Governance report

The Board is responsible to shareholders for creating and delivering sustainable shareholder value through the management of the Group's business. This report explains Prudential's approach to governance, including how the Board manages the business for the benefit of shareholders, promoting long-term shareholder interest.

As a UK company listed on the Main Market of the London Stock Exchange, Prudential is subject to the governance rules set out in the Combined Code. The Board has approved a governance framework which maps out the internal approvals processes and those matters which may be delegated. These principally relate to the operational management of the Group's businesses and include pre-determined authority limits delegated by the Board to the Group Chief Executive for further delegation by him in respect of matters which are necessary for the effective day-to-day running and management of the business. The chief executive of each business unit has authority for the management of that business unit and has established a management board comprising its most senior executives.

The Board has overall responsibility for the system of internal control and risk management and for reviewing its effectiveness. The framework setting out the Group's approach to internal control, risk management and corporate responsibility comprises the following:

- *Group governance framework:* Documents the Group's internal control policies and processes in an online manual, including the Group's risk framework, code of business conduct and detailed policies on certain operational and financial risks. Business units are also required to follow any additional processes necessary to comply with local statutory and regulatory requirements.
- *Group risk framework:* Provides an overview of the Group-wide philosophy and approach to risk management, and sets out the key processes for risk management that support the Group's compliance with internal, statutory and regulatory requirements.
- *Corporate responsibility framework:* Provides an overview of the Group-wide philosophy and approach to corporate responsibility; supports the Group's commercial focus and the increasing challenges we face including changes in stakeholder expectations. A key element is the Group Code of Business Conduct which sets out the ethical standards the Board requires of itself, employees, agents and others working on behalf of the Group, in their dealings with employees, customers, shareholders, suppliers, and competitors, in the wider community and in respect of the environment.

The Business Review provides further detail on Prudential's risk appetite and exposures (pages 34 to 41) and corporate responsibility activities (pages 74 to 78).

Corporate governance

Corporate governance and the role of the board

Combined Code compliance

The corporate governance rules applicable to all UK companies admitted to the Official List of the UK Listing Authority are set out in the Combined Code, published by the Financial Reporting Council in June 2003, and revised in 2006. The directors believe that good corporate governance is central to achieving the Group's objectives and maximising shareholder value, and are committed to high standards of corporate governance. The Board supports the Combined Code, and confirms that it has complied with all of the provisions set out in Section 1 throughout the financial year ended 31 December 2008.

The principles of the Combined Code have been applied as set out below and in the Directors' Remuneration Report.

Board composition, appointments and election/re-election

As at 31 December 2008, the Board comprised the Chairman, six executive directors and nine independent non-executive directors. During the year, Tidjane Thiam was appointed as an executive director and Chief Financial Officer, with effect from 25 March 2008, and Harvey McGrath was appointed as an independent non-executive director with effect from 1 September 2008. On 15 May 2008 Philip Broadley ceased to be a director with effect from the close of the Annual General Meeting, and on 31 December 2008 Sir David Clementi ceased to be a director and Chairman of the Board. He was succeeded as Chairman by Harvey McGrath with effect from 1 January 2009. The biographies of all current directors are set out on pages 81 and 82.

The Board may appoint directors, up to a maximum total number of 20 as set out in the Company's Articles of Association, and any director appointed by the Board will retire at the first Annual General Meeting following his or her appointment and offer himself or herself for election by shareholders. Accordingly, Harvey McGrath will retire and offer himself for election at the Annual General Meeting on 14 May 2009.

Under the current Articles of Association of the Company, all directors must retire as directors at least every three years, and accordingly Mark Tucker, Michael McLintock and Nick Prettejohn will retire and offer themselves for re-election at the Annual General Meeting on 14 May 2009.

Non-executive directors are usually appointed for an initial three-year term, commencing with their election by shareholders at the first Annual General Meeting following their appointment. Each appointment is reviewed towards the end of this period against performance and the requirements of the Group's businesses. Non-executive directors are typically expected to serve for two three-year terms from their initial election by shareholders, although the Board may invite them to serve for an additional period. The terms and conditions of non-executive directors' appointments are available for inspection at the Company's registered office during normal business hours and at the Annual General Meeting.

The Board is actively engaged in succession planning for both executive and non-executive roles to ensure that composition is periodically renewed, and that the Board retains its effectiveness at all times. This is delivered through an established review process that is applied across all businesses and covers both director and senior management succession and development, and through the work of the Nomination Committee, as described more fully on pages 92 and 93. The Board considers the outcome of the review annually and actions arising from the review are implemented as part of the management development agenda. We believe that our non-executive directors bring a wide range of business, financial and international experience to the Board and its committees. Our executive directors, who head up the main businesses of the Group, each bring an in-depth understanding to the Board of their particular business, its markets and its challenges, ensuring coverage of the breadth and depth of the Group's principal activities.

Role of the Board

The roles of Chairman and Group Chief Executive are separate and clearly defined, and the scope of these roles has been approved by the Board so that no individual has unfettered powers of decision. The Chairman is responsible for the leadership and governance of the Board as a whole, and the Group Chief Executive for the management of the Group and the implementation of Board strategy and policy on the Board's behalf. In discharging his responsibilities, the Group Chief Executive is advised and assisted by the Group Executive Committee, comprising all the business unit heads and a Group Head Office team of functional specialists.

James Ross is the Company's Senior Independent Director, to whom concerns may be conveyed by shareholders if they are unable to resolve them through the existing mechanisms for investor communications, or where such channels are inappropriate.

The Board's terms of reference, which are regularly reviewed, set out those matters specifically reserved to it for decision, in order to ensure that it exercises control over the Group's affairs. These include approval of the annual and interim results, strategy and corporate objectives, operating plans, significant transactions and matters affecting the Company's share capital.

Powers of directors

The management and control of the business and affairs of the Company are vested in the Board. The Board may exercise all powers conferred on it by the Memorandum of Association, the Articles of Association, and the Companies Acts. This includes the powers of the Company to borrow money and to mortgage or charge any of its assets (subject to limitations in the Companies Acts and the Articles) and to give a guarantee, security or indemnity in respect of a debt or other obligation of the Company. The Board may exercise all powers and do everything within the powers of the Company, other than matters required by the Companies Acts to be dealt with in general meeting.

Board and committee meetings and attendance

During 2008, the Board met 8 times and held a separate strategy meeting. A detailed forward agenda has been in operation for a number of years, which is continually updated to reflect not only scheduled regular items of business but also any topical matters that have arisen. Each year, at least one of the Board meetings is held at one of the Group's business operations to facilitate a fuller understanding of the business. In June 2008, a Board meeting was held at Jackson's offices in the US, where the Board met with senior members of the US management team and attended a series of presentations on the US distribution model and the challenges and opportunities facing the US business. In September 2008, the Board met at the UK business' offices in London, meeting senior members of the UK management team and receiving a presentation on the UK business. In November 2008, the Board held its annual strategy meeting in Hong Kong. Whilst they were there, the directors met senior members of the Asian management team, attended part of the Asian Leadership Meeting and received presentations on the Asian business. The Board also visited the Hong Kong offices.

