

Corporate Responsibility 2010

Long-term thinking

We believe that acting responsibly with our customers' investments, supporting the welfare of the communities in which they live and playing our part in protecting the environment are fundamental to managing a sustainable business.

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"Throughout our long history, of more than 160 years, we have established a heritage of responsibility rooted in our long-term planning and day-to-day operations."

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A new lexicon of financial behaviour



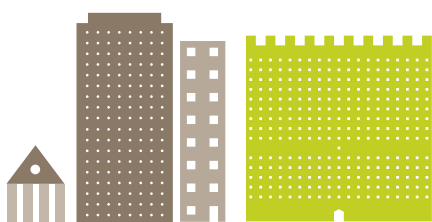
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FEEDBACK

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Cover photo: Courtesy of Plan International UK, one of our global charity partners.

Plan works with the world's poorest children to move from a life of poverty to a future with opportunity. We have made a donation in support of their work for the use of the image.

ABOUT OUR BUSINESS

Prudential plc is an international financial services group with significant operations in Asia, the US and the UK. We have been providing savings, income and protection products to customers for more than 160 years.

Today:

- We serve more than 25 million customers
- We have £340 billion of assets under management (at 31 December 2010)
- We employ more than 25,000 people
- We are one of the world's best capitalised insurers, with an Insurance Groups Directive (IGD) capital surplus estimated at £4.3 billion¹ - reflecting the strength of our financial management



PRUDENTIAL CORPORATION ASIA

Prudential has been in Asia since 1923. Today we are a leading life insurer in the region, operating in 12 markets. We provide a comprehensive range of savings, protection and investment products tailored to meet customers' needs in each market.

Prudential's Asian asset management business manages investments across a broad range of asset classes for internal, retail and institutional clients.

In Asia:

- We serve more than 15 million customers
- We have one of the largest regional networks of tied-agents, numbering more than 320,000²
- We are a regional leader, with more market-leading positions in the life insurance and asset management sectors than anyone else
- We have £51.9 billion of assets under management (at 31 December 2010)

ASIA

www.prudentialcorporation-asia.com

15m+
customers

320,000+
agents

16,400
employees

JACKSON™

JACKSON

Jackson, our US business, is one of the largest life insurance companies in the country, providing retirement savings and income products. Founded 50 years ago, Jackson has a long and successful record of providing advisers with the products, tools and support to design effective retirement solutions for their clients.

In the US:

- We have more than 2.8 million customers
- We are a top three provider of variable annuities

UNITED STATES

www.jackson.com

2.8m+
customers

3,700
employees
including
affiliates

¹ At 31 December 2010 before final dividend. Groups whose activities are primarily concentrated in the insurance sector are subject to the capital adequacy requirements of IGD, as implemented by the Financial Services Authority in the UK.

² Including India



For more information on our business visit www.prudential.co.uk

PRUDENTIAL 

PRUDENTIAL UK

Prudential UK is a leading life and pensions provider, and one of the largest annuity providers in the country. Our with-profits fund is among the strongest in the industry, consistently outperforming the market, and providing our long-term investors with attractive returns compared to many other investment options.

In the UK:

- We serve approximately seven million customers
- We are one of the largest annuity providers, paying an income to more than one million customers every year
- The strength and investment performance of our with-profits fund has allowed Prudential to deliver strong annualised returns for policyholders

UNITED KINGDOM
www.pru.co.uk



M&G
INVESTMENTS

M&G

M&G is Prudential's UK and European asset management business. M&G has been investing money for individual and institutional clients for 80 years. It has a history of innovation, designing new funds and investment plans that meet a clear client need.

M&G takes its responsibility as a shareholder seriously and this is reflected in its investment strategy. It takes a long-term approach to opportunities, investing in companies, rather than chasing share prices.

In the UK and Europe, M&G:

- Is one of the largest investors in the UK stock market
- Has £198 billion of assets under management (at 31 December 2010)
- Serves retail and institutional investors, including 335,000 private investors

UNITED KINGDOM & EUROPE
www.mandg.co.uk



CHAIRMAN'S INTRODUCTION

“Throughout our long history, of more than 160 years, we have established a heritage of responsibility rooted in our long-term planning and day-to-day operations.”



We are in no doubt that acting responsibly with our customers' investments, supporting the welfare of the communities in which they live and playing our part in protecting the environment are fundamental to managing a sustainable business.

The important role we play in society, by helping people manage uncertainty and plan for a more secure future, is something we take very seriously at Prudential. Over the past few years, confidence in financial services has declined following the economic turmoil and, while insurance companies are different from banks because they invest for the long term, we do not underestimate the trust our customers place in us to deliver on our promises.

Throughout our long history, of more than 160 years, we have established a heritage of responsibility rooted in our long-term planning and day-to-day operations.

At Prudential, we firmly believe responsibility should be managed on the ground. It is our people running the businesses who are closest to, and therefore best understand, our customers and local stakeholders. However, we are also very aware of the need for good governance, which is why global priorities, policies and standards are set, and monitored, by the Group.

In this year's report you will see the principles we have developed for each of our global corporate responsibility (CR) themes, as well as our new Customer Charter. Developed in conjunction with our businesses, these serve to underpin our commitments to CR.

To help illustrate how CR is an intrinsic part of the way we do business, in this year's report we have included a new feature: articles from interviews with employees, telling, in their own words, how we put our philosophy into practice.

I believe we are making good progress on all our commitments, and I am particularly pleased that employee volunteering continues to be a strong theme across all our businesses. In 2010, almost 25 per cent of our staff signed up as volunteers. Many of them participated in the Chairman's Challenge, which has supported more than 100 annual projects since the programme was launched five years ago. I am extremely proud of the contribution our employees make through volunteering, and, I believe, this is another demonstration of our brand values in action.

I, and the rest of the Board, take CR very seriously. As a Board, we regularly review progress and challenge our businesses to keep raising the bar.

This report provides an overview of our activities in 2010. Later this year, we will be launching a new website as part of our commitment to on-going reporting.

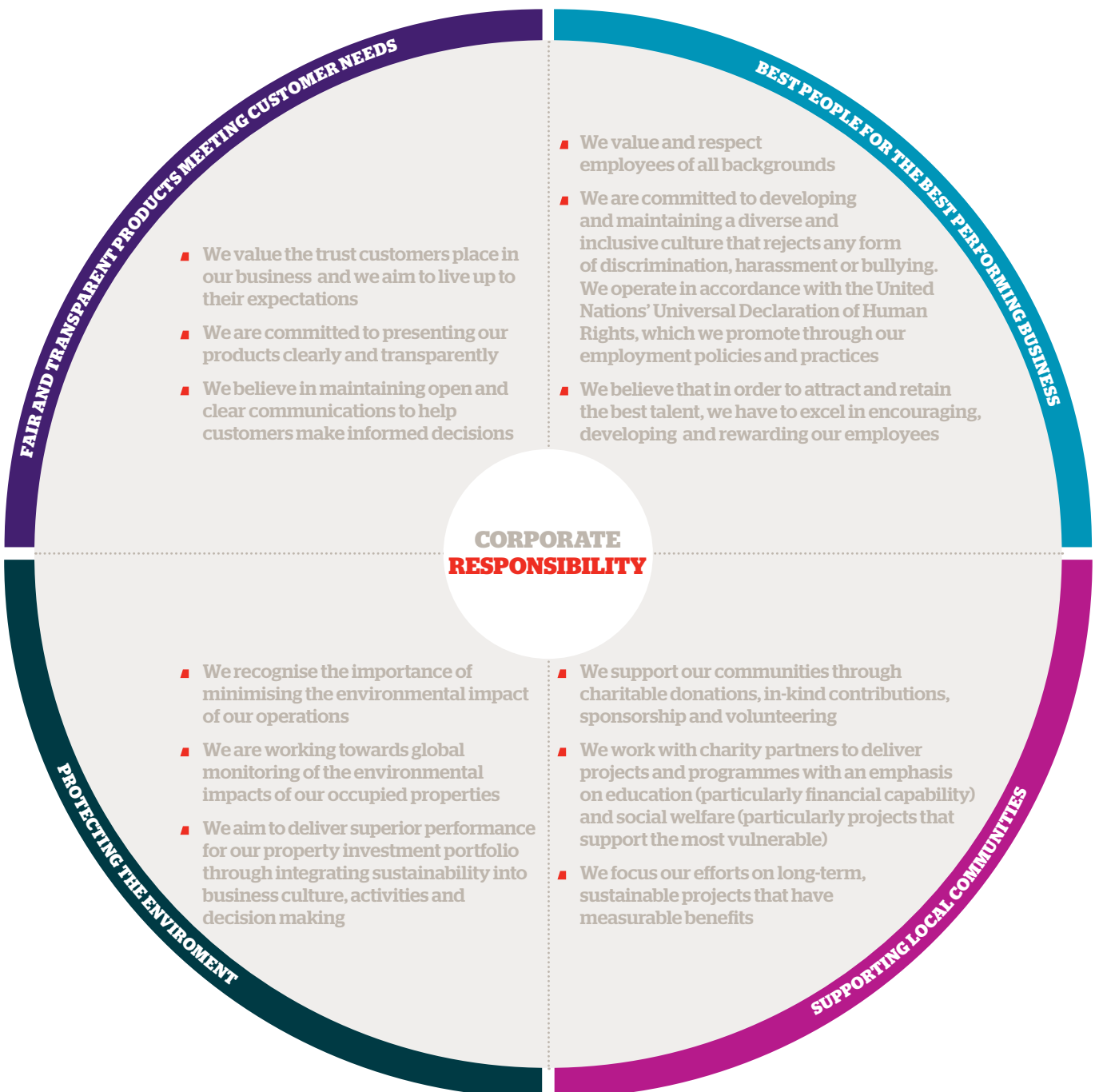
I hope you find this year's report both interesting and informative, and, as always, we welcome your feedback.

HARVEY McGRATH
CHAIRMAN, PRUDENTIAL PLC

PRIORITIES AND PRINCIPLES

We direct our resources towards the issues that we believe are most relevant to our business and where we can make the most impact through our actions and expertise. As such, we have established four global areas of focus:

- Fair and transparent products meeting customer needs
- Best people for the best performing business
- Protecting the environment
- Supporting local communities



Fair and transparent products

meeting customer needs

OUR PRINCIPLES

- We value the trust customers place in our business and we aim to live up to their expectations
- We are committed to presenting our products clearly and transparently
- We believe in maintaining open and clear communications to help customers make informed decisions

We are deeply aware of the significance of the financial decisions our customers face and we value highly the trust and confidence they place in us to help them plan and provide for their future. Consequently, we continuously measure the level of customer trust in all our businesses, and report findings to the Prudential plc Board on a regular basis.

With customers spanning a diverse range of geographical locations and demographics, the products we offer vary across our operations. But, in all our markets, we are committed to listening to our customers so that we can design the best way to meet their individual needs. For example, in Asia, healthcare protection is particularly important, and we continue to broaden our health and protection product offerings.

