

Corporate responsibility review

Corporate Responsibility (CR) is integral to the way we do business at Prudential. Our CR activities during 2011 continued to be guided by the Chairman, Harvey McGrath.

This review gives an overview of our activities and progress. Prudential also publishes an annual CR report which is available online at 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. First, we provide customers with ways to help manage uncertainty and build a more secure future. Second, 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. We have long-term liabilities and investments, and 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.

We believe that CR is best managed on the ground by those closest to the customer and local stakeholders. Underpinning this approach are our four global CR themes (see panel below).

These themes demonstrate our CR commitments and principles to our stakeholders and provide clarity to our businesses on where they should focus their CR efforts and resources in the context of their individual markets.

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Our customers

Today we serve more than 26 million 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.

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.

Our Customer Charter, which is available on the Prudential plc website at www.prudential.co.uk/prudential-plc/cr/cr-principles/customer-charter/ highlights our commitments to our customers. These commitments, together with our customer insights research and ongoing dialogue with our customers, help us to shape the products we develop and the service we deliver.

We are in no doubt that good customer service and performance are critical to our reputation and, across all our markets, we constantly monitor this and take action when required. In 2011 our customer service and performance continued to be recognised through a number of awards and industry rankings.

Our four global CR themes

1. Our customers

Using our financial strength, knowledge and skills to provide fair and transparent products, which meet customers' needs.

2. Our people

Recruiting, developing and retaining the best people for the best-performing business.

3. The environment

Increasing the efficiency of our business by reducing the direct impact of the properties we occupy and the properties we manage as part of our investment portfolio.

4. Our communities

Supporting our communities through donations, employee volunteering and long-term partnerships with charitable organisations that make a real difference.

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Customer service and performance awards in 2011

Prudential Corporation Asia

'Best in Achieving Total Customer Satisfaction in Life Insurance Category', Indonesia Customer Satisfaction Awards 2011 - SWA Magazine

'Best-in-Class for Japan Equity in Asia', Benchmark Fund of the Year Awards 2011 in Singapore

'Best Contribution in Investor Education and Category Enhancement - Mutual Fund', The Bloomberg UTV Financial Leadership Awards 2011 in India

Jackson

'World Class' customer service by Service Quality Measurement Group. This marked the sixth consecutive year in which the company has received both the 'World Class' designation for call centre customer satisfaction and a 'Highest Customer Satisfaction by Industry' award, achieving the highest rating in financial services¹

Prudential UK

Five-star rating in the 'Financial Adviser Service Awards' in the investment providers and packagers category for a third year running, and five stars for life and pensions

Five-star rating from independent product research company Defaqto for several investment and pension products

'Best Investment Bond Provider' in the Moneyfacts Investment Life & Pensions Awards

M&G

OBSR Honours 2011, 'Outstanding Investment House'

Financial News Awards for Excellence in Institutional Asset Management, 'Fixed Income Manager of the Year 2011'

European Pensions Awards 2011, 'Fixed Income Manager of the Year'

Morningstar European Fund Awards 2011, Graham French - 'Best Manager - Global Equity'

Professional Adviser Awards 2011, 'Best Fixed Interest Group (UK and International)'

Professional Adviser Awards 2011, 'Best UK Growth Group'

PCA - serving growing societies

In Asia we serve more than 16 million customers with a mix of life insurance, pensions, mutual funds, consumer finance, asset management and health and protection products.

Particularly in the emerging markets of South-East Asia, 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.

Health care is one example of where protection continues to be increasingly important in many markets across Asia, and in 2011 we further evolved our health-related cover with the launch of PRUearly stage crisis cover.

The majority of critical illness cover in the region only provides benefits at the more advanced stages of illness, which can leave a financial burden during the early stages of diagnosis. To help provide greater peace of mind – and enable customers to seek earlier-stage treatment and recovery – last year we launched PRUearly stage crisis cover, which provides financial support in the early stages of diagnosis.

Beyond health, we recognise the importance of providing practical information and training to help educate young people in the region about the need to prepare for their financial future. We have also introduced new products that help to cater to this need, and PRUlife ready, introduced in 2011, is one example. This is a savings product for young adults, which rewards policyholders as they reach different phases of their lives, including marriage, childbirth and purchasing a home.