The majority of directors attended all 7 scheduled Board meetings occurring during the period. There was 1 additional Board meeting, and the majority of the directors attended that meeting. Where directors were not able to attend a meeting, their views were canvassed by the Chairman prior to the meeting. The table on page 85 details the number of Board and Committee meetings attended by each director throughout the year. A further 10 ad hoc Board Committee meetings took place during the year, which had been convened to finalise arrangements for matters discussed by the Board, such as final approvals of periodic financial reports or finalising transactions. The Chairman usually meets formally, at least annually, with the non-executive directors without the executive directors being present. During 2008, the Chairman held a number of meetings with non-executives individually or in groups without the executives being present. It was decided in the light of these meetings that no additional formal meeting would be required. The Chairman Designate also had a number of meetings with non-executive directors without the executives being present.

	Full Board Meetings*	Audit Committee Meetings†	Remuneration Committee Meetings‡	Nomination Committee Meetings
Number of meetings in year	**8**	**6**	**8**	**3**
Sir David Clementi note 1	8(8)	n/a	n/a	n/a
Sir Winfried Bischoff note 2	7(8)	n/a	n/a	n/a
Philip Broadley note 3	3(3)	n/a	n/a	n/a
Keki Dadiseth note 4	6(8)	n/a	6(8)	n/a
Michael Garrett note 5	8(8)	n/a	7(8)	n/a
Ann Godbehere	8(8)	6(6)	n/a	n/a
Bridget Macaskill note 6	6(8)	n/a	8(8)	3(3)
Clark Manning	8(8)	n/a	n/a	n/a
Harvey McGrath note 7	2(2)	n/a	n/a	n/a
Michael McLintock	8(8)	n/a	n/a	n/a
Kathleen O'Donovan note 8	8(8)	6(6)	n/a	3(3)
Nick Prettejohn	8(8)	n/a	n/a	n/a
James Ross	8(8)	n/a	8(8)	3(3)
Barry Stowe note 9	7(8)	n/a	n/a	n/a
Tidjane Thiam note 10	6(6)	n/a	n/a	n/a
Mark Tucker	8(8)	n/a	n/a	n/a
Lord Turnbull note 11	7(8)	6(6)	n/a	n/a

Figures in brackets indicate the maximum number of meetings which the individual could have attended in the period in which they were a Board or Committee member.

* During 2008 there were 7 scheduled Board meetings and 1 additional Board meeting. In addition, there was a strategy event attended by all directors.
† During 2008 there were 6 scheduled Audit Committee meetings.
‡ During 2008 there were 4 scheduled Remuneration Committee meetings and 4 additional meetings.

Notes

1 Not required to attend Nomination Committee meetings in 2008 as meetings were held to determine his successor.
2 Attended all meetings except one Board meeting due to a commitment agreed prior to appointment to the Board.
3 Ceased to be a director with effect from 15 May 2008.
4 Attended all meetings except two Board meetings and two Remuneration Committee meetings due to prior commitments and the terrorist activities in Mumbai.
5 Attended all meetings except one Remuneration Committee meeting due to a prior commitment.
6 Attended all meetings except one scheduled Board meeting and the unscheduled Board meeting, due to prior commitments.
7 Appointed as a director on 1 September 2008.
8 Temporary member of the Nomination Committee during 2008.
9 Attended all scheduled meetings but was unable to attend the unscheduled Board meeting because of travel commitments.
10 Appointed as a director on 25 March 2008.
11 Attended all meetings except the unscheduled Board meeting due to a prior commitment.

Board independence

The Company follows the Combined Code when determining the independence of its non-executive directors, and in addition to that guidance Prudential is required to affirm annually the independence of its Audit Committee members under Sarbanes-Oxley legislation. Where necessary, the Board ensures that appropriate processes are in place to manage any possible conflict of interest.

In line with the principles of the Combined Code, both the Chairman in office during the year and his successor from 1 January 2009 were independent on appointment. Throughout the year all non-executive directors were considered by the Board to be independent in character and judgement, and independent in accordance with the Combined Code.

Keki Dadiseth and Barry Stowe also serve as non-executive directors of ICICI Prudential Life Insurance Company Limited, an Indian company which is owned 26% by Prudential, and in addition Keki serves at Prudential's request as a non-executive director of ICICI Prudential Trust Limited, an Indian company which is owned 49% by Prudential. The Board does not consider that these appointments in any way affect Keki's status as an independent director of Prudential.

Sir Winfried Bischoff has been Chairman of Citi Europe and a Member of The Management, Operating and Business Heads Committees of Citigroup Inc. since May 2000. He is also Chairman of the European Advisory Board of Citigroup Inc. He was the acting Chief Executive Officer of Citigroup Inc. from November 2007 to December 2007 when he was appointed Chairman of Citigroup Inc. Sir Win relinquished his chairmanship of Citigroup Inc. on 23 February 2009, but remains a director. Prudential has a number of business relationships with Citi. The Board believes that, in respect of the Combined Code, these business relationships are not sufficiently material to compromise his independence in matters relating to Prudential.

Both Sir Winfried Bischoff and James Ross are on the board of The McGraw-Hill Companies, however, the Board does not consider that this relationship in any way affects the independence of either Sir Win or James Ross in matters relating to Prudential.

Prudential is one of the UK's largest institutional investors and the Board does not believe that this situation compromises the independence of those non-executive directors who are also on the boards of companies in which the Group has a shareholding. The Board also believes that such shareholdings should not preclude the Company from having the most appropriate and highest calibre non-executive directors.

Other commitments and conflicts of interest

Other commitments

The Board was satisfied during 2008 that the Chairman's other commitments did not interfere with the day-to-day performance of his duties for the Group, and that he had the commitment and capability to make himself available under unforeseen circumstances, should the need arise. The Board remains satisfied in this respect as regards his successor. The major commitments of the current Chairman, including changes during the year where applicable are detailed in his biography on page 81.

Our directors may, from time to time, hold directorships or other significant interests with companies outside of the Prudential Group, which may have business relationships with the Group.

