

## Corporate responsibility review

# Creating social and economic value

**Corporate responsibility (CR) is integral to the way we do business at Prudential. This review gives an overview of our activities. Prudential also publishes an annual CR report which is available online at [www.prudential.co.uk](http://www.prudential.co.uk)**

## Creating social and economic value

As a business that provides savings, income, investment and protection products and services, we create social value through our day-to-day operations. We provide customers with ways to help manage uncertainty and build a more secure future. By playing a key role in financial markets, we provide long-term capital that finances businesses, builds infrastructure and fosters growth in both developed and developing countries.

At Prudential, we aim to be sustainable in the broadest sense – financially, socially and environmentally. Sustainability is integral to the way we do business. Our commitments to our customers and our employees, as well as our support for communities and our responsibility towards the environment, are rooted in our aim of continuing to deliver strong financial performance sustainably.

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 in all our markets.

The complexities and challenges surrounding ageing populations have significant policy implications in many countries around the world. For example, through our partnership with the Washington DC-based think tank, the Center for Strategic and International Studies (CSIS), we have continued to contribute to the debate, through events and seminars with policymakers promoting the Global Aging Preparedness Index.

We commissioned additional demographic research in partnership with CSIS, looking, in further detail, at retirement expectations in Asia. Based on a survey conducted by CSIS in six East Asia countries, it explores how rapid development and rapid ageing are transforming retirement behaviour and expectations in the emerging world. The findings of the study were published in 2012 and it is available at <http://gapindex.csis.org>

## Serving our customers

Today we serve around 24 million insurance customers in diverse markets where people's specific savings, investment and protection needs are different. However, what is common among all our customers is that the financial decisions they make are among the most important of their lives.

The insurance industry plays a unique role in society by helping people manage uncertainty and gain security. Prudential has been meeting customers' needs for 165 years and we are always looking for new ways to ensure that we understand our customers' long-term financial goals and provide them with the right products to help them plan for the future. We do not underestimate how important these decisions are for our customers, nor do we take for granted the trust they place in us to deliver for them over the long term. Our customers have made a choice to purchase from us, and we value highly their decision and their loyalty.

We want our customers to stay with us for the long term. We know this means we must constantly listen to them to understand their changing needs, and that we must provide them with fair and transparent products – and customer service – that maintains their trust and faith in our business.

## Asia

In the emerging markets of Asia, where we now have 13 million insurance customers, the demand for savings and protection products continues to grow as people seek greater financial security and peace of mind. We continue to broaden our offering to help meet our customers' goals.

Prudential Corporation Asia launched a number of tailored products in 2012. PRUmyhealth medical plan was launched in Hong Kong, offering comprehensive health protection with lifetime global coverage, and in Malaysia PRUFlexi Med was launched, which provides customers with the flexibility to choose a number of medical benefits based on their needs.

Across the region, we have a highly trained tied agency force, and we provide support to new and experienced agents so that they can deliver the best possible service for our customers. In Hong Kong, we have developed the 'Certified Agency Builder Programme', through which financial professionals follow a series of certified training courses.

## Our four guiding CR principles

**In line with our federal operating model, we believe that corporate responsibility is best managed by those closest to our customers and stakeholders. Underpinning this approach are our four guiding principles. These provide clarity to our businesses on where they should focus their efforts and resources.**

- **Serving our customers:** we aim to provide fair and transparent products which meet our customers' needs;
- **Valuing our people:** we aspire to retain and develop highly engaged employees;
- **Supporting local communities:** we seek to make a positive contribution to our communities through long-term partnerships with charitable organisations that make a real difference; and
- **Protecting the environment:** we take responsibility for the environment in which we operate.

## Corporate responsibility review continued

### US

Founded over 50 years ago, Jackson National Life is one of the largest life insurance companies in the United States, providing retirement savings and income solutions, with approximately 4 million customers.

The US is the world's largest retirement savings market, with considerable cohorts of the 78 million baby-boomers<sup>1</sup> reaching retirement age each year, creating significant demand for retirement income products.

Jackson has established a significant presence in the alternative investments market, in a period where customers seek greater security in times of economic uncertainty, and is a leader in alternative investments in the retail adviser market.

Elite Access was created in 2012 to make Jackson's products available to a much greater range of customers. Elite Access is a variable annuity designed to combat the volatility of the market by providing investors with the opportunity for greater portfolio diversification through the use of alternative asset classes.