Jackson, our US business, has made its variable annuity products more widely available by broadening its distribution base, as customers seek greater security in times of economic uncertainty. In the UK, we have developed new products to reflect demographic changes which are having a profound impact on the way people need to plan for retirement.

We are in no doubt that good customer service is paramount to our reputation and we constantly monitor performance and take action when required. In 2010, our customer service performance was recognised through a number of awards and industry rankings.

As a Group with a long-term view, we believe it is important to participate in global debates and policy considerations that affect our customers. Across our business, we share our knowledge and expertise to help inform public policy.

PROGRESS HIGHLIGHTS

TRUST

Prudential Corporation Asia: 'Gold' in the insurance category of the Reader's Digest Trusted Brands Awards 2010 in Hong Kong, Malaysia and Singapore

Prudential UK: Retained top ranking for trust among customers, up three per cent year on year - customers 45+, HPI tracking, October 2010³

M&G: Number one trusted brand among private investors and discretionary asset managers - TNS consumer tracking (September 2010) and Discretionary Asset Managers, ORC Investrack (August 2010)⁴

Jackson: Almost 70 per cent of advisers rated Jackson excellent for integrity and honesty - Annual Cogent Advisor Brandscape (2010)⁵

CUSTOMER SERVICE AND PERFORMANCE

Association of British Insurers' (ABI) Customer Impact Scheme

In the UK, Prudential is a member of the ABI Customer Impact Scheme, which seeks to drive continuous improvement through monitoring customers' experiences. We are one of 35 companies that participate in the annual Customer Impact Survey. In 2010, our UK business saw an increase in customers rating us 'very good' or 'excellent' for the time taken to arrange an annuity (64 per cent⁶). Partly, this is due to our participation in the 'Options' initiative, an industry-wide scheme we helped to establish, which aims to speed up the exchange of information and funds between pension and annuity providers.

Despite improvements in consumer confidence and market gains in 2009, some scores in the ABI Customer Impact Scheme fell sharply across the industry in the 2009/10 study - especially for 'return on investment' and 'industry reputation'. Our scores came within the industry average. While we believe this demonstrates that we have achieved a solid performance in very challenging market conditions, we are taking action. This includes: providing more information about how our with-profits fund is performing and the impact this may have on a policy; revising our annuity quotes to make them clearer; and providing interactive online tools explaining the effects of different annuity choices.

Complaints

- In the UK, the Financial Ombudsman Service publishes complaint data on the case adjudications for more than 150 financial services companies. In 2010, Prudential performed well and was placed in the top 10 per cent of companies assessed

RESPONDING TO CUSTOMER NEEDS

- Prudential was the first insurance company in Asia to launch:
 - A mainstream product to protect children before birth (*PRUmy child*)
 - An iPhone app for retirement planning
- In the US, Jackson launched the company's first guaranteed minimum withdrawal benefit (the LifeGuard Freedom Flex), giving investors the ability to build a personalised benefit to meet their retirement planning goals

- In 2010, Jackson increased the number of advisers selling its variable annuity products to more than 130,000. This made the products more widely available as customers continued to seek greater certainty in planning for their financial future
- M&G launched an inflation-linked corporate bond fund, enabling savers to protect investments in corporate bonds from rising prices
- Prudential UK developed new products and funds for PruFund customers following the financial crisis, and introduced Income Choice Annuity in response to the prospect of a longer retirement

PROTECTING CUSTOMERS ONLINE⁷

- We have a 'Fraud Mailbox' where customers and third parties, who are looking for guidance about the authenticity of Prudential documents, can contact us for prompt verification. Each Prudential business also has a dedicated telephone number where people can report any suspected criminal activity. Callers can remain anonymous and we act quickly on any information received

INFORMING POLICY DEBATE

- In October 2010, in partnership with Washington DC-based think tank the Center for Strategic and International Studies (CSIS), we published the Global Aging Preparedness Index, a study addressing the policy implications of aging populations in 20 countries and proposing reform strategies.

A copy of the report is available at: <http://gapindex.csis.org>

³Independent tracking commissioned by the business

⁴Independent tracking commissioned by the business

⁵Annual industry-leading benchmark among advisers

⁶Up 2% on 2009 figures, within industry average

⁷The UK's Serious Organised Crime Agency estimates that online fraud costs UK internet users around £3.5 billion per year. The Federal Bureau of Investigation estimated US losses of \$560 million in 2009

PROGRESS HIGHLIGHTS CONTINUED**AWARDS****PRUDENTIAL CORPORATION ASIA**

- **Best in Achieving Total Customer Satisfaction (Life Insurance)**
2010 Indonesia Customer Satisfaction Awards, sponsored by SWA Magazine
- **Best Fund in Overseas Equity**
2010 Money Today-Morningstar Fund Awards, sponsored by Korea Financial Investment Association (KOFIA)
- **Best Performing Fund of its Category**
awarded to PRUAsia Pacific Shariah Equity Fund at the Edge-Lipper Malaysia Fund Awards
- **'Gold' in Life Insurance Services and 'Diamond' in Health Insurance Services Quality Award**
sponsored by Marketing Magazine, Indonesia

JACKSON

- **'World Class' status and 'Highest Customer Satisfaction'**
Service Quality Measurements Group⁸ for five consecutive years
- **Number one sales support among advisers**
Cogent Advisor Brandscape - 2009/2010

PRUDENTIAL UK

- **Five-star rating for excellent service, for the second year running**
Financial Adviser Service Awards, 2010
- **Best Annuity Provider**
2010 Professional Adviser Awards
- **Ranked number one**
for investment performance and professional authority among consumers: customers 45+, HPI tracking study, December 2010

M&G

- **Global Group of the Year**
2010 Investment Week Fund Manager of the Year Awards - second time in three years
- **UK Asset Management Firm of the Year**
2010 Financial News Awards for Excellence in Institutional Asset Management
- **Outstanding Investment House**
OBSR Honours for Excellence Awards, 2010

⁸ An independent benchmark study among more than 450 North American call centres

**OUR CUSTOMER CHARTER**

- We seek to understand our customers' needs and provide appropriate products
- We provide clear product communication and promotional materials
- We maintain open communication with our customers, providing a helpful, responsive and ongoing service
- We seek the views and suggestions of our customers
- We resolve customer complaints as quickly as we can

Insurance cover

can never start too early

Prudential Malaysia's PRUmy *child* product is responding to the difficulties women face buying cover to protect their unborn child.

Prudential Malaysia's PRUmy *child* product shows that insurance cover can never start too early. In fact, PRUmy *child* covers children before they are born, after research showed that pregnant women found it difficult - if not impossible - to buy cover that offered protection to their unborn children.

"Parents ranked their three priorities for their children as health, education and peace of mind. PRUmy child is designed specifically to meet all of these priorities."

Charlie Oropeza, Prudential Malaysia's CEO, explains how the idea for PRUmy *child* emerged: "Through our focus groups and research we found that parents in Malaysia were looking to protect their children with insurance cover as early as possible. Most insurance companies have ignored this market because of the perceived risks. But we saw it as an opportunity, and clearly something that our customers wanted. So, we set about developing a product to meet that need."

The aim was to develop a comprehensive product, responding to parents' key concerns identified through our customer research. Prudential Malaysia's Chief Product and Marketing Officer, Heng Zee Wang, explains: "During focus groups, we found that parents ranked their three priorities for their children as health, education and peace of mind. PRUmy *child* is designed specifically to meet all of these priorities." It also provides cover immediately after the policy is taken out when usually





**Gold Award for
excellence in
communication**

there is a waiting period.

Customer response to PRUmy child since its launch in March 2010 has been very positive, accounting for a significant percentage of Prudential Malaysia's total investment-linked insurance policies. The success of PRUmy child is down to the range of options that it provides. It combines protection against a range of childhood diseases and potential problems at birth, with a savings component that allows parents to provide for their children's education. PRUmy child also extends life cover to parents, providing their children with a lump sum, or monthly income, in the event of their death or other unexpected events.

Launching the product was not without significant challenges, explains Heng Zee Wang: "We had to work hard on a number of fronts. Importantly, we had to convince reinsurers that with the right product, this could be really successful."

Campaigns to promote the product have been backed by one of the most popular singers in the country, Shelia Majid. Shelia, a Prudential customer for more than 20 years and ambassador for PRUmy child, is widely considered as a role model in Malaysia. The promotional campaign was awarded a 2010 Malaysia 'Gold Effie Award' for excellence in communication. Charlie says that the high profile achieved by the campaign has not only

"We have been able to reach a lot of young people who are starting families, helping them realise that there is real value in insurance beyond protection."

generated considerable commercial interest, it has also helped raise public awareness about the overall value of insurance: "With this product, and supporting campaigns, we have been able to reach a lot of young people who are starting families, helping them realise that there is real value in insurance beyond protection."



For more information on PRUmy child visit www.prumychild.com

Matching products

to meet changing customer needs

PruFund and Dynamic Portfolios

A dynamic approach to helping customers manage investment risk



Andy Brown, Investment Director at Prudential UK, explains the effects that the financial crisis has had on investors and how Prudential is responding to help meet customer needs.

"During difficult economic times, people are understandably nervous and uncertain about their financial future," Andy says.

Prudential has sought to address these concerns by offering PruFund investors the option of a capital guarantee, which means customers know their capital will be preserved after five years, regardless of the performance of the underlying fund.

In early 2010, with security and risk uppermost in many investors' minds, Prudential also launched a range of investment funds called Dynamic Portfolios. The five available funds range from 'defensive' to 'adventurous'. Crucially, customers can increase or decrease the level of risk over time to match their circumstances.

DYNAMIC PORTFOLIOS

- Prudential Defensive Portfolio
- Prudential Cautious Portfolio
- Prudential Cautious Growth Portfolio
- Prudential Balanced Portfolio
- Prudential Adventurous Portfolio

For more information visit www.pru.co.uk/investments/bonds/investment_bond_fund_range/dynamic_portfolio

10^m

people in the UK
are predicted
to reach their
100th birthday



Income Choice Annuity Developing products to reflect a rapidly changing retirement market

“The retirement market is more complex than ever before and we’ll keep on creating products that meet changing demands.”

The UK Department for Work and Pensions has predicted that 17 per cent of the UK population, amounting to around 10 million people, will reach their 100th birthday⁹. Longer life expectancy is having a profound impact on the way people need to plan for retirement.

Vince Smith-Hughes, Prudential UK’s Head of Business Development, explains how the Income Choice Annuity has been adapted to meet the changing demographics in the UK: “Conventional level annuity products, despite still being appropriate for some, were designed at a time when people were not living as long. The combined effect of living longer and inflation can be a real issue to the long-term economic health of the retired population. In short, it means some people will have to seek alternative income solutions for retirement. Our with-profits annuity addressed this problem some time ago, and we have now introduced the Income Choice Annuity, which provides even more choice for customers.”