Our executive directors may accept external directorships and retain any fees earned from those directorships, subject to prior discussion with the Group Chief Executive, and always provided this does not lead to any conflicts of interest. In line with the Combined Code, executive directors would be expected to hold no more than one non-executive directorship of a FTSE 100 company. Some of our executive directors hold directorships of companies in the arts and educational sectors, for which they do not receive any fees. One of our executive directors, Michael McLintock, served on the board of Close Brothers Group plc during part of the year and as trustee of the Grosvenor Estate during the latter part of the year. Our Chief Financial Officer, Tidjane Thiam, serves on the board of Arkema S.A., a position he held on appointment to Prudential. Details of any fees retained are included in the Directors' Remuneration Report on page 118, and major commitments of our executive directors are detailed in their biographies on page 81.

Our non-executive directors may serve on a number of other boards, provided that they are able to demonstrate satisfactory time commitment to their role at Prudential, and that they discuss any new appointment with the Chairman prior to accepting. This ensures that they do not compromise their independence and that any potential conflicts of interest and any possible issues arising out of the time commitments required by the new role can be identified and addressed appropriately. The major commitments of our non-executive directors are detailed in their biographies set out on pages 81 and 82.

Conflicts of interest

A new statutory duty on directors to avoid conflicts of interest with the Company came into force in October 2008. The Company's Articles of Association, adopted in May 2008, allow the directors to authorise conflicts of interest, and the Board has adopted a policy and effective procedures for managing and, where appropriate, approving conflicts or potential conflicts of interest. Under those procedures, directors are required to declare all directorships or other appointments to companies which are not part of the Prudential Group, and which could result in conflicts or potential conflicts of interest, as well as other situations which could give rise to a potential conflict.

Induction, development and performance evaluation

Induction

The Company Secretary supports the Chairman in providing tailored induction programmes for new directors and on-going training for all directors. Upon appointment, all directors embark upon a wide-ranging induction programme covering, amongst other things, the principal bases of accounting for the Group's results, the role of the Board and its key committees, and the ambit of the internal audit and risk management functions. In addition, they receive detailed briefings on the Group's principal businesses, its product range, the markets in which it operates and the overall competitive environment. Other areas addressed include legal issues affecting directors of financial services companies, the Group's governance arrangements, its investor relations programme, as well as its remuneration policies.

Ongoing development

Throughout their period in office, directors are continually updated on the Group's businesses and the regulatory and industry-specific environments in which it operates, as well as on their legal and other duties and obligations as directors where appropriate. These updates can be in the form of written reports to the Board, or presentations by senior executives or external sources where appropriate. Non-executive directors serving on key committees are also updated regularly on matters specific to the relevant committee in order to enhance their knowledge and effectiveness throughout their term in office, and receive presentations from senior executives on topics of interest to them.

A programme of on-going professional development was undertaken for all directors in 2008, which covered a number of sector-specific and business issues as well as legal, accounting and regulatory changes and developments. Each business unit head, accompanied by relevant senior managers, gave a presentation to the Board during the course of the year on the challenges and opportunities currently faced by their business unit. In addition, senior managers within certain head office functions presented to the Board on the key issues currently being handled by the function. During the year, two 'teach-ins' were held for non-executive directors covering FSA related topics and accounting disclosures. In addition, members of the Audit Committee attended some meetings of the Group Operational Risk Management Committee and the Group Asset and Liability Committee, as well as some meetings of business unit audit committees, to aid their understanding of topical matters of interest to them and how they are handled by the Group.

Performance evaluation

Prudential continued its programme of annual evaluations of the performance of the Board and its committees in respect of 2008, in line with the requirements of the Combined Code. The aim was to improve the effectiveness of the Board and its committees, and enhance the Group's performance.

In 2008, the evaluation of the Board as a whole was carried out by an independent consultant, following a briefing by the Chairman, the Chairman Designate and the Senior Independent Director. Each director and the members of the Group Executive Committee completed a questionnaire and were interviewed by the independent consultant. The questions asked were based on the Combined Code and on previously identified matters, and sought views on the effectiveness of the Board as a whole. The review was carried out at the end of 2008, during the last month of Sir David Clementi's chairmanship of the Board. Ordinarily, the effectiveness of the Chairman would also be reviewed as part of this process, however, given that a new Chairman was appointed with effect from 1 January 2009, it was not considered necessary to carry out a review of the performance of the outgoing Chairman for 2008.

The independent consultant prepared a report based on the various discussions held and presented and discussed the overall results of the evaluation with the Board in March 2009. The use of external providers for this purpose is kept under review.

In addition, the performance of the non-executive directors and the Group Chief Executive was evaluated by the Chairman in individual meetings. The Group Chief Executive individually appraised the performance of each of the executive directors.

Internal and external support

All directors have direct access to the services of the Company Secretary who advises them on all corporate governance matters, on Board procedures, and on compliance with applicable rules and regulations. In order to ensure good information flows, full Board and Committee papers are provided to the directors by the Company Secretary in the ordinary course approximately one week before each Board or Committee meeting.

The Board has approved a procedure whereby directors have the right to seek independent professional advice at the Company's expense where this is appropriate to enable the directors, either individually or as a group, to properly fulfil their obligations.

Copies of any instructions and advice given by an independent professional adviser to a director are supplied by the director to the Company Secretary who will, where appropriate, circulate to other directors sufficient information to ensure that other members of the Board are kept informed on issues arising which affect the Company or any of its subsidiaries.

Directors' interests

Details of each director's interests in shares of the Company are set out in the Directors' Remuneration Report on page 116.

Directors' indemnities and protections

The Company has arranged appropriate insurance cover in respect of legal action against directors and senior managers of companies within the Prudential Group. In addition, the Articles of Association of the Company permit the directors and officers of the Company to be indemnified in respect of liabilities incurred as a result of their office. Prudential also provides protections for directors and senior managers of companies within the Group against personal financial exposure they may incur in their capacity as such. These include qualifying third-party indemnity provisions (as defined by the relevant Companies Act) for the benefit of directors of Prudential, including, where applicable, in their capacity as directors of other companies within the Group. These indemnities were in force during 2008 and remain in force.

Governance, internal control and risk management

The Board is responsible for establishing a system of internal control, and for reviewing its effectiveness. To achieve this, the Board has established frameworks for internal governance, risk and corporate responsibility. This system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Further details on the procedures for the management of risk and the systems of internal control operated by the Group are given in the section on Risk Governance on pages 96 and 97. The governance framework principally relates to the operational management of the Group's businesses and includes pre-determined authority limits delegated by the Board in respect of matters which are necessary for the effective day-to-day running and management of the business. The Group Chief Executive has been delegated management authority by the Board, and in turn grants authority to the executive, including the chief executive officers of each business unit, who report to him for the management of that business unit. In addition, each of those chief executives has established a management board comprising the business unit's most senior executives. The system is regularly reviewed and complies with the revised guidance on the Combined Code issued in October 2005 (the Turnbull guidance). The Board last reviewed the effectiveness of the system of internal control in 2009, covering all material controls, including financial, operational and compliance controls, and risk management systems. The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group, which has been in place throughout the period covered by this report and up to 18 March 2009.