Across the region we have a highly trained tied agency force, and we provide ongoing training to both new and experienced agents so that they can deliver the best possible service for our customers. For example, in Indonesia our fully licensed agents receive training at Prudential training centres and accredited institutions, such as the University of Indonesia, to enhance their skills and gain professional qualifications.

Note

- ¹ Service Quality Measurement Group benchmarks more than 450 North American contact centres annually, and has evaluated customer satisfaction for contact centres since 1996.

Throughout 2011, Prudential Corporation Asia also continued to provide a range of tools to help financial advisers and service representatives identify and meet consumers' needs. For example, an iPad application was launched in Hong Kong integrating advice, sales and service. In Malaysia and Singapore, we continued to develop PRUway, a tool which helps advisers to tailor financial solutions based on an analysis of their customers' needs.

We strive to live up to our brand promise in the region of always listening, always understanding, and regularly monitor our customers' trust in us. In 2011 our customer retention rates across the region were maintained at 93 per cent¹, and 42 per cent of new business was derived from existing customers.

The prestigious Top 1,000 Asia Brands survey, published in 2011 by Campaign Asia-Pacific and based on over 3,000 consumer interviews from across the region, placed Prudential in the top quartile of all brands in the region for trust and reputation.

This has also been validated by our brand-tracking studies in 2011, with increased trust scores in Singapore, Hong Kong and Malaysia.

Jackson - providing security in uncertain times

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 more than 2.9 million policies and contracts in force.

The United States is the world's largest retirement saving market, with more than 78 million 'baby boomers'² moving into retirement each year.

The economic downturn and demographic changes have led many people to be unprepared as they approach retirement. In 2011 Jackson continued to implement its educational programme, Retirementology, which is designed to help people understand how better to prepare for their financial future.

As well as Jackson's reputation for financial stability, the company is widely recognised as one of the leading providers of variable annuities, which provide greater security to customers in times of economic uncertainty.

Jackson's products are sold through banks and broker dealers and last year we continued to increase the number of advisers selling our variable annuity products to more than 140,000 – up 10,000 from 2010 – to make them more widely available to customers.

Jackson forges long-lasting strong relationships with its distribution partners and was ranked number one in the sector for advocacy and loyalty among advisers in the Cogent 2011 Advisor Brandscape Report.³

Jackson also maintained its reputation as a customer service leader last year when it was rated a 'World Class' customer service provider – for the sixth consecutive year – by Service Quality Measurement Group (SQM) in its latest benchmark study of North American contact centres. In the same study we also received the 'Highest Customer Satisfaction by Industry', achieving the highest rating in the financial services industry.

Prudential UK - helping customers through economic difficulties

In the UK, continuing difficult economic conditions 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 a historic low during 2011. This means that it is more important than ever for customers looking to take income from their pensions to make informed choices.

In 2011, a new Customer Relationship Team was established to provide support directly to those customers seeking further information to help them with this important decision.

Notes

1 Excludes India.

2 Source: US Census Bureau.

3 The annual Cogent report is a key industry benchmark study surveying 1,643 advisers.

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There is also a growing demand for face-to-face advice, especially for investment and retirement planning. In response, we have set up a new service – Prudential Financial Planning – which was piloted during 2011.

Our UK customer service performance is continuously monitored through a telephone research service which gauges customer experience¹. Throughout 2011 we achieved a 96.6 per cent satisfaction level. This compares with a financial industry average of 91.8 per cent. Of those customers who had contact with the new Customer Relationship Team, 98 per cent agreed that they felt valued as a result.

We are one of 23 members of the Association of British Insurers that participate in an annual Life & Savings Benchmarking Study, which seeks to drive continuous improvement through monitoring customers' experiences. In 2011 we began a programme of service initiatives designed to make it easier for customers to deal with us. This is already delivering results, as evidenced by our overall satisfaction score for customer service rising to 84 per cent in 2011/12 – up from 81 per cent in 2010, which is the current industry average.

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/. Prudential UK fell into the best-performing 15 per cent of financial companies included in data published by the Financial Ombudsman Service.

