Section 4

Remuneration report

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This report has been prepared to comply with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, as well as the Companies Act 2006 and other related regulations.

Remuneration report

Annual statement from the Chairman of the Remuneration Committee

Lord Turnbull
Chairman of the Remuneration Committee

Dear fellow shareholder,
I am pleased to present the Remuneration Committee's report on directors' remuneration for the year to 31 December 2013.

Firstly, I am delighted to welcome Philip Remnant and Anthony Nightingale, who joined the Committee in 2013. Keki Dadiseth and Michael Garrett stepped down from the Committee in 2013 following eight and nine years' service respectively, and I would like to thank them for their contribution.

I trust that you will find this a clear and comprehensive report that illustrates the strong alignment between Prudential's performance and our executive directors' remuneration. To comply with new legislation regarding disclosure of executive directors' remuneration we have changed the format of this year's report and, in addition, the Remuneration Committee has taken into account best practice guidelines issued by shareholder representatives.

While we have endeavoured to keep the report as concise as possible, Prudential is a large and complex organisation. Each of our major business units has a market capitalisation which would independently make them a constituent of the FTSE 100, and the pay and remuneration arrangements for the respective business unit CEOs reflect the differing market practices in the geographies and industries in which they operate. As Prudential is unusual in having all of these executives on the Board, and as it is required to comply with Hong Kong as well as UK reporting requirements, our report is understandably longer than many others.

To assist shareholders with the understanding of our remuneration practices we have set out an 'at a glance' summary page, overleaf. This is followed by:

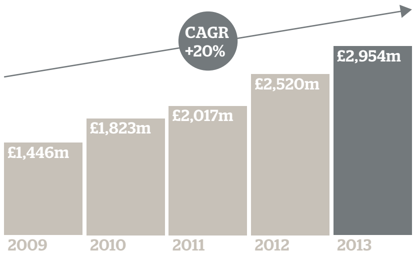
— Our directors' remuneration policy on pages 94 to 106 which describes how we will pay directors in the future;

— Our annual report on remuneration on pages 107 to 119 which sets out remuneration delivered in respect of performance in 2013 and operation in 2014; and

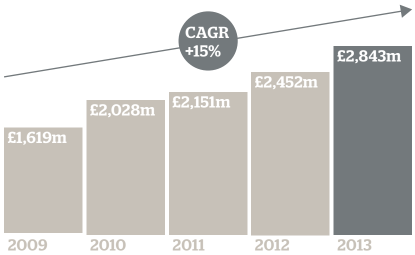
— Supplementary information on pages 120 to 123.

Achievement in 2013 under our key performance measures

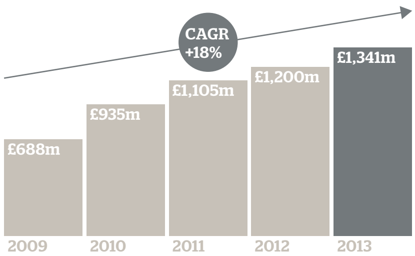
IFRS operating profit



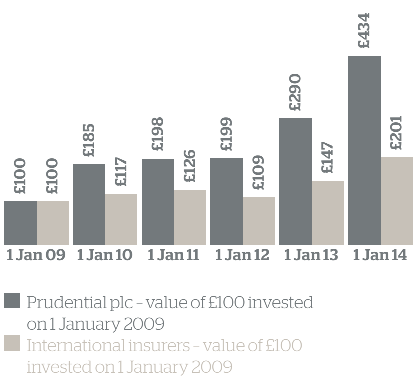
EEV new business profit



Business unit remittances



Total shareholder return



As you will see, we operate a remuneration architecture which provides a clear link between pay and the achievement of the Group's key strategic priorities and delivery of shareholder value. This consists of base salary and benefits; an annual bonus, of which a significant proportion is deferred in Prudential shares for three years; and a long-term incentive plan, all underpinned by significant shareholding guidelines.

Rewarding 2013 performance

During 2013, the Group delivered further increases in new business profitability, IFRS profitability and cash generation, due to strong performances across all of our business units. This was accomplished in an environment of continued global macroeconomic uncertainty, while operating within the Group's risk appetite, risk framework and maintaining appropriate levels of capital.

Across all of our key performance metrics the Group's 2013 results exceed those achieved in 2012. The Remuneration Committee sets stretching performance ranges for all of its incentive plans and the bonuses awarded to executive directors reflect these excellent achievements during 2013, which have generated substantial value for our shareholders.

Strong share price growth and a step change in our dividend policy means that £100 invested in Prudential on 1 January 2009 increased to £434 by 31 December 2013. This outstanding track record means that Prudential's shareholder return is, once more, significantly ahead of our peers in the international insurance sector over the three year performance period of our long-term incentives. As a result the awards made in 2011 under the Group Performance Share Plan will be released in full in 2014 .

Further details of how the Remuneration Committee rewarded this exceptional 2013 performance are set out in the annual report on remuneration on pages 107 to 119.

Aligning 2014 pay to performance

In 2013, shareholders approved a new remuneration architecture that further improved the alignment of the Group's reward strategy with the business strategy. As set out in the directors' remuneration policy, we are not intending to make any changes to our remuneration architecture for 2014, or any significant changes to the metrics used.

In particular, in determining the 2014 remuneration packages the Committee was mindful of the following:

- Maintaining our restraint on base salary increases: The 2014 salary increases for executive directors are in line with salary increase budgets for other employees across our business units;
- Determining annual bonus metrics that remain based on challenging performance requirements closely aligned to the strategy of the Group and business units. 40 per cent of 2014 bonuses will also be deferred into shares for three years before release in 2018. Deferred shares are subject to malus provisions which mean that part or all of these amounts can be withheld in specific circumstances;
- Continuing to ensure that long-term incentive awards only vest subject to achievement of stretching performance measures linked to the three year business plan, as well as being dependent on delivery of shareholder returns that exceeds our peers;
- Ensuring long-term alignment between the interests of shareholders and executives by requiring executives to maintain a significant shareholding on an ongoing basis; and
- Retaining the current maximum opportunities under the annual bonus and long-term incentive awards, other than an increase (from 225 per cent to 250 per cent of salary) to the Chief Financial Officer's long-term incentive award.

The Chief Financial Officer's total remuneration opportunity for 2014 has increased by 10 per cent. This reflects the increasing complexity and responsibilities of the role, together with the incumbent's considerable performance and contribution to the Group. In making this adjustment, the Remuneration Committee was mindful of ensuring that the majority of this be provided through long-term incentive awards, so that the full value is only realised over the long term and subject to the achievement of stretching performance conditions. I am grateful for the support that our major shareholders gave for this when I discussed it with them prior to implementation.

Further details of how the Remuneration Committee has aligned 2014 packages with performance are set out in the annual report on remuneration on pages 107 to 119.

Shareholder support

Prudential maintains open and transparent communication with our shareholders of which this report forms part. During Autumn 2013, I personally met with shareholders and their representatives, who together own more than half of our share capital, to discuss our remuneration policy and its implementation in 2014.

The Remuneration Committee is extremely grateful for this feedback and support received from shareholders on Prudential's remuneration architecture and directors' remuneration policy, which builds on the significant vote in favour of the 2012 directors' remuneration report.

In conclusion

I trust that you find this a clear and comprehensive report that demonstrates the link between pay and performance at Prudential.

At the AGM in May 2014:

- Prudential's directors' remuneration policy for future years will be subject to a binding shareholder vote; and
- The annual report on remuneration will be subject to an advisory vote.

I look forward to your continued support.

Lord Turnbull
Chairman of the Remuneration Committee
11 March 2014

Remuneration report

Our executive remuneration at a glance

Our remuneration strategy and principles

Our remuneration strategy remains unchanged from that approved by shareholders in last year's directors' remuneration report:

To attract and retain the high calibre executives required to lead and develop the Group

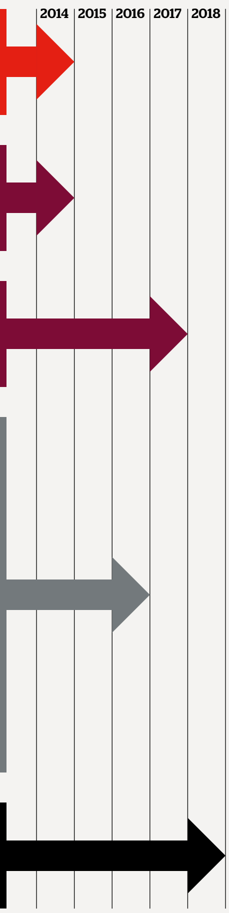
Reward must be:
- Valued by executives; and
- Competitive, to engage executives who are in demand in the global talent market, and, if required, support hiring the best external talent.

To reward executives for delivering our business plans and generating sustainable growth and returns for shareholders

Reward must be:
- Determined by delivery of the Group's annual and longer-term business objectives;
- Aligned with shareholder value creation; and
- Consistent with the Group's risk appetite so that the delivery of the business plan can be sustained.

Our remuneration architecture

At our 2013 AGM, shareholders supported the implementation of a revised remuneration architecture as illustrated below.
No structural changes are being proposed in 2014:



	Key elements[1]	Key features of our policy	How we implemented the policy
	Salary	Broadly aligned with pay review budgets for other employees.	Salary increases are in line with budgets for all employees: ▶ Salary increases of 3% in 2013. ▶ Salary increases of 3% in 2014[2].
Financial and personal objectives set with reference to business plans approved by the Board	Cash bonus Deferred bonus	The maximum opportunity is up to 200% of salary. A significant proportion, currently 40%, of bonus is deferred into shares for three years. Deferred award is subject to malus provisions.	The Group Chief Executive has a maximum AIP opportunity of 200% of salary, with the maximum for the CFO of 175%. For other executives the maximum is 160%. 2013 bonuses were paid based on performance measures related to profit, cash flow and capital adequacy, as well as personal objectives.
Stretching IFRS profit ranges set with reference to business plans approved by the Board. TSR vesting schedule relative to insurance peers	Prudential Long Term Incentive Plan ('PLTIP')	Maximum award under the Plan is 550% of salary. Aligned with our long-term business strategy and delivery of shareholder value, vesting is currently subject to: ▶ Relative TSR; **and** ▶ Group IFRS Profit; or ▶ Business unit IFRS profit. Measured over the three financial years from year of award.	Awards in 2013 and 2014 are below plan limits: ▶ Group Chief Executive: 400% of salary ▶ CEO JNL: 460% of salary ▶ Other PLTIP awards were 250% of salary, or less. For business unit CEOs awards vest based on TSR and business unit IFRS profit. For other executives awards are subject to TSR and Group IFRS profit. The Committee keeps the performance conditions under review to ensure that future awards remain aligned with strategy.
	Share ownership guidelines	We have significant share ownership guidelines for all executives[3] as follows: ▶ 350% of salary for the Group Chief Executive; and ▶ 200% of salary for other executive directors.	

Key
- Fixed pay
- Short-term variable pay
- Long-term variable pay
- Share ownership guidelines

Notes

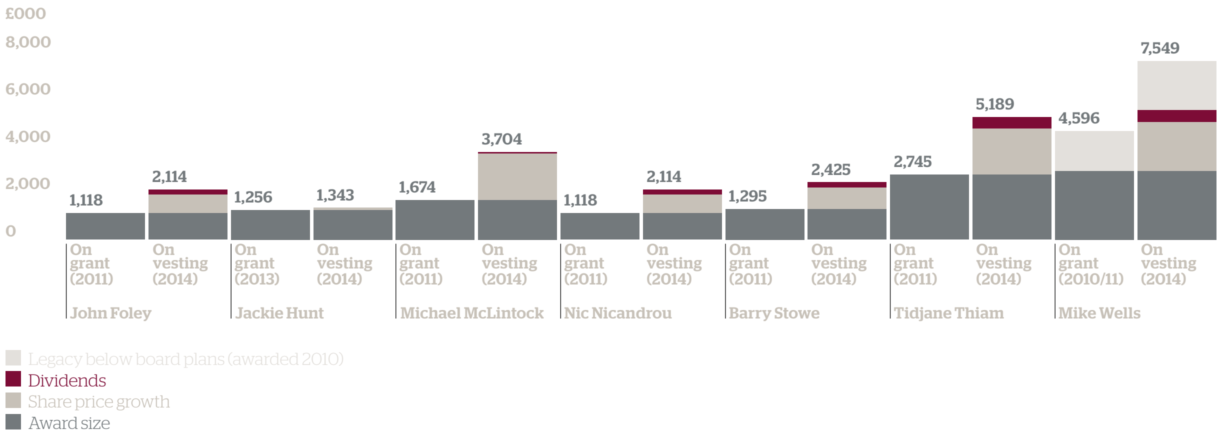
1 CEO, JNL also shares in the JNL bonus pool; and CEO, M&G retains separate arrangements.
2 The Chief Financial Officer received an increase of 5%.
3 Progress against the share ownership guidelines is detailed in the 'Statement of directors' shareholdings' section of the annual report on remuneration.