The chief executive and chief financial officer of each business unit certified compliance with the Group's governance, internal control and risk management requirements. The risk management function reviewed any matters identified by business units in their certification, and also assessed the risk and control issues that arose and were reported during the year. This included: routine and exception-based risk reporting; matters identified and reported by other Group Head Office oversight functions and the findings from the work of the internal audit function, who execute risk-based audit plans throughout the Group. The results were reported to and reviewed by the Group Audit Committee, whose role is described on pages 89 to 91 and by the Board where appropriate.

In line with the Turnbull guidance, the certification provided above does not apply to certain material joint ventures where the Group does not exercise full management control. In these cases, the Group satisfies itself that suitable governance and risk management arrangements are in place to protect the Group's interests. In addition, the relevant Group company which is party to the joint venture must, in respect of any services it provides in support of the joint venture, comply with the requirements of the Group's internal governance framework.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

Board Committees

The Board has established audit, remuneration and nomination committees as standing committees of the Board with written terms of reference, which are kept under regular review. These committees are key elements of the Group's corporate governance framework, and reports on each are included below:

Audit Committee Report

This report sets out the responsibilities of the Group Audit Committee (the 'Committee') and the activities carried out by the Committee during the year to meet its objectives.

Role of the Committee

The Committee's principal responsibilities consist of oversight over financial reporting, internal control and risk management, and monitoring auditor independence. Its duties include gaining assurance on the control over financial processes and the integrity of the Group's financial reports, monitoring the performance, objectivity and independence of the external auditor, and reviewing the work of the internal auditor.

In performing its duties the Committee has access to employees and their financial or other relevant expertise across the Group, and to the services of the Group-wide Internal Audit Director and the Company Secretary. The Committee may also seek external professional advice at the Group's expense.

The Committee's terms of reference, which are set by the Board and kept under regular review, are available on our website at http://www.prudential.co.uk/prudential-plc/aboutpru/corporategovernance/ Alternatively, copies may be obtained upon request from the Company Secretary, at the Company's registered office.

Membership

The Committee is comprised exclusively of independent non-executive directors of the Company, as set out below:

Kathleen O'Donovan *ACA* (Chairman)
Ann Godbehere *FCGA*
Lord Turnbull *KCB CVO*

Membership is selected to provide a broad set of financial, commercial and other relevant experience to meet the Committee's objectives.

The Board has designated Kathleen O'Donovan as its audit committee financial expert for Sarbanes-Oxley Act purposes, and has determined that she also has recent and relevant financial experience for the purposes of the Combined Code. The Board has further determined that Ann Godbehere, who held senior financial positions in the insurance sector, brings additional recent and relevant financial experience to the Committee.

Full biographical details of the members of the Committee, including their relevant experience are set out in their biographies on page 82.

Meetings

The Committee met six times during the year. By invitation, the Chairman of the Board, the Chief Financial Officer, the Company Secretary and Group Legal Services Director, the Group-wide Internal Audit Director, and other senior staff from the internal audit, risk, compliance and security functions where appropriate, as well as the lead partner of the external auditor attended meetings. Other audit partners also attended some of the meetings to contribute to the discussions relating to their area of expertise.

A detailed forward agenda has been in operation for a number of years which is continually updated to ensure all matters for which the Committee is responsible are addressed at the appropriate time of year. The Committee's principal business during the year consisted of the following:

- Review of half-year and full-year results, the annual report and accounts, and other significant announcements where appropriate;
- examination of critical accounting policies and key judgmental areas;
- review of changes in and implementation of Group Accounting Policies in compliance with International Accounting Standards and practices;
- approval of external auditor's management representation letter, review of external auditor's full-year memorandum, external audit opinion and final management letter;
- review of US filings and related external audit opinion;
- monitoring of auditor independence and the external auditor's plans and audit strategy, the effectiveness of the external audit process, the external auditor's qualifications, expertise and resources, and making recommendations for the re-appointment of the external auditor;
- monitoring of the framework and effectiveness of the Group's systems of internal control, including the Turnbull compliance statement and Sarbanes-Oxley procedures;
- monitoring the effectiveness of both the Group's risk framework and the management of key financial and operational risks;
- review of the internal audit plan and resources, and monitoring of the audit framework and internal audit effectiveness;
- monitoring the effectiveness of compliance processes and controls, and performance against the Group Compliance Plan;
- review of anti-money laundering procedures, and allegations received via the employee confidential reporting lines; and
- review of its own effectiveness and its terms of reference.

In addition, the Committee received in-depth presentations on a range of topics.

The Chairman reported to the Board on matters of particular significance after each Committee meeting, and the minutes of Committee meetings were circulated to all Board members.

The Committee recognises the need to meet without the presence of executive management. Such sessions were held in March 2008 with the external and internal auditors, and in July 2008 with the external and internal auditors and the head of the security function. At all other times, management and auditors have open access to the Chairman.

Financial reporting

As part of its review of financial statements prior to recommending their publication to the Board, the Committee focused on: critical accounting policies and practices and any changes; decisions requiring a major element of judgement; unusual transactions; clarity of disclosures; significant audit adjustments; the going concern assumption; compliance with accounting standards; and compliance with obligations under the Combined Code and other applicable laws and regulations.

In addition, the Committee is regularly briefed by senior management on developments in international accounting standards.

Confidential reporting

At each meeting, the Committee received and reviewed a report on calls to the confidential reporting line, which is made available to employees to enable them to communicate confidentially on matters of concern, and actions taken in response to these calls. The Committee also considered whether any internal control implications arose from communications received. No internal control implications were raised from calls to the confidential helpline. During the year, the Chairman reviewed the procedures adopted by the Company on the methods of handling calls to the confidential reporting line across the Group with the Group-wide Internal Audit Director and the head of the security function.

Business unit audit committees

Each business unit has its own audit committee whose members and chairmen are independent of the respective business unit. The chairmen of these committees report regularly to the Committee, and their meetings are attended by senior management of the respective business unit, including the business units' heads of finance, risk, compliance and internal audit. Business unit audit committees have adopted standard terms of reference across the Group, with only minor variations to address overseas requirements or particular requirements of the business. The terms of reference of those committees were reviewed during the year, and all include escalation of significant matters to the Committee, approval of the business unit internal audit plans and overseeing the adequacy of internal audit resources. Also included are presentations from external auditors. During the year, the business unit audit committees reviewed and approved their respective internal audit plans, resources and the results of internal audit work, and met privately with both external and internal auditors.