We actively review our operational processes, as we seek to continually improve the level of service we deliver. Some examples include: enabling advisers to submit and track new business applications online; continued reductions in the transfer times between annuity providers; streamlining of the claims payment process; earlier engagement with mortgage providers where we need to understand if they have any further legal interest in a forthcoming maturing, and better use of automated payment technology.

Our financial strength, longstanding commitment to building customers' trust and listening to our customers have never been more important than during these difficult economic times.

A core focus for Prudential UK in 2011 was monitoring the strength of trust in our brand and our understanding of customers' needs. Independent tracking research – conducted in November 2011 by Opinion Research – identified us as one of the three most trusted life and pension providers in the UK.

Asset management – a history of trust

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

At a time when security is a particularly high priority for customers, M&G's retail business launched the European M&G Inflation Linked Corporate Bond Fund, enabling savers to protect their investments in corporate bonds from rising prices.

M&G's institutional business also added to its stable of inflation-linked products for pension funds with a new UK social housing debt fund, in addition to £2 billion already invested in the sector.

The business also continues to advance into lending markets that were once the preserve of banks, notably in commercial mortgages and lending to companies.

In 2011, M&G's UK Companies Financing Fund, set up in 2009 to help fill the lending gap left by banks in the wake of the financial crisis, lent £505 million to mid-cap UK companies.

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Note

1 Viewscast independent research run by IPSOS Mori.

M&G continues to have one of the highest trust scores among sector peers. For the intermediary audience we ranked number one for trustworthiness¹, and for private investors we ranked, on average, within the top two most trusted asset management brands in 2011².

Informing global debates

As a business that is built around a long-term perspective, we actively participate in global debates and policy considerations that affect our customers by sharing our knowledge and insights.

The complexities and challenges surrounding ageing populations have significant policy implications in many countries around the world. 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 during 2011, through events and seminars with policymakers promoting the Global Aging Preparedness Index.

This Index, sponsored by Prudential, is a detailed study evaluating the preparedness of 20 of the world's emerging and established economies resulting from demographic changes.

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

In 2011, we commissioned additional demographic research in partnership with CSIS, looking in further detail at retirement expectations in Asia. The findings of the study, which will be shared with policymakers, will be available in 2012.

We are also actively engaged with a number of institutions, such as the International Centre for Financial Regulation, in promoting the understanding of the broader socio-economic contribution made by insurance. As part of this we have been promoting the need to ensure that this is properly recognised as a key part of the debate around future rule-making in the sector.

Our people

Across the Group, we employ more than 26,000 people. It is vital to our continued success that we create an environment that develops and retains committed and motivated people, people who are able to achieve excellence and deliver outstanding performance for our customers, our shareholders and our communities.

To achieve this our people strategy focuses on four areas.

Employee engagement

Across Prudential we encourage an ongoing dialogue with our employees through events such as 'open forums'. These allow employees to hear directly from their executive teams and raise questions. There are also a number of employee consultation forums in place, such as the M&G Staff Consultative Committee and the UK Employee Forum within Prudential UK. Our UK business also has a long-standing relationship with the union Unite. In addition, our dedicated intranet sites allow us to share information.

Engaging effectively with our employees is critical to building and sustaining a high-performing business and retaining talent within Prudential. We conduct surveys in our businesses to monitor levels of engagement with Prudential as an employer, identify the effectiveness of our organisation's structures and practices and highlight areas for improvement. Our successful approach to employee engagement in our UK business was recognised at workingmums.co.uk's Top Employer Awards in October 2011. We were also commended for our commitment and strategy enabling colleagues, at all levels, to provide feedback on policies such as flexible working, and a willingness to take this on board.

Across our businesses we also encourage employee volunteering to support charitable organisations and we recognise that such initiatives not only bring advantages to the charities but also provide development opportunities for our employees. For example, employees from our Asian businesses travelled to Japan and spent time supporting recovery efforts following the earthquake in March; while, in the UK, we provide time for employees to act as mentors through the Social Mobility Foundation.

Notes

1 Source: ORC International Investtrack Syndicated Research, August 2011.

2 Source: TNS Tracking Research Dec 2011 - UK Private Investors.

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Diversity

At Prudential we provide opportunities for our people regardless of their gender, ethnicity, disability status, age, religion, caring responsibilities or sexual orientation. Our policies are guided by the principles of the UN's Universal Declaration of Human Rights and the International Labour Organisation's core labour standards. These are also incorporated into our Group Code of Business Conduct, which sets individual standards of employee behaviour. This is made available to all employees on our Group intranet.