Vince says: “As the timing and structure of retirement is changing, we are increasingly seeing people ‘phasing’ into retirement by working fewer days. Having an annuity with a flexible level of income means that people can supplement their earnings from part-time employment, waiting until they are fully retired before drawing a larger income. On the other hand, there are some people who want to make the most of their retirement savings straight away – enjoying an active retirement by taking more income initially, then scaling back later on. The Income Choice Annuity is designed to suit a range of different retirement scenarios.”

He adds: “The retirement market is more complex than ever before and we’ll keep on creating products that meet changing demands. We believe we are at the forefront of providing retirement income and we will continue to remain so.”

For more information visit www.prudential.co.uk/pensions_annuities/our_annuities/income_choice

⁹ www.dwp.gov.uk/newsroom/press-releases/2010/dec-2010/dwp186-10-301210.shtml

A new lexicon

of financial behaviour

In 2006, Dr Greg Salsbury, Executive Vice President of Jackson, our US business, predicted that a number of forces were creating a 'perfect storm' for a generation of under-saved and over-spent US 'baby boomers'.¹⁰

"Retirementology shows how the choices people make today can affect their retirement later."

\$7.6trn

of assets held by 'baby boomers' in the US

The United States is the largest retirement market in the world, and growing. As 10,000 'baby boomers' retire daily for the next 20 years, with US\$7.6 trillion of assets¹¹, they will continue to drive demand for smart retirement income solutions. Greg Salsbury has developed a new approach to explain retirement planning, which he describes in his book *Retirementology*, published in 2010.

For some people retirement comes sooner than expected and, in certain circumstances, this can cause concern rather than comfort. Greg argues that retirement planning is an ongoing process that encompasses a wide range of financial decisions, which are often shaped by emotions and biases.

Retirementology unmask life-long financial patterns and examines how, if left unchecked, these behaviours could harm prospects for retirement.

Through hypothetical scenarios, and real-life feedback from focus groups, *Retirementology* shows how the choices people make today can affect their retirement later. Greg says: "The financial crisis has caused some people to do irrational things with their money – making emotional decisions that may be detrimental to their retirement plans. Letting emotion dictate our financial decisions can lead to a dangerous cycle of overspending and rising debt."

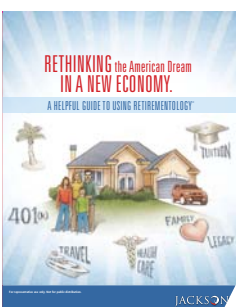
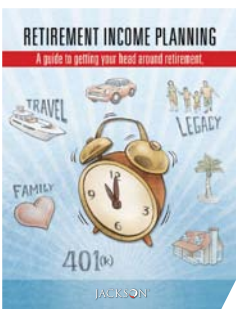
To help capture people's imagination, *Retirementology* introduces a new way of talking, and thinking, about retirement planning, with a vocabulary that includes memorable terms for key issues that influence behaviour. These include 'equimortis' (the dangerous condition of relying on home equity to fund retirement), 'bingefy'

¹⁰ US Census Bureau - those born since 1945

¹¹ Tiburon Strategic Advisers, LLC



“Retirement planning is an ongoing process that encompasses a wide range of financial decisions, which are often shaped by emotions and biases.”



(justifying a big-ticket purchase because you were previously frugal) and 'kinphobia' (fear of having to tap into retirement savings to support the extended family).

"I created the new lexicon to help readers relate to the concepts in the book on a personal level," says Greg. "People may not remember the precise psychology behind these behaviours, but they will certainly remember 'bingefy' and hopefully take steps to avoid it."

Jackson's advisers are using *Retirementology* materials to help remove the fear, and restore customer confidence, about retirement planning.

For more information on Retirementology visit www.retirementology.org

DEFINITIONS

Equimortis

The dangerous condition of relying on home equity to fund retirement

Bingefy

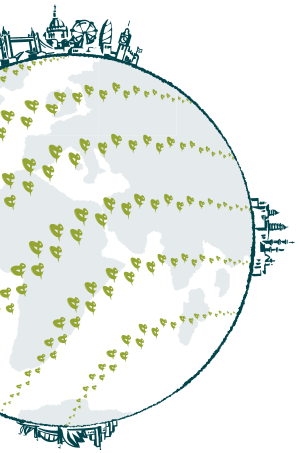
Justifying a big-ticket purchase because you were previously frugal

Kinphobia

Fear of having to tap into retirement savings to support the extended family

Investing

in a long-term approach



The approach to fund development by our UK and Europe asset management business, M&G, reinforces the business's relentless focus on the long-term interests of investors.

M &G has strict criteria for new fund propositions, with investment management capabilities at its core.

Chris Jackson, M&G's Product Director, says: "In a sense, sustainability is what our success is all about. If our funds were not fair, transparent and sustainable, we would soon be found out by the market."

All new fund proposition suggestions are subject to a rigorous process of review and appraisal to ensure there is a clearly defined market for it, and, importantly, we are able to support it with our investment management

capabilities. In marked contrast to many other investment houses, many people at M&G have been with the business for more than 20 years and this wealth of experience is highly prized. It's an approach that clearly finds favour with investors, who regularly rate us as the most trusted brand¹². One of the oldest and best selling M&G equity funds, the M&G Recovery Fund, was launched in 1969. Since then it has been the responsibility of only three investment managers. M&G's best selling equity fund in

2010, the M&G Global Basics Fund, has had the same fund manager since its launch in 2000.

Chris describes how new funds evolve and the series of assessments that each has to undergo before it will be put to the market: "While we look at the market for changes in demographics, changes in buying patterns, where new fund propositions are emerging and so on, it's not the market that

fundamentally drives the funds we create. It's our investment capabilities, and the individuals, which are critical. The rest is about making



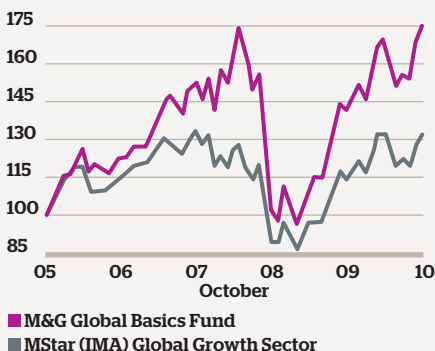
¹² TNS consumer tracking (September 2010) and Discretionary Asset Managers, ORC Investtrack (August 2010)

1969

The year the M&G Recovery Fund was launched

HOW THE M&G RECOVERY FUND HAS PERFORMED

Long-term performance indexed to 100



WHAT DRIVES THE FUNDS WE CREATE?

- Our investment capabilities
- Making sure we have the best product
- Maximum exposure through the appropriate distribution channels

STEPS TO MARKET

- Stress-test and question the proposed investment proposition
- Assessment by sales teams
- Confidential review with buyers
- Internal assessment and evaluation for final sign-off

sure we have the best product and maximum exposure through the appropriate distribution channels. That leads us to a much more focused fund range. Every single fund that we take to the market has a very strictly defined mandate: to either match an existing opportunity in the marketplace, or create an unrealised aspiration."

Ideas for new funds can come from a number of sources. For example, they may arise from distribution teams who spot opportunities in the market. The investment management floor itself also generates a constant flow of ideas. Chris's team is responsible for assessing the feasibility of these new ideas and, if appropriate, progressing them through the development process. He explains how this works: "What we do initially is stress-test and question the proposed investment proposition, drawing in other expertise such as investment management, legal, and marketing, as well as dedicated product experts who sit in their respective technical teams. If we agree to proceed further, the idea is then assessed by sales teams, with their feedback incorporated into a further stage of development."

The next step in the process is a confidential review with buyers. If the product is considered ready for market, it then goes through a process of internal sign-off to ensure all technical considerations have been properly assessed and addressed. This involves a series of committees who evaluate each product thoroughly.

"A new fund proposition may push many of the right buttons," says Chris, "but if it doesn't meet our strict criteria we won't move ahead. Sometimes we'll put it on the shelf, keeping it under review for a possible future launch. Even if there's a very strong case we still won't progress the idea if we don't have an investment manager with the experience to manage the product over the long term."

"Sustainability is what our success is all about. If our funds were not fair, transparent and sustainable, we would soon be found out by the market."

Importantly, M&G's strict assessment criteria does not preclude innovation. In fact, some of M&G's most recent products have been first to market. For example, M&G launched the Optimal Income Fund in December 2006, the first truly flexible bond fund when investors were looking to use our expertise to create a dynamic fund offering a flexible exposure to the bond market.

Because M&G does not take a 'house view' of economic trends and indicators, the business is able to create funds and products that cover a broad range of clients' investment strategies. A recent example of this was the launch of the M&G UK Inflation Linked Corporate Bond Fund, in 2010. This innovative product allows investors, concerned about inflation in the UK economy, to invest in a range of corporate bonds structured to benefit from a high inflationary environment. Early sales flows suggest the proposition has struck a chord with investors.

For more information visit www.mandg.co.uk

"A new fund proposition may push many of the right buttons, but if it doesn't meet our strict criteria we won't move ahead."

Best people

for the best performing business

OUR PRINCIPLES

- We value and respect employees of all backgrounds
- We are committed to developing and maintaining a diverse and inclusive culture that rejects any form of discrimination, harassment or bullying. We operate in accordance with the United Nations' Universal Declaration of Human Rights, which we promote through our employment policies and practices
- We believe that in order to attract and retain the best talent, we have to excel in encouraging, developing and rewarding our employees

Across the Group we employ more than 25,000 people. We work in an extremely competitive marketplace that demands we attract the most talented people. It is important that we continue to create an environment that appeals to the right people - those who are committed and able to deliver top performance for our customers and shareholders.

Developing credible successors

Strong leadership is critical to the continued success of our business. Every year we conduct a review across the Group to identify, develop and reward people with leadership potential.

Our Group-wide development programme, Momentum - open to people both within and outside the business - recruits high-potential individuals early in their careers for fast-track progression. Momentum places a strong emphasis on diversity. There are currently 60 individuals on the programme, of which approximately a third are women.

Building and rewarding performance

Our reward system is based on both individual performance and behaviours - both *what* people achieve and *how* they achieve it. This is, we believe, fundamental to building a high performing culture.

Our remuneration policies are regularly reviewed to ensure that our reward structure keeps pace with the markets in which we operate, and that they remain relevant to the growth of the business.

We also believe it is important for our employees to have an opportunity to benefit from the Group's success through share ownership.

Developing an organisation that works

We recognise that an important part of sustaining performance comes from effectively engaging and communicating with employees.

We conduct regular surveys in our businesses to monitor levels of engagement and the effectiveness of our structures and practices.

Across the Group there are dedicated intranet sites to keep employees up to date, and 'town hall' events that provide employees with the opportunity to put questions to senior management teams.