Internal control and risk management

The Committee reviewed the Group's statement on internal control systems prior to its endorsement by the Board. It also reviewed the policies and processes for identifying, assessing and managing business risks. Throughout the year, the Committee received the minutes of the Disclosure Committee and the Group Operational Risk Committee and noted their activities. Further information on the Disclosure Committee and on risk governance appears on pages 94 to 95 and pages 96 to 97 respectively.

Pursuant to the requirements of Section 404 of the Sarbanes-Oxley Act, the Group must undertake an annual assessment of the effectiveness of internal control over financial reporting. Further details are provided on page 95.

Internal audit

The Committee regards its relationship with the internal audit function as pivotal to the effectiveness of its own activities. Group-wide Internal Audit plays an important role in supporting the Committee to fulfil its responsibilities under the Combined Code and the Sarbanes-Oxley Act, and provides independent assurance on the Company's processes of identification and control of risk. The Committee agreed the work programme of the internal audit function to be undertaken during 2008. Each of the Group's business units has an internal audit team, the heads of which report to the Group-wide Internal Audit Director. Internal audit resources, plans and work are overseen by the Committee and by business unit audit committees. Across the Group, total internal audit headcount stands at 120. The Group-wide Internal Audit Director reports functionally to the Committee and for management purposes to the Chief Financial Officer.

Formal reports are submitted to Committee meetings, with interim updates where appropriate, and views are also sought at the private meetings between the Committee and the internal auditors, as well as during regular private meetings between the Chairman of the Committee and the Group-wide Internal Audit Director.

The Committee assesses the effectiveness of the internal audit function by means of regular reviews, some of them carried out by external advisers, and through ongoing dialogue with the Group-wide Internal Audit Director. External reviews of internal audit arrangements and standards were conducted in 2006 and 2007 to ensure that the activities and resources of internal audit are most effectively organised to support the oversight responsibilities of the Committee. These reviews, performed by Deloitte, confirmed that the internal audit function complies with the Institute of Internal Auditors' international standards for the professional practice of internal auditing and was operating effectively. An internal assessment of the internal audit function was performed by the Group-wide Internal Audit Director in 2008, based on the internal audit function's ongoing self-assessment processes and using a maturity model derived from the review criteria used by Deloitte. The assessment confirmed that the internal audit function conforms to the Institute of Internal Auditors' international standards and continues to operate effectively in all areas of professional practice. The results of the assessment were reported in detail to the Committee in February 2009.

External audit

The Committee has a key oversight role in relation to the external auditor, KPMG Audit Plc, whose primary relationship is with the Committee. The Group's Auditor Independence Policy ensures that the independence and objectivity of the external auditor is not impaired. The policy sets out four key principles which underpin the provision of non-audit services by the external auditor, namely that the auditor should not:

- Audit its own firm's work;
- make management decisions for the Group;
- have a mutuality of financial interest with the Group; or
- be put in the role of advocate for the Group.

All services provided by the auditor in accordance with this policy are pre-approved by the Committee. The Committee regularly reviews and updates the policy to ensure alignment with the latest standards and best practice in establishing, maintaining and monitoring auditor independence and objectivity.

Audit fees

For the year ended 31 December 2008, the Committee approved fees of £9.0 million to its auditor, KPMG Audit Plc, for audit services and other services supplied pursuant to relevant legislation. In addition, the Committee approved fees of £1.8 million to KPMG for services not related to audit work, which accounted for 17 per cent of total fees paid to the external auditor in the year. Non-audit services primarily related to actuarial services and basic tax compliance work. In accordance with the Group's Auditor Independence Policy, all services were approved prior to work commencing, and each of the non-audit services was confirmed to be permissible for the external auditor to undertake, as defined by the Sarbanes-Oxley Act. The Committee reviewed the non-audit services being provided to the Group by KPMG at regular intervals during 2008. A summary of audit fees is provided in Note I4 of the Group Financial Statements.

Auditor performance and independence

As part of its work during 2008, the Committee assessed the performance of the external auditor, its independence and objectivity, and the effectiveness of the audit process. In addition to questioning the external auditor and the Chief Financial Officer, which is a regular feature of meetings, the review of the effectiveness of the external audit process was conducted through a questionnaire-based exercise administered by Group-wide Internal Audit, supplemented by interviews with senior finance staff and Committee members. In addition, the Committee received the results of an internal review carried out by the external auditor in respect of its services to the Group. The Committee also reviewed the external audit strategy and received reports from the auditor on its own policies and procedures regarding independence and quality control, including an annual confirmation of its independence in line with industry standards.

Re-appointment of auditor

The Group operates a policy under which at least once every five years a formal review is undertaken by the Committee to assess whether the external audit should be re-tendered. The external audit was last put out to competitive tender in 1999 when the present auditor was appointed. In 2005, 2006, 2007 and 2008 the Committee formally considered the need to re-tender the external audit service and concluded that, given the significant changes in accounting, audit and regulatory requirements, the interests of the Company were better served by retaining the existing auditor through a period of continuing change. In addition, the Committee concluded that there was nothing in the performance of the auditor requiring a change. In 2007, a new lead audit partner was appointed by KPMG Audit Plc, in line with the Auditing Practices Board Ethical Statements and the Sarbanes-Oxley Act.

Following its review of the external auditor's effectiveness and independence, the Committee has recommended to the Board that KPMG Audit Plc be re-appointed as auditor of the Company, and a resolution for the re-appointment of KPMG Audit Plc as auditor of the Company to hold office until the end of the 2010 Annual General Meeting will be put to a shareholder vote at the Annual General Meeting on 14 May 2009.

Review of Committee effectiveness

During the year, the Committee undertook an in-depth performance assessment in-house by way of a detailed questionnaire, administered by Group Secretariat, addressing both compliance with various regulations and codes of conduct, and qualitative aspects of the Committee's performance during the year. The results were discussed at a Committee meeting in January 2009 and reported to the Board in February 2009. Recommendations to improve processes identified by the review are being implemented, and the Committee is satisfied, based on the findings of this review, that it had been operating as an effective audit committee throughout the year, meeting all applicable legal and regulatory requirements. Further reviews of the effectiveness of the Committee will be undertaken regularly, and will from time to time be conducted by external consultants.

Remuneration Committee Report

Role of the Committee

The Remuneration Committee (the 'Committee') determines the remuneration packages of the Chairman and executive directors. It also agrees the principles and monitors the level and structure of remuneration for a defined population of senior management as determined by the Board. In framing its remuneration policy, the Committee has given full consideration to the provisions of Schedule A to the Combined Code. The Directors' Remuneration Report prepared by the Board is set out in full on pages 102 to 127. In preparing the report, the Board has followed the provisions of the Combined Code, the Listing Rules of the Financial Services Authority, and the Companies Acts.

