, by the Senior Independent Director. Feedback on the performance of the Executive Directors, in their capacity as Board Directors, was also provided to the Chair designate, who discussed feedback with each of them separately.

The performance of Executive Directors, in their capacity as Executives, is subject to regular review; Paul Manduca assessed the performance of the Group Chief Executive while Mike Wells 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 provided 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

Chair – Shriti Vadera

The Chair is responsible for leadership of the Board and managing Board business. She ensures, in collaboration with the Group Chief Executive and senior management, that the appropriate issues are brought to the Board, that there is a culture of openness and debate, and that the Board is setting the right tone from the top.

Other aspects of the Chair role include:

Leadership and succession planning

- Responsible for the leadership and the governance of the Board as a whole, demonstrating objective judgement, the highest standards of integrity and probity, and ethical leadership
- Responsible for developing, in conjunction with the Nomination & Governance Committee and the Group Chief Executive, an effective Board as regards its composition, skills and competencies
- Leading the Board in discharging its responsibility in respect of the appointment and removal of Directors
- Leading periodic evaluations, including externally facilitated evaluations, of the Board, its Committees and individual Directors
- Leading the Board in holding to account the performance of management and individual executive directors against agreed performance objectives
- Working with the Nomination & Governance Committee, ensuring that Directors receive a full formal and tailored induction programme, that their development needs are identified and that they keep their skills and knowledge up to date

Managing Board business

- Setting the Board agenda and ensuring, in collaboration with the Group Chief Executive, and the Company Secretary, that appropriate issues are brought to the Board's attention
- Maintaining an effective and constructive liaison with the Non-executive Directors, encouraging their engagement so as to maximise their contribution to the work of the Board and also ensuring constructive relations between Executive and Non-executive Directors
- Meeting with Non-executive Directors independently of the Executive
- Ensuring, in collaboration with management, that 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
- Ensuring the Board has effective decision-making processes and applies sufficient challenge to major proposals
- Promoting effective reporting of Board Committee business at Board meetings through regular Committee Chair updates

Relations with shareholders and other stakeholders

- Ensuring effective communication with shareholders and that relevant governance and strategy issues are discussed with major shareholders and that their views are communicated to the Board as a whole
- Representing the Board externally at business, political and community level. Alongside the Group Chief Executive, presenting the Group's views and positions as determined by the Board on key public policy and industry matters and communicating them effectively to governments, other public organisations and regulatory authorities
- Balancing the interests of different categories of stakeholders, preserving an independent view and ensuring effective communication, ensuring that the Board listens to the views of key stakeholders

External positions

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

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 reports to him 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 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 Chair and briefs her on key issues
- Meets with key regulators worldwide
- Leads on day-to-day effective stakeholder engagement

Committee Chairs

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

- 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 Committee's terms of reference
 - Works with the Company Secretary to ensure the continued good governance of each Committee
- 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 significant subsidiaries

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 Chair.

- Acts as a sounding board for the Chair, providing support in the delivery of the Chair's objectives, and acts as an intermediary for the other Directors and shareholders
- Leads the Non-executive Directors in conducting the Chair's annual evaluation and leads the Chair'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 Chair
- 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
- During periods when significant issues are faced by the Company, works closely with the Chair and the other Directors or shareholders, providing support during exceptional circumstances to resolve any issues.

Non-executive Directors

All of the Non-executive Directors are currently deemed to be independent, which is assessed annually, and together have a wide range of experience which can be applied to attain the strategic aims of the Group.

- 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 and on an informal basis

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 Shriti Vadera</p> <ul style="list-style-type: none"> — Facilitates the Board in meeting its responsibilities to plan and execute timely Group Chief Executive succession and works with the Group Chief Executive to plan and execute Executive Director succession — Ensures suitable succession plans are in place for the Board and senior executives to achieve the Group's strategic objectives, ensuring plans are based on merit and against objective criteria — Recommends appointments to the Board and its principal Committees — Oversees development of a diverse pipeline in the executive succession plan and talent management — Assists the Board in the development of a Group-wide approach to all forms of diversity and inclusion — Oversees the Group's overall governance framework, including the governance arrangements of the Group's significant subsidiaries 	<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 Chair, Executive Directors, other members of the Group Executive Committee and the Company Secretary — Approves the overall Remuneration Policy for the Group — Reviews the design and development of share plans operated for Executive Directors and others requiring shareholder approval, and approves and assesses performance targets where applicable — Reviews workforce remuneration practices and policies when setting executive remuneration, as well as the alignment of incentives and awards with culture 	<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, and reporting to the Board on significant reporting issues and judgements — 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 — Reviews the adequacy and security of the Group's whistleblowing procedures (known as Speak Out) and ensures that there is proportionate and independent investigation of matters raised with appropriate follow-up action 	<p>Chair Jeremy Anderson</p> <ul style="list-style-type: none"> — Provides leadership and direction on and oversees the Group's overall risk appetite, risk tolerance and strategy — Approves the Group's risk management framework and monitors its effectiveness — 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, compliance and treating customers fairly — Provides advice to the Remuneration Committee on risk management considerations to inform remuneration decisions
<p>See Nomination & Governance Committee report on pages 141 to 149 ></p>	<p>See Remuneration Committee report on pages 172 to 202 ></p>	<p>See Audit Committee report on pages 150 to 160 ></p>	<p>See Risk Committee report on pages 161 to 167 ></p>