PROGRESS HIGHLIGHTS

- More than two-thirds of employees in the UK now own, or have an interest in, Prudential shares through our employee share plans
- Almost a quarter of eligible employees, and more than 37 per cent of eligible agents in Asia, participated in our employee share schemes in 2010
- More than 58,000 people, from 142 countries, visited our Momentum website in 2010. More than 2,800 people from 83 countries applied
- In 2010, we held eight Group-wide development programmes assessing long-term leadership potential
- We won a national award in 2010 for the 'Best Learning and Development Strategy', sponsored by the market-leading UK industry publication, HR Magazine
- In 2010, we launched an online flexible benefits scheme in the UK - Pru Choice
- Last year, our US business, Jackson, was named one of Mid-Michigan's Best Companies to Work For by the 101 Best and Brightest website¹³
- Jackson also partnered with Lansing-based non-profit community rehabilitation organisation Peckham, to help extend employment to people with disabilities
- M&G was included on the wheretowork.com website as an employer of choice
- Prudential Corporation Asia joined the Diversity and Inclusion in Asia Network (DIAN) - a membership-based thought leadership network focused on issues relating to diversity in Asia

Additionally, there are a number of employee forums in place such as the M&G Staff Consultative Committee and the UK Employee Forum within Prudential UK. Our UK business also has a long-standing relationship with the union Unite.

At Group Head Office a dedicated team provides regular communication to employees across the business through the Group intranet. This includes communication from senior management on Group strategy direction and performance. We also regularly hold a conference for the Group Leadership Team, currently 75 senior managers from across the business, who are either leading a significant part of the Group strategy or responsible for implementing a major component of it.

Diversity

We are committed to instilling diversity across all our business practices. Our policies are guided by the principles of the UN's Universal Declaration of Human Rights and the International Labour Organisation's core labour standards.

"Our ability to attract, select, motivate and develop the best people is key to the success of the Group. We need talented individuals who are given the right opportunities, and support, to deliver to the full extent of their potential in both current and future roles."

TIDJANE THIAM
GROUP CHIEF EXECUTIVE

¹³ Administered by The Center for Research & Development and Illinois Institute of Technology (IIT)

Building Momentum

Prudential's flagship development programme recruits globally-minded people who have the potential to develop into senior roles.

Operating since 2007, the Momentum programme aims to recruit high-potential individuals early in their careers and provide them with a fast-track development plan. Through business placements and training modules, participants gain management skills and experience in international business.

"Momentum," says Laurence Barrett, Director of Group Resourcing and Development, "is about creating a strong talent base for the business."

The programme is designed to recruit a cadre of globally-minded individuals who have the potential to develop into senior leadership roles. To apply, individuals must have a minimum of two years' work experience. This is critical because, as Laurence puts it, "We don't want to teach them how to work. They've already gone through that growth and have established themselves in their career with a track record of some success."

What is perhaps unusual about Momentum as a development programme is the range of experiences that Momentees (as they are

known) have had. Included among the 60 participants today are an ex-veterinarian, management consultants, people from the fashion industry and even a former professional hockey coach. According to Laurence, that's one of the things that makes the programme particularly exciting, confounding the traditional expectations of what a financial services business should be looking for from its talent and leadership pool.

The Momentum programme involves three placements each lasting 18 months to two years. Critically, these are real roles in the business with Momentees given genuine responsibilities from day one. While participants are supported in their career development, by both the HR programme team and their line managers, importantly they are expected to forge connections and identify opportunities themselves. The emphasis is very much on self-starters.

The fourth intake to the programme was in December 2010 and, as in previous years, the number of applicants soared. For the last intake there were more than 58,000 hits, from 142 countries, on the Momentum website, and 2,852 people applied from 83 countries. The latest intake has 13 nationalities.

As well as identifying people with future leadership potential, Laurence says that the programme has a number of wider benefits,

not least of which is demonstrating the advantages of talent development across the business. "Momentum is creating a spark for good management development, reinforcing what good looks like. Momentees tend to have a high profile, so the benchmark is very visible."

Momentum also serves as a testing ground for new approaches to development that can be adapted for use elsewhere in the Group. Laurence says: "The programme allows us to investigate new approaches. For example, we are doing work across the organisation to build a talent network, and a lot of this is down to the initial work we did with Momentees. We can play with new ideas, and if they work with Momentees, who are a critical bunch, the chances are they will work elsewhere too."

Diversity for a global business

One of the most striking aspects of Momentum is the diversity of the people currently on the programme. Laurence believes that diversity means much more than simply ethnicity or gender: "It's about being able to think in different ways and to see things from a new angle. If you want to be a successful global organisation you have to have diversity of backgrounds and approaches. Different perspectives can really produce some interesting thinking."

“If you want to be a successful global organisation you have to have diversity of backgrounds and approaches.”



2,852

people from 83 countries applied for the Momentum programme in 2010

For more information on the Momentum programme visit www.prudentialmomentum.com

MOMENTEES IN THEIR OWN WORDS

Justin Chang

Justin, an Australian national, came to London in 2008 and is part of the third intake to the Momentum programme.

“Having worked in corporate finance for one of the ‘Big Four’ accountancy firms in Sydney, I applied for a role on Momentum in London. I wanted to get involved in a leadership programme and be part of something that would allow me to accelerate my development.

Before finding out more about the programme I had quite a narrow view of Prudential. But looking at the growth of the Asia business really confounds those views.

My role today is Business Finance Manager for Asia and I work, in effect, as a gateway between the Asia businesses and Group Head Office. The opportunity to get close to really senior people is tremendously powerful. You get to see the challenges they face and a real insight into the strategy of the business.

Being on the programme means that we are under the spotlight with a lot of pressure to perform. But I like the challenge, I like the pressure. It helps keep work interesting.”

Jeik Sohn

Jeik joined the programme after an MBA at the London Business School, having worked in the steel industry in New York for four years.

“Momentum seemed much more solid than other programmes I looked at. For example, most of the programmes offered by other businesses are one to two years with a rotation every three to six months. In contrast, Momentum gives you the chance to embed yourself in a Business Unit or Group function, learning about the business while really adding some value. The amount of resource poured into the programme is incredible.

My current role is with M&G, working in product development focusing on alternative funds, which are all quite new to the business. Momentum can take you far, and quickly. If I look at people from the first cohort, there is someone recently promoted to head up product development in our South Korea business. So, you can make significant jumps.

Momentum for me was the trigger to look at Prudential and being one of largest players in Asia is critical for me. Although I was raised in the US, I really want to make my way back to Asia during my career.”

Qitian He

Qitian, from Singapore, joined Momentum in 2009, having previously worked for the Singapore Ministry of Finance and Citigroup.

“Most development programmes target recent graduates, but Momentum looks for more experienced people so it really appealed to me.

The rigour of the selection process shows how committed Prudential is to making the programme successful. Being a Mentee makes you highly visible in the business, and that can be good and bad. But, if you do well, you really get access and exposure to senior people.

I work as an internal finance consultant, across the Asia Pacific region. I’ve spent less than one month in Malaysia, where I’m based, over the last six months. My role involves going to different Business Units, providing consulting services for various functions, and seeing through the implementation, which is extremely gratifying. I think that what the programme has given me is the opportunity to move ahead quickly and to gain general management experience fast. I’ve been with the programme for a year and I now manage a team of 12, so it’s really stretching my people management skills.”

Mark Hopkins

Mark joined the programme having been a professional hockey coach for 10 years. He is currently based in Vietnam.

“Through my involvement in elite sport for 10 years, I am really interested in how you get a group of individuals from very different backgrounds to buy into a strategy that delivers results. I wanted to understand how this works in another environment.

What first excited me about Momentum was that they were prepared to talk to me. When I looked at a lot of other programmes they seemed to expect a very similar background from candidates, same degree, same career path and so on. Momentum didn’t raise those barriers and I thought that was really refreshing.

My first role was as an HR Business Partner in Prudential UK and I am now Assistant Director in the Corporate Project Management Office in Vietnam. Prudential Vietnam has grown rapidly in the last 11 years and my role is to support further growth while ensuring that we have the foundations in place to continue expanding. My role has also grown to support the local CEO to help make Prudential Vietnam an employer of choice, and improve communication throughout the organisation.

I have been asked to lead the redesign of our management training programme in Vietnam and I have been able to draw on my contacts through Momentum. Having a network that allows you to tap into great talent from around the business is a real strength of the programme. My background shows that there is no single type of person that can succeed in business. But, if you’re content in your comfort zone, I think you’d struggle on Momentum. You have to look at every opportunity as a learning possibility with the view to making the most of it.”

Developing talent

for the future of Prudential

Operating in an increasingly competitive and global business world means that a pipeline of talent for future business leadership is essential.



Creating conditions in which talented individuals can thrive and develop into the leaders of the future is a major challenge for all organisations. In addition to Momentum, our fast-track global development programme, each of our businesses have created a range of initiatives and approaches to help ensure they have the people they need, at all levels, to deliver future growth objectives.

Thomas Atterstam, Prudential Group Head of Talent, explains: "Developing our people is critical for meeting our growth ambitions. We need to think about development in terms of both short-term performance and longer-term potential. At Prudential we take a long-

term view, striking a balance between our needs today and our needs in the future."

Our UK and Europe asset management business M&G's Academy

The M&G Academy, created in collaboration with Henley Business School, takes a group of individuals with clear leadership capability and builds a programme around their development needs.

Cara McCarthy, M&G's Learning and Talent Development Manager, explains how it was launched. "At M&G we began focusing far more on creating ways to take some of our highest performing people to the next level in their careers. We began asking questions such as: How do you get them to think more broadly, and to think about the industry context? What are the leadership challenges they may face if they are sitting at the helm of their business in, say, five years' time?"

She adds: "The programme is grounded in the specific needs of the business, focusing on the



asset management challenges that the business will face in the future. Its overwhelming success has inspired the development of a number of other initiatives for M&G employees who are at different stages in their careers."

Cornerstone Programme

M&G's Cornerstone Programme is for individuals who are beginning to take on management responsibilities. Launched in 2009, Cornerstone is now working with its third intake. It is based on the development principles that underlie the Academy programme, as Jennifer Kidd, Talent and Learning Development Manager, who runs Cornerstone, explains: "Cornerstone helps participants gain insight into their potential and what leadership means to them. We work with Ashridge Business School to deliver Cornerstone, but we also work very closely to support participants. For example, helping them develop networks to discuss issues and challenges highlighted through the programme."

Catalyst Programme

More recently, M&G has added the Catalyst Programme to its suite of development initiatives. Catalyst – aimed at more junior people within the business – is designed to help employees develop the skills and approaches they will require as they begin to advance their careers.

Cara says: "In addition to developing skills, these programmes are building a stronger network between departments. Academy participants have driven greater collaboration and we are seeing the same thing happening through Cornerstone and Catalyst."