Except in relation to the remuneration of the Group Chief Executive, when only the Chairman is consulted, the Committee consults the Chairman and the Group Chief Executive about the Committee's proposals relating to the remuneration of all executive directors. The Committee has access to professional advice inside and outside the Company.

The Committee's terms of reference, which are set by the Board and kept under regular review, are available on our website at http://www.prudential.co.uk/prudential-plc/aboutpru/corporategovernance/ Alternatively, copies may be obtained upon request from the Company Secretary, at the Company's registered office.

The terms of reference comply with all significant aspects of relevant investor guidelines, and are benchmarked against others in similar industries. The terms require the Committee to ensure that when setting remuneration policy, the Company provides reward for enhancing shareholder value responsibly in relation to executive directors' individual contributions, which we believe is the appropriate policy to support our business.

Membership

The Committee is comprised exclusively of independent non-executive directors of the Company, as set out below:

Bridget Macaskill (Chairman)
Keki Dadiseth *FCA*
Michael Garrett
James Ross

Full biographical details of the members of the Committee, including their relevant experience are set out in their biographies on page 82.

Meetings

The Committee normally has scheduled meetings at least four times a year and a number of additional meetings, as required, to review remuneration policy and the application of that policy. While the Chairman and Group Chief Executive are not members, they attend meetings unless they have a conflict of interest. During 2008, a total of eight Committee meetings were held.

Nomination Committee Report

Role of the Committee

The Nomination Committee (the 'Committee'), in consultation with the Board, evaluates the balance of skills, knowledge and experience on the Board and identifies the roles and capabilities required at any given time, taking into account the Group's business. Candidates are considered on merit against those criteria, and the Committee makes recommendations to the Board regarding suitable candidates for appointments. In appropriate cases, search consultants are used to identify candidates. The Committee also reviews conflicts of interest or potential conflicts of interest raised by directors between Board meetings or for prospective new Board members. In cases where there might be an actual or potential conflict of interest, the Committee has powers to authorise any such actual or potential conflict situation on behalf of the Board, imposing any terms and conditions it deems appropriate, or to make recommendations to the Board as to whether the conflict or potential conflict should be authorised, and on what terms.

The Committee's terms of reference, which are set by the Board and kept under regular review, are available on our website at http://www.prudential.co.uk/prudential-plc/aboutpru/corporategovernance/ Alternatively, copies may be obtained upon request from the Company Secretary, at the Company's registered office.

Membership

The Committee is comprised of independent non-executive directors and the Chairman, as set out below:

Sir David Clementi *FCA MBA*
(Chairman until 31 December 2008)
Harvey McGrath (Chairman from 1 January 2009)
Bridget Macaskill
James Ross

Meetings

The Committee meets as required to consider candidates for appointment to the Board and to make recommendations to the Board in respect of those candidates. The Group Chief Executive is closely involved in the work of the Committee and is invited to attend and contribute to meetings.

During 2008, the Committee, with the approval of the Board, established a sub-committee chaired by the Senior Independent Director and including Bridget Macaskill and Kathleen O'Donovan, to manage the search for a successor to the Chairman. The sub-committee formally met three times during the year and maintained regular contact throughout the process. External advice was also received. The Chairman did not attend any of these meetings. The sub-committee recommended to the Board the appointment of Harvey McGrath as a non-executive director and Chairman Designate. Harvey McGrath was appointed by the Board as a non-executive director on 1 September 2008 and succeeded Sir David Clementi as Chairman of the Board on 1 January 2009. Full biographical details of Harvey are set out on page 81.

The process of evaluating the skills and composition of the Board is ongoing, and is kept under regular review in order to ensure appropriate plans for succession to the Board are in place.

Relations with shareholders

Communication with shareholders

As a major institutional investor, the Company is very aware of the importance of maintaining good relations with its shareholders. We regularly hold discussions with major shareholders and a programme of meetings took place during 2008. A perception survey into the views of the Company's major investors is undertaken on an annual basis by an independent firm, and the results of this survey are presented to the Board. Board members also regularly receive copies of the latest analysts' and brokers' reports on the Company and the sector, to further develop their knowledge and understanding of external views about the Company. The Chairman and the non-executive directors provided feedback to the Board on topics raised with them by major shareholders. Should major shareholders wish to meet newly appointed directors, or any of the directors generally, they are welcome to do so.

The Group maintains a corporate website http://www.prudential.co.uk containing a wide range of information of interest to private and institutional investors, including the Group's financial calendar. The shareholder information section on pages 364 and 365 contains further details which may be of interest to shareholders.

Annual General Meeting

The Annual General Meeting will be held in the Churchill Auditorium at The Queen Elizabeth II Centre, Broad Sanctuary, Westminster, London SW1P 3EE on 14 May 2009 at 11.00am. The Company believes the Annual General Meeting is an important forum for both institutional and private shareholders and encourages all its shareholders to vote. Shareholders are given the opportunity during annual general meetings to put questions to the Board on matters relating to the Group's operations and performance.

At its Annual General Meeting in 2008, the Company continued its practice of calling a poll on all resolutions. The voting results, which included all votes cast for and against each resolution at the meeting, and all proxies lodged prior to the meeting, were indicated at the meeting and published on the Company's website as soon as practicable after the meeting. The Company also disclosed the number of votes withheld at the meeting and on its website. This practice provides shareholders present with sufficient information regarding the level of support and opposition to each resolution, and ensures all votes cast either at the meeting or through proxies are included in the result.

Company constitution

The Company is governed by the Companies Acts and other applicable legislation, and by its Memorandum and Articles of Association. The Memorandum and Articles of Association are available on our website at http://www.prudential.co.uk/prudential-plc/aboutpru/memorandum/

Any change to the Memorandum or the Articles must be approved by special resolution of the shareholders in accordance with the provisions of the Companies Acts. Changes to the Articles of Association will be proposed at this year's Annual General Meeting. Details of the proposed changes are set out in the Notice of Annual General Meeting 2009 and Explanation of Business, which is sent to shareholders and is also available on the Company's website at http://www.prudential.co.uk/prudential-plc/investors/agminfo/2009/

Share capital

On 31 December 2008, the Company's issued share capital, which is set out in Note H11, consisted of 2,496,947,688 ordinary shares of 5 pence each, all fully paid up and listed on the Main Market of the London Stock Exchange. The number of accounts on the share register at 31 December 2008 was 75,438 (2007: 75,948). The Company is listed on the New York Stock Exchange in the form of American Depositary Shares, referenced to its ordinary shares, under a depositary agreement with JP Morgan.