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

Standing Committee

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 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, that individual can give comments to the Chair 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 intending to consider 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-executive Directors can contribute. Over 2020, the Company held three meetings of the Standing Committee.

Responsibility & Sustainability Working Group

Chair

Alice Schroeder

Following the Board's approval in December 2020 of a new Environmental, Social and Governance (ESG) Strategic Framework, the Board recognises that the next 18 months will be critical for the embedding of the framework within the Group, as well as for the progress of related matters such as the development and embedding of the Group's Purpose and Values, progressing diversity & inclusion (D&I) priorities, and building upon employee engagement activities in 2020.

To ensure an appropriate level of Board engagement in, and oversight of, these matters, the Board has established for the period up to the 2022 AGM a Responsibility & Sustainability Working Group, to be chaired by Alice Schroeder. As part of its remit, the Working Group will consider and recommend to the Board appropriate long-term governance arrangements for these matters. It will also take on employee engagement activities after the 2021 AGM.

Building Directors' knowledge

Induction – new Directors

Jeremy Anderson and Shriti Vadera received a comprehensive induction, tailored to reflect their respective experience and positions on the Board.

A summary of the general induction programme for Non-executive Directors is set out below:

General induction programme relevant to new Non-executive Directors

Understanding our governance	Understanding our business
<ul style="list-style-type: none"> — Meetings with the Chair 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"> — Introduction to the Group's strategy and business plan — Tailored briefings with senior executives from each business unit, including site visits, to facilitate a comprehensive understanding of local business models, product suites, pricing arrangements and governance structures — Tailored meetings with all Group-wide functions — Comprehensive briefings on the regulatory environment in which the Group operates — Briefings on top risks and internal controls — Induction briefings and updates during the year provide Directors with an understanding of the interests of the Group's key stakeholders

(D)

Role-specific induction for Jeremy Anderson focused on briefings from senior management in Group Risk across the Group and briefings from the outgoing Group Risk Committee Chair. Shriti Vadera worked with the outgoing Chairman, Paul Manduca and met extensively with the Group's major shareholders to shape her understanding of their views and concerns and share her vision as incoming Chair. Ms Vadera also held multiple meetings with each of the Non-executive Directors, members of management and country level teams from across the Group, including on physical visits to Hong Kong and Singapore, and with the Group's key advisers, as part of her induction activities.

Continuing development of knowledge and skills

B

During 2020, 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 virtually held an annual strategy session, and across the year received updates on key business areas and deep dives on strategic direction and objectives for the Group.
- The Board receives updates on environment, culture, diversity and inclusion and employee engagement activities.
- 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 audit effectiveness (Brydon Report), Board-level diversity and inclusion, ESG matters, developments in corporate reporting, executive remuneration, and proxy advisory guidance updates.
- In May 2020, an information security and privacy update was provided to members of the Risk and Audit Committees, to which all Non-executive Directors were invited.
- The Nomination & Governance Committee received updates on Climate Change and the Task Force on Climate-related Financial Disclosures (TCFD) implementation, the ESG Strategic Framework, health & safety and diversity & inclusion.
- 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, while also identifying and addressing business environment and insurance risks within the Group.
- The Risk Committee received updates on regulatory developments and the discussions with the Hong Kong IA on the new regulatory regime and regular updates on geo-political developments. Other topics discussed by the Risk Committee included the Group Culture Framework, ESG Strategy and climate change transition risk, the impact of a sustained low interest rate environment, operational resilience during Covid-19, the Group Internal Economic Capital Assessment Model, and regular updates on the Group's capital and solvency positions as well as geopolitical developments.

- The Audit Committee received updates on relevant developments affecting financial reporting and the role of audit committees more widely. The Committee receives a regular report on financial and tax reporting matters for discussion, including the local capital summation method disclosures, the Group's capital metric, and its underlying methodology. Other topics discussed by the Audit Committee included the audit tender process, IFRS 17 developments and the Group-wide Supervision assurance approach by the Hong Kong Insurance Authority.
- The Remuneration Committee receives updates on regulatory and best practice developments affecting the Group's remuneration arrangements. This included the Shareholders' Rights Directive II and updates on proxy advisory guidance impacting remuneration.

All Directors have the opportunity to discuss their individual development needs as part of their Director evaluations 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 information on any external training or development 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.