Forging connections across the organisation is also a key part of Thomas's plans for Prudential as a whole. "One part of my role is to ensure that, where possible, we create wider networks of talented individuals across the Group, as well as establishing mechanisms to give people increased exposure to opportunities throughout our business."

Taken together, the development programmes and activities at Prudential highlight our commitment to maintaining a long-term focus on development. As Cara puts it: "We are sending a very clear message about our investment in the future of the business."

"Developing our people is critical for meeting our growth ambitions."

Protecting the environment

OUR PRINCIPLES

- We recognise the importance of minimising the environmental impact of our operations
- We are working towards global monitoring of the environmental impacts of our occupied properties
- We aim to deliver superior performance for our property investment portfolio through integrating sustainability into business culture, activities and decision making

The built environment is responsible for approximately 40 per cent of all carbon emissions. As an owner and occupier of buildings around the world, we have a responsibility to ensure we manage our environmental impact as carefully as possible.

For all our occupied buildings in the UK - and our US business Jackson's main premises in North America (Lansing and Denver) - we assess the direct impact that our properties have on the environment. This includes monitoring energy consumption, carbon dioxide emissions, water consumption, waste and recycling.

One of the challenges we face in reporting our environmental impacts on a global basis is the collection of robust data for our operations in Asia. Across the region we are often an occupier

of multi-tenanted properties, and environmental data collection is not the norm. Nonetheless, we are developing processes, and identifying technologies, by which we can accurately begin to measure our impact.

Our investment property portfolio is managed through PRUPIM, part of M&G, our UK and European asset management business. PRUPIM is a top 20 global real estate investment manager, managing more than £16 billion worth of assets.

PRUPIM's vision is to deliver superior investment performance through further integrating sustainability into its business culture, activities and decision making. It seeks to address its own impact on the environment as well as influence the property sector through innovation and thought leadership.

PROGRESS HIGHLIGHTS

Occupied properties

- We have implemented our A-Z Compliance Programme - an environmental and health and safety assurance tool - in every one of our markets
- In 2010 we retained ISO 14001 environmental management system accreditation at all of our UK sites
- We have identified technology for monitoring energy use in the multi-tenanted buildings we occupy in Asia, and we will be trialling this in 2011
- We have joined the UK Carbon Reduction Commitment Energy Efficiency Scheme and will be reporting our footprint data in July 2011

- Jackson donated \$50,000 to the US non-profit organisation Green Forests, following cost savings through its Green Delivery programme, which has reduced paper consumption by millions of pages

PRUPIM

- All PRUPIM employees have participated in the PRUPIM sustainability education programme
- In 2009/2010, across the property investment portfolio, PRUPIM:
 - Reduced CO₂ emissions - equivalent to taking 4,189 cars off the road for a year
 - Reduced water use - equivalent to 30 Olympic-size swimming pools
 - Recycled waste - equivalent to the weight of 20 fully loaded 747s, saving nearly £350,000 in landfill tax

- Introduced in-house software for fund managers to rate all assets, or potential acquisitions, against sustainability criteria
- Retained ISO 14001 certification at 26 managed office properties as well as retaining PAS99, the world's first integrated management system at 10 managed shopping centres
- Was awarded the British Standard Institute's new Kitemark Energy Reduction Verification Certificate¹⁴ for a 2.5 per cent reduction in energy use, over the last three years, in the 38 premises we submitted for participation - including both occupied premises and real estate buildings in the investment portfolio.

“PRUPIM’s vision, as a leading real estate fund manager, is to deliver superior investment performance through further integrating sustainability into its business culture, activities and decision making.”

¹⁴ The Kitemark ERV scheme has been approved by the UK Government's Environment Agency and enables organisations to verify their reduction in CO₂ emissions. It is specially designed to meet the requirements of the UK's Carbon Reduction Commitment.

Building a platform for the future

Our environmental practice
for occupied properties
provides a solid platform
to improve performance.

“Our initiatives add up and really help us to reduce our environmental impact – and our utility bills.”

Prudential has evolved its approach to managing its environmental responsibilities from a process of self-certification, to its A-Z Compliance Programme. This ensures its businesses comply with local environmental and health and safety legislation. Starting as a UK-focused initiative five years ago, this has now been fully rolled-out across the organisation, providing a solid platform to improve performance.

David Glinski, Group Environment, Health and Safety Compliance Manager

“The A-Z programme covers 98 businesses across nearly 30 countries in Europe, Asia and North America. Having achieved 100 per cent compliance certification in 2010, the next stage – starting in 2011 – is to achieve independent verification through a third-party auditor.

This will provide a complete central repository of compliance.”

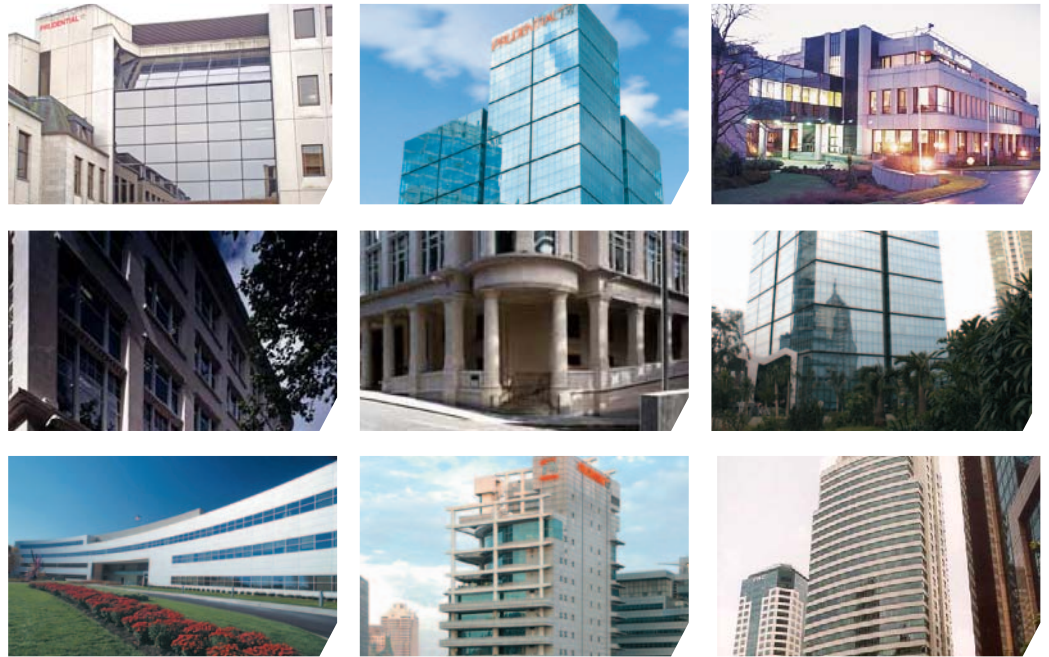
Over time, the plan is to move from compliance with local standards to global best practice, as David explains: “The countries where we operate have different legal frameworks, and different ways of enforcing standards. So, one of the ways we will move forward will be to identify gaps and strengthen our coverage of key risks.”

Dennis Blue, Vice-President, Corporate Support Services, Jackson

“For us in the US, the A-Z programme is a useful reminder that we need to keep abreast of health, safety and environmental developments – it keeps us up to date.

One of the initiatives in the US is tracking and reporting emissions, and we have a target of a 20 per cent reduction by 2014. We’ve done a lot in the last three years, and, as a result, we are fairly close to hitting our objective. For example, we are using LED lighting, we are shutting off lights

“The A-Z programme covers 98 businesses across nearly 30 countries in Europe, Asia and North America.”



20%

reduction targets for emissions in the US by 2014

automatically at night, and we are reducing water consumption by installing monitoring equipment that stops the lawn sprinklers working if it's going to rain. All these initiatives add up and really help us to reduce our environmental impact – and our utility bills.”

Giles Hunter, Director, Corporate Property, Asia

“We tend to be in multi-tenanted buildings in Asia where environmental monitoring is not the norm, but we have identified non-invasive technology that will allow us to monitor our energy use. The technology will feed data into a real-time system that can be accessed over the internet, allowing us to analyse the information, set reduction targets and convert energy use into carbon emissions data. We start trialling in 2011.”

Next step: hearts and minds

The next big challenge is to find ways to influence individual behaviour, and to make it as easy as possible for all colleagues to

“We tend to be in multi-tenanted buildings in Asia where environmental monitoring is not the norm, but we have identified non-invasive technology that will allow us to monitor our energy use.”

minimise our environmental impact. David Urquhart, Head of Operations and Change Management, sums up the next stage of the journey: “We know Prudential employees want to do the right thing. Our task is to make it as simple and convenient as possible for them.”

Reducing adverse impacts

from the built environment

Paul McNamara, PRUPIM¹⁵ Director and Head of Research, reflects on his involvement in the UNEP FI Property Working Group - which he chaired from 2006 to 2010 - and the growing influence of environmental issues for commercial property investment.

BROWN AND GREEN BUILDINGS

Brown buildings

- Less acceptable to tenants and investors
- Harder to maintain a flow of rent
- Cash flows interrupted more often
- Brown assets in portfolios will be harder to transact

Green buildings

- Higher than average occupancy translates into a six per cent better income return
- 16 per cent price premium
- Cheaper to run
- A more attractive investment option



UNEP FI is a global partnership between the United Nations Environment Programme and the financial sector. Prudential plc has been a member since 2001.

Why is commercial property important to the environmental debate?

"The built environment is a conduit for 40 per cent of carbon emissions, of which about half is through commercial property. The bulk of that is from occupation."

Why focus on existing buildings rather than development of new ones?

"People who don't understand much about property tend to focus on development. However, in a mature market like the UK, development only adds between one and two per cent per annum.

¹⁵ PRUPIM is a top twenty global real estate investment manager and part of the M&G group.

“In PRUPIM we had been thinking about these issues and our work was really quite pioneering. We were able to bring our experience to the working group.”

The view of the UNEP FI was that if you really wanted the property industry to make its contribution to carbon mitigation it had to be primarily focused on existing stock. So, the working group was formed to bring best practice together for reducing emissions from built stock. As we began to push the initially Anglo-French group forward, we were quite successful in bringing in new members, with Australia and Japan joining first, and, more recently, members joining from North America. The challenge moving forward is to include members from fast-growing emerging markets. Today, there is one Indian member but, as yet, none from Latin America, Africa or China.”

What were the initial aims and activities of the working group?

“In PRUPIM we had been thinking about these issues for a fair time before getting involved in the initiative, and our work was really quite pioneering. From the beginning we were able to bring our experience to the working group,

sharing thinking on the issues as we saw them. One of the issues from an investment perspective was to establish whether being socially responsible conflicted – or not – with fiduciary responsibilities. So, we set about looking for empirical evidence to prove that managing portfolios responsibly enhances performance.”

What do you see as the case for ‘green’ buildings outperforming, medium term?

“Our simple logic goes something like this: if ‘green’ buildings are more acceptable to investors and tenants than ‘brown’ buildings, they will be cheaper to run, command higher rents and remain acceptable for longer, depreciating less quickly. Brown buildings will also become more risky because maintaining a flow of rent from them will be harder, and cash flows will be interrupted more often. Finally, if investors prefer to be seen holding green rather than brown assets in their portfolios, then green assets will be easier to transact.”

How far is it possible to demonstrate that with evidence?

“I think that what is problematic from a research perspective is that in any building there will be a whole range of performance drivers, including lease length, tenant quality, and so on. To distil the influence of sustainability factors from other drivers requires enormous amounts of data. However, we are starting to see some of that data come out of the US, and while the UK has not been able to gather data to that level yet, there are plenty of people on its trail.”

What do the early results show?

“One study in the US¹⁶ of around 9,000 commercial properties suggests that green buildings exhibit a three per cent rental premium. Their higher than average occupancy translates this into a six per cent better income return, and, because they were capitalised at a lower rate, they had a 16 per cent price premium. So, while those numbers are not guaranteed, if they are broadly indicative, they have to be considered when making investment decisions.

Here at PRUPIM we are looking at sustainability as an emerging standard for property – one which it seems tenants and investors increasingly care about. Both are looking for the economic benefits – lower energy costs and so on – as well as reputation advantages. As an example of the latter, one of the UK’s big accountancy firms recently moved into a building in London



UNEP Finance Initiative

rated as ‘outstanding’ (the highest rating) using the BREEAM¹⁷ methodology. They did this because they wanted to position themselves as an employer of choice to young people for whom this is an important issue.”

How has the focus of the working group changed over time?

“The focus of the group has moved on with the development of toolkits for asset owners and fund managers interested in sustainability. We can help them with the things they need to know and do to embed sustainability into the culture of their organisations as part of the investment process.

In 2009 we published a paper¹⁸ arguing against commentary that the economic crisis had derailed sustainability, reinforcing our position that sustainability is a long-term concern for investors and corporations, and that the issue of cost savings is even more relevant in straitened times.”

What do you see as the next development for the property sector and environmental issues?

“What’s clear is that in tough times, governments are less able to push their own carbon reduction initiatives and, as a result, will look to others to do it for them – commercial property is increasingly in their sights. Property is a major user of resources and producer of emissions, but it is also very much part of the solution. There is a lot of low-hanging fruit with regards to carbon reduction in the built environment. There are things that can be done quickly to give a fast payback. Governments are puzzled as to why such opportunities are not being taken up.

If I have one message for the property industry it is the need to work closely with governments to find appropriate policy mechanisms for carbon reduction, rather than have them imposing solutions on the industry.”

For more information on PRUPIM visit www.prupim.com

¹⁶ Eichholz, P., Kok, N., and Qugley, J. (2009) *Doing Well by Doing Good? An Analysis of the Financial Performance of Green Office Buildings in the USA*, Royal Institution of Chartered Surveyors, Research Report, March 2009

¹⁷ Building Research Establishment Environmental Assessment Method

¹⁸ www.unepfi.org/fileadmin/documents/DeathofSustainability.pdf

Supporting local communities

£7.5^m

*was invested in our
communities in 2010*

We have a long history of supporting the community, from our earliest days of Victorian philanthropy. All our businesses implement community investment programmes and we encourage our operations to establish long-term partnerships focused on education (particularly financial education) and social welfare.

Our approach to community investment is to support charitable organisations, and appropriate NGOs, not only through funding, but also through the expertise of our employees. In 2010, our community investment spend was £7.5 million, of which £5.7 million was direct charitable donations, with the remainder being in-kind contributions.

Employee volunteering / Chairman's Challenge

In 2010, almost 25 per cent of our employees volunteered in their community with many participating in our global flagship programme, the Chairman's Challenge.

OUR PRINCIPLES

- We support our communities through charitable donations, in-kind contributions, sponsorship and volunteering
- We work with charity partners to deliver projects and programmes with an emphasis on education (particularly financial capability) and social welfare (particularly projects that support the most vulnerable)
- We focus our efforts on long-term, sustainable projects that have measurable benefits

All of the projects included in the Chairman's Challenge receive a financial donation from the Group for each employee who signs up as a volunteer. Five shortlisted projects receive additional funding. Each year, employees across the Group are invited to vote for the shortlisted project they believe has made the greatest impact.

In 2010, employees from our Hong Kong office won the Chairman's Challenge for the Goal for Youth programme, in partnership with Junior Achievement. More than 188 employees volunteered for the project, teaching financial skills to young people. More than 1,800 secondary students benefited.

In second place were employees from our business in Indonesia for the commitment of more than 120 staff who gave up four weekends to run educational projects - in partnership with Prestasi Junior Indonesia - for children in safe houses in Jakarta.

In third place were employees from our business in the US for their work in partnership with Junior Achievement - 163 employees dedicated 463 hours teaching young people financial skills in 105 classrooms, benefiting 2,500 students.

PROGRESS HIGHLIGHTS

- In 2010, almost 25 per cent of our employees volunteered in their community
- 108 annual projects, across our markets, have been supported by the Chairman's Challenge since it was launched in 2006
- More than 13,000 people, and more than 300 charities, benefited from the work of Prudential UK employees who volunteered in 2010
- Our US business, Jackson, donated \$250,000 to fund relief efforts following flooding in Nashville, Tennessee last year
- The Jackson National Community Fund has donated more than \$1.2 million since the fund was launched in 2007
- Since 2007, Jackson has distributed more than \$2 million in gift-matching - \$600,000 in 2010
- In China, we were presented with the 'Outstanding Contribution Award 2010' for our donation of satellite receivers for temporary classrooms in Sichuan, following the earthquake which struck in 2008
- In 2010, more than 4,400 women in China, Indonesia and Vietnam participated in our financial training seminars - 'Investing in Your Future' - bringing the total to 27,500 since 2004
- Since 2007, more than 6,000 students have benefited from our insurance education programme - developed in partnership with the Chinese Ministry of Education, the Chinese Academy of Social Sciences (CASS) and the Chinese Insurance Regulatory Commission (CIRC)
- Our UK and Europe asset management business, M&G, has continued to support the Social Mobility Foundation through a secondment programme¹⁹
- In 2010, Prudential UK was awarded the prestigious BITC CommunityMark, making us one of only 38 companies to achieve this endorsement since the scheme was launched in 2007
- Since its launch in 2010, there have been more than 15,000 visits to the Specialist Schools and Academies Trust financial education online resource - 'Adding up to a Lifetime' - sponsored by Prudential UK

Special Merit Awards went to:

Prudential Thailand employees - in partnership with Plan International - who took part in a financial skills project involving 316 employees working in seven schools reaching 1,500 students.

Employees in Prudential UK - in partnership with Age UK - who dedicated 660 hours helping 370 isolated older people re-engage with the community through the Call in Time programme.

Financial education

As a provider of financial services we believe that encouraging and supporting financial literacy helps to underpin overall economic development.

In addition to the financial education projects included in the Chairman's Challenge, we support a number of other initiatives that aim to improve financial knowledge. These include skills training for adults and children. For example, in Asia we run financial training seminars for women who, while often responsible for their families' financial planning, have traditionally had limited financial education. In the UK, we partner with organisations such as Citizens Advice, the Personal Finance Education Group (pfe), and the Specialist Schools and Academies Trust.

Disaster relief

The Group maintains a fund which is activated to support relief efforts in the event of disaster in the countries where we operate.

Our commitment to disaster relief often goes beyond financial aid, providing on-the-ground support to address the most critical needs. Following the earthquake that struck Western Sumatra in Indonesia, near the city of Padang, at the end of 2009, we contributed approximately £1 million, and many of our employees worked as volunteers. Funding was used to support initial emergency relief efforts and subsequent reconstruction work, leading to the completion of 220 new houses, a children's library and a play centre in 2010.

Save the Children became a new charity partner through the Group's support for its Children's Emergency Fund.

¹⁹ The Social Mobility Foundation exists to support high-achieving young people from low-income backgrounds into the top universities and professions

Chairman's Challenge 2010 winner:

Junior Achievement Hong Kong

Goal for Youth workshops

The contribution of nearly 200 employees in Hong Kong has helped young people build their financial skills.

"I am extremely proud of the contribution our employees make through volunteering and, I believe, this is another demonstration of our brand values in action."

HARVEY McGRATH
CHAIRMAN PRUDENTIAL PLC

**CHAIRMAN'S
CHALLENGE**
2010

In 2010, more than 1,800 young people in Hong Kong took part in Junior Achievement's Goal for Youth workshops, supported by more than 188 Prudential volunteers.

These interactive workshops feature a discussion with an inspirational leader from the local community who shares their story, and discusses challenges they have faced and how they have overcome them. During the workshops, volunteers from Prudential Hong Kong lead life planning and financial management sessions with small groups of students, aged between 15 and 18 years, sharing their skills and experience and providing advice, mentoring and support.

Paul Bedell, Chief Marketing Officer, Prudential Hong Kong, commented: "Financial literacy training for young people has always been one of the key priorities for our community work. Junior Achievement's Goal for Youth workshops give our employees the opportunity to use their professional knowledge to help young people build their financial skills."

The workshops proved extremely popular, with applications far exceeding the places available. For that reason, part of the funding received from the Chairman's Challenge has been used to create a video archive of community leaders' presentations, so that content can be made more widely available. Paul sums up the programme's appeal: "The feedback that we have had from students shows how much they value the opportunity to think about their lives in a new way. They realise that sound financial management can give them the freedom to pursue their dreams in the future."



“The dedication of Prudential Hong Kong has laid a solid and sustainable foundation for the future success of young people who have attended the Goal for Youth workshops.”



Vivian Lau, CEO of Junior Achievement Hong Kong, added: “The dedication of Prudential Hong Kong has laid a solid and sustainable foundation for the future success of the young people who have attended the Goal for Youth workshops.”

As well as providing the young people attending the course with valuable insights and experience, our volunteers enjoy the opportunity to share their expertise and knowledge, as Paul explains: “For Prudential volunteers the mentoring experience is inspirational in more ways than one. On the one hand they are using their expertise to make a meaningful impact on the local community and, on the other hand, the workshops are a great team-building exercise that enhances the leadership skills of all volunteers. We are delighted that, through the efforts and commitment of our employees, we are the Chairman’s Challenge winners.”



Supporting communities

in Asia

The success of the Chairman's Challenge shines through the wide range of projects it supports each year, and the enthusiasm of employees who participate.



300

employees in Thailand gave up their time to teach school children



With numbers rising each year, our Chairman's Challenge volunteers have helped to build strong partnerships with charities to deliver tangible, sustainable projects supporting local communities.