Rights and obligations

The rights and obligations attaching to the Company's shares are set out in full in the Company's Articles of Association. There are no voting restrictions on the ordinary shares, and each share carries one vote on a poll. If votes are cast on a show of hands, each shareholder present in person or by proxy has one vote regardless of the number of shares held, in accordance with the Companies Acts. Where, under an employee share plan operated by the Company, participants are the beneficial owners of the shares but not the registered owners, the voting rights are normally exercisable by the registered owner, in accordance with the relevant plan rules. Trustees may vote at their discretion, but do not vote on any unawarded shares held as surplus assets.

As at 18 March 2008, trustees held 0.227 per cent of the issued share capital of the Company under the various plans in operation.

Rights to dividends under the various schemes are set out in Note I2.

Restrictions on transfer

In accordance with English company law, shares may be transferred by an instrument of transfer or through an electronic system (currently CREST), and transfer is not restricted except that the directors may in certain circumstances refuse to register transfers of shares, but only if such refusal does not prevent dealings in the shares from taking place on an open and proper basis. If the directors make use of that power, they must send the transferee notice of the refusal within two months.

Certain restrictions may be imposed from time to time by laws and regulations (for example, insider trading laws), and pursuant to the Listing Rules of the Financial Services Authority and Prudential's own share dealing rules whereby certain employees of the Company require the approval of the Company to deal in the Company's ordinary shares.

Some of the Company's employee share plans include restrictions on transfer of shares while the shares are subject to the plan. As described in the Directors' Remuneration Report, non-executive directors use a proportion of their fees to purchase shares in the Company which may not normally be transferred during a director's period of office. In addition, all directors hold a number of qualification shares, which they would also be expected to retain during their tenure of office.

Significant shareholdings

As at 18 March 2009, the Company had received notification in accordance with Rule 5.1.2 R of the Disclosure and Transparency Rules of the Financial Services Authority from Legal & General Group Plc and Capital Research and Management Company that they held 4.96 per cent and 5.005 per cent respectively of the Company's issued ordinary share capital at the time of notification.

Powers of directors to issue shares

The directors require authority from shareholders in relation to the issue of shares by the Company. Whenever shares are issued, the Company has to offer the shares to existing shareholders pro rata to their holdings, unless it has been given authority by shareholders to issue shares without offering them first to existing shareholders. The Company seeks authority from its shareholders on an annual basis to issue shares, up to a maximum amount, and to issue up to five per cent of its issued share capital without observing pre-emption rights, in line with relevant regulations and best practice.

Details of shares issued during 2007 and 2008 are given in Note H11. No shares were issued in 2006 disapplying pre-emption rights, and the total number of shares issued disapplying pre-emption rights over the last three years amounted to less than 7.5 per cent.

Powers of directors to buy back shares

The directors also require authority from shareholders in relation to the buying back of shares by the Company. The Company seeks authority by special resolution on an annual basis for the buyback of its own shares in accordance with the relevant provisions of the Companies Acts and other related guidance. The Company has not made use of that authority since it was last granted at its Annual General Meeting in 2008. This existing authority is due to expire at the end of this year's Annual General Meeting. A special resolution to approve the renewal of this authority will be put to shareholders at the Annual General Meeting on 14 May 2009.

US corporate governance and regulations

As a result of the listing of its securities on the New York Stock Exchange, the Company is required to comply with the relevant provisions of the Sarbanes-Oxley Act 2002 as they apply to foreign private issuers, and has adopted procedures to ensure this is the case.

In particular in relation to the provisions of Section 302 of that Act, which covers disclosure controls and procedures, a Disclosure Committee has been established reporting to the Group Chief Executive, chaired by the Chief Financial Officer and comprising members of senior management. The objectives of this Committee are to:

- Assist the Group Chief Executive and the Chief Financial Officer in designing, implementing and periodically evaluating the Company's disclosure controls and procedures;
- monitor compliance with the Company's disclosure controls and procedures;
- review and provide advice to the Group Chief Executive and Chief Financial Officer with regard to the scope and content of all public disclosures made by the Company which are of material significance to the market or investors; and
- review and consider, and where applicable follow up on, matters raised by other components of the disclosure process. These may include, to the extent they are relevant to the disclosure process, any matters to be raised with the Group Audit Committee, the internal auditors or the external auditor of the Company's internal controls.

In discharging these objectives, the Committee helps to support the certifications by the Group Chief Executive and the Chief Financial Officer of the effectiveness of disclosure procedures and controls required by Section 302.

The provisions of Section 404 of the Sarbanes-Oxley Act require the Company's management to report on the effectiveness of internal controls over financial reporting in its annual report on Form 20-F, which is filed with the US Securities and Exchange Commission. To comply with this requirement to report on the effectiveness of internal control, the Group has undertaken a significant project to document and test its internal controls over financial reporting in the format required by that Act. The annual assessment and related report from the external auditor will be included in the Group's annual report on Form 20-F, which will be published in the coming months.

In addition, the Disclosure Committee has regard to the UK Listing Regime, and evaluates whether or not a particular matter requires disclosure to the market.

Risk governance

Organisation

Prudential's risk governance framework requires that all of the Group's businesses and functions establish processes for identifying, evaluating and managing the key risks faced by the Group. The framework is based on the concept of 'three lines of defence': risk management; risk oversight; and independent assurance.

The diagram below outlines the Group-level framework.

Risk management: As described in the corporate governance report above, primary responsibility for strategy, performance management and risk control lies with the Board, Group Chief Executive and the chief executives of each business unit.

Risk oversight: Risk exposures are monitored and reviewed by Group-level risk committees, chaired by the Chief Financial Officer, with representation from business unit and Group Head Office oversight functions:

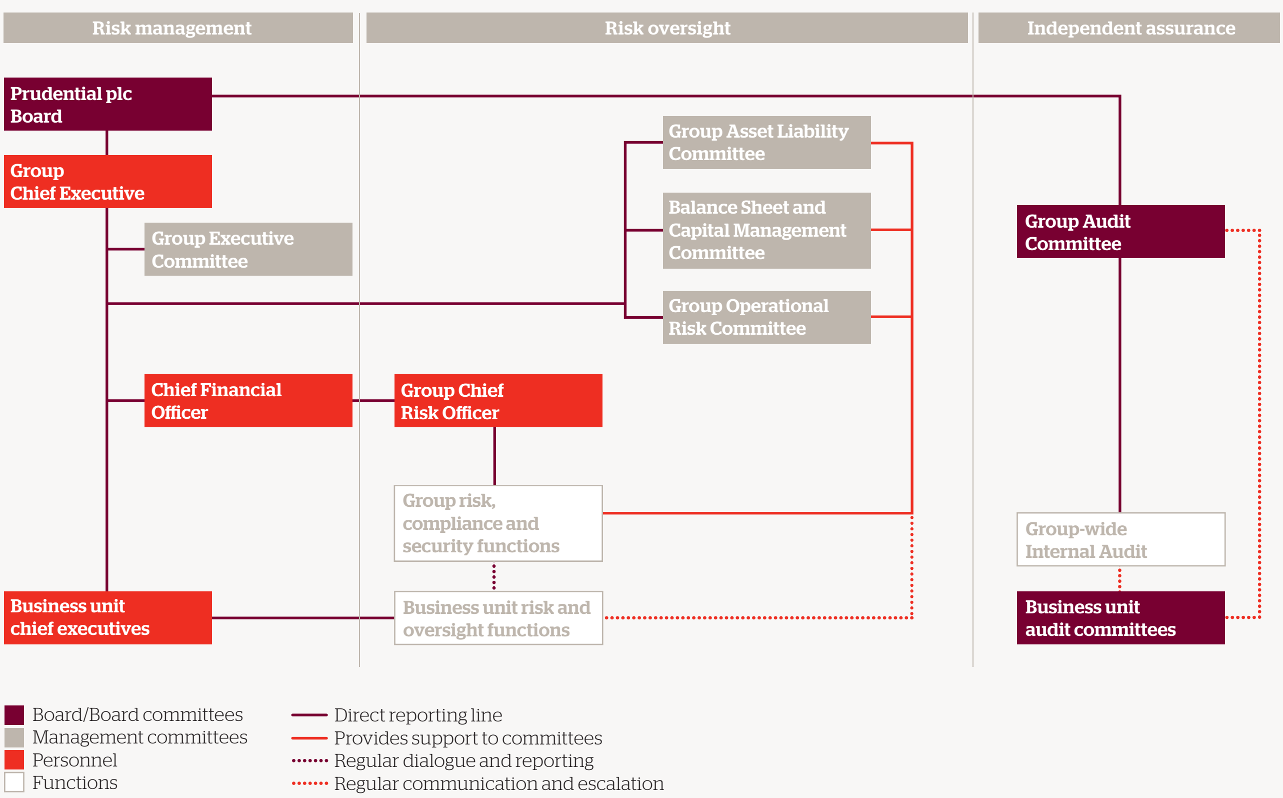
- *Group Asset Liability Committee:* Meets monthly to oversee the Group's financial risk (market, credit, liquidity and insurance risks) exposures.
- *Balance Sheet and Capital Management Committee:* Meets monthly to manage the Group's balance sheets and to oversee the activities of the Prudential Capital business unit.
- *Group Operational Risk Committee:* Meets quarterly to oversee the Group's non-financial risk (operational, business environment and strategic risks) exposures.

The committees' oversight is supported by the Group Chief Risk Officer, with functional oversight provided by:

- *Group Security:* Develop and deliver appropriate security measures to protect the Group's staff, physical assets and intellectual property.
- *Group Compliance:* Verify compliance with regulatory standards and inform the Group's senior management and the Board on key regulatory issues affecting the Group.
- *Group Risk:* Establish and embed a capital management and risk oversight framework and culture consistent with Prudential's risk appetite that protects and enhances the Group's embedded and franchise value.

Independent assurance: As described in the corporate governance report above, the Group Audit Committee, supported by Group-wide Internal Audit, provides independent assurance and oversight of the effectiveness of the Group's system of internal control and risk management.

Risk governance framework



Principles and objectives

Risk is defined as the uncertainty that Prudential faces in successfully implementing its strategies and objectives. This includes all internal or external events, acts or omissions that have the potential to threaten the success and survival of Prudential.

The control procedures and systems established within the Group are designed to manage, rather than eliminate, the risk of failure to meet business objectives. They can only provide reasonable and not absolute assurance against material misstatement or loss, and focus on aligning the levels of risk-taking with the achievement of business objectives.

Material risks will only be retained where this is consistent with Prudential's risk appetite framework, ie:

- The retention of the risk contributes to value creation;
- the Group is able to withstand the impact of an adverse outcome; and
- the Group has the necessary capabilities, expertise, processes and controls to manage the risk.

The Group has five objectives for risk and capital management:

a *Framework:* Design, implement and maintain a capital management and risk oversight framework consistent with the Group's risk appetite and Risk-Adjusted Profitability (RAP) model.

b *Monitoring:* Establish a 'no surprises' risk management culture by identifying the risk landscape, assessing and monitoring risk exposures and understanding change drivers.

c *Control:* Implement risk mitigation strategies and remedial actions where exposures are deemed inappropriate and manage the response to extreme events.

d *Communication:* Communicate the Group risk, capital and profitability position to internal and external stakeholders and rating agencies.

e *Culture:* Foster a risk management culture, providing quality assurance and facilitating the sharing of best practice risk measurement and management across the Group and industry.

Reporting

The Group Executive Committee and the Board are provided with regular updates on the Group's economic capital position, overall position against risk limits and RAP. They also receive the annual financial condition reports prepared by the Group's insurance operations.

The Group Audit Committee is provided with minutes of the Group Operational Risk Committee, and regular updates on financial and operational risk exposures.

Group Head Office oversight functions have clear escalation criteria and processes for the timely reporting of risks and incidents by business units. As appropriate, these risks and incidents are escalated to the various Group-level risk committees and the Board.

Internal business unit routine reporting requirements vary according to the nature of the business. Each business unit is responsible for ensuring that its risk reporting framework meets both the needs of the business unit (for example reporting to the business unit risk and audit committees) and the minimum standards set by the Group (for example, to meet Group-level reporting requirements).

Business units review their risks as part of the annual preparation of their business plans, and review opportunities and risks against business objectives regularly with Group executive management. Group Risk reviews, and reports to Group executive management, on the impact of large transactions or divergences from business plans.

Governance report
Corporate responsibility governance

The Board is committed to achieving the highest standards of Corporate Responsibility (CR) in directing and controlling the business. In terms of the governance of our CR strategy, Nick Prettejohn, Chief Executive Prudential UK and Europe, has Board level responsibility for social, environmental and ethical risk management. The Board discusses Prudential's performance on these areas at least once a year and also reviews and approves Prudential's CR report and strategy on an annual basis.

Below Board level, the Responsibility Committee is a specialist Group-wide committee chaired by Stephen Whitehead, Group Communications Director. This committee is responsible for reviewing Prudential's business conduct and social and environmental policy, and ensures consistency of approach across the Group's international businesses. Consideration of environmental, social and community matters is embedded in our Code of Business Conduct and supported by our CR philosophy and programme, which takes into account local cultures and requirements across our businesses.

The Corporate Responsibility team, which is located in Group Head Office, develops Prudential's CR strategy and works closely with individual business units to provide advice. The team also assists with the development and adaptation of Group-wide initiatives so that they not only fit with our overall Group principles but are also adapted to meet local needs.