### UK

In the UK, challenging economic conditions continued to persist in 2012 and have led customers, more than ever, to seek financial products that offer them the highest level of security from companies they feel they can trust.

Annuities are a key product for Prudential UK and market rates were at near historic lows during 2012. This means that it is more important than ever for customers looking to take income from their pensions to make informed choices. Our UK business paid out £2.9 billion in income to UK annuitants in 2012.

Over the last decade, Prudential has been widely recognised as the UK's leading with-profits manager. Our long-term approach to the management of the with-profits fund has continued to benefit customers during 2012, as it helps to provide protection from the full impact of volatile market conditions. The fund has consistently outperformed the FTSE All-Share Index. Over the last 15 years, the fund has delivered a cumulative investment return of 184.3 per cent on investments covering policyholder liabilities. This compares favourably with the FTSE All-Share Index total return of 106.5 per cent over the same period. Total bonus payments are expected to top £2 billion in 2013, and our policyholders will typically see year-on-year increases of between 3.5 per cent and 6.5 per cent in accumulating with-profits policy values. Since 2003, an estimated £22 billion has been added to policy values.

We are committed to responding to customer concerns quickly and efficiently. The details of our approach to customers are published on the Prudential UK website in line with FSA guidance at [www.pru.co.uk/about\\_us/complaints\\_data/](http://www.pru.co.uk/about_us/complaints_data/)

Prudential UK was in the best performing 8 per cent, up from 15 per cent in 2011, of financial companies included in data published by the Financial Ombudsman Service.

### Asset management

M&G, Prudential's UK and European asset management business, has served retail and institutional investors for over 80 years, investing customers' money in equities, fixed income and real estate.

M&G is a long-term investor that takes its responsibilities as a shareholder seriously, often working closely with the management of the companies in which it invests. Active voting is an integral part of M&G's investment approach. We believe that exercising our votes both adds value and protects our interests as shareholders. The M&G website provides an overview of voting history: [www.mandg.co.uk/Corporate/CorporateResponsibility/CorporateGovernance/Votinghistory.jsp](http://www.mandg.co.uk/Corporate/CorporateResponsibility/CorporateGovernance/Votinghistory.jsp)

M&G's retail business launched the Bond Vigilantes blog providing market insight straight from the trading floor. In addition to the constant stream of market views posted by M&G, comments are posted by users, establishing the blog as a genuine discussion forum.

### Valuing our people

We aim to create an environment that enables our people to find value and meaning in their work, and to deliver outstanding performance for our customers, shareholders and communities. This is essential to our continued success, and is performed through our focus on four key areas – diversity and inclusion, talent development, employee engagement, and performance and reward.

### Diversity and inclusion

We provide opportunities for our people regardless of their gender, ethnicity, disability status, age, religion, caring responsibilities or sexual orientation.

Our diversity and inclusion policies are guided by the principles of the UN's Universal Declaration of Human Rights and the International Labour Organisation's core labour standards. These are also incorporated in our Group Code of Business Conduct, which sets expected standards of employee behaviour.

We maintain an inclusive culture that is sensitive to the needs of employees with a disability. We continue employing people who become disabled, and provide training and career development opportunities for all. We also give full and fair consideration and encouragement to all applicants with suitable aptitude and abilities, regardless of disability.

#### Note

<sup>1</sup> Source: US Census Bureau

We have several initiatives in place to maintain our commitment to diversity and inclusion. These include:

- Apprenticeship schemes and support for underprivileged students to provide entry-level positions for young people;
- Training in unconscious bias to improve inclusion throughout the organisation;
- Pay reviews to prevent systematic concerns around equal pay and opportunity by gender, ethnic group and working patterns; and
- Collaborative partnerships with organisations that strengthen and further the diversity and inclusion agenda, such as the Diversity and Inclusion in Asia Network (DIAN), and Peckham, an American non-profit community rehabilitation organisation. In the UK, we are also sponsors of the 2012 Working Mums Top Employer Awards, and co-sponsors of the inaugural Women in Investment Management event targeting female students.

### Talent development

All employees are encouraged to take responsibility for driving their own development and agreeing plans with their managers. To support them, the organisation provides on-going development activities. The majority of these activities sit within our business units, while Group HR focuses on programmes for senior leaders across the organisation.

At Group level, the emphasis is on succession planning for senior roles and development of our overall leadership talent pipeline. In support of this, there are a number of new Group-wide programmes. In addition to The Top 100 initiative, which focuses on individually tailored development for our most senior executives, we provide programmes that are specifically designed to enhance colleagues' cross-business unit/functional leadership skills and experience.

Within our businesses, there are several programmes that demonstrate our commitment to furthering talent. Prudential Corporation Asia developed a holistic Talent Development Framework with clear segmentation, to enable the identification of talent in each market, as well as the design and accurate targeting of 'top of the class' leadership development programmes.

In the US, The Jackson University continues to provide business-specific development activities for employees. Jackson's senior management team play a central role in shaping the curriculum, ensuring it aligns to major corporate initiatives for the business. In addition, the LEAP programme for senior leaders aims to accelerate their leadership potential and organisational impact.

In our UK-based businesses, we have various programmes designed to create focused learning networks and active talent communities. These include: M&G's Cornerstone, focused on senior management; Catalyst, aimed at junior talent; Investor Development Programmes; and Sales Business Leadership Programmes. Prudential UK provides Career Development Centres for middle managers, and at Group Head Office, Enhance offers employees the opportunity to hone their skills for working effectively and to develop in areas such as cross-cultural awareness and building effectiveness partnerships.

### Employee engagement

We strive to create a work environment and conditions that are conducive to a culture of engagement. Engaging our employees is critical to sustaining a high-performing business and retaining talent. In 2012, we utilised a range of mechanisms to drive engagement at all levels.

At Group Head Office, the Connect programme of lunchtime events brings together colleagues on subjects ranging from learning about developments in the business and Prudential's heritage, to themes like parenting.

The wellbeing of our employees is paramount. We have a series of initiatives, including assessments, activity programmes and access to confidential telephone and face-to-face coaching and counselling with professionals.

Across Prudential, we encourage continuous dialogue to engage with our employees. Through events and 'open forums' – such as the M&G Staff Consultative Committee and the Employee Forum within Prudential UK – employees can engage directly with their executive teams and raise questions. In addition, our businesses in the UK have a long-standing relationship with the union Unite.

The success of our engagement efforts have been recognised internally and externally. Engagement surveys in various business units have shown excellent results and several of our businesses have won prestigious awards. For example, M&G was named one of the best places to work in the City by the website Here is the City News, and was also the highest-rated asset management firm in a survey voted for by employees, and a number of our businesses in Asia, including our Life business in Singapore, were awarded The People Developer Standard.

### Performance and reward

We offer reward packages that support a high-performing organisation, in order to attract, retain and motivate talented people. Each individual contributes to the success of the Group and should be rewarded accordingly.

Rewards are linked to the delivery of business goals and expected behaviours. We place emphasis on goals being met in an appropriate manner. To ensure this, employees are not only regularly assessed on 'what' they have achieved, but also on 'how' they did so.

We believe it is important for our employees to have the opportunity to benefit from the Group's success through share ownership. In the UK, we operate two all-employee share plans: a Share Incentive Plan (SIP) and a Save As You Earn (SAYE) scheme. In 2012, a majority of eligible employees participated in one or both of these plans.

In Asia, we operate two SAYE schemes, similar to those in the UK. Participation in these schemes continues to grow strongly among our employees and agents.

## Corporate responsibility review continued

### Supporting local communities

As a long-term business, we are committed to supporting the long-term well-being of the communities in which we operate.

The social value of our business – helping customers manage uncertainty and build a more secure future, as well as our investments providing long-term capital that finances businesses, builds infrastructure and fosters economic growth – is further underpinned by our community programmes and activities.

Each of Prudential's businesses has community investment programmes in place which provide support to charitable organisations, both through funding and the experience and expertise of our employees.

Last year more than 7,350 employees across the Group gave up their time to help in their communities, using their skills and knowledge to benefit others.

We establish long-term relationships with our charity partners to ensure that the projects we support are sustainable, and we work closely with them to ensure that our programmes continuously improve.

The diversity of our markets means that our programmes vary from region to region, but a shared focus for our community investment is education and life skills. These activities include financial education, support to improve social mobility and employee volunteering.

### Financial education

Financial education forms an important part of our educational activity. We believe that encouraging people to manage their money prudently helps to underpin overall economic development and success for communities.

Cha-Ching, PCA's flagship regional financial education programme, gathered greater momentum in 2012.

Cha-Ching was launched in seven countries in 2011, to help parents in Asia develop money-smart values among children from the ages of seven to 12. The programme has produced a series of three-minute music videos with sing-a-long subtitles that teach children about four key money management concepts – Earn, Save, Spend and Donate – through a band of six characters. These videos have been shown daily on the Cartoon Network, Asia's most watched children's channel. Cha-Ching is supported by an interactive website ([www.cha-ching.com](http://www.cha-ching.com)) and mobile applications offering digital resources for parents, children and teachers.

In 2012, Cha-Ching was developed with the launch of 'Season Two', featuring three new music videos on budgeting, credit and investing. A new online game, Cha-Ching Saver World Tour, and a first mobile game app, Cha-Ching Band Manager, were also launched.

Over the last year, Cha-Ching has received significant support across the region, with more than 20,000 children and teachers benefiting from the programme to date. In April 2012, the Philippines Department of Education signed a Memorandum of Agreement to incorporate Cha-Ching into the curriculum of public primary schools, and NGOs including Junior Achievement have organised Cha-Ching workshops for children in Hong Kong and Thailand. Singapore Airlines and Garuda Indonesia have incorporated the music videos into their in-flight entertainment content for travelling families.

In the US, Jackson, alongside employees from across the Group, provided more than 5,000 volunteer hours in support of financial literacy as part of its work with Junior Achievement, a charity which teaches young people about money management and how business works. Jackson is one of only 10 companies across the US to have been awarded a Bronze US President's Volunteer Service Award for the 2011-2012 programme.

### Improving education and skills

In Asia, with the support of the Ministry of Education, PCA partnered with the China Insurance Regulatory Commission and the Chinese Academy of Social Sciences to develop an insurance educational course that could be taught across schools in China. Since its launch in 2007, more than 57,000 children have benefited from the course to date, strengthening their knowledge of insurance and how it relates to their everyday lives.

In the UK, the Business Class programme, run by Business in the Community, gives Prudential UK colleagues the opportunity to use their knowledge, experience and skills to help with some of the most pressing issues in local schools. Businesses partner with schools in the most deprived areas, and work strategically for three years on an action plan driven by the school's needs, covering areas such as leadership, curriculum and achievement. In 2012, the programme helped 15 schools, 7,500 students and 90 teachers.

Through the partnership, 86 volunteers are working with schools in Reading, Stirling and Westminster. As well as supporting performance management training and people management skills for senior teachers and school leaders, a 'menu of activities' has been created to help young people understand the opportunities available to them when they leave school, as well as working with young people to improve their confidence and motivation.

At Group Head Office, a new charitable partnership was established in 2012 with Greenhouse, a London-based charity which assists young people in some of the most deprived areas of the city. It uses sport, including basketball, to turn young lives around. Sports coaches work full-time in schools to help young people improve their health and fitness, while mentoring them to increase their engagement with their education and community. Prudential's support enables over 1,000 disadvantaged young people to participate weekly through Greenhouse's basketball programme.

### Employee volunteering

We believe in sharing the skills of our global workforce with their local communities. Many of our employees play an active role through volunteering, charitable donations and fundraising. Financial support is always important, but it is the combination of all these resources that means we can make a far more positive contribution to all our communities across the globe. We recognise that employee volunteering brings benefit not only to the charities, but also to the development of our people, and we actively encourage colleagues to participate in our programmes.

Since its launch in Asia eight years ago, the 'Investing in Your Future' volunteer-led financial literacy programme has reached more than 38,000 women. These seminars teach basic financial planning skills for different stages in their lives. Female volunteers from Prudential donate their time and expertise to deliver the seminars in China, India, Indonesia and Vietnam. The project works closely with the All-China Women's Federation, the Women's Association and Labour Union in Vietnam, and the Ministry of Women's Empowerment and Child Protection in Indonesia.

In the US, Jackson staff gave over 6,500 volunteer hours in 2012, providing support to local charities benefiting children and the elderly.

In the UK, 43 per cent of Prudential UK employees took part in volunteering during 2012, mentoring schoolchildren, supporting the elderly and skills-sharing with local charities.

At M&G, 118 employees have been actively involved in initiatives with community organisations, charities and schools in and around Chelmsford and London.

### Chairman's Challenge

In 2012, 4,500 employees volunteered through Prudential's flagship international programme, the Chairman's Challenge. The programme encourages employees from across the Group to volunteer on projects initiated by our global charity partners, including Plan International, Help Age International and Junior Achievement. It allows us to support many different charities with volunteers, as well as financial support. Prudential donates £150 to our charity partners for every employee who registers for the programme. Charity partners use this money to seed-fund charitable projects for Prudential volunteers.

Each year, employees across the Group vote for the shortlisted project they believe has made the greatest impact. In 2012, the winning project was 'Learning About Earning'. This programme – in partnership with Junior Achievement – benefited 234 impoverished children from a small village outside Jakarta, through the commitment of 430 employees from Prudential Corporation Asia's Indonesian business, who helped the children develop basic communication and financial skills.

### Shortlisted projects 2012:

- The Taiwan Fund For Children and Families (TFCF) – Children's Financial Camp Annual Child Protection Campaign and Wishing Doll Fundraising Campaign. 766 employees volunteered in 2012, 30 of whom used their business skills to design and deliver four financial camps to 120 disadvantaged children, while the remainder supported the TFCF's protection and fundraising campaign;
- Snehasadan, Mumbai – Holistic Development of Children. The programme rehabilitates homeless children and gives them education, life skills and professional training to make them independent. 50 volunteers supported the project for the first time in 2012, benefiting 240 children;
- Junior Achievement, US – Economic Gardening: Growing Success One Student At A Time. 528 Jackson employees were involved in volunteering activities either in the classroom delivering financial literacy sessions or through fundraising; and
- Junior Achievement Thailand – Cha-Ching in Ourselves. 140 Prudential Corporation Asia employees dedicated volunteering time to educate young people in financial literacy skills.

### Prudential RideLondon

Prudential is sponsoring RideLondon, an annual two-day festival of cycling which was formally launched in February 2013 with the Mayor of London, Boris Johnson, who predicted the event will become a living legacy of the London Olympic and Paralympic Games of 2012. Prudential RideLondon will be a world-class festival of cycling, starting in August 2013, that combines a free family ride in central London, a world-class professional cyclists' race and an amateur cyclists' race to raise money for charity.

### Disaster relief and preparedness

Many of our customers in Asia are located in areas prone to natural disasters. For a number of years we have supported local initiatives to support relief efforts following disasters in countries where we operate, and we also maintain a disaster relief fund which can be activated in emergencies. Our commitment to disaster relief also often goes beyond financial aid, with our people helping on the ground.

In October 2011, many areas of northern and central Thailand were hit by severe flooding caused by tropical storm Nalgae. More than 13 million people were affected by the catastrophe which caused the loss of 750 lives.

In the aftermath of the disaster, Prudential partnered with Help Age International and FOPDEV (Foundation for Older Persons Development) to provide help where it was needed most. In June 2012, a team of 65 PRU volunteers from 10 countries across Asia, supported by our Thai colleagues, travelled to Fang District in northern Thailand for six days to help build and renovate flood-resistant homes for old people in Mai Ai, as part of the 'New House for New Life' project. The team also helped renovate a school, built a dam for improved water management, and participated in an evacuation simulation exercise with the residents to better prepare them for future floods.

In 2012, the Prudence Foundation was established in Asia as a unified platform to coordinate charitable activity in the region. As part of the creation of the Prudence Foundation, Prudential Corporation Asia's approach has turned to disaster preparedness. A designated fund has been established to help communities develop preventative programmes before disasters occur to improve the ability of communities to better prepare for, cope with and recover from any unfortunate natural disasters.

## Corporate responsibility review continued

### Charitable donations

We calculate our community investment spend using the internationally recognised London Benchmarking Group standard. This includes cash donations to registered charitable organisations, as well as a cash equivalent for in-kind contributions.

In 2012, the Group spent £12.6 million supporting community activities, an increase of 39.5 per cent on 2011.

The direct cash donations to charitable organisations amounted to £9.6 million, of which approximately £4.0 million came from our EU operations, which are principally our UK insurance operation and M&G, with the remaining £5.6 million being contributed to charitable organisations by Jackson National Life Insurance Company and Prudential Corporation Asia.

The cash contribution to charitable organisations from our EU operations is broken down as follows: education £1.3 million; social, welfare and environment £2.4 million; cultural £0.2 million and staff volunteering £0.1 million.

### Political donations

It is the Group's policy not to make donations to political parties, nor to incur political expenditure, within the meaning of those expressions as defined in the Political Parties, Elections and Referendums Act 2000. The Group did not make any such donations or incur any such expenditure in 2012.

### Protecting the environment

We recognise that managing our buildings efficiently and minimising our greenhouse gas emissions is not only beneficial to the environment but also makes good business sense.

We aim to ensure that we minimise the impact of our activities on the environment. Our strategy focuses on reducing the direct impact of the properties we occupy, as well as the properties we manage through PRUPIM (Prudential Property Investment Managers Limited), which is a top-25 global real estate fund manager, with £16 billion of assets under management (at 31 December 2012).

### Reducing our direct impact: occupied properties

We monitor energy consumption, carbon dioxide emissions, water consumption, waste, paper use and recycling at all our UK sites, and at Jackson's main premises in North America in Lansing, Michigan, Denver, Colorado, and Nashville, Tennessee. We also monitor energy consumption and carbon dioxide emissions from 46 occupied properties in Asia, where Prudential Corporation Asia occupies approximately 20,000 square feet or more, for a combined total of 2.45 million square feet.

The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme is a mandatory UK scheme aimed at improving energy efficiency and cutting carbon dioxide emissions in large public and private sector organisations, which are responsible for around 12 per cent of the UK's emissions. The scheme features a range of reputational and financial drivers, which aim to encourage organisations to develop energy management strategies that promote a better understanding of energy usage. All CRC participants must measure and report carbon emissions annually. The first CRC performance league table, which is due to be updated later this year, placed Prudential ahead of its insurance peer group. In 2012, for the first time, participants had to purchase allowances from the Government before the end of July. Prudential's annual carbon emission for the 2011/12 compliance year was 75,742 tonnes of CO<sub>2</sub>, 5,438 tonnes less than in 2010/11, which translated into a financial liability of £908,904.

Corporate Property continues to maintain certification to ISO 14001 (an internationally recognised standard for environmental management) for services it provides to UK Business Units. Compliance with ISO 14001 drives improved environmental performance.

The Environmental Forum, a sub-group of Prudential plc's Environment Health and Safety Council, is supporting Corporate Property's UK Environmental Employee Engagement programme. This initiative focuses on encouraging employees to make their own contribution to help their Business Unit improve its environmental performance. Each UK Business Unit has signed up to the programme to meet the challenge by a mix of intranet campaigns, competitions, employee forums and attitude surveys.

There will be a new mandatory greenhouse gas emissions reporting requirement for all listed companies on the London Stock Exchange. Prudential plc will include a carbon footprint report in its Annual Report 2013.

**Reducing our impact: property investment portfolio**

The fundamental principle behind PRUPIM's approach to Responsible Property Investment is that by having a leading position we are better able to protect and enhance performance for its clients. This strategy focuses on four areas: ensuring portfolio resilience; driving environmental improvements; building strong relationships; and responsibility in its own operations.

PRUPIM's focus on delivering energy reductions across its managed portfolio has achieved some significant results. For example, in the UK, PRUPIM has reduced carbon emissions intensity by 17 per cent at 23 of its largest multi-let offices and 16 per cent at its shopping centres, generating savings of over £3.6 million for its occupiers. Its UK shopping centres now divert 80 per cent of waste from landfill and 49 per cent of waste is diverted from landfill at our ISO 14001 offices.

We have also achieved the environmental standard ISO 14001 at nine shopping centres and 27 multi-let offices, which together account for 64 per cent of the carbon emission under management control.

PRUPIM's approach and progress can be found in its annual Responsible Property Investment report at [www.prupim.com/rpi](http://www.prupim.com/rpi)

**Accountability and governance****The Board**

The Board regularly reviews the Group's CR performance and scrutinises and approves the Group CR report and strategy on an annual basis.

**Code of Business Conduct**

Consideration of environmental, social and community matters is integrated in our Code of Business Conduct. Our code is reviewed by the Board on an annual basis. Refer to page 98 for more information.

**Local governance**

In M&G, Jackson and Prudential UK there are governance committees in place – with senior management representation – which agree strategy and spend. In Asia, the Prudence Foundation has been established as a unified charitable platform to align and maximise the impact of community efforts across the region.

**Payment policy**

It is our Group policy to agree terms of payment when orders for goods and services are placed, and to pay in accordance with those terms.

In the UK, we have signed up to the Prompt Payment Code, launched in December 2008 by the UK Department for Business, Enterprise and Regulatory Reform. In 2012, our trade creditor days, based on the ratio of amounts that were owed to trade creditors at the year end to the aggregate of the amounts invoiced by trade creditors during the year, were 22 days (2011: 22 days).

The Prompt Payment Code and its signatories can be found at [www.promptpaymentcode.org.uk](http://www.promptpaymentcode.org.uk)

**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 values and standards are aligned with our Group Code of Business Conduct.

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