The diversity of our employees across the Group is fundamental to the growth and success of the business. We believe that great companies not only accept diversity, but also recognise it as a source of innovation and competitive advantage.

Talent management

Talent management takes place at both overall Group level and locally within each of our businesses. All employees are encouraged to take responsibility for driving their own development and agreeing a development plan with their manager. To support them, Prudential provides ongoing development activities.

At Group level the emphasis is on succession planning for senior roles and development of our overall leadership talent pipeline. Through periodical reviews, the Group Executive Committee ensures that we have a flow of suitable candidates to fill key roles across the organisation. In support of this we have a number of Group-wide programmes including:

- Future Forum – which brings together key leadership talent from across the Group to network, develop their thinking and share ideas for application in the business; and
- Momentum – which recruits talented individuals early on in their careers and, through structured development and role rotations, prepares them for senior roles within the organisation.

At a local level, building a strong technical and commercial leadership pipeline is essential to the success of our business strategy. Some examples of our commitment to developing talent within our businesses are:

- **Prudential Corporation Asia:** Identifying the right talent and leaders is critical to supporting the expansive growth of our Asian business. In 2011 we cascaded a consistent approach to our development centres, where we identify the next generation of leaders. We believe there is considerable untapped talent in our employee base and building leadership capability will continue to be a focus in 2012.
- **Jackson:** The Jackson University provides business-specific development activities for employees. Jackson's senior management team play a key role in shaping the curriculum, ensuring it aligns to key corporate initiatives for the business. In addition, the LEAP programme, launched in January 2011 and targeted at senior leaders within Jackson, aims to accelerate their leadership potential and organisational impact.
- **Prudential UK:** Career development centres are held for middle managers, focusing on their career aspirations and the opportunities available to them.
- **M&G:** Participation in one of M&G's Leadership and Talent Development Programmes is identified through the business succession planning process. The programmes are designed to create focused learning networks and active talent communities. Examples include:
 - The Cornerstone Programme: Focused on developing individuals with the potential to excel among senior management;
 - The Catalyst Programme: Aimed at more junior talent and focused on developing them into wider and more senior roles;
 - The Investor Development Programmes: Focused on enabling investment talent to drive investment and business success.
- **Group Head Office:** The 'Enhance' programme offers employees the opportunity to hone their skills for working effectively and includes development in areas such as cross-cultural awareness and building effective partnerships.

Performance and reward

The performance objectives of our employees are linked to the delivery of business goals. Throughout the year, employees are engaged in regular reviews with their managers to understand how they are performing against their objectives.

Each individual contributes to the success of the Group and should be rewarded accordingly. Our reward system ensures that overall Group and specific Business Unit results, as well as individual performance and behaviours, are fairly reflected in each employee's remuneration. These policies and structures are regularly reviewed to ensure that they are appropriate and competitive in the markets in which we operate, and that they remain aligned with our business plans and priorities.

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 2011, 64 per cent of eligible employees participated in one or both of these plans. In Asia, we operate two SAYE schemes, similar to those in the UK. Almost a quarter of eligible employees and 18 per cent of eligible agents participated in these schemes in 2011.

Protecting the environment

We recognise that protecting the environment is an important part of managing a sustainable business, and that an effective environmental strategy is good both for the planet and for business efficiency.

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, which is a top-20 global real estate fund manager, with £15.8 billion of assets under management (at 31 December 2011).

Reducing our direct impact: occupied properties

We monitor energy consumption, carbon dioxide emissions, water consumption, waste, paper use, recycling and travel at all our UK sites, and at Jackson's main premises in North America in Lansing, Michigan, Denver, Colorado, and Nashville, Tennessee.

In 2011 we also conducted a monitoring trial at our sites in Asia, enabling us to measure the environmental impact of those offices as a first step in improving our environmental performance in these growing markets.

In July 2011 we submitted the first year of energy consumption figures as part of the UK government's Carbon Reduction Commitment (CRC), a mandatory energy efficiency scheme for qualifying UK public and private sector organisations.¹ The government is committed to reducing national carbon emissions by 80 per cent from 1990 levels by 2050. A central part of its strategy is the introduction of the CRC, which encourages organisations to develop energy management strategies that promote a better understanding of energy use.

Under the CRC, we submitted figures covering all properties occupied in the UK by Prudential companies and the PRUPIM investment property portfolio between April 2010 and March 2011.

The CRC includes a publicly available annual performance table, which ranks participants' energy efficiency performance. Credits were awarded for installing automatic meter readers and complying with the BSI Kitemark Energy Reduction Verification scheme, approved by the Environment Agency. As a result of verified energy savings, we were ranked number 531 from 2,103 participants, and were placed well ahead of our peers in our industry.

Under the European Union Energy Performance of Buildings Directive, Energy Performance Certificates (EPCs) are required for any building that is constructed, sold or rented. EPCs rate energy use and efficiency, enabling property investors and prospective occupiers to consider ratings and levels of carbon emissions for our occupied and commercial properties in the UK. In 2011 we retained ISO 14001 environmental management certification for all our UK occupied properties.

In the US, Jackson has also focused on reducing energy use. For example, high-efficiency, extreme-density air-conditioning units were installed during the construction of a new data centre. Jackson also installed two units at its existing data centre, to increase energy efficiency and cooling capacity. In addition, low-energy lighting has been installed at its headquarters.

Note

¹ To qualify for the CRC companies must have at least one half-hourly meter, settled on the half-hourly market across the whole organisation, with total half-hourly electricity consumption over 6,000 MWh after usage for transport and domestic accommodation have been excluded.

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Reducing our impact: property investment portfolio

PRUPIM believes that taking a lead in its approach to responsible property investment protects and enhances returns for its clients.

In 2011, PRUPIM revised its Responsible Investment Strategy to reflect its new focus on fund management. This strategy delivers a sector-leading approach to managing and responding to the growing range of environmental and social issues that can have an impact on property values, helping to protect and enhance fund and asset performance for clients. The strategy focuses on four areas: ensuring portfolio resilience, driving environmental improvements, building strong relationships, and responsibility in its own operations.

Three of the funds managed by PRUPIM were awarded a 'Green Star' in the Global Real Estate Sustainability Benchmark (GRESB). Around 340 real estate funds with assets worth nearly US\$1 trillion participated in the benchmark, covering around 21,000 assets. Only 65 funds were awarded a GRESB Green Star and, by achieving this on three funds, PRUPIM continues to demonstrate leadership by integrating sustainability into its fund management activities.

PRUPIM's focus on delivering environmental improvements across its managed portfolio saw it reduce its carbon emissions intensity in 2010/11 by an average of 9 per cent at UK shopping centres and ISO 14001-accredited offices, compared to a 2008/09 baseline. Nearly 63 per cent of waste from UK shopping centres was diverted from landfill. Water consumption across the entire UK investment portfolio was reduced by 12 per cent in 2010/11 compared to a 2008/09 baseline.¹

PRUPIM's approach and progress can be found in its annual Responsible Property Investment report at www.prupim.com/rpi

Supporting local communities

For us, part of being a long-term business means a commitment 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.

All our businesses have community investment programmes in place, guided by committees that determine where funds are best spent.

Across the Group, our activities include a mix of charitable donations, employee volunteering schemes and charity partnerships, many of which we work with directly, on the ground, to develop and implement community projects. Our ethos is to establish long-term relationships with our charity partners to ensure that the projects we support are sustainable. We also work closely with our partners to ensure that our programmes continuously improve.

The diversity of our markets means that our programmes vary from country to country, but a common point of emphasis for our community investment is education. This includes mentoring by employees, financial education and support to improve social mobility.

Local community support highlights in 2011



Note

¹ Data based on PRUPIM's reporting year from April to March.

Financial education

Financial education forms an important part of our educational activity. We believe that encouraging people to be financially literate helps to underpin overall economic development and success for communities. This is particularly true for young people at times of economic volatility.

A number of financial education projects are supported through the Chairman's Challenge, our Group-wide volunteering programme. This includes our financial literacy projects with Junior Achievement – the worldwide charity focused on building young people's financial skills – in the US and Asia, as well as our partnership with Plan International in Thailand. These six-year partnerships have benefited approximately 90,000 young people.