What 2013 performance means for executive directors' pay

At Prudential, the remuneration packages are designed to ensure a strong alignment between pay and performance. As you can see from the charts on page 90, sustained growth across all of our key performance metrics has delivered substantial value to our shareholders. This has been reflected in both the annual bonuses paid and the release of long-term incentive awards, as set out in the annual report on remuneration.

In particular, the long-term incentives awarded to executive directors in 2011 had stretching performance conditions attached to vesting and were denominated in shares. The significant value generated for shareholders through share price growth and dividends paid over the last three years is, therefore, reflected in the value of the LTIP releases, together with the achievement of performance conditions, as illustrated in the chart below.

Value of LTIP releases



The value of these performance related elements of remuneration are added to the fixed packages provided to executive directors in the table below to calculate the 2013 'single figure' of total remuneration:

		Fixed pay		Performance related			
Executive director	Role	2013 salary	Pension & benefits	2013 bonus	LTIP release	2013 'Single Figure'	2012 'Single Figure'
John Foley	Group Investment Director	628	275	1,004	2,114	4,021	1,895
Jackie Hunt[1]	CEO, UK	199	274	935	1,343	3,552	n/a
Michael McLintock	CEO, M&G	371	185	2,225	3,704	6,485	5,517
Nic Nicandrou	Chief Financial Officer	649	254	1,124	2,114	4,141	4,489
Barry Stowe	CEO, PCA	679	796	1,037	2,425	4,937	5,482
Tidjane Thiam	Group Chief Executive	1,030	381	2,056	5,189	8,656	9,533
Mike Wells	CEO, JNL	691	78	3,415	7,549	11,733	7,273

Note

1 Jackie Hunt received a payment of £801,000 in respect of awards forfeited when leaving Standard Life, included in the above 'Single Figure'.

Aligning 2014 pay to performance

In 2014, the Remuneration Committee granted salary increases to all executive directors in line with the budget for the wider work force. As stated above, no changes have been made to the remuneration architecture approved by shareholders at the 2013 AGM. Remuneration packages remain strongly aligned with performance over both the short and the long term.

The resultant remuneration packages for 2014 are set out in detail in the annual report on remuneration and summarised in the table below:

				Maximum AIP (% salary)		
Executive director	Role	2014 salary increase	2014 salary	Maximum bonus	Bonus deferred	LTI award (% salary)
John Foley	Group Investment Director	3%	£648,000	160%	40%	250%
Jackie Hunt	CEO, UK	3%	£644,000	160%	40%	225%
Michael McLintock	CEO, M&G[1]	3%	£382,000	600%	40%	450%
Nic Nicandrou	Chief Financial Officer	5%	£682,000	175%	40%	250%
Barry Stowe	CEO, PCA	3%	HK$ 8,490,000	160%	40%	225%
Tidjane Thiam	Group Chief Executive	3%	£1,061,000	200%	40%	400%
Mike Wells	CEO, JNL[2]	3%	US$ 1,114,000	160%	40%	460%

Notes

1 The bonus opportunity for the CEO, M&G remains at the lower of 0.75 per cent of M&G's IFRS profit or six times salary. As with 2013, he will receive awards under the Prudential LTIP and the M&G Executive LTIP, which are both included in the above LTI award.

2 The CEO, JNL will also continue to have a 10 per cent share of the Jackson Senior Management Bonus Pool. 40 per cent of this is deferred in shares.

Remuneration report

Directors' remuneration policy

This remuneration policy will apply following the AGM on 15 May 2014 (subject to shareholder approval).
Total remuneration for our executive directors is made up of a number of elements. The purpose of each element is set out below:

	Component	Purpose
Fixed pay	Base salary	Paying salaries at a competitive level enables the Company to recruit and retain key executives.
	Benefits	The benefits provided to executives are items and allowances that assist them in carrying out their duties efficiently. Expatriate and relocation benefits allow Prudential to attract high calibre executives in the international talent market and deploy them appropriately within the Group.
	Provision for an income in retirement	Pension benefits provide executives with opportunities to save for an income in retirement.
Variable pay	Annual cash bonus	Payments under the Annual Incentive Plan (AIP) incentivise the delivery of stretching financial and personal objectives which are drawn from the annual business plan.
	Annual deferred bonus	The Company mandates that a proportion of each executive director's annual bonus is not paid in cash and must be deferred. The deferred bonus is subject to malus provisions designed to ensure that performance is sustained. Deferral into shares aligns the interests of our executive directors with our shareholders and helps to ensure a focus on the longer-term sustainable success of the Company.
	Prudential Long Term Incentive Plan ('PLTIP')	The Prudential Long Term Incentive Plan is designed to incentivise the delivery of: — Longer- term business plans; sustainable long-term returns for shareholders; and adherence to the Group's risk appetite. Awards are made in Prudential shares, aligning the experience of executives and shareholders.
	M&G Executive LTIP	The M&G Executive LTIP is designed to incentivise the delivery of: — Longer-term sustainable growth; and adherence to the Group's and M&G's risk appetite.
Legacy long-term incentives	Group Performance Share Plan ('GPSP')	The GPSP was designed to incentivise the achievement of sustainable long-term returns for shareholders. Awards were made in Prudential shares, aligning the absolute shareholder experience of executives and shareholders.
	Business Unit Performance Plan ('BUPP')	The BUPP was designed to incentivise the delivery of business unit performance for executives who have regional responsibilities. These directors received awards under both the GPSP and the BUPP to ensure a dual focus on business unit and Group performance. Awards were made in Prudential shares aligning the absolute shareholder experience of executives and shareholders.

Fixed pay policy for executive directors

Component	Operation	Opportunity
Base salary	Prudential's policy is to offer all executive directors base salaries which are competitive within their local market. The Committee reviews salaries annually with changes effective from 1 January. In determining base salaries for each executive, the Committee considers factors such as: — Salary increases for all employees; — The performance and experience of the executive; — Group or business unit financial performance; and — Internal relativities. Additionally, economic factors such as inflation are considered. Having taken a view on the appropriate levels of increase based on these criteria, market data is reviewed with the intention that any resultant salary remains within a competitive range. As the Company has executive directors based in multiple geographies, and within insurance and asset management businesses, the Remuneration Committee reviews data from a number of different markets which it believes to be the most relevant benchmarks. The benchmarks used are disclosed in the annual report on remuneration. Salaries are typically paid in the local currency of the country where the executive is based. This means that the reported salary in the 'single figure' table may fluctuate due to currency movements. The Committee may also determine that the salary of an executive is set in an alternative currency (for example US dollars).	Annual salary increases for executive directors will normally be in line with the increases for other employees across our business units. However, there is no prescribed maximum annual increase.
Benefits	Prudential's policy is for the Committee to have the discretion to offer executive directors benefits which reflect their individual circumstances and are competitive within their local market, including: — Health and wellness benefits; — Protection and security benefits; — Transport benefits; — Family and education benefits; — All employee share plans and savings plans; and — Relocation and expatriate benefits. No benefits are pensionable.	The maximum paid will be the cost to the company of providing these benefits. The cost of these benefits may vary from year to year but the Committee is mindful of achieving the best value from providers.
Provision for an income in retirement	Prudential's policy is to offer all executive directors a pension provision which is competitive within their local market. The pension provision for executive directors depends on the arrangements in place for other employees in their business unit when they joined the Group. Those executives who joined the Group before June 2003 were entitled to join the defined benefit plans available at that time. At the end of 2013, no executive director was an active member of a Group defined benefit scheme. Executives who are not an active member of a defined benefit scheme have the option to: — Receive payments into a defined contribution scheme; or — Take a cash supplement in lieu of contributions. Jackson's Defined Contribution Retirement Plan has a guaranteed element (6 per cent of pensionable salary) and additional contributions (up to a further 6 per cent of pensionable salary) based on the profitability of JNL.	Executive directors are entitled to receive pension contributions or a cash supplement (or combination of the two) up to a total of 25 per cent of base salary or, retain membership of a defined benefit scheme. In addition, the Chief Executive, PCA receives statutory contributions into the Mandatory Provident Fund.

Directors' remuneration policy continued

Annual bonus policy for executive directors

Annual bonus

Operation

Currently all executive directors participate in the Annual Incentive Plan (AIP).

The AIP awards for all executive directors are subject to the achievement of financial and personal objectives. Business unit chief executives either have measures of their business unit's financial performance in the AIP or they may participate in a business unit specific bonus plan. For example, the President and CEO, JNL currently participates in the Jackson Senior Management Bonus Pool, as well as in the AIP.

Determining annual bonus payments

No bonus is payable under the AIP for performance at or below the threshold level, increasing to 100 per cent for achieving or exceeding the maximum level.

The Committee determines the annual incentive payment for each executive director with reference to the performance achieved against performance ranges.

The Jackson Senior Management Bonus Pool is calculated based on JNL's financial performance and distributed to Jackson's leadership team.

In assessing performance, the Committee will take into account the personal performance of the director and the Group and/or business units' adherence to the risk appetite and framework, as well as other relevant factors. To assist them in their assessment the Committee considers a report from the Group Chief Risk Officer on adherence to the Group's risk appetite and framework.

Unusual circumstances

See page 104 for details of the Committee's powers in respect of AIP participants joining or leaving the Group.

Opportunity

The Chief Executive, M&G has a bonus opportunity of 0.75 per cent of M&G's IFRS profit, capped at six times salary.

For other executive directors the maximum AIP opportunity is up to 200 per cent of salary. Annual awards are disclosed in the relevant annual report on remuneration.

In addition to the AIP, the President & CEO, JNL receives a 10 per cent share of the Jackson Senior Management Bonus Pool.

Performance measures

The Committee has the discretion to determine the specific performance conditions attached to each AIP cycle and to set annual targets for these measures with reference to the business plans approved by the Board. The financial measures used for the AIP will typically include profit, cash and capital adequacy. For the measures used in 2013 and 2014, please refer to our annual report on remuneration.

Jackson's profitability and other key financial measures determine the value of the Jackson Senior Management Bonus Pool.

The current weighting of the performance measures are:

	Financial	Personal
Group Investment Director[1]	50%	50%
Chief Executive, UK & Europe	80%	20%
Chief Executive, M&G	80%	20%
Chief Financial Officer	80%	20%
Chief Executive, PCA	80%	20%
Group Chief Executive	80%	20%
President & CEO, JNL[2]	80%	20%

Notes

1 The Group Investment Director is responsible for oversight of Prudential's investment activities, with particular emphasis on ensuring alignment to the Group's risk appetite. The weighting of his bonus objectives reflect this role.

2 The President & CEO, JNL also participates in the Jackson Senior Management Bonus Pool. The whole of the pool is determined by financial performance.

The Committee retains the discretion to adjust and/or set different performance measures if events occur (such as a change in strategy, a material acquisition and/or divestment of a Group business or a change in prevailing market conditions) which cause the Committee to determine that the measures are no longer appropriate and that amendment is required so that they achieve their original purpose.

Annual bonus policy for executive directors continued

Deferred bonus shares

Operation	All executive directors are required to defer a percentage of their total annual bonus into Prudential shares. Currently all directors defer 40 per cent of bonus for three years.
Determining the release of the award	When awards are released they are increased to reflect the number of shares which could have been purchased with the dividends paid on the released shares, during the deferral period. The Committee has the authority to apply a malus adjustment to all, or a portion of, an outstanding deferred award. This power could be invoked in specific circumstances, for example, if a business decision taken during the performance period led to a material breach of a law or regulation, or if there is a material adverse restatement of the accounts for that period.
Unusual circumstances (including change of control)	In the event of a corporate transaction (eg takeover, merger, winding up, rights issue etc), the Remuneration Committee will determine whether awards will: — Vest in part or in full; and/or — Continue in accordance with the rules of the Plan; and/or — Lapse and, in exchange, the Participant will be granted an award under any other share or cash incentive plan which the Remuneration Committee considers to be broadly equivalent to the award. See page 104 for details of the Committee's powers in respect of AIP participants joining or leaving the Group.
Opportunity	The maximum vesting under this arrangement is 100 per cent of the original deferral, plus accrued dividend shares.
Performance measures	The level of the initial deferred bonus awards are determined by the value of the bonus in respect of performance in the previous year as described in the table above. The release of awards is not subject to any further performance conditions.

Directors' remuneration policy continued

Long-term incentive policy for executive directors

Prudential Long Term Incentive Plan ('PLTIP')

Operation

Prudential's policy is that executive directors receive long-term incentive awards with full vesting only achieved if the Company meets stretching performance targets.

The Rules of the PLTIP were approved by shareholders in 2013. The Committee will operate this Plan in line with these Rules.

Granting awards

The PLTIP is a conditional share plan: the shares which are awarded will ordinarily be released to directors after three years to the extent that performance conditions have been met. If performance conditions are not achieved in full, the unvested portion of any award lapses and performance cannot be retested.

The levels of award made under the PLTIP in 2014 (as a percentage of salary) are:

Group Investment Director	250%
CEO, UK	225%
CEO, M&G	150%
Chief Financial Officer	250%
CEO, PCA	225%
Group Chief Executive	400%
CEO, JNL	460%

The PLTIP has a three-year performance period (although the Committee has the discretion to apply shorter or longer performance periods when the PLTIP is used for buy-out awards on recruitment).

Determining the release of the award

The Committee has the authority to apply a malus adjustment to all, or a portion of, an outstanding PLTIP award. This power could be invoked, for example, if a business decision taken during the performance period led to a material breach of a law or regulation, or if there is a material adverse restatement of the accounts for that period. The Committee also has the discretion to postpone the vesting date of the award.

When awards are released they are increased to reflect the number of shares which could have been purchased with the dividends paid on the released shares, between the awards being granted and released. However, the Committee has the discretion to determine that the number of dividend shares should be reduced or forfeited.

Unusual circumstances (including change of control)

In the case of a corporate transaction (eg takeover, merger, winding up, rights issue etc) the Committee may determine that awards will be exchanged for replacement awards (either in cash or shares) of equal value or be released. Where awards are released the Remuneration Committee will have regard to the performance of the Company, the time elapsed between the date of grant and the relevant event and any other matter which the Remuneration Committee considers relevant or appropriate.

The Committee may make amendments to the Rules of the Plan which are minor and to benefit the administration of the Plan, which take account of any changes in legislation, and/or which obtain or maintain favourable tax, exchange control or regulatory treatment. No amendments may be made to the advantage of participants without prior shareholder approval.

See page 104 for details of the Committee's powers in respect of PLTIP participants joining or leaving the Group.

Opportunity

The value of shares awarded under the PLTIP (in any given financial year) may not exceed 550 per cent of the executive's annual basic salary.

Awards made in a particular year are usually significantly below this limit. The levels of award in 2014 are shown above. The Committee do not envisage increasing these over the life of the policy and would consult with major shareholders before doing so. In addition, these would be disclosed in the relevant annual report on remuneration and be subject to an advisory vote at the AGM.

The maximum vesting under the PLTIP is 100 per cent of the original share award plus accrued dividend shares.

Long-term incentive policy for executive directors continued

Performance measures	The performance conditions attached to PLTIP awards are: — Relative TSR (50 per cent of award); **and** — Group IFRS profit (50 per cent of award); or — Business unit IFRS profit (50 per cent of award). The performance conditions attached to each award is dependent on the role of the executive and will be disclosed in the relevant annual report on remuneration. The awards made under the PLTIP to the Chief Executive, M&G are subject only to the TSR performance condition as the IFRS profit of M&G is a performance condition under the M&G Executive LTIP.
Relative TSR	Relative TSR is measured over three years. 25 per cent of this portion of each award will vest for achieving the threshold level of median increasing to full vesting for meeting the stretch level of upper quartile. TSR is measured against a peer group of international insurers (currently 18) which are similar to Prudential in size, geographic footprint and products. The peer group for each award is disclosed in the relevant annual report on remuneration.
IFRS profit	Three year cumulative IFRS operating profit is assessed at Group or business unit level. Threshold and maximum achievement levels will be set at the beginning of the performance periods in line with the three year business plan. 25 per cent of this portion of the award will vest for achieving threshold performance increasing to full vesting for meeting stretch targets. The target for Group IFRS operating profit will be disclosed when the performance period ends.
Committee discretions	For any award made under the PLTIP to vest, the Committee must be satisfied that the quality of the Company's underlying financial performance justifies the level of reward delivered at the end of the performance period.
For current awards	The Committee may revise the peer group used to measure relative TSR to reflect events such as mergers, demergers, listings and delistings. As set out in the Rules of the PLTIP, which were approved by shareholders at the 2013 AGM, the Committee has the discretion to amend the performance conditions attached to an award if circumstances relevant to the performance condition have changed, and the Committee is satisfied that the amended measure will be a fairer measure of performance and no more or less demanding than the original condition. The Committee will consult with major shareholders before revising performance conditions on outstanding awards under the PLTIP. In addition, these would be disclosed in the relevant annual report on remuneration and would be subject to an advisory vote at the AGM.
For future awards	For new awards, organisations may be included in the peer group if their size, geographic footprint and products become similar to those of the Company. Organisations which no longer meet such criteria may be excluded from the peer group. The Committee retains the ability to adjust and/or set different performance measures (or the weighting of performance conditions) which apply to future long-term incentive awards if events occur (such as a change in strategy, a material acquisition and/or divestment of a Group business or a change in prevailing market conditions) which cause the Committee to determine that the measures are no longer appropriate and that amendment is required so that they achieve their original purpose. The Committee will consult with major shareholders before revising performance conditions on future awards under the PLTIP. In addition, these would be disclosed in the relevant annual report on remuneration and would be subject to an advisory vote at the AGM.

Directors' remuneration policy continued

Long-term incentive policy for executive directors continued

M&G Executive LTIP

Operation **Granting awards**	The Chief Executive, M&G currently receives awards under the M&G Executive LTIP. Under this plan an annual award of phantom shares is made with a notional starting share price of £1. The phantom share price at vesting is determined by the performance of M&G over the three year performance period.
Determining the release of the award	Awards are settled in cash. The Committee has the authority to apply a malus adjustment to all, or a portion of, an outstanding M&G Executive LTIP award. This power could be invoked, for example, if a business decision taken during the performance period led to a material breach of a law or regulation, or if there is a material adverse restatement of the accounts for that period.
Unusual circumstances (including change of control)	In the event of a change of control, the Committee may determine that the award will vest immediately or continue until the original vest date. See page 104 for details of the Committee's powers in respect of M&G Executive LTIP participants joining or leaving the Group.
Opportunity	The Chief Executive, M&G receives an award with an initial value of 300 per cent of salary under the M&G Executive LTIP. The maximum vesting under the M&G Executive LTIP is 100 per cent of the number of phantom shares originally awarded.
Performance measures	The phantom share price at vesting is currently determined by the increase or decrease in M&G's profitability with profit and investment performance adjustments also applied. Where the investment performance of M&G's funds is in the top two quartiles during the three-year performance period, the value of phantom shares vesting will be enhanced. The value of phantom shares may be doubled if performance is in the top quartile. Investment performance in the bottom quartile will result in awards being forfeited, irrespective of any profit growth. If profits in the third year of the performance period are less than the average annual profit generated over the performance period the award will be reduced, potentially down to zero.

Share ownership guidelines for executive directors

Operation	The share ownership guidelines for the executive directors were increased as part of the review of remuneration architecture approved by shareholders in 2013. The revised guidelines, effective from 1 January 2013, are: — 350 per cent of salary for the Group Chief Executive; and — 200 per cent of salary for other executive directors. Executives have five years from the implementation of this policy (or the date of their appointment, if later) to build this level of ownership. Shares earned and deferred under the Annual Incentive Plan are included in calculating the executive director's shareholding for these purposes. Unvested share awards under long-term incentive plans are not included. Progress against the share ownership guidelines is detailed in the 'Statement of directors' shareholdings' section of the annual report on remuneration.

Variable pay policy for executive directors (legacy plans)

Group Performance Share Plan ('GPSP') and Business Unit Performance Plan ('BUPP')

Operation	Prior to the approval of the PLTIP, the Group Performance Share Plan and the Business Unit Performance Plan were the principal long-term incentive plans operated for executive directors. All executive directors were eligible to participate in the GPSP. The Chief Executive, UK & Europe, Chief Executive, PCA and President & CEO, JNL also received awards under the Business Unit Performance Plan. The GPSP and BUPP are conditional share plans: the shares which were awarded will be released to directors to the extent that performance conditions have been met, over the three-year performance period.
Determining the release of the award	The Committee has the discretion to reduce the proportion of an award that will vest or determine that an award will be forfeited or to postpone the vesting date of the award to allow the Committee to consider whether any part of the award should vest. When awards are released they are increased to reflect the number of shares which could have been purchased with the dividends paid on the released shares, during the performance period. However, the Committee has the discretion to determine that the number of dividend shares should be reduced or forfeited.
Unusual circumstances (including change of control)	If an award vests early as a result of a corporate transaction (eg takeover, merger, winding up, rights issue etc) awards may be exchanged for replacement award (either in cash or shares) of equal value or released. Where the awards are released, the Remuneration Committee will have regard to the performance of the Company, the time elapsed between the date of grant and the relevant event and any other matter which the Remuneration Committee considers relevant or appropriate. See page 104 for details of the Committee's powers in respect of GPSP and BUPP participants joining or leaving the Group.
Opportunity	The maximum award which could be made to a participant under the GPSP and BUPP in total in any year was 550 per cent of salary. The maximum vesting under the GPSP and BUPP is 100 per cent of the original award, plus accrued dividends.
Performance measures **GPSP**	GPSP awards normally vest on the basis of the Group's Total Shareholder Return (TSR) performance. TSR is the combination of the share price growth and the dividends paid. Awards made prior to 2013 are subject to Prudential's TSR achievement over the performance period compared with the TSR of an index composed of international insurers. For threshold performance of meeting the index, 25 per cent of the award vests. This increases on a straight-line basis to 75 per cent vesting for performance of 110 per cent of the index and full vesting for 120 per cent of the index. The same performance condition also applies to the UK BUPP. The peer group for outstanding awards is disclosed in the relevant annual report on remuneration. The Remuneration Committee may revise this peer group to reflect events such as mergers, demergers and delistings. Some awards were granted using alternative performance conditions, eg UK IFRS operating profit and TSR on a ranked basis where the Committee considered it appropriate.
Asia BUPP	Asia BUPP awards are dependent on the achievement of PCA's new business profit, IFRS profit and cash remittance measured over a cumulative three-year period. Each of these measures will determine vesting of one third of each award. Threshold performance results in 30 per cent of the award vesting increasing to 100 per cent for stretch performance.
Jackson BUPP	Vesting of awards made under the Jackson BUPP are dependent on Shareholder Capital Value (SCV) growth over the performance period. At threshold performance of 8 per cent compound annual growth in SCV, 30 per cent of the award vests. This increases on a straight-line basis to 75 per cent vesting for 10 per cent growth, and full vesting for 12 per cent compound annual growth in SCV.
Committee discretions	In addition, for any award made under the GPSP or the BUPP to vest, the Committee must be satisfied that the quality of the Company's underlying financial performance justifies the level of reward delivered at the end of the performance period. If performance measures are not achieved in full, the unvested portion of any award lapses and performance cannot be retested. As set out in the rules of the GPSP and BUPP, the Committee has the discretion to amend the performance conditions attached to an award if circumstances relevant to the performance condition have changed and the Committee is satisfied that the amended measure will be a fairer measure of performance and no more or less demanding than the original condition. The Committee may make amendments to the Rules of the Plan which are minor and to benefit the administration of the Plan, which take account of any changes in legislation, and/or which obtain or maintain favourable tax, exchange control or regulatory treatment. No amendments may be made to the advantage of participants without prior shareholder approval.

Directors' remuneration policy continued

Notes to the remuneration policy table for executive directors

Determining the performance measures

The Committee selected the performance measures which currently apply to variable pay plans on the following basis:

AIP

The performance measures are selected to incentivise the delivery of the Group's business plan, specifically to ensure that financial objectives are delivered while maintaining adequate levels of capital. Executives are also rewarded for the achievement of personal objectives. These personal objectives include the executive's contribution to Group strategy as a member of the Board and specific goals related to their functional and/or business unit role.

PLTIP

Awards made under the PLTIP are currently subject to the achievement of IFRS profit targets and relative TSR. IFRS profit was selected as a performance measure because it is central to the management of the business and a key driver of shareholder value. Relative TSR was selected as a performance measure because it focuses on the value delivered to shareholders – aligning the long-term interests of shareholders with those of executives. There is one exception; awards made under the PLTIP to the CEO, M&G are subject only to the TSR performance condition. His annual awards under the M&G Executive LTIP (see below) are subject to an IFRS profit target, thereby ensuring that he has the same combination of performance targets as other executives.

M&G Executive LTIP

The performance measures under the M&G Executive LTIP are currently M&G's IFRS operating profit and investment performance. IFRS profit was selected as a performance measure as it is central to the management of the business and a key driver of shareholder value. Investment performance was selected as a performance measure as it is the principal measure of the relative return which M&G provides to its investors and is crucial in ensuring the long-term success of M&G.

GPSP

The performance measure under the GPSP is relative TSR. Relative TSR was selected as a performance measure because it focuses on the value delivered to shareholders – aligning the long-term interests of shareholders with those of executives.

Asia BUPP

The performance measures under the PCA BUPP are PCA IFRS operating profit, PCA new business profit and PCA cash remittances. These measures were selected as performance measures because they reflected the growth and cash strategy of PCA.

Jackson BUPP

The performance measure under the Jackson BUPP is shareholder capital value growth. This was selected as a performance measure because it is an estimation of the shareholder value created by the Jackson business over the performance period.

UK BUPP

The performance measure under the UK BUPP is relative TSR. Relative TSR was selected as a performance measures for the UK BUPP because this aligned the UK business with the Group performance measure in order to reflect the cash generative priorities of the UK business.

Setting the performance ranges

Where variable pay has performance conditions based on business plan measures (for example the AIP and the IFRS profit element of the PLTIP) the performance ranges are set by the Remuneration Committee prior to, or at the beginning of, the performance period. Performance is based on annual and longer-term plans approved by the Board. These reflect the long-term ambitions of the Group and business units, in the context of anticipated market conditions.

For market-based performance conditions (eg relative TSR and M&G investment performance) the Committee requires that performance is in the upper quartile, relative to Prudential's peer group, for awards to vest in full.

Key differences between directors' remuneration and the remuneration of other employees

Across the Group, remuneration is reviewed regularly with the intention that all employees are paid appropriately in the context of their local market and given their individual skills, experience and performance. Each business unit's salary increase budget is set with reference to local market conditions. The Remuneration Committee considers salary increase budgets in each business unit when determining the salaries of executive directors.

The principles that apply to executive directors are cascaded to other employees in their business unit. All senior leaders in the Group participate in annual bonus schemes which have performance conditions which mirror the CEO for their business unit. In addition, they are eligible to receive awards under the Prudential Long Term Incentive Plan or the M&G Executive LTIP with performance conditions aligned to those which apply to executive directors.

Legacy payments

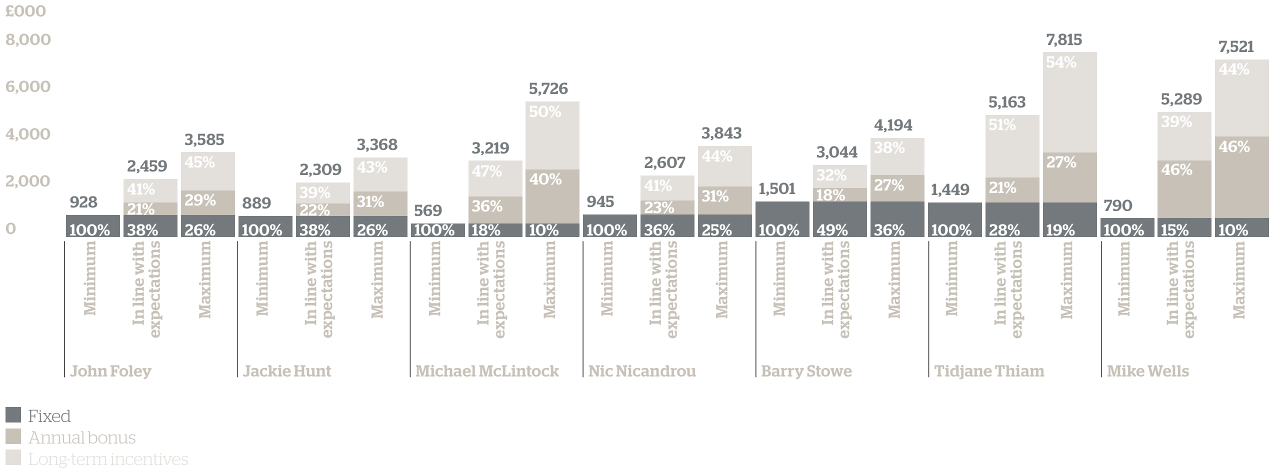
Any commitment made before either (i) 27 June 2012 or (ii) an individual becoming a director, will be honoured even where it is not consistent with the policy prevailing at the time such commitment is fulfilled.

References to 'shares'

In this report, references to shares include American Depository Receipts (ADRs). Directors may receive awards denominated in ADRs rather than shares, depending on their location.

Scenarios of total remuneration

The chart below provides an illustration of the future total remuneration for each executive director in respect of remuneration opportunity for 2014. Three scenarios of potential outcome are provided based on underlying assumptions shown in the notes to the chart.



Notes

The scenarios in the chart above have been calculated on the following assumptions:

	Minimum	In line with expectations	Maximum
Fixed pay	— Base salary at 1 January 2014. — Pension allowance at 1 January 2014. — Estimated value of benefits based on amounts paid in 2013. — Barry Stowe and Mike Wells are paid in HK$ and US$ respectively and have been converted to GBP for the purposes of this chart.		
Annual bonus	No bonus paid.	— 50% of maximum AIP. — JNL bonus pool at the average of the last three years.	— 100% of maximum AIP. — JNL bonus pool at highest of the last three years.
Long-term incentives (excludes share price growth and dividends)	No long-term incentive vesting.	— 62.5% of award under Prudential LTIP (midway between threshold and maximum). — 100% of face value of M&G Executive LTIP.	— 100% of award under Prudential LTIP. — 200% of face value of M&G Executive LTIP.

Service contracts

Executive directors' service contracts provide details of the broad types of remuneration to which they are entitled, and about the kinds of plans in which they may be invited to participate. The service contracts offer no certainty as to the value of performance-related reward and confirm that any variable payment will be at the discretion of the Company.

All of the remuneration obligations placed on the Company by service contracts and letters of engagement are set out elsewhere in this directors' remuneration policy.

Statement of consideration of conditions elsewhere in the Group

Across the Group, remuneration is reviewed regularly with the intention that all employees are paid appropriately in the context of their local market and given their individual skills, experience and performance. Each business unit's salary increase budget is set with reference to local market conditions. The Remuneration Committee considers salary increase budgets in each business unit when determining the salaries of executive directors.

Prudential does not consult with employees when setting the directors' remuneration policy: Prudential is a global organisation with employees and agents in multiple business units and geographies. As such, there are practical challenges associated with consulting with employees directly on this matter. As many employees are also shareholders, they will be able to participate in the binding vote on the directors' remuneration policy.

Statement of consideration of shareholder views

The Remuneration Committee and the Company undertake regular consultation with key institutional investors on the remuneration policy and implementation. This engagement is led by the Remuneration Committee Chairman and is an integral part of the Company's investor relations programme. The Committee is grateful to shareholders for the feedback which is provided, and takes this into account when determining executive remuneration.

Directors' remuneration policy continued

Approach to recruitment remuneration

The table below outlines the approach that Prudential will take when recruiting a new executive director. This approach would also apply to internal promotions.

The approach to recruiting a non-executive director or a non-executive chairman is outlined in the remuneration policy for non-executive directors and the non-executive Chairman on page 106.

Element	Approach
Base salary, benefits and pension	The salary, benefits and pension for a new executive director will be set using the approach set out in the table 'Fixed pay policy for Executive Directors'.
Variable remuneration	The variable remuneration opportunities for a new executive director would be consistent with the limits and structures outlined in the variable pay policy table.
Awards and contractual rights forfeited when leaving previous employer	On joining the Board from within the Group the Committee may allow an executive to retain any outstanding deferred bonus and/or long-term incentive awards and/or other contractual arrangements which they held on their appointment. These awards (which may have been made under plans not listed in this policy) would remain subject to the original Rules, performance conditions and vesting schedule applied to them when they were awarded. If a newly appointed executive director forfeits one or more bonuses (including outstanding deferred bonuses) on leaving a previous employer, these payments or awards may be replaced in either cash or Prudential shares with an award of an equivalent value. Replacement awards will be released on the same schedule as the foregone awards. If a newly appointed executive director forfeits one or more long-term incentive awards on leaving a previous employer, these may be replaced with Prudential awards with an equivalent value. Replacement awards will generally be made under the terms of a long-term incentive plan approved by shareholders, and vest on the same schedule as the foregone awards. Performance conditions will be applied to awards replacing foregone long-term incentive awards; these will be the same as those applied to the long-term incentive awards made to Prudential executives in the year in which the forfeited award was made. **Potential variations** The Committee may consider compensating a newly appointed executive for other relevant contractual rights forfeited when leaving their previous employer. The use of Listing Rule 9.4.2 to facilitate the recruitment of an executive director is now only relevant in 'unusual circumstances'. The Committee does not anticipate using this Rule but reserves the right to do so in an exceptional circumstance. For example, this rule may be required if, for any reason, like-for-like replacement awards on recruitment could not be made under existing plans. This provision would only be used to compensate for remuneration forfeited on leaving a previous employer. Any arrangement established to replace foregone long-term incentive awards would reflect, as far as possible, the terms of the original award (including, if applicable, any performance conditions). The value of this would be capped to be no higher, on recruitment, than the awards which the individual had to surrender to be recruited.

Policy on payment on loss of office

Element	Approach
Notice periods	**Principles** The Company's policy is that executive directors' service contracts will not require the Company to give an executive more than 12 months' notice without prior shareholder approval. A shorter notice period may be offered where this is in line with market practice in an executive's location. The Company is required to give to, and to receive from, each of the current executive directors 12 months' notice of termination, unless indicated in this table. An executive director whose contract is terminated would be entitled to 12 months' salary and benefits in respect of their notice period. Payments are phased over the notice period, although a payment in lieu of notice may be made. Any executive leaving the Group other than by way of their death or disablement would have a duty to mitigate their loss. **Potential variations** If an executive director is dismissed for cause, their contract would be terminated with immediate effect and they would not receive any payments in relation to their notice period. Should an executive die while serving as an employee their estate would not be entitled to receive payments and benefits in respect of their notice period – provisions are made under the Company's life assurance scheme to provide for this circumstance (see 'Benefits' in the Fixed pay policy for executive directors). Should an executive director step down from the Board but remain employed by the Group, they would not receive any payment in lieu of notice in respect of their service as a director. The contract for Mike Wells is a renewable one-year fixed-term contract, renewable automatically on the same terms and conditions, unless the Company or the director gives at least 90 days' notice prior to the end of the relevant term. The contract for Michael McLintock requires that he gives the Company six months' notice of termination.

Policy on payment on loss of office continued

Element	Approach
Outstanding deferred bonus awards	**Principles** The treatment of outstanding deferred bonuses will be decided by the Committee, taking into account the circumstances of the departure, including the performance of the director. Deferred bonus awards are normally retained by participants leaving the Company. Awards made in respect of performance in, or before, 2012 will be released shortly after the end of employment. Awards made in respect of performance in 2013, and subsequent years, will vest on the original timetable. Prior to release, awards remain subject to the malus terms originally applied to them. **Potential variations** Any executive director dismissed for cause would forfeit all outstanding deferred bonus awards. Should an executive die while serving as an employee, outstanding deferred bonus awards will be released as soon as possible after the date of death. Should an executive director step down from the Board but remain employed by the Group, they would retain any outstanding deferred bonus awards. These awards would remain subject to the original Rules, performance conditions and vesting schedule applied to them when they were awarded.
Outstanding long-term incentive awards	**Principles** The treatment of outstanding long-term incentives will be decided by the Committee, taking into account the circumstances of the departure, including the performance of the director. Executives will normally retain their outstanding long-term incentive awards. These awards will ordinarily be pro-rated based on time employed, will vest on the original timescale and will remain subject to the original performance conditions assessed over the entire performance period. **Potential variations** Any executive director dismissed for cause would forfeit all outstanding long-term incentive awards. The release of awards may be expedited in the case of the death of a participant. Awards made under the M&G Executive LTIP will be released immediately should the director leave due to disablement or death and would be pro-rated based on time employed. Should an executive director step down from the Board but remain employed by the Group, they would retain any outstanding long-term incentive awards which they held on their change of role. These awards would remain subject to the original Rules, performance conditions and vesting schedule.
Bonus for final year of service	**Principles** The payment of a bonus for the final year of service will be decided by the Committee giving full consideration to the circumstances of the departure including the performance of the director. The Committee may award a departing executive a bonus which will usually be pro-rated to reflect the portion of the final financial year in which they served which had elapsed on the last day of their employment. Any such bonus would be calculated with reference to individual and financial performance measures in the usual way. The Committee may determine that a portion of such a bonus must be deferred. **Potential variations** Any executive director dismissed for cause would not be eligible for any outstanding bonus payments. The Committee may decide to award an executive stepping down from the Board, but remaining with the Group, a bonus pro-rated to reflect the portion of the financial year which had elapsed on the date of their change of role. This would be calculated with reference to individual and financial performance measures in the usual way. The Committee may determine that a portion of such a bonus must be deferred.
Other payments	**Principles** Consistent with other employees in their business unit, executive directors may receive payments to compensate them for the loss of employment rights on termination. Payments may include: — A nominal amount for agreeing to non-solicitation and confidentiality clauses; — Directors' and Officers' insurance cover for a specified period following the executive's termination date; — Payment for outplacement services; and — Reimbursement of legal fees. The Committee reserves the right to make additional exit payments where such payments are made in good faith: — In discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or — By way of settlement or compromise of any claim arising in connection with the termination of a director's office or employment.

Directors' remuneration policy continued

Remuneration policy for non-executive directors and the non-executive Chairman

	Fees	Benefits	Share ownership guidelines
Non-executive directors	All non-executive directors receive a basic fee for their duties as a Board member. Additional fees are paid for added responsibilities such as chairmanship and membership of committees, or acting as the Senior Independent Director. Fees are paid to non-executives in cash, subject to the appropriate deductions. The basic and additional fees are reviewed annually by the Board, with any changes effective from 1 July. In determining the level of fees the Board considers: — The time commitment and other requirements of the role; Group financial performance; salary increases for all employees; and benchmark information from appropriate markets. If, in a particular year, the number of meetings is materially greater than usual, the Company may determine that the provision of additional fees is fair and reasonable. Non-executive directors are not eligible to participate in annual bonus plans or long-term incentive plans.	Non-executive directors are not eligible to receive benefits, a pension allowance or to participate in the Group's employee pension schemes. Travel and expenses for non-executive directors (including the Chairman) are incurred in the normal course of business, for example in relation to attendance at Board and committee meetings. The costs associated with these are all met by the Company.	In July 2011, a share ownership guideline for non-executive directors was introduced. It is expected that non-executive directors will hold shares with a value equivalent to one times the annual basic fee (excluding additional fees for chairmanship and membership of any committees). Non-executive directors will be expected to attain this level of share ownership within three years of the implementation of this requirement (or within three years of their date of appointment, if later).
Non-executive Chairman	The Chairman receives an annual fee for the performance of their role. This fee is agreed by the Remuneration Committee and is paid to the Chairman in cash, subject to the appropriate deductions. On appointment, the fee may be fixed for a specified period of time. Following the fixed period (if applicable) this fee will be reviewed annually. Changes in the fee are effective from 1 July. In determining the level of the fee for the Chairman the Committee considers: — The time commitment and other requirements of the role; the performance and experience of the Chairman; internal relativities; Company financial performance; salary increases for all employees; and benchmark information from appropriate markets. The Chairman is not eligible to participate in annual bonus plans or long-term incentive plans.	The Chairman may be offered benefits including: — Health and wellness benefits; protection and security benefits; transport benefits; and relocation and expatriate benefits (where appropriate) The maximum paid will be the cost to the Company of providing these benefits. The Chairman is not eligible to receive a pension allowance or to participate in the Group's employee pension schemes.	The Chairman has a share ownership guideline of one times his annual fee and is expected to attain this level of share ownership within five years of the date of his appointment.

Recruitment of a new non-executive chairman or non-executive director

The fees for a new non-executive director will be consistent with the current basic fee paid to other non-executive directors (as set out in the annual report on remuneration for that year) and will be reflective of their additional responsibilities as Chair and/or members of Board committees.

The fee for a new non-executive Chairman will be set with reference to the time commitment and other requirements of the role, the experience of the candidate, as well as internal relativities among the other executive and non-executive directors. To provide context for this decision, data would be sought for suitable market reference point(s).

Notice periods – non-executive directors and non-executive Chairman

Non-executive directors are appointed pursuant to letters of appointment with notice periods of six months without liability for compensation. A contractual notice period of 12 months by either party applies for the non-executive Chairman. The Chairman would not be entitled to any payments for loss of office. For information on the terms of appointment for non-executive directors please see the corporate governance report.

Annual report on remuneration

The operation of the Committee

The members of the Committee during 2013, and the number of Remuneration Committee meetings they attended, are listed below. All are independent non-executive directors:

Director	Meetings attended
Lord Turnbull KCB CVO (Chairman)	5/5
Keki Dadiseth (until 1 May 2013)	0/2
Michael Garrett (until 31 August 2013)	3/3
Kai Nargolwala	5/5
Anthony Nightingale CMG SBS JB (from 1 June 2013)	3/3
Philip Remnant CBE ACA (from 1 January 2013)	5/5

In 2013, the Committee met five times. Key activities at each meeting are shown in the table below:

Meeting	Key activities
Early March 2013	Approve the 2012 directors' remuneration report; consider 2012 bonus awards for executive directors; consider vesting of the long-term incentive awards with a performance period ending on 31 December 2012; and approve 2013 long-term incentive awards, performance measures and Plan documentation.
Mid-March 2013	Confirm 2012 annual bonuses and the vesting of long-term incentive awards with a performance period ending on 31 December 2012, in light of audited financial results.
June 2013	Review the remuneration of the Group Leadership Team, senior risk staff and of employees with a remuneration opportunity over £1 million per annum; consider the cascade of the remuneration architecture to the senior management team; and review progress towards share ownership guidelines by the Chairman, executive directors and Group Executive Committee members.
September 2013	Monitor performance against long-term incentive targets, based on the half year results; review the dilution levels resulting from the Company's share plans; consider the latest version of the external measures report; review total 2014 remuneration of executive directors for consultation with shareholders; and review draft remuneration policy report for consultation with shareholders.
December 2013	Review the level of participation in the Company's all-employee share plans; approve executive directors' 2014 salaries and incentive opportunities; consider the annual bonus and long-term incentive measures and targets to be used in 2014; review an initial draft of the 2013 directors' remuneration report; review the Committee's terms of reference; and approve the Committee's 2014 work plan.

The Chairman and the Group Chief Executive attend meetings by invitation. The Committee also had the benefit of advice from: Group Chief Risk Officer; Chief Financial Officer; Group Human Resources Director; and Director of Group Reward and Employee Relations. Individuals are never present when their own remuneration is discussed.

During 2013, Deloitte LLP were the independent advisor to the Committee. Deloitte were appointed by the Committee in 2011 following a competitive tender process. As part of this process, the Committee considered the services that Deloitte provided to Prudential and its competitors as well as other potential conflicts of interests. Deloitte is a member of the Remuneration Consultants' Group and voluntarily operate under their code of conduct when providing advice on executive remuneration in the UK. Deloitte regularly meet with the Chairman of the Committee without management present. The Committee is comfortable that the Deloitte engagement partner and team, that provide remuneration advice to the Committee, do not have connections with Prudential that may impair their independence and objectivity. The total fees paid to Deloitte for the provision of independent advice to the Committee in 2013 were £72,000, charged on a time and materials basis. During 2013, Deloitte also gave Prudential management advice on remuneration, as well as providing guidance on Solvency II, taxation and other financial matters. In addition, management received external advice and data from a number of providers. This included market data and legal counsel. This is not considered to be material advice or services.

During the year, the Company has complied with the appropriate provisions of the UK Corporate Governance Code which are in force regarding directors' remuneration.

Annual report on remuneration continued

Remuneration in respect of performance in 2013

Base salary

Executive directors' salaries were reviewed in 2012, with changes effective from 1 January 2013. When the Committee took these decisions it considered the salary increases awarded to other employees, the performance and experience of each executive, and the relative size of each directors' role, as well as the performance of the Group. Salary increases for the wider workforce vary across our business units, varying with local market conditions; in 2013 salary budgets increased between 3 per cent and 6 per cent for the wider workforce.

To provide context for this review, information was also drawn from the following market reference points:

Director	Role	Benchmark(s) used to assess remuneration
Rob Devey	Chief Executive, UK & Europe	FTSE 40 International Insurance Companies
John Foley	Chief Risk Officer	FTSE 40
Michael McLintock	Chief Executive, M&G	McLagan UK Investment Management Survey
Nic Nicandrou	Chief Financial Officer	FTSE 40 International Insurance Companies
Barry Stowe	Chief Executive, PCA	Towers Watson Asian Insurance Survey
Tidjane Thiam	Group Chief Executive	FTSE 40 International Insurance Companies
Mike Wells	President & CEO, JNL	Towers Watson US Financial Services Survey LOMA US Insurance Survey

After careful consideration the Committee decided to increase salaries by 3 per cent as set out below.

Executive[1]	2012 salary	2013 salary (+3%)
Rob Devey	£600,000	£618,000
John Foley	£610,000	£628,300
Michael McLintock	£360,000	£370,800
Nic Nicandrou	£630,000	£648,900
Barry Stowe	HK$ 8,000,000	HK$ 8,240,000
Tidjane Thiam	£1,000,000	£1,030,000
Mike Wells	US$1,050,000	US$1,081,500

Note

1 Jackie Hunt was appointed on 5 September 2013. Her salary on joining was £625,000.

Annual bonus

The directors' remuneration policy section provides further details of the design of Prudential's annual bonus plans.

2013 annual bonus opportunities

Executive directors' bonus opportunities, the weighting of performance measures for 2013 and the proportion of annual bonuses deferred are set out below:

			Weighting of measures		
			Financial measures		
	Maximum AIP opportunity (% of salary)	Deferral requirement	Group	Business unit	Personal objectives
Rob Devey[1]	160%	40% of total bonus	20%	60%	20%
John Foley	160%	40% of total bonus	50%	–	50%
Jackie Hunt	160%	40% of total bonus	20%	60%	20%
Michael McLintock[2]	600%	40% of total bonus	20%	60%	20%
Nic Nicandrou	175%	40% of total bonus	80%	–	20%
Barry Stowe	160%	40% of total bonus	20%	60%	20%
Tidjane Thiam	200%	40% of total bonus	80%	–	20%
Mike Wells[3]	160%	40% of total bonus	80%	–	20%

Notes

1 The maximum bonus opportunity shown for Rob Devey was his annual opportunity – this was pro-rated for the portion of 2013 for which he was employed by the Company (to 31 October). Please see the section on 'Payment to past directors' for details.

2 Michael McLintock's annual bonus opportunity in 2013 was the lower of 0.75 per cent of M&G's IFRS profit and six times annual salary. M&G's IFRS profit in 2013 was £395 million.

3 In addition to the AIP, Mike Wells receives a 10 per cent share of the Jackson Senior Management Bonus Pool. This is determined by the financial performance of Jackson.

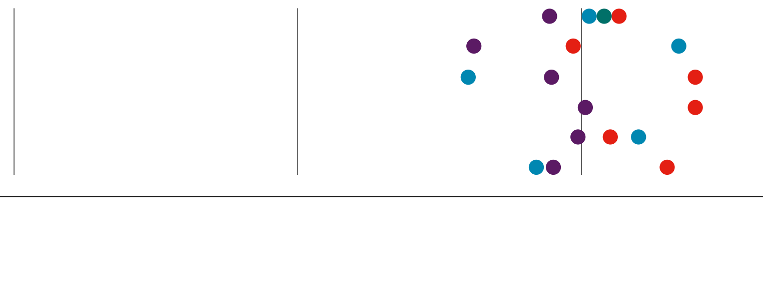
2013 AIP performance measures and achievement

Financial performance

The financial performance measures set for 2013 are shown below. Prior to the start of the year the Committee set stretching performance ranges for each of these measures. The Committee reviewed the Group's performance against these ranges at its meeting in February 2014; in all of our key performance metrics the Group's 2013 results exceed those achieved in 2012. The Committee also reviewed a report from the Group Chief Risk Officer which assessed the achievement of these results in the context of adherence to the Group's risk appetite and framework.

The performance measures, and the relative achievement compared to the performance range, is illustrated below. The Board believe that, due to the commercial sensitivity of these targets, disclosing them may damage the competitive position of the Group.

Measure	Weighting[1]	Threshold 0% vesting	Midpoint 50% vesting	Maximum 100% vesting	Above maximum 100% vesting
IFRS operating profit	30%				
IGD surplus	20%				
Cash flow	15%				
Net free surplus generated	15%				
NBP EEV profit	10%				
In-force EEV profit	10%				



Notes

1 The weighting of each measure within the Group financial element of the bonus for all executives excluding the Chief Executive, M&G. Weightings for the business unit bonus element vary based on the strategy of each business.

2 In addition, investment performance (measured over a one and three-year basis) forms 30 per cent of the Chief Executive, M&G's annual bonus.

Personal performance

As set out in our remuneration policy, a proportion of the annual bonus for each executive director is based on the achievement of personal objectives. These objectives include the executive's contribution to Group strategy as a member of the Board and specific goals related to their functional and/or business unit role. 2013 objectives were set for each executive prior to the start of the financial year, and performance against these objectives was assessed by the Committee at its meeting in February 2014.

2013 annual incentive plan payments

On the basis of the outstanding performance of the Group and business units, and the Committee's assessment of each executive's personal performance, the Committee determined the following 2013 AIP payments:

Executive	Role	2013 salary	Maximum 2013 AIP	2013 AIP payment (as a percentage of maximum)	2013 AIP payment
Rob Devey[1]	Chief Executive, UK & Europe	£618,000	160%	77.4%	£637,776
John Foley	Group Investment Director	£628,300	160%	99.9%	£1,004,023
Jackie Hunt	Chief Executive, UK & Europe	£625,000	160%	93.4%	£934,375
Michael McLintock[2]	Chief Executive, M&G	£370,800	600%	100.0%	£2,224,800
Nic Nicandrou	Chief Financial Officer	£648,900	175%	99.0%	£1,123,895
Barry Stowe	Chief Executive, PCA	HK$8,240,000	160%	95.4%	HK$12,579,184
Tidjane Thiam	Group Chief Executive	£1,030,000	200%	99.8%	£2,055,880
Mike Wells[3]	President & CEO, JNL	US$1,081,500	160%	99.2%	US$1,716,773

Notes

1 Rob Devey received a bonus pro-rated for the portion of 2013 he was employed by the Company (to 31 October 2013). Please see the section on 'Payments to past directors' for details.

2 Michael McLintock's annual bonus opportunity in 2013 was the lower of 0.75 per cent of M&G's IFRS profit and six times annual salary. M&G's IFRS profit in 2013 was £395 million.

3 In addition to the AIP Mike Wells also received 10 per cent of the JNL Senior Management Bonus Pool. His total bonus including his AIP and JNL Senior Management award is US$5,342,373.

2013 Jackson bonus pool

In 2013 the Jackson bonus pool was determined by Jackson's profitability, capital adequacy, remittances to Group, in-force experience and credit rating. Across all of these measures, Jackson delivered excellent performance and exceeded prior year performance. As a result of this performance, the Committee determined that Mike Wells' share of the bonus pool would be US$3,625,600.

Annual report on remuneration continued

Long-term incentive plans with performance periods ending on 31 December 2013

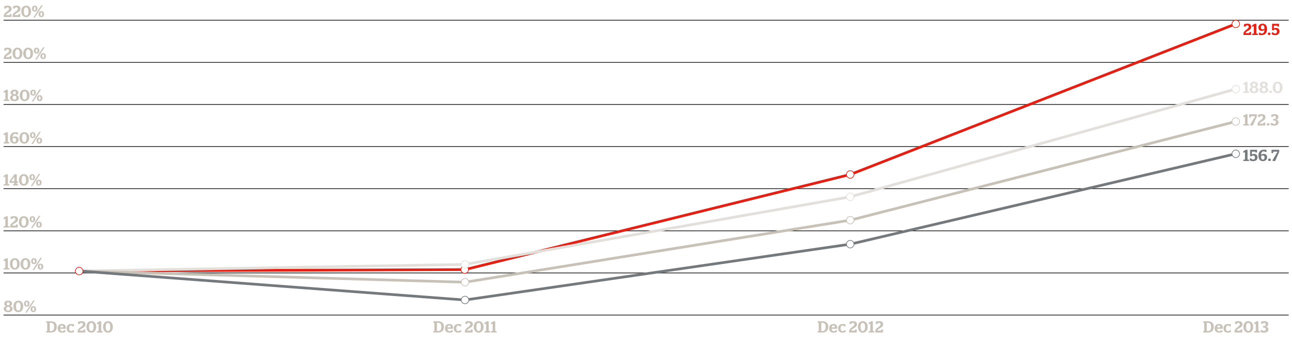
Our long-term incentive plans have performance conditions which are based on the Group's business priorities. When the Committee decided the proportion of these awards which should be released, actual financial results were reviewed against the performance targets set. The Committee also reviewed the underlying Company performance to ensure that these vesting levels were appropriate. The vesting levels are set out below.

The remuneration policy report contains further details of the design of Prudential's long-term incentive plans. Information on long-term incentives awarded in 2013 is shown on page 115.

Group Performance Share Plan (GPSP) and UK BUPP awards

In 2011, all executive directors were made awards under the GPSP. The line chart below compares Prudential's TSR during the performance period (1 January 2011 to 31 December 2013) with that of the peer group index TSR. As a result of Prudential's excellent TSR performance, which was in excess of 140 per cent of the index, these awards will be released in full:

Group Performance Share Plan (GPSP) and UK BUPP awards

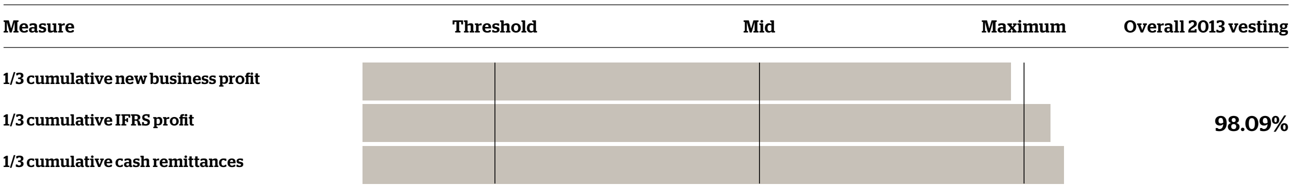


— Prudential TSR performance – vesting level = 100%
— Index x 120% – performance level required for awards to vest at 100%
— Index x 110% – performance level required for awards to vest at 75%
— Index – performance required for awards to vest at 25%

Note
1 Companies in the peer group for the 2011 GPSP and UK BUPP awards are:
Aegon, Allianz, Aviva, Axa, Generali, ING, Legal & General, Manulife, Old Mutual and Standard Life.

Asia BUPP

In 2011, Barry Stowe received an award under the Asia BUPP. This award vests based on the new business profit, IFRS profit and cash remittances of the Asia business. The chart below illustrates the achievement against performance ranges for the 2011 Asia award:



M&G Executive Long-Term Incentive Plan

The phantom share price at vesting for the 2011 M&G Executive Long-Term Incentive award is determined by the increase or decrease in M&G's profitability over the three-year performance period, with adjustments for the investment performance of its funds. M&G performance and the resulting phantom share price for Michael McLintock is shown below:

Award	Three-year profit growth of M&G	Three-year investment performance	2013 phantom share price
2011 M&G Executive LTIP	61%	Second quartile	£2.30

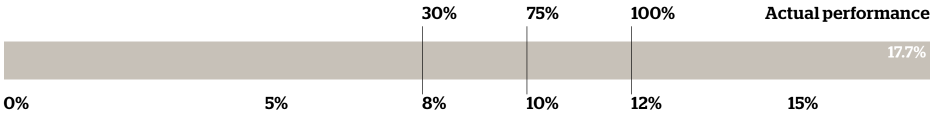
Jackson awards

In 2010, Mike Wells was granted awards under two legacy long-term incentive plans offered to senior staff in Jackson; these awards had a four-year performance period. In 2011, following his appointment to the Prudential Board, he received awards under the GPSP and Jackson BUPP. These awards had a three-year performance period. Mike Wells' 2010 JNL awards (the JNL Long-Term Incentive Plan and 2010 JNL US Performance Share Plan) will be released in 2014, alongside his 2011 GPSP and BUPP awards. The vesting of these awards are set out below:

Jackson BUPP

Mike Wells' 2011 Jackson BUPP award vests subject to Shareholder Capital Value (SCV) growth over the performance period. As a result of excellent SCV growth of 17.7 per cent per annum over the performance period this award will vest in full:

Percentage of award that vests:



Compound annual growth in SCV over three years:

Legacy below Board long-term incentive plans

On 31 December 2013, the performance periods for the 2010 awards under the JNL long-term incentive plans (which began on 1 January 2010) came to an end. Over the four-year period the shareholder value of the US business grew by 14.33 per cent per annum (on a compound basis) and by 70.848 per cent over the performance period. This resulted in vesting of 121.16 per cent of Mike Wells' 2010 JNL US Performance Share Plan award and of 70.848 per cent of his 2010 cash-settled JNL Long-Term Incentive Plan award. These were the last awards which Mike Wells received under these plans.

Pension entitlements

Pension provisions in 2013 were:

Executive	2013 pension arrangement	Life assurance provision
Barry Stowe	Pension supplement in lieu of pension of 25 per cent of salary and a HK$30,000 payment to the Hong Kong Mandatory Provident Fund.	Four times salary.
Mike Wells	Matching contributions of 6 per cent of base salary capped at US$255,000. An annual profit sharing contribution equivalent to 6 per cent of pensionable salary was made in 2013.	Two times salary.
John Foley	Contributions into the defined contribution pension scheme and a cash supplement with a total value of 25 per cent of salary.	Up to four times salary plus a dependants' pension.
All other UK-based executives	Pension supplement in lieu of pension of 25 per cent of salary.	Up to four times salary plus a dependants' pension.

Michael McLintock previously participated in a contributory defined benefit scheme which was open at the time he joined the Company. The scheme provided a target pension of two-thirds of final pensionable earnings on retirement for an employee with 30 years or more potential service who remains in service to normal retirement date. Mr McLintock is now a deferred member of the scheme. Mr McLintock's normal retirement date under the scheme is age 60. Should Mr McLintock claim his deferred pension before this age it will be subject to an actuarial reduction. There are no additional benefits payable should Mr McLintock retire early.

At the end of 2013 the transfer value of this entitlement was £1,089,263. This equates to an annual pension of £57,378, which will increase broadly in line with inflation in the period before becoming due for payment on Mr McLintock's retirement.

Prior to joining the Board, John Foley participated in a defined benefit scheme. There are no entitlements under this scheme in respect of his service as an executive director.

Annual report on remuneration continued

Table of 2013 executive director total remuneration 'The Single Figure'

£000	2013 salary	2013 taxable benefits*	2013 pension benefits†	2013 total bonus	Of which: *Amount paid in cash*	Of which: *Amount deferred into Prudential shares*	2013 LTIP releases‡	Other payments§	Total 2013 remuneration 'The Single Figure'¶
Rob Devey[1]	515	77	129	638	*383*	*255*	1,996	129	3,484
John Foley	628	118	157	1,004	*602*	*402*	2,114	–	4,021
Jackie Hunt[2]	199	224	50	935	*561*	*374*	1,343	801	3,552
Michael McLintock	371	92	93	2,225	*1,335*	*890*	3,704	–	6,485
Nic Nicandrou	649	92	162	1,124	*674*	*450*	2,114	–	4,141
Barry Stowe[3]	679	624	172	1,037	*622*	*415*	2,425	–	4,937
Tidjane Thiam	1,030	123	258	2,056	*1,234*	*822*	5,189	–	8,656
Mike Wells[4]	691	58	20	3,415	*2,049*	*1,366*	7,549	–	11,733
Total	4,762	1,408	1,041	12,434	*7,460*	*4,974*	26,434	930	47,009

* Benefits include (where provided) the cost of providing the use of a car and driver, medical insurance, security arrangements and relocation/expatriate benefits.
† 2013 pension benefits include cash supplements for pension purposes, and contributions into DC schemes as outlined on page 111.
‡ In line with the regulations, the estimated value of LTIP releases has been calculated based on the average share price over the last three months of 2013. The actual value of LTIPs, based on the share price on the date awards are released, will be shown in the 2014 report.
§ Other payments comprises of pay in lieu of salary and pension supplement for Rob Devey over the period 1 November 2013 to 31 December 2013 and a cash payment to Jackie Hunt in respect of shares forfeited when leaving Standard Life, the net value of which was used to purchase Prudential shares. Further information is outlined on page 118. There were no malus adjustments in 2013.
¶ Each remuneration element is rounded to the nearest £1,000 and totals are the sum of these rounded figures. Total remuneration is calculated using the methodology prescribed by Schedule 8 of the Companies Act.

Notes
1 Rob Devey left the Company on 31 October 2013.
2 Jackie Hunt joined the Company on 5 September 2013. Her benefits included a one-off relocation payment of £188,679 to cover additional expenses such as stamp duty and estate agent fees.
3 Barry Stowe's benefits relate primarily to his expatriate status, including costs of £224,612 for housing, £35,230 for children's education, £70,452 for home leave and a £252,142 Executive Director Location Allowance.
4 Mike Wells' bonus figure excludes a contribution of £9,779 from a profit sharing plan which has been made into a 401(k) retirement plan. This is included under 2013 pension benefits.

Table of 2012 executive director total remuneration 'The Single Figure'

£000	2012 salary	2012 benefits*	2012 pension benefits†	Total 2012 bonus	Of which: *Amount paid in cash*	Of which: *Amount deferred into Prudential shares*	2012 LTIP releases‡	Other payments	Total 2012 remuneration 'The Single Figure'§
Rob Devey	600	114	150	710	*426*	*284*	2,510	–	4,084
John Foley	610	156	153	976	*586*	*390*	–	–	1,895
Michael McLintock[1]	360	124	311	1,308	*904*	*404*	3,414	–	5,517
Nic Nicandrou	630	99	158	1,092	*655*	*437*	2,510	–	4,489
Barry Stowe[2]	651	608	165	1,022	*613*	*409*	3,036	–	5,482
Tidjane Thiam	1,000	123	250	2,000	*1,000*	*1,000*	6,160	–	9,533
Mike Wells[3]	663	55	19	2,902	*2,031*	*871*	3,634	–	7,273
Total	4,514	1,279	1,206	10,010	*6,215*	*3,795*	21,264	–	38,273

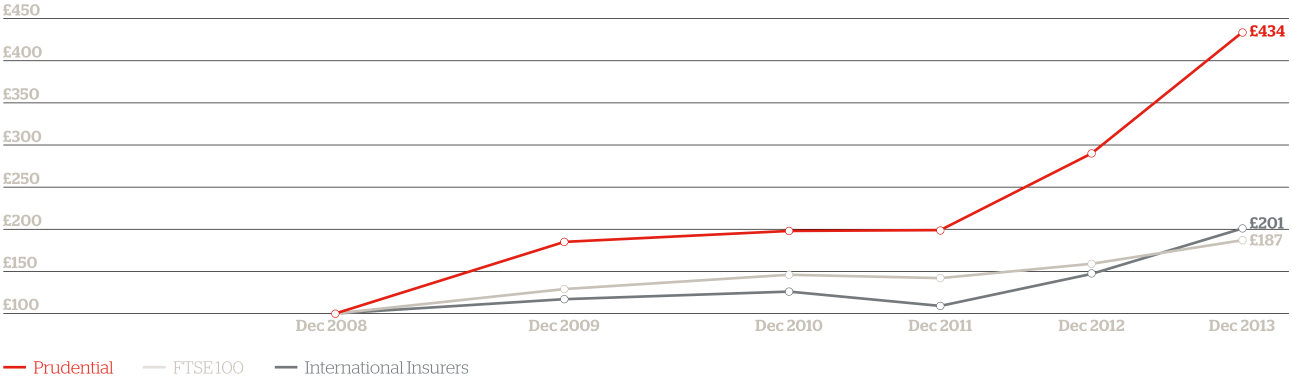
* The value of benefits is the cost to the Company of providing core and additional benefits. The value of some benefits included in the 2012 benefits calculation (for example life assurance) have not been included in 2013 taxable benefits information as they are not subject to UK tax. The 2012 number has not been restated from the 2012 report as the differences are not considered significant.
† 2012 pension benefits includes amounts paid as cash supplements, employers contributions into DC schemes and the 2012 increase in transfer value in Michael McLintock's DB pension, as set out in the 2012 directors' remuneration report. In the 2012 report these amounts were shown in two columns: 'Cash supplements for pension purposes' and '2012 employers pension contributions.'
‡ The long-term incentive values shown above are higher than those reported in the 2012 Annual Report. This is because there was significant share price growth between the final three months of 2012 (used to estimate the value of the awards, in line with the regulations) and the price on 15 March 2013 and 2 April 2013, when long-term awards were released. The estimated share price was £8.67 but the actual price on release was £11.54 (15 March 2013) and £10.83 (2 April 2013). Dividend equivalent shares were also added to GPSP and BUPP awards on release.
§ Each remuneration element is rounded to the nearest £1,000 and totals are the sum of these rounded figures. Total remuneration is calculated using the methodology prescribed by Schedule 8 of the Companies Act.

Notes
1 'The Single Figure' for Michael McLintock for 2012 includes the increase in transfer value of his defined benefit pension. This is outlined in the 2012 directors' remuneration report.
2 Barry Stowe's benefits relate primarily to his expatriate status, including costs of £217,567 for housing, £32,104 for children's education, £69,289 for home leave and a £248,894 Executive Director Location Allowance.
3 Mike Wells' bonus figure excludes a contribution of US$15,000 from a profit sharing plan which has been made into a 401(k) retirement plan. This is included under employers pension contribution.

Performance graph and table

The chart below illustrates the TSR performance of Prudential, the FTSE 100 and International Insurers over the past five years. The information in the table below shows the total remuneration for the Group Chief Executive over the period:

Prudential TSR v FTSE100 and International Insurers – total return over five years to December 2013



£000	2009	2009	2010	2011	2012	2013
Group Chief Executive	Mark Tucker	Tidjane Thiam	Tidjane Thiam	Tidjane Thiam	Tidjane Thiam	Tidjane Thiam
Salary, pension and benefits	1,013	286	1,189	1,241	1,373	1,411
Annual bonus payment	841	354	1,570	1,570	2,000	2,056
(As % of maximum)	(92%)	(90%)	(97%)	(97%)	(100%)	(99.8%)
Long-term incentive vesting	1,575	–	2,534	2,528	6,160	5,189
(As % of maximum)	(100%)	–	(100%)	(100%)	(100%)	(100%)
Other payments	308	–	–	–	–	–
Group Chief Executive Single Figure of total remuneration	3,737	640	5,293	5,339	9,533	8,656

Note

1 Mark Tucker left the Company on 30 September 2009. Tidjane Thiam became Group Chief Executive on 1 October 2009. The figures shown for Tidjane Thiam's remuneration in 2009 relate only to his service as Group Chief Executive.

Percentage change in remuneration

The table below sets out how the change in remuneration for the Group Chief Executive between 2012 and 2013 compares to a wider employee comparator group:

	Salary	Benefits	Bonus
Group Chief Executive	3%	0%	2.8%
All UK employees	4.8%	5.3%	20.3%

The employee comparator group used for the purpose of this analysis is all UK employees. This includes employees in the UK Insurance Operations business, M&G and Group Head Office, and reflects the average change in pay for employees employed in both 2012 and 2013. The salary increase includes uplifts made through the annual salary review, as well as any additional changes in the year, for example promotions or role changes.

The UK work force has been chosen as the most appropriate comparator group as it reflects the economic environment for the location in which the Group Chief Executive is employed.

Relative importance of spend on pay

The table below sets out the amounts paid in respect of 2012 and 2013 on all employee pay and dividends:

	2012	2013	Percentage change
All employee pay (£m)[1]	1,141	1,562	36.9%
Dividends (£m)	747	859	15.0%

Note

1 All employee pay as taken from note B3.1 to the financial statements. The figure for 2012 includes an adjustment in respect of pension actuarial gains. Underlying employee pay excluding social security and pension costs increased by 13.6 per cent. Further information is set out in the financial statements.

Annual report on remuneration continued

Non-executive remuneration in 2013

Chairman's fees

The annual fee paid to the Chairman, Paul Manduca, remained unchanged at £600,000.

Non-executive director fees

An increase of just under 3 per cent was made to the basic non-executive fee with effect from 1 July 2013. Increases were made to the additional fees paid to chairmen of the Remuneration Committee and Risk Committee, and a fee for membership of the Nomination Committee of £10,000 per annum was introduced. These changes reflect the increased time commitment involved in these roles. The revised fees are shown below:

Annual Fees	From 1 July 2012 £	From 1 July 2013 £
Basic fee	87,500	90,000
Additional fees:		
Audit Committee Chairman	70,000	70,000
Audit Committee member	25,000	25,000
Remuneration Committee Chairman	50,000	60,000
Remuneration Committee member	25,000	25,000
Risk Committee Chairman	60,000	65,000
Risk Committee member	25,000	25,000
Nomination Committee member	–	10,000
Senior Independent Director	50,000	50,000

Note

1 If, in a particular year, the number of meetings is materially greater than usual, the Company may determine that the provision of additional fees is fair and reasonable.

The resulting fees paid to non-executives are:

£000s	2013 fees	2012 fees	2013 taxable benefits*	2012 benefits	Total 2013 remuneration: 'The Single Figure'†	Total 2012 remuneration: 'The Single Figure'
Chairman						
Paul Manduca[1]	600	393	129	71	729	464
Non-executive directors						
Keki Dadiseth[2]	40	120	–	–	40	120
Howard Davies	181	171	–	–	181	171
Michael Garrett[3]	75	111	–	–	75	111
Ann Godbehere	189	181	–	–	189	181
Alistair Johnston	114	111	–	–	114	111
Kai Nargolwala	139	136	–	–	139	136
Anthony Nightingale[4]	67	n/a	–	–	67	n/a
Philip Remnant[4]	194	n/a	–	–	194	n/a
Alice Schroeder[4]	64	n/a	–	–	64	n/a
Lord Turnbull	174	161	–	–	174	161
Total	1,837	1,384	129	71	1,966	1,455

* Benefits include the cost of providing the use of a car and driver, medical insurance and security arrangements. The value of some benefits included in the 2012 benefits calculation (for example life assurance) have not been included in 2013 taxable benefits information as they are not subject to UK tax. The 2012 number has not been restated from the 2012 report as the differences are not considered significant.

† Each remuneration element is rounded to the nearest £1,000 and totals are the sum of these rounded figures. Total remuneration is calculated using the methodology prescribed by Schedule 8 of the Companies Act. The Chairman and non-executive directors are not entitled to participate in annual bonus plans or long-term incentive plans.

Notes

1 Paul Manduca was appointed as Chairman on 2 July 2012. The figures for 2012 above include the fees he received as the Senior Independent Director prior to his appointment as Chairman.

2 Keki Dadiseth retired from the Board on 1 May 2013. In 2013, he was paid an allowance of £2,999 in respect of his accommodation expenses in London while on Company business during the period he served as a non-executive director. In 2012 this totalled £8,997. This is included in the fees shown above.

3 Michael Garrett retired from the Board on 31 August 2013.

4 Anthony Nightingale, Philip Remnant and Alice Schroeder did not serve as non-executive directors during 2012.

Long-term incentives awarded in 2013

2013 share-based long-term incentive awards

The table below shows the awards made to executive directors in 2013 under share-based long-term incentive plans and the performance conditions attached to these awards:

						Weighting of performance conditions				
							IFRS Profit			
Executive	Role	Face value of award (% of salary)	Face value of award* £s	Percentage of award released for achieving threshold targets†	End of performance period	Group TSR	Group	Asia	US	UK
John Foley	Group Investment Director	250%	1,570,745	25%	31 Dec 15	50%	50%			
Jackie Hunt[1]	Chief Executive, UK & Europe	225%	1,406,282	25%	31 Dec 15	50%				50%
Michael McLintock[2]	Chief Executive, M&G	150%	556,196	25%	31 Dec 15	100%				
Nic Nicandrou	Chief Financial Officer	225%	1,460,023	25%	31 Dec 15	50%	50%			
Barry Stowe	Chief Executive, PCA	225%	1,563,811	25%	31 Dec 15	50%		50%		
Tidjane Thiam	Group Chief Executive	400%	4,119,988	25%	31 Dec 15	50%	50%			
Mike Wells	President & CEO, JNL	460%	3,257,930	25%	31 Dec 15	50%			50%	

* Awards for executive directors are calculated based on the average share price over the three dealing days prior to the awards being granted (22 May 2013).
† The percentage of award released for achieving maximum targets is 100 per cent.

Notes
1 Jackie Hunt's award was granted on 7 October 2013. The number of shares awarded was calculated using the same share price as used for the other executive directors. Jackie Hunt was also made awards to replace long-term incentives forfeited when she left Standard Life. These are outlined under 'Recruitment arrangements'.
2 The awards made under the PLTIP to the Chief Executive, M&G are subject only to the TSR performance condition. The IFRS profit of M&G is a performance condition under the M&G Executive LTIP.
3 Rob Devey also received a long-term incentive award in 2013. Please see the section on 'Payments to past directors' for details of the award and the performance conditions attached to it.

Group TSR performance will be measured on a ranked basis. 25 per cent of the award will vest for TSR at the median of the peer group increasing to full vesting for performance at the upper quartile. The peer group for 2013 awards is:

Aegon	Aflac	AIA	AIG
Allianz	Aviva	AXA	Generali
Legal & General	Manulife	MetLife	Munich Re
Old Mutual	Prudential Financial	Standard Life	Sun Life Financial
Swiss Re	Zurich Insurance Group		

Performance ranges for IFRS operating profit measured on a cumulative basis over three years are set at the start of the performance period. Due to commercial sensitivities these are not published in advance but will be disclosed for Group, when awards vest.

2013 cash long-term incentive awards

In addition to his PLTIP award, Michael McLintock receives an annual award under the M&G Executive LTIP. In 2013 he received the following award:

Executive	Role	Face value of award (% of salary)	Face value of award £s	Percentage of award released for achieving threshold targets	End of performance period
Michael McLintock	Chief Executive, M&G	300%	1,112,400	See note	31 Dec 15

Note
1 The value of the award on vesting will be based on the profitability and investment performance of M&G over the performance period, as described in the Directors' remuneration policy.

Annual report on remuneration continued

Statement of directors' shareholdings

The shareholding requirements and share ownership guidelines are outlined below:

	Articles of Association			Share ownership guideline		
	Number of shares	Period to meet the requirement[1]	Where applicable, requirement met?	Number of shares as a percentage of salary/fee	Period to meet the guideline[2]	Where applicable, requirement met?
Group Chief Executive	2,500	1 year	Yes	350%	5 years	Yes
Other executive directors	2,500	1 year	Yes	200%	5 years	Yes
Chairman	2,500	1 year	Yes	100%	5 years	On course
Non-executive directors	2,500	1 year	Yes	100%	3 years	Yes

Notes

1 Holding requirement of the Articles of Association (2,500 ordinary shares) must be obtained within one year of appointment to the Board.

2 The increased guidelines for executive directors were introduced with effect from 1 January 2013. Executive directors have five years from this date (or date of joining if later) to reach the enhanced guideline. The guideline for non-executive directors was introduced on 1 July 2011. Non-executive directors have three years from this date (or date of joining if later) to reach the guideline.

The interests of directors in ordinary shares of the Company are set out below. 'Beneficial interest' includes shares acquired under the Share Incentive Plan (detailed in the table on page 123), deferred annual incentive awards and interests in shares awarded on appointment (detailed in the 'other share awards' table on page 121). It is only these shares that count towards the share ownership guidelines.

	1 Jan 2013	31 Dec 2013				11 Mar 2014
	Total beneficial interest (number of shares)	Total beneficial interest (number of shares)	Beneficial interest as a percentage of salary/ basic fee*	Number of shares subject to performance conditions†	Total interest in shares	Total beneficial interest (number of shares)
Chairman						
Paul Manduca	2,500	42,500	**95%**	–	42,500	42,500
Executive directors						
John Foley	323,235	240,047	**512%**	483,765	723,812	240,047
Jackie Hunt[1]	–	36,360	**78%**	320,430	356,790	36,395
Michael McLintock	682,733	453,820	**1,640%**	142,283	596,103	453,820
Nic Nicandrou	350,858	302,885	**625%**	460,412	763,297	302,921
Barry Stowe[2]	511,231	401,140	**792%**	499,090	900,230	401,140
Tidjane Thiam	923,839	892,684	**1,161%**	1,243,213	2,135,897	892,684
Mike Wells[3]	591,808	405,844	**787%**	1,208,278	1,614,122	405,844
Rob Devey[4]	*275,443*	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Non-executive directors						
Howard Davies	3,192	8,316	**124%**	–	8,316	8,316
Ann Godbehere	15,914	15,914	**237%**	–	15,914	15,914
Alistair Johnston	5,000	10,000	**149%**	–	10,000	10,000
Kaikhushru Nargolwala	16,000	50,000	**744%**	–	50,000	50,000
Anthony Nightingale[5]	–	15,000	**223%**	–	15,000	15,000
Philip Remnant[6]	–	4,709	**70%**	–	4,709	4,709
Alice Schroeder[7]	–	2,000	**30%**	–	2,000	2,000
Lord Turnbull	16,624	16,624	**248%**	–	16,624	16,624
Keki Dadiseth[8]	*32,196*	*n/a*	*n/a*	–	*n/a*	*n/a*
Michael Garrett[9]	*39,233*	*n/a*	*n/a*	–	*n/a*	*n/a*

* Based on the closing share price on 31 December 2013 (£13.40).

† Further information on share awards subject to performance conditions are detailed in the 'share-based long-term incentive awards' section of the Supplementary information.

Notes

1 Jackie Hunt was appointed to the Board on 5 September 2013.

2 For the 1 January 2013 figure part of Barry Stowe's beneficial interest in shares is made up of 207,963 ADRs (representing 415,926 ordinary shares) and 95,305 ordinary shares (8,513.73 of these ADRs are held within an investment account which secures premium financing for a life assurance policy). For the 31 December 2013 figure the beneficial interest in shares is made up of 200,570 ADRs (representing 401,140 ordinary shares).

3 For the 1 January 2013 figure Mike Wells' beneficial interest in shares is made up of 295,904 ADRs (representing 591,808 ordinary shares). For the 31 December 2013 figure his beneficial interest in shares is made up of 202,922 ADRs (representing 405,844 ordinary shares). In the table above, the figure for shares subject to performance conditions includes the maximum number of shares (150 per cent of the original number awarded) which may be released to Mike Wells under the JNL Performance Share Plan. This maximum number of shares may be released if stretch performance targets are achieved.

4 Rob Devey left the Board on 5 September 2013.

5 Anthony Nightingale was appointed to the Board on 1 June 2013.

6 Philip Remnant was appointed to the Board on 1 January 2013.

7 Alice Schroeder was appointed to the Board on 10 June 2013. For the 31 December 2013 figure her beneficial interest in shares is made up of 1,000 ADRs (representing 2,000 ordinary shares).

8 Keki Dadiseth retired from the Board on 1 May 2013.

9 Michael Garrett retired from the Board on 31 August 2013.

Outstanding share options

The following table sets out the share options held by the directors in the UK Savings-Related Share Option Scheme (SAYE) as at the end of the period. No other directors participated in any other option scheme.

				Exercise period		Number of options						
	Date of grant	Exercise price	Market price at 31 December 2013	Beginning	End	Beginning of period	Granted	Exercised	Cancelled	Forfeited	Lapsed	End of period
John Foley	25 Apr 08	551	1,340	1 Jun 13	29 Nov 13	2,953	–	2,953	–	–	–	–
John Foley	20 Sep 13	901	1,340	1 Dec 16	31 May 17	–	998	–	–	–	–	998
Tidjane Thiam	16 Sep 11	466	1,340	1 Dec 14	29 May 15	965	–	–	–	–	–	965
Tidjane Thiam	20 Sep 13	901	1,340	1 Dec 16	31 May 17	–	499	–	–	–	–	499
Nic Nicandrou	16 Sep 11	466	1,340	1 Dec 16	31 May 17	3,268	–	–	–	–	–	3,268

Notes
1 A gain of £16,418.68 was made by directors in 2013 on the exercise of SAYE options.
2 No price was paid for the award of any option.
3 The highest and lowest closing share prices during 2013 were 1,340 pence and 901.5 pence respectively.
4 All exercise prices are shown to the nearest pence.

Directors' terms of employment

Executive directors' