

Compliance with the Principles and  
Practices of Financial Management

Annual Report to The Prudential  
Assurance Company Limited's  
With-Profits Policyholders – 2024



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# Summary

In the opinion of the Board ("the Board") of The Prudential Assurance Company Limited ("PAC"), PAC has complied with its obligations in relation to its Principles and Practices of Financial Management ("PPFM") for its With-Profits Fund ("WPF") over the period 1 January 2024 to 31 December 2024 (inclusive) and at the bonus declaration in respect of the year 2024, announced on 27 February 2025.

The following report sets out the PAC Board's reasons for its opinion.

# Annual Report to The Prudential Assurance Company Limited's With-Profits Policyholders 2024

## 1. Introduction

Each year, the Board of PAC must report to its with-profits policyholders on how it has complied with its PPFM.

"Compliance" in this context means performing the obligations set out in the PPFM. In performing these obligations, errors or operational issues can arise which may impact policyholder pay-outs. However, provided such issues are managed appropriately, including addressing any policyholder detriment, they do not result in non-compliance with the PPFM.

In managing with-profits business, firms rely on their ability to use discretion, particularly in relation to the investment strategy adopted, and the smoothing and bonus policies used. The purpose of PAC's PPFM is to give a knowledgeable observer (e.g. a financial adviser) an understanding of the material risks and rewards from starting and continuing an investment in a with-profits policy with PAC. This includes:

- explaining the nature and extent of the discretion available; and
- detailing how competing or conflicting interests or expectations of
  - different groups and generations of policyholders, and
  - policyholders and shareholders,are managed so that policyholders and shareholders are treated fairly.

PAC's WPF comprises two sub-funds in order to facilitate the management of the various risk-bearing and profit-sharing arrangements that apply. These are the With-Profits Sub-Fund ("WPSF") and the Defined Charge Participating Sub-Fund ("DCPSF"). The PPFM applies to the management of both sub-funds and covers all with-profits policies issued in the UK by companies in the M&G Group, i.e. by:

- PAC,
- Prudential International Assurance plc ("PIA"),
- Scottish Amicable Life Assurance Society ("SALAS"), the business of which was transferred to PAC with effect from 30 September 1997,

- Scottish Amicable Life plc ("SAL"), the business of which was transferred to PAC with effect from 31 December 2002, and
- Prudential ("AN"), Limited, the business of which was transferred to PAC with effect from 31 October 2010.

The PPFM also covers UK with-profits annuity business that was transferred from the Equitable Life Assurance Society ("ELAS") to PAC with effect from 31 December 2007.

While PAC's PPFM applies primarily to UK business, broadly similar principles and practices generally apply to overseas business transferred or reinsured into PAC. This includes:

- overseas business written prior to 1 January 2019 in PAC's branches in Poland, France and Malta, which on 1 January 2019 was transferred to PIA and reinsured into PAC,
- PIA Poland business written from 1 January 2019 which is reinsured into PAC, and
- offshore and/or cross-border business reinsured into PAC by PIA and Canada Life Assurance Europe Limited ("CLE").

This report covers the period from 1 January 2024 to 31 December 2024 (inclusive), and also includes the bonus declaration announced on 27 February 2025. This report describes:

- changes made to the PPFM during 2024,
- how PAC has complied with the PPFM in exercising discretion in managing its with-profits business,
- how PAC has addressed competing or conflicting rights, interests and expectations,
- governance arrangements for with-profits business, and
- maintenance of the PPFM.

Any terms used in this report have the meaning set out in the PPFM which can be found at [pru.co.uk/ppfm](https://pru.co.uk/ppfm). Customer friendly versions of the PPFM are also available in this location, and are produced based on which type of product and/or fund you're invested in.

## 2. Strategic Matters

During 2024, PAC continued to focus on simplifying the business and improving our ability to serve current policyholders. This included working on recovering and managing service levels and continuing with our transformation programme and policy administration system migrations. However, another key strategic focus has been leveraging the strengths of the WPF to develop a wider suite of retirement solutions that meet customer needs for greater flexibility. This has involved establishing a new way for the PAC WPF and shareholders to work together, with the aim of giving a clearer alignment of interests for the WPF, shareholders and policyholders, which then drives better outcomes for policyholders. In February 2025, just after the period of this report, we launched the first product under this new model, the Prudential Guaranteed Income Plan, a with-profits fixed-term annuity, to a limited number of advisors, with a view to a full market launch of the product later in the year. Further developments to grow new business, and improve the options available to our existing policyholders, are also planned for later in 2025 and into 2026. Writing new business is in line with the purpose of the WPF and, as described later in this report, the Board ensures that new business is properly priced and the associated risks are appropriately managed, so that the new business generated is likely to have no adverse impact on the reasonable benefit expectations of existing policyholders.

More information on strategic matters can be found at [mandg.com/news-and-media/press-releases/mandg-plc](https://mandg.com/news-and-media/press-releases/mandg-plc).

## 3. Changes to the PPFM during 2024

The PPFM is updated as and when required to reflect significant developments. A review was undertaken in 2024 and resulted in various minor updates to clarify descriptions and definitions, or to more accurately reflect the intention of the principles and practices. The updated version (v2.2) of the full PPFM was published in August 2024.

The current versions of the full and Customer Friendly PPFMs are available at [pru.co.uk/ppfm](https://pru.co.uk/ppfm). A document summarising the most notable changes made to the PPFM is available at [pru.co.uk/pdf/WPGG10116.pdf](https://pru.co.uk/pdf/WPGG10116.pdf). A further review of the PPFM is intended to take place in 2025.

## 4. How PAC has complied with its PPFM in exercising discretion in managing its with-profits business

The PAC Board, having taken advice from the With-Profits Actuary ("WPA"), and following discussion with the With-Profits Committee ("WPC"), has confirmed that PAC complied with the obligations set out in the PPFM in respect of 2024.

The key areas where PAC has exercised its discretion in managing its with-profits business are set out below.

### 4.1 PruFund range of Funds

Policies invested in the PruFund range of Funds participate in profits via an increase in the unit price of the selected Fund at the relevant Expected Growth Rate ("EGR"), subject to adjustments when the unit price moves outside specified limits. EGRs were reviewed quarterly during February, May, August and November 2024 by PAC's Directors following consultation with the WPA. The WPC is also informed of the EGRs declared. No Unit Price Adjustments ("UPAs") were triggered during 2024 across UK Funds. UPAs were triggered during 2024 across some overseas funds; further information on the funds and size of adjustments is available at: [mandg.com/pru/customer/en-gb/funds/investment-fund-range/prufund/prufund-range](https://mandg.com/pru/customer/en-gb/funds/investment-fund-range/prufund/prufund-range)

As set out in the PPFM, a unit price reset and/or temporary suspension of smoothing on PruFund Funds are discretionary actions available to the PAC Board, if required, to manage our smoothing process or to protect the WPF and the interests of all our with-profits policyholders. During 2024 there were no unit price resets required, and smoothing was not suspended, for UK Funds.

## 4.2 Business other than PruFund

### 4.2.1 Bonus rates

Setting the rates of regular and final bonus for non-PruFund with-profits policies is a key area of PAC's discretion which affects these policyholders.

Bonus declarations covering regular and final bonuses were made on 27 February 2024 and 27 February 2025 in respect of the 2024 and 2025 bonus years.

The 2024 and 2025 bonus declarations were reviewed by the WPA and the WPC prior to being approved by PAC's Directors. For each bonus declaration, the Directors were supplied with sufficient information for them to be satisfied that the declaration was consistent with the requirements of the PPFM.

When setting annual bonuses a number of factors are considered, including the long-term returns expected on the relevant with-profits sub-fund (or asset pool within that fund) and the level of guarantees applying to the policies in question. Having considered these factors at the February 2025 declaration, annual bonus rates were maintained at the same level for all products.

The main asset pool within the WPF returned 7.3% (gross of tax) over the 12 months to the end of 2024. In line with this, final bonus rates for most policyholders at the February 2025 bonus declaration were increased when compared with those declared last year, which means that most policyholders will see an increase in the value of their policies when compared with the values following the February 2024 declaration. The change in any particular policy's value from one year to the next will differ from the returns earned on the fund, with the main reasons for this typically being the application of any tax, the impact of policy charges, the impact of any guarantees, and the effects of smoothing.

It should be noted that final bonus rates are not guaranteed and, for the majority of business that receives bonuses, can be changed at any time without prior notice if the PAC Board considers the changes are necessary to ensure that outcomes remain fair to policyholders (for example, in the event of a material and sustained fall in investment markets).

When PAC's Ordinary Branch ("OB") assets and Industrial Branch ("IB") assets were merged in 1988 to form what is now the PAC WPSF, PAC undertook to link IB policy bonuses to OB policy bonuses so that, for IB policies issued from July 1988, total bonus additions would be 100% of those for corresponding OB policies, and for IB policies issued prior to July 1988, total bonus additions would not be less than 90% of those on corresponding OB policies. An annual test is carried out to confirm that, in aggregate, the above approach produces a better outcome for IB policyholders than setting bonuses based on the value of the "asset shares" held in respect of IB policies. (The underlying assets for a particular policy are its "asset share"; this terminology is explained in more detail in the PPFM). The aggregate test continued to be satisfied at the February 2025 bonus declaration.

### 4.2.2 Target Ranges

In line with the requirements of the PPFM, we manage our non-PruFund with-profits business with the aim of ensuring that maturity and surrender pay-outs for at least 90% of with-profits policies fall within the target range we have set of 80%-120% of asset share. This allows us a reasonable degree of flexibility to smooth some of the ups and downs in periods of investment market volatility, and provide more stable pay-outs to our policyholders. It also helps to reduce the risk of policyholders not receiving their fair share of the fund return, or of receiving payments which are more than the fund can afford to the detriment of the remaining policyholders.

At the February 2025 bonus declaration, PAC expected the bonus rates declared to meet its target range requirements. Pay-out levels relative to asset share do, however, vary over time, in particular as actual investment returns earned by the relevant asset pool in the WPF differ from those assumed when bonus rates and surrender value bases are set. We therefore monitor pay-out levels on most policy types (where bonuses are set based on asset shares) regularly to ensure that they do not deviate too far from asset shares. A sample of policies with claim values falling outside our target range are investigated to ensure there is no underlying problem with our bonus setting processes and that pay-outs remain fair to

policyholders. The monitoring of actual claims that was carried out during 2024 demonstrated that target range requirements were met in respect of 2023. Monitoring in respect of 2024 will be completed in 2025.

PruFund uses an established smoothing process which ensures that almost all claims will fall within 10% of the underlying value of assets.

#### 4.2.3 Surrender values

Surrender value bases for relevant non-PruFund with-profits policies (known as “Conventional With-Profits” policies) were reviewed alongside changes to final bonus rates at the 2024 and 2025 bonus declarations, with an additional review being undertaken for certain products in November 2024 to ensure surrender values remained appropriate following a change made to the strategic administration platform. Surrender values on most policy types were monitored during 2024 to ensure that they remained appropriate and within the target ranges referred to in section 4.2.2 above. The monitoring that was carried out during 2024 demonstrated that target range requirements were met in respect of 2023. Monitoring in respect of 2024 will be completed in 2025.

Surrender value bases are not applied to “Accumulating With-Profits” policies (the other main type of non-PruFund with-profits business in the WPF). For this business, the value on surrender depends on the value of the units, to which a Market Value Reduction (“MVR”) may potentially apply if the value of units materially exceeds the value of asset shares. No changes were made to the MVR policy during 2024. We continue to monitor market conditions regularly and surrender and/or MVR practice can change at any time without prior notice.

### 4.3 Investment strategy

The PPFM states that the objective of each with-profits sub-fund is to maximise its investment return subject to maintaining an acceptable overall level of risk (the risk appetite that the PAC Board believes is appropriate to take on behalf of the various different types of with-profits policyholders), maintaining an appropriate and broad mix of investments, and protecting appropriately the relevant interests of all groups of policyholders. This is achieved by investing in a broad and well diversified portfolio of assets appropriate to the nature of the underlying policies.

The PAC Board, having regard to any advice provided by the WPC, keeps investment strategy under review and seeks to ensure that all the asset pools in the WPF continue to achieve an appropriate balance between risk and return, taking into account any regulatory changes, the financial strength of the WPF, the attractiveness of the expected returns available on different asset classes, and the prevailing economic environment. All proposals for changes in investment strategy during 2024 were approved by PAC's Executive Investment Committee, and discussed or noted by the WPC and PAC Board. The risk appetite is taken into account by PAC's Treasury and Investment Office (“T&IO”) when setting the Strategic Asset Allocation (“SAA”) for each asset pool. Additionally, the T&IO is also responsible for investment manager selection and portfolio implementation, which contribute towards the WPF's investment outcomes. Given the continued higher interest rate environment and prevailing uncertainties, the review of the SAAs for the main with-profits asset share funds in 2024 resulted in a partial switch out of equities and into fixed interest assets. (Section 2.3.1 of the PPFM requires at least an annual review of investment practices and policies, including a review of SAAs.)

Information on the current investment strategies of the WPF can be found in Introduction Section I (“Responsible Investment and Sustainability in the With-Profits Fund”) and in Section 2 (“Investment Strategy”) within the PPFM, which can be found at [pru.co.uk/ppfm](https://pru.co.uk/ppfm).

#### 4.4 Business Risks

In consultation with the WPC and WPA, the PAC Board continually monitors the business risks and approves any management actions required to protect the security of the WPF and limit any adverse impact on with-profits policies. No material actions were required during 2024.

#### 4.5 Charges and expenses

PAC's apportionment of administration expenses to the WPF, and the products within it, is regularly monitored and reviewed for fairness. In line with the PPFM, the WPA and Chief Actuary ("CA") review the fairness of the cost allocation to each category of with-profits policy each year, and the outcome of this review is discussed with the WPC. The conclusion of the WPA's and CA's review in 2024 was that the allocation of costs was fair and in line with the PPFM. The outcome of this review was also discussed with the WPC and the PAC Board.

An expense tariff was introduced by the PAC Board during 2023 between policies that had previously borne expenses directly and the WPSF's "inherited estate" (as explained in the PPFM, the inherited estate is the amount of money in the fund in excess of the amounts that a company expects to pay out to meet its obligations to existing policyholders). The expense tariff aims to provide these policyholders with some protection against future increases in administration expenses, putting them in a similar position to other policyholders in the WPF, who pay fixed or capped expense charges. The WPA reviewed the expense tariff in 2024 and concluded that the current level of the tariff remains reasonable.

In addition to the expenses of administering with-profits policies, PAC pays fees from the WPF to the asset managers for the investment management of the WPF's assets. Where assets are managed by M&G's in house asset manager, M&G Investments, these investment fees are reviewed at least every three years, with careful management of any potential conflicts of interest, and with oversight from the WPA and WPC. The latest review was completed in 2023 and the updated fees apply to the period covering 2024 to 2026; the next review will be in 2026 for the period covering 2027 to 2029. For externally

managed assets, the performance net of any investment management expenses is also kept under review to ensure that investments are delivering good outcomes for policyholders.

Costs associated with current or future operational, transformational or investment projects (including the development of new with-profits propositions) may be allocated to the WPF's inherited estate, where such activity is expected to benefit (new or existing) policyholders. The WPA has reviewed the allocation of such costs to the WPF during 2024 and is content that they are reasonable, having regard to the interests of existing policyholders and the expected recoverability of these costs.

#### 4.6 Management of the inherited estate

As noted above, the WPSF contains an amount of money in excess of the amount expected to be paid to existing policyholders, known as the inherited estate. The inherited estate has built up over many years from a number of sources and it provides working capital to support current and future business.

An annual exercise is carried out to determine whether the WPSF has an "excess surplus" in its inherited estate (the DCPSF does not contain an inherited estate and so cannot have an excess surplus). If the PAC Board, following the receipt of advice from the WPC and WPA, considers that an excess surplus exists, and retaining the excess surplus would be in breach of policyholders' interests, regulations require that it should be distributed to policyholders.

After careful consideration, supported by detailed analysis of the size of the inherited estate, the PAC Board concluded that no excess surplus existed in the WPSF in 2024. However, relevant with-profits policyholders continue to benefit from excess surplus distributions made in previous years (including the £1bn distribution made following the 2023 assessment which, for eligible PruFund policyholders, was reflected by increasing unit prices by 0.9% on 27 February 2024 and, for other eligible UK with-profits policyholders, was reflected by a 1.25% increase in the investment returns used to calculate asset shares, and so bonuses, from February 2024 onwards).

A number of separate asset pools are maintained within the WPSF. These include separate asset pools for the assets backing asset shares and those backing the inherited estate. This enables the inherited estate to follow a different investment strategy to that for the assets supporting asset shares, in order to help meet policy guarantees and maintain regulatory solvency in adverse market conditions.

Currently the assets backing the inherited estate are mainly invested in a range of fixed interest securities and cash. There was no change in this investment strategy over 2024.

Further information about how the inherited estate is managed is available at [pru.co.uk/ppfm](https://pru.co.uk/ppfm), Section 5 within the PPFM.

#### 4.7 Management of new business

PAC sets limits for the capital available to support new business, and the terms on which new business is written, and reviews the actual position against those limits, to ensure new sales do not adversely affect existing with-profits policyholders. The new business written during 2024 stayed within the allocated capital limit and, whilst it was found that this business was not expected to be financially self-supporting over the lifetime of the contracts (due to expected charges levied on policyholders being less than expected operating costs), shareholders will pay a subsidy to cover the expected shortfall.

PAC currently has no intention of closing the WPSF or the DCPSF to new business, and (as mentioned in section 2) intends to launch a number of new with-profits products during 2025 and 2026.

#### 4.8 Operational Issues

We place great importance on getting things right first time, but given the number and complexity of transactions involved in managing the WPF, errors inevitably occur from time to time. Action is taken to rectify issues that impact with-profits business, as well as to prevent any such issues arising again. Corrective actions consider the causes of the error, and any policyholder impacts, as well as the allocation of the costs of any necessary remediation between the WPF and PAC's shareholders.

A number of issues affecting a range of policy types are currently under investigation by a specialist team that PAC has established to ensure better management and faster resolution of operational issues. PAC is fully aware of the importance of ensuring that such issues are resolved fairly and in a timely manner and, as part of seeking to deliver good customer outcomes, makes additional "interest" payments to customers in respect of any delays in resolving these matters. The fact that there are currently open issues is not, therefore, considered to result in any non-compliance with the PPFM during 2024. The work of the specialist team is expected to result in a number of historical issues being closed during 2025.

### 5. Competing or conflicting rights, interests and expectations

In managing with-profits business, consideration is given to how competing or conflicting interests or expectations of policyholders and shareholders, and of different groups and generations of policyholders, are managed so that policyholders and shareholders are treated fairly. PAC regards fair outcomes to be equivalent to good outcomes for policyholders (in line with the FCA's Consumer Duty) in respect of exercising financial discretion in the management of the WPF.

#### 5.1 Equity between with-profits policyholders and shareholders

As with all proprietary with-profits funds, the normal operation of PAC's WPF can result in conflicts of interest arising between policyholders and shareholders, including through:

- the sharing of divisible profits,
- tax and expense apportionment,
- the setting of investment management fees and selection of asset managers where these are in-house,
- the consideration of inter-fund transactions,
- the management of the inherited estate, and
- the management of new business.

Information on PAC's management of charges and expenses (including investment fees), the inherited estate, and new business during 2024, is provided in sections 4.5-4.7. Further detail on PAC's approach to managing other conflicts is set out within Section 7 of the PPFM.

The operation of PAC's WPF is subject to robust governance arrangements, as described within section 6 of this report. In particular, the WPA and WPC advise the Board on whether discretion has been exercised in a reasonable and proportionate way when managing the WPF in accordance with the PPFM, and on how any conflicting interests have been addressed. Having considered this advice, the Board was content that potential conflicts have been managed appropriately and fairly over 2024.

## 5.2 Equity between different groups of with-profits policyholders

Different groups of with-profits policyholders have potentially competing or conflicting interests. Such groups comprise, for example, holders of:

- different products,
- policies of different sizes or policy terms,
- policies with different entry dates or maturity dates, or with-profits policyholders of different ages,
- policies with different levels of guarantees,
- policies claiming for different reasons (e.g. maturity, death, surrender), and
- policies exercising different policy options, which could receive different benefits relative to each other depending on how discretion is exercised.

The main areas in which judgement and discretion are exercised in balancing the interests of these groups are in:

- smoothing of policy benefits, and
- grouping of policies for setting bonus rates and surrender values, which encompasses the sharing of investment and other experience, such as surrender, expense and mortality profits or losses.

In normal circumstances we do not expect most pay-out values on policies to change by more than 10% upwards or downwards from one year to the next.

The approach to grouping policies varies for different purposes (for example investment returns, expenses and mortality). For each particular purpose, policies judged to have similar characteristics are grouped together, in order that a practical and equitable approach to the sharing of experience is achieved. For some of PAC's older business, the grouping used to set bonus rates and surrender values was reviewed in 2024, primarily to ensure that all policyholders within each group will continue to receive their fair share of the profits of the WPF over the lifetime of their policies. The WPA and WPC have appropriate oversight of the grouping that is applied for these purposes and, in particular, the groupings used to set bonus rates and surrender values.

## 6. Governance arrangements for with-profits business

There are two specific roles to ensure that PAC is managing its with-profits business in accordance with the PPFM – the WPC and the WPA.

### 6.1 The role of the With-Profits Committee ("WPC")

The WPC mostly acts in an advisory capacity to inform the decision-making of the PAC Board to ensure that the interests of with-profits policyholders are appropriately considered within PAC's governance structures, and to consider issues affecting with-profits policyholders.

The role of the WPC is to assess, report on and provide clear advice and, where appropriate, make recommendations to PAC on the following key areas:

- the way in which the WPF is managed,
- the assessment of compliance by PAC with its PPFM,
- the way in which discretion is exercised in relation to with-profits business,

- how the competing or conflicting rights and interests of with-profits policyholders and other policyholders and/or shareholders have been addressed in a way that is consistent with the regulator's (the Financial Conduct Authority's ("FCA's")) Consumer Duty and Treating Customers Fairly principles (as noted above, PAC regards fair outcomes to be equivalent to good outcomes in respect of exercising financial discretion in the management of the WPF), and
- the investment management arrangements, including general investment strategy and the relative investment performance of the WPF.

In 2024 the Committee was comprised as follows:

- Robert Talbut (Committee Chair), former Chief Investment Officer of Royal London Asset Management for 10 years until September 2014 with Non-Executive Director experience at various Financial Services Companies – joined the Committee in September 2019 and appointed Committee Chair in 2021,
- Katie Blacklock, over 15 years of Fund Manager experience and currently Non-Executive director of three European financial services companies, Trustee of the NatWest Cushon Master Trust and Governor of The Health Foundation – joined the Committee in May 2019,
- Nick Rowley, a senior life actuary with 36 years' experience, including 23 years at Aviva where he served in a number of senior actuarial roles including Chief Finance Actuary and With Profits Actuary at Aviva UK Life – joined the Committee in March 2023,
- Stephen Wilson, an Independent Non-Executive Member of the Phoenix Group With-Profits Committee, and a former With-Profits Actuary at Royal London with over 40 years' experience in the life assurance industry – joined the Committee in February 2021, and
- Louise Fowler, an Independent Non-Executive Director of PAC, and a Non-Executive Director of Howdens Joinery plc and Assura plc. Louise previously held a variety of executive marketing roles at British Airways plc before moving into financial services with Barclays and the Co-operative Banking Group – joined the Committee in April 2022.

The WPC was consulted during the year on all significant matters concerning with-profits business, and investment policy, including Environmental, Social and Governance ("ESG") and sustainability considerations; and provided an independent view to the PAC Board on all matters where they were required to do so. The opinions provided by the WPC addressed the treatment of conflicting rights and interests of policyholders and shareholders, where relevant, as well as compliance with the PPFM.

## 6.2 The role of the With-Profits Actuary ("WPA")

Jeremy Gillman was appointed as WPA for PAC on 26 September 2023, following approval from the Prudential Regulation Authority ("PRA"), and held the role throughout 2024.

The WPA reviews all material aspects of the operation of the with-profits business, including communications to with-profits policyholders, and advises PAC on compliance with the PPFM, on the interests of with-profits policyholders, on the exercise of discretion, and on the management of conflicts of interests.

The WPA's report to with-profits policyholders in respect of 2024 can be found in the Appendix.

## 6.3 Governance of ex-ELAS and ex-SALAS policies

The business transferred from ELAS to PAC on 31 December 2007 is operated in accordance with the terms of the Scheme that effected the transfer. The WPC reviews the operation of the transferred ELAS business to ensure compliance with the Scheme.

Following the merger of the Scottish Amicable Insurance Fund ("SAIF", which contained former SALAS business) with the WPSF on 1 April 2021, the Scottish Amicable Board that was responsible for the exercise of elements of discretion on this business was disbanded and all discretion in respect of former SALAS business is exercised by PAC's Board. PAC's WPC, CA and WPA advise the PAC Board on the application of discretion and the fair treatment of former SALAS with-profits policyholders.

PAC's review of compliance with the SALAS and ELAS Court schemes for 2024 concluded that PAC complied with all the requirements of the respective Schemes.

## 7. Maintenance of the PPFM

The PPFM content is reviewed regularly and updated as and when required to reflect significant developments. As noted in section 3, an updated version of the PPFM with minor clarifications was published in August 2024, and a further review of the PPFM will take place in 2025.

# Appendix

## Report from the With-Profits Actuary

As With-Profits Actuary ("WPA") for The Prudential Assurance Company Limited ("PAC"), I advise PAC on key aspects of the discretion that it exercises in respect of its with-profits business. I am required by the FCA's rules to report to with-profits policyholders as to whether PAC's annual report to with-profits policyholders and the discretion exercised by PAC in respect of the period covered by the report has taken the interests of the with-profits policyholders into account in a reasonable and proportionate manner.

I have carried out a review of PAC's compliance with its Principles and Practices of Financial Management ("PPFM") and its exercise of discretion over 2024, including the bonus declaration for the year ending 31 December 2024 that was announced in February 2025. In my opinion, the discretion exercised by the Directors of PAC over the period took your interests into account in a reasonable and proportionate manner, and was consistent with disclosures to you and with the PPFM.

I have based my opinions on the information and explanations provided to me by the Directors and the management of PAC, and on my own knowledge and investigations during 2024. In doing so I have taken into account the relevant rules and guidance issued by the Financial Conduct Authority, the Actuarial Profession and the Financial Reporting Council.



Jeremy Gillman, Fellow of the Institute and Faculty of Actuaries

With-Profits Actuary

June 2025