Aside from the Chairman's Challenge, we also provide ongoing support to additional initiatives to help improve financial knowledge and understanding. In 2011, in response to the growing need for financial education for children across Asia, we launched Cha-Ching Money-Smart Kids, the first programme of its kind in the region, aimed at helping parents to instil money-smart skills in their children.

Following extensive research and working closely with Dr Alice Wilder, the award-winning researcher and child learning expert, we launched a series of three-minute musical animated short stories, broadcast on Turner Cartoon Network – the number one children's channel in Asia – based on characters in a band and featuring financial education storylines. The episodes are shown daily, reaching over four million homes and seven markets in Asia.

Recognising Asian children's media habits, a dedicated website – www.cha-ching.com – was developed with digital resources for parents and educators. Eighteen million website page views were recorded in the first four months of the programme, with an average website visit duration in excess of nine minutes.

In addition to on-air and online presence, we work closely with non-governmental organisations and government agencies to bring Cha-Ching to schools incorporating interactive money management activities for students.

During 2011, we also continued to run our highly successful financial training seminars for women – 'Investing in Your Future' – and this year more than 4,500 women in China, Indonesia and Vietnam took part. The events, supporting women with lower incomes, were first launched in China in 2004 to help women who are often responsible for planning their families' financial needs, but who traditionally had limited financial training. Approximately 32,000 women have attended the seminars to date.

Since 2007, Prudential has also partnered with the Chinese Ministry of Education, the Chinese Academy of Social Science and the Chinese Insurance Regulatory Commission on an insurance education curriculum in schools. The programme has reached more than 26,000 students from 28 schools across seven provinces.

In the UK we have continued our partnerships with a range of organisations in support of financial education, including Citizens Advice, the Personal Finance Education Group and The Schools Network. Through our work with these organisations, thousands of adults and children are developing essential financial literacy skills, to make decisions that will have a positive effect on their financial welfare.

Prudential UK has worked with Citizens Advice since 2002, and we are now a leading partner on its Financial Skills for Life programme. Our partnership with Personal Finance Education Group began in 2001, and our funding has allowed it to maintain and develop its Quality Mark accreditation system for financial capability teaching resources. Also in the UK, an online financial education training tool in partnership with The Schools Network attracted 8,700 visits in 2011. The resource, called 'Adding Up to a Lifetime', has been used in English schools since 2006.

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Improving education and skills

Another element of our education activity is Prudential UK's partnership with Business in the Community, which includes the Business Class programme, for which we are a National Champion. Our three-year commitment involves working in partnership with local schools in Reading, Stirling and Westminster to develop a strategic plan to support them in areas such as leadership and governance, the curriculum and employability.

We also support projects that encourage people from low-income backgrounds into leading educational institutions. M&G has a longstanding relationship with the Social Mobility Foundation – www.socialmobility.org.uk – which helps high-achieving young people from low-income backgrounds to get into top universities and professions. The Social Mobility Foundation is supported through charitable donations, formal internships and mentors drawn from senior employees, who are matched with students to provide guidance and support. The charity Springboard for Children also received assistance from M&G in 2011, supporting literacy programmes in schools.

Our intention for the future is to increase the level of support we provide to education. Especially in the UK, where the difficult economic conditions mean that youth unemployment is a growing problem, there is an increasing need for initiatives that can drive educational improvement and help get people into work. As part of that ambition, in 2012 we plan to increase our commitment to apprenticeship schemes in the UK, as well as establishing further long-term partnerships with charities working in education.

Supporting children beyond education

As well as its education support through our global partnership with Junior Achievement, Jackson has a community fund that matches its employees' donations to approved charities on a two-to-one basis, which includes donations to children's causes around Jackson's sites. In addition, in 2011 Jackson continued to partner with the Big Brother Big Sister – the oldest and largest youth mentoring organisation in the US – providing employee mentors for at-risk youth.

In 2011, M&G continued to support children and youth organisations working with disadvantaged young people. This included support for: Leap, a UK charity specialising in youth and conflict resolution; Kids Company, which provides practical, emotional and educational support to vulnerable inner-city children; and Blind in Business, which helps blind and partially sighted students to make the transition from education to employment. Last year, selected employees from Prudential UK were trained to mentor young people on a one-to-one basis for 12 months.

Employee volunteering

In 2011, 7,209 employees across the Group volunteered in their communities on a range of projects, an increase of nearly 21 per cent in the number of volunteers compared with 2010. At Prudential UK alone, 40 per cent of employees took part in volunteering during 2011. Activities across the Group varied from supporting financial literacy through programmes such as the Investing in Your Future seminars and the Insurance Education Programme in Asia, providing support to local charities benefiting children and the elderly in the US, and mentoring schoolchildren, supporting the elderly and skills-sharing with charities in the UK. 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 volunteering programmes.

Chairman's Challenge

Many of our volunteers are involved in our flagship volunteering programme, the Chairman's Challenge, which was launched six years ago. Since then 133 projects have been supported by our employees in partnership with charities. In 2011, more than 3,000 employees signed up as Chairman's Challenge volunteers, an increase of 14 per cent on 2010. Last year, our office in Mumbai joined the programme for the first time and 23 per cent of employees participated. All of the projects included in the Chairman's Challenge receive a financial donation from the Group for each employee who signs up as a volunteer and five shortlisted projects receive additional funding.

3,000+
employees signed up as
Chairman's Challenge
volunteers, +14% on 2010

Chairman's Challenge Winner 2011

Each year employees across the Group vote for the shortlisted project they believe has made the greatest impact. In 2011, the winning project, as voted for by employees, was 'Learning about Earning'. This programme – in partnership with Prestasi Junior, the Indonesian branch of Junior Achievement – benefited over 200 street children at a safe house in Jakarta, through the commitment of over 170 employees from our Indonesian business, who helped children to develop basic communication and financial skills.

Shortlisted projects 2011

- Junior Achievement, Hong Kong: more than 1,700 students benefited from financial management workshops run by over 290 Prudential Assurance Hong Kong volunteers;
- Junior Achievement, US: 176 Jackson employees dedicated 651 hours to educating young people in financial literacy skills;
- Plan International, Thailand: 230 Prudential employees in Thailand conducted a variety of educational programmes on financial management and disaster relief, benefiting more than 300 students; and
- Prudential UK: 65 employees dedicated 1,884 hours to Age UK's Call in Time programme, which supports over 500 isolated older people.

Disaster relief

The Group maintains a disaster relief fund which can be activated to support relief efforts following disasters in countries where we operate. Our commitment to disaster relief also often goes beyond financial aid, with our people helping on the ground.

During 2011, 37 volunteers from 10 countries spent nine days in Japan supporting relief efforts following the earthquake and tsunami that struck the country in March. The team partnered with local NPO Project Yui, based in Ishinomaki, in the Miyagi prefecture, which was one of the worst-hit areas, assisting with logistics, clearing debris and mentoring children displaced by the tsunami. Prudential Corporation Asia's Caring Fund also made a donation to the relief effort, and donations made by colleagues were matched by the business.

In 2011 the Group continued to be a partner of Save the Children through support for its Children's Emergency Fund.

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 2011, the Group spent £9.1 million supporting community activities, an increase of 21.3 per cent on 2010.

The direct cash donations to charitable organisations amounted to £7.2 million, of which approximately £2.8 million came from our EU operations, which are principally our UK insurance operation and M&G.

The cash contribution to charitable organisations from our EU operations is broken down as follows: education £1,211,000; social and welfare £1,371,000; environment and regeneration £27,000; cultural £74,000 and staff volunteering £93,000.

The cash contribution to charitable organisations from Prudential's non-EU operations – Jackson National Life Insurance Company and Prudential Corporation Asia – amounted to £4.4 million.

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 2011.



Corporate responsibility review

Accountability and governance

The Board

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

Responsibility Committee

Below the Board, the Responsibility Committee comprises senior representatives from relevant Group functions and each of our core businesses. This committee is responsible for monitoring the Group's CR activities and reviewing CR policies.

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 129 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.

Payment policy

It is 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 2011, 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.

The Prompt Payment Code and its signatories can be found at 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 (CIPS) certification, an industry benchmark of recognised good practice.