Prudential Thailand's close relationship with Plan International UK has been built up over five years and is one example of how effective these partnerships can be. Plan has been working in Thailand for 30 years, covering more than 600 communities in seven provinces.

In 2009, Prudential Thailand and Plan received the top Chairman's Challenge prize for their projects, helping young children access education and healthcare. In 2010, the partnership with Plan involved more than 300 employees who gave up their time to

teach school children basic financial skills, and promote environmental awareness and protection.

This project helped some 1,500 children from seven schools by setting up school and environmental banks. Saving was promoted through various methods, and linked to environmental aspects of the programme such as recycling, tree planting or producing organic fertilisers. Students taking part were able to make a profit which they could bank as savings.

The programme is now recognised by the Ministry of Education and will be integrated into the school curriculum.

Other volunteers took on more physical challenges such as building fish ponds, digging and planting vegetable gardens and sowing more than 3,000 tree seedlings as part of a reforestation project.

Apithorn Amatyakul, Vice President, Marketing, Brand and Communications, Prudential Thailand, explains how the involvement



"I'm so happy that the projects have been taken on by local schools, village committees and local authorities. This ensures that the children will continue to benefit. They always refer to Prudential as their partner."

of colleagues in community projects has grown every year, with volunteering now deeply embedded in the business's culture.

"At the start of every year we involve our employees in discussing ideas about what we'd like to do, and we provide feedback on what we've done in the past. The response is always very positive and we get more and more people wanting to get involved each year. We make participation as inclusive as possible. For example, people with responsibilities that prevent them from travelling to do field work are able to undertake activities in the office, or at home, so everyone can feel proud to be part of the programme." As well as demonstrating Prudential's commitment to local communities and cementing its reputation, colleagues who volunteer gain other advantages, as Apithorn explains: "Volunteering opens up networking opportunities for colleagues, which is definitely something that people really value."

Sunan Samrianrum, Plan Project Manager in Thailand, said: "I'm so happy that the projects

have been taken on by local schools, village committees and local authorities. This ensures that the children will continue to benefit. They always refer to Prudential as their partner."

In 2009, **Prudential Indonesia** was awarded a Special Recognition award from Harvey McGrath, Prudential plc Chairman, for the outstanding dedication and commitment of employees in response to the earthquake that destroyed the city of Padang.

In 2009, Prudential Indonesia also continued to partner with Prestasi Junior Indonesia, building on the four-year relationship to implement innovative education programmes for students across the greater Jakarta area. More than a third of the population of Indonesia does not complete their schooling. In urban areas, this rises to 40 per cent, and to 45 per cent in rural areas²⁰.

²⁰ http://dds.bps.go.id/download_file/IP_Januari_2011.pdf, January 2011, Social Economic Data, Central Statistics Agency, Republic of Indonesia.



262

*Prudential volunteers
in Indonesia visited
14 schools to run
education programmes*

For four years, Prudential and Prestasi Junior Indonesia have worked with students from various socio-economic backgrounds with access to different levels of teaching resource and support. In 2009, some 262 Prudential volunteers visited 14 schools to run education programmes.

In 2010, efforts were extended to a safe house in Jakarta, benefiting more than 50 street children aged between seven and 20. For this project, more than 130 Prudential volunteers gave up four weekends to help raise the self-confidence and communication skills of young people at the safe house.

Nini Sumohandoyo, Corporate Marketing and Communications Director, Prudential Indonesia, explains how the Chairman's Challenge has gained traction over the years: "People in Indonesia are very giving. But, when we first introduced the Chairman's Challenge, the concept of giving up your time outside working hours, rather than simply raising funds, was a new concept for many of our colleagues. So, it took a certain amount of getting used to."

Attracting volunteers was, according to Nini, made much easier by the commitment of senior management,

who make their support for volunteering activity very clear. According to Nini, it is a major differentiator between Prudential and other life insurance businesses in the region. "It's really important for a business like ours to gain the commitment of our leaders. I think the difference between us and local competitors is that our senior management is visibly committed to the philosophy of helping the community. It is really embedded in our organisation from the top down."

The Chairman's Challenge provides central funding for local projects, with the level of contribution increasing as more volunteers sign up. One of the major advantages of the Chairman's Challenge, according to Nini, is the ability to work on programmes that have the most relevance locally, "because they have the most impact and these are the areas where we can achieve the most benefit."

Robert Gardiner, Director, Prestasi Junior Indonesia, adds: "We are proud to collaborate and have the full support of Prudential Indonesia in implementing and carrying out our mission to create a young generation that understands the importance of financial education. Through this cooperation we hope to inspire young people to achieve their dreams and help prepare them for the future."





“Local programmes have the most relevance because they have the most impact and these are the areas where we can achieve the most benefit.”

At the heart of the community

Since launching the Jackson National Community Fund (JNCF), the number of employee volunteering hours has quadrupled, reaching a total of more than 5,600 in 2010 alone.

"It's the full and active involvement of a high proportion of Jackson employees that makes the difference to the success of JNCF."



Employees from our US business, Jackson, support a wide range of community projects including working in local food banks for the homeless and helping to rebuild houses, teaching students financial skills and providing support for children who have lost a sibling or parent.

In the past year, Jackson was named the Corporation of the Year by the Michigan Association of Fundraising Professionals, and received the Lansing City Council's Corporate Service Award, and was one of five finalists in the Governor's Service Awards.

Danielle Weller, CR Specialist, who manages the JNCF activities, explains that it's the full and active involvement of a high proportion of Jackson employees that makes the difference

to the success of JNCF. From getting involved with the many projects the fund supports to sitting on the fund's advisory committee to assess applications from charities, it's the employees' energy and enthusiasm that continues to drive volunteering: "We're really led by the people here. Our employees make it their goal to benefit the community with Jackson's charitable dollars. Their commitment to the business's charitable programme is really inspirational."

Local JNCF advisory committees decide on a quarterly basis which activities to support. Diane Cooke, who sits on the advisory committee for Jackson's Lansing office, explains how the committee goes about making its decisions. "What we're looking for is the charity that will give the most advantage to the community for the dollars they receive. We read all the project proposals, paying close attention to the stated benefits and goals. And from there we compare the projected benefit to the funds requested." Fellow committee member, Amy Brown,



5,600

The number of hours Jackson employees spent volunteering



describes other criteria that are assessed. "We look at the number of people who will be impacted and whether the project is short or long-term. We also consider when we last helped the organisation to ensure we support as many as possible instead of supporting the same ones time and time again."

As a result of Jackson's highly visible commitment to the community, the number of applications for funding is increasing considerably each year. As Diane explains, awareness of Jackson's commitment to the community also means employees are more likely to get involved: "I think there are a lot of people who, through working at Jackson, become more aware of community needs. And, they get ideas and examples of how they can get practically involved." Committee member, James McCann, says that it is Jackson's drive to involve its people that makes the biggest difference: "I've worked for other organisations that are very charitable, but it's usually about writing a cheque. You don't get the employee involvement that we have here."

That observation is echoed by Jackson employees who regularly volunteer. Eric Doss takes a lead role in the 'Rebuilding Together'

"People can see that a big business like Jackson really does care, and that it is a real part of our local community."

project, where teams of volunteers help repair properties in the community. He says: "I really like putting my skills to good use. It's about problem solving with your hands and your brain. The people we help get some really practical assistance with something that they are not able to do for themselves and we can really see the results."

Other volunteers say that connecting with their community simply feels like the right thing to do. The fact that Jackson makes it easy through providing support and information means, in the words of Jackson employee Dawn Banner: "It makes me feel good that I am giving something back. People can see that a big business like Jackson really does care, and that it is a real part of our local community."

Prudential UK joins the premier league

with the CommunityMark

Our UK business is one of only 38 companies to achieve the BITC CommunityMark since it was launched in 2007.



30%

of UK colleagues
volunteered
in 2010

Achieving Business in the Community's (BITC) CommunityMark is formal recognition of Prudential UK's 'premier league' status for community support. Since the scheme was first launched in 2007, only 38 companies have been awarded the mark. Businesses who qualify have to pass a series of rigorous assessments designed to test their full commitment to living up to the values they espouse.

Barry O'Dwyer, Deputy Chief Executive, Prudential UK and Europe, explains why the business felt it was the right time to apply: "The reason we were so keen to apply is because the CommunityMark provides tangible evidence of our progress. It's the highest mark of excellence and allows us to benchmark ourselves against the very best in this area."

Applying for the award is not something that businesses undertake lightly. In fact, it's often the case that BITC will have to satisfy itself that the business is at a sufficiently mature stage in its community involvement before it will allow an organisation to proceed with an application. As Barry says: "It's not an easy hurdle to clear. A good deal of work had to go into this. We approach community involvement as we would any other part of the business – on a commercial basis. We do a cost-benefit analysis of proposals and programmes to understand the impact we will make with every initiative we pursue. We dedicate a considerable amount of resource to this, and we measure the outcomes. Community investment and volunteering are fully integrated into the business and that's why I think that the response we get from colleagues is so strong. In 2010, almost 30 per cent of our colleagues took part in volunteering. It has absolutely taken root in the DNA of the organisation. Colleagues are passionate about what they do in this area and that's really important to us."



"It's absolutely central to our approach to give something back to the communities in which we do business."

Commitment through good times and bad

The financial crisis has forced all businesses to focus hard on costs but, with community involvement, according to Barry: "There has never been an appetite to cut back." He explains the reasoning: "We recognise how important this is to colleagues, and it's fundamental to the way we think about our business. We don't have thousands of representatives out in communities across the country anymore, but community involvement is still core to our brand and resonates with our customers. It's absolutely central to our approach to give something back to the communities in which we do business."

One of the assessments that BITC makes when awarding the CommunityMark is the extent to which community involvement is embedded in the business. That is often demonstrated by the degree to which community activities are relevant to the services or products that the business provides. Accordingly, financial education is a major focus of Prudential's

community work and that's because, according to Barry: "There is an absolute link between poor outcomes in retirement and a lack of financial education. So, one big focus for us is helping to improve financial knowledge. We have a long-term commitment where we are seeking to ensure that school children receive better financial education."

Utilising the skills and expertise of colleagues will become an increasing focus of our community work in the coming years. That may mean school mentoring projects as well as working with older people. As Barry explains: "We want to focus on enabling colleagues to get out to different parts of the community so they can pass on some of the skills they have acquired working at Prudential."

Tanja Rasmussen, Director of the CommunityMark Programme for BITC, explains how the CommunityMark process operates and the high standards that every company applying needs to reach: "We really put businesses through their paces when they apply for the mark, acting as a critical friend.

“One big focus for us is improving financial knowledge. We have a long-term commitment whereby we are seeking to ensure that school children receive a better financial education.”



15,000

people have visited the 'Adding up to a Lifetime' website

They need to demonstrate more than simply a commitment to the community. They must be able to substantiate what they are doing, and we submit those claims to independent verification." The 360-degree evaluation that the BITC team carry out includes detailed discussion with partner organisations, and – on this measure – Prudential scored particularly well, says Tanja: "Prudential received the best feedback from partners that we have ever seen."

One of Prudential's longest partnerships has been with the Specialist Schools and Academies Trust (SSAT). Nicola Garrett, a Programme Manager at the Trust, explains how Prudential's support for – and involvement with – the 'Adding up to a Lifetime' programme has been a key element of its success. "It's very much the case that we do this together, working to develop new ideas to make sure we keep up to date with new developments in financial education. We give each other feedback so that the programme remains as relevant and

useful as possible." An example of this in action was the 2010 launch of the 'Adding up to a Lifetime' programme as an online resource. This has greatly increased the programme's reach, and with more than 15,000 visitors to the site to date, has proved to be an enormously successful demonstration of the partnership.

Barry believes that Prudential's community involvement is important to all the business's stakeholders: "Part of making Prudential a great place to work is attracting people who share our values. Supporting our communities goes to the core of those values as something we care about deeply – we believe the footprint we leave behind is important."

HOW WE MANAGE CORPORATE RESPONSIBILITY

CR is a philosophy that is firmly embedded in Prudential's operations around the world as an integral part of the way we do business. It is led from the top of our organisation, with Harvey McGrath, Chairman Prudential plc, as Board sponsor.

CR framework

Our CR framework is designed to drive sustainability performance, provide greater focus to our programmes and activities, and enable a more consistent approach to our reporting. We refined the framework in 2010 to four areas of focus:

- Fair and transparent products meeting customer needs
- Best people for the best performing business
- Protecting the environment
- Supporting local communities

The Board

The Board discusses the Group's CR performance and strategy at least once a year and also reviews and approves the Group CR Report.

Responsibility Committee

Below the Board, the Responsibility Committee comprises senior representatives from relevant Group functions and each of our core businesses. This committee is responsible for monitoring the Group's CR activities and for raising issues that need to be addressed.

Group corporate responsibility team

The Group corporate responsibility team is responsible for: collating data and information for internal and external reporting; publishing the annual CR report; overseeing CR risk and issues management processes; and conducting research to ensure our activities remain aligned with issues relevant to our business.

GOVERNANCE STRUCTURE	RESPONSIBILITIES
PRUDENTIAL PLC BOARD	<ul style="list-style-type: none"> • Approves strategy • Approves CR Report
GROUP RESPONSIBILITY COMMITTEE	<ul style="list-style-type: none"> • Monitors progress • Identifies and develops CR policies
GROUP CR TEAM	<ul style="list-style-type: none"> • Collates data for internal and external reporting • Publishes annual CR Report • Oversees CR risks and issues management • Collates and shares CR practices across the Group
<ul style="list-style-type: none"> BRAND COUNCIL HR DIRECTORS COMMUNITY FORUM ENVIRONMENT, HEALTH & SAFETY COUNCIL & PRUPIM OPSCO 	<ul style="list-style-type: none"> • Develops and drives initiatives related to functional responsibilities • Tracks, reviews and assesses ongoing initiatives • Provides data/information for internal and external reporting

Stakeholder engagement

We recognise the importance of maintaining a regular dialogue with our stakeholders and responding to their concerns. We conduct regular customer research and measure customer satisfaction. We participate in industry-wide surveys and conduct our own stakeholder studies. Our businesses regularly survey their employees. We have frequent dialogue with politicians and other public representatives, and we actively engage with shareholders, analysts and potential investors through an active schedule of investor communications.

Reporting

We produce an annual online CR report and a PDF version. In 2011 we are moving to more regular online reporting of our CR activities via our corporate website.

Code of Business Conduct

Prudential's Group Code of Business Conduct (the Code) sets out the ethical standards expected of our employees, agents and others working on behalf of the Group. It is in force across the Group and compliance by all businesses is mandatory. The Responsibility Committee reviews the Code to ensure that it remains relevant. It is also integrated within the Group Governance Manual and is covered by the annual compliance certification process.

We have translated the Code into Chinese, Korean, Thai and Bahasa.²¹

Supply chain management

Prudential recognises that its own social, environmental and economic impacts go beyond the products and services it supplies to include the performance of its suppliers and contractors.

It is our policy to work in partnership with suppliers whose standards are consistent with the Code. We are also committed to helping our suppliers reduce their impact on the environment.

Procurement practices in Prudential UK have been successfully accredited with the Chartered Institute of Purchasing and Supply (CIPS) certification, an industry benchmark of recognised good practice.

Environment, health and safety

Each of our businesses has a senior representative who provides leadership for environment, health and safety, and who attends twice-yearly meetings of our Environment, Health and Safety Council. In a similar way, global operational environment, health and safety issues are addressed through a Health and Safety Forum and Environmental Sustainability Group attended by Business Unit representatives who have a key environment, health and safety mandate.

There were no environmental, health and safety breaches in 2010 and we successfully retained compliance with OHSAS 18001 occupational health and safety management system standard at all UK sites.

Combating financial crime

Prudential values its reputation for ethical behaviour and for financial probity and reliability, forbidding corruption and the paying or receipt of bribes.

Prudential seeks to comply with high standards of anti-money laundering, counter-terrorist financing practice and economic sanctions in all countries and territories in which we operate. Failure to comply with international standards and Group policies to prevent financial crime, including fraud, could lead to criminal prosecution, fines or reprimands by regulators. Prudential takes these matters extremely seriously and has established strong policies and procedures to manage these issues, including awareness raising and training, record keeping and compliance monitoring.

²¹ www.prudential.co.uk/prudential-plc/cr/managementpolicies/codeofconduct/

PERFORMANCE DATA 2010

Employees (Global employee numbers at 31 December 2010)

	Total	Women (per cent)	Men (per cent)
Group Head Office including Corporate Property	350	47	52
Prudential Corporation Asia	16,400	62	38
US Operations (Jackson and PPM America)	3,682	48	52
UK insurance operations (excluding PPMS Mumbai and PruHealth)	2,560	52	47
PPMS Mumbai	489	37	63
PruHealth	142	50	48
M&G Group (including PRUPIM, PruCap, PPM SA)	1,483	45	55
PGDS	369	22	78
TOTAL²²	25,474	56	42

The Group Leadership Team comprises senior managers, from across the Group, who are either leading a significant part of the Group strategy or responsible for implementing a major part of it. There are currently 75 people in the Group Leadership Team.

Level	Number of individuals	Average age	Female (per cent)	Male (per cent)
Group Executive Committee	11	50	18	82
Group Leadership Team	75	52	15	85
Momentum Programme	61	28	31	69

The Group Leadership Team also includes the Group Executive Committee.

UK health and safety performance

Number of work-related accidents	2010	2009	2008	2007	2006	2005
RIDDOR	0	1	4	10	4	8
Accidents	25	24	64	71	109	120

Community investment

Prudential is committed to supporting the communities where it is an employer. In 2010, this investment amounted to £7.5 million. Within this, direct donations to charitable organisations amounted to £5.7 million.

	2010 £m	2009 £m	2008 £m	2007 £m	2006 £m
UK and Europe (charitable donations)	3.5	2.7	1.9	2.2	2.3
Asia and US (charitable donations)	2.2	2.9	1.6	0.9	0.8
Community support activity/In-kind donations (Group)	1.8	0.9	1.8	1.8	1.6
TOTAL	7.5	6.5	5.3	4.9	4.7

Community investment, as at 31 December 2010. Data compiled using the London Benchmarking Group model. It is the Group's policy not to make donations to political parties or to incur political expenditure, within the meaning of those expressions as defined in the Political Parties, Elections and Referendums Act 2000, and the Group did not make any such donations or incur any such expenditure in 2010.

Environment

For all buildings in the UK and Jackson's main premises in North America (Lansing and Denver), we assess the direct impact of our investment property portfolio and our occupied properties on the environment by monitoring their energy consumption, carbon dioxide emissions, water consumption, waste and recycling, and (for our UK offices only) business travel mileage.

Due to changes in the investment properties held in the portfolio during the period, comparisons with prior years' environmental impacts are not meaningful.

²² Providing gender information is not mandatory. In 2010, 2% of staff exercised the option not to disclose.

Relative contribution of investment and occupied properties to our environmental impact (%)

	Energy	CO ₂ emissions	Water	Waste
Investment	70.8	65.6	79.4	90.9
Occupied	29.2	34.4	20.6	9.1

Energy consumption ('000 megawatt-hours)

Energy consumption is taken from supplier invoices agreed against meter readings.

	2010	2009	2008
Investment properties (UK)	175,278	209,486	223,567
– includes Green energy	99,254	100,077	105,283
Occupied properties (UK)	33,163	33,954	37,442
– includes Green energy	26,948	28,222	30,903
Occupied properties (US)	39,091	43,728	42,070
– includes Green energy	–	–	–

Carbon dioxide emissions (tonnes)

Carbon dioxide (CO₂) emissions are calculated using Defra average rates for carbon dioxide emissions. We have therefore shown our gross (calculated grid average electricity rates) and net emissions (calculated with the reduction from our green tariff, Qualifying Combined Heat and Power). The international electricity emission factor has been used for the United States in accordance with Defra guidance. 2008 carbon dioxide emissions have been calculated using existing Defra guidance at the time of calculation.

	2010	2009	2008
Investment properties (UK)	69,703	86,696	34,221
Occupied properties (UK)	15,590	20,171	48,133
Occupied properties (US)	20,923	24,037	20,616

Water consumption (cubic metres)

Water consumption is taken from supplier invoices agreed against meter readings.

	2010	2009	2008
Investment properties (UK)	519,700 ²³	464,256	671,849
Occupied properties (UK)	58,067	45,085	29,310
Occupied properties (US)	76,672	82,849	100,435

Waste and recycling (tonnes)

Waste and recycling data is mainly obtained from third-party service providers (including local councils and contractors) and includes several estimated figures. The amount of waste generated and recycled is understated, as some recycling initiatives (e.g. recycled fluorescent tubes) are not tracked or measured by weight.

	2010	2009	2008
Investment properties (UK)	15,601	14,694	11,782
– % recycled	45	39.5	31.3
Occupied properties (UK)	1,033	1,245	1,189
– % recycled	65.7	62.6	63.8
Occupied properties (US)	525	506	692
– % recycled	28	29.5	6.5

Business travel (kilometres)

Business travel distance is taken from expense forms (for private car business travel) and statements received from our corporate travel agency (for rail and air travel). Other travel paid through expense claims is not captured, and this figure will therefore be understated.

	2010	2009	2008
Car	5,520,763	6,149,876	6,218,972
Rail	2,253,676	1,161,757	693,152
Air	26,215,082	23,294,199	26,076,983
Business travel – total	33,989,521	30,605,832	32,989,107

²³ Water consumption increase was due to a hidden pipe leak at our premises in Craigforth, Scotland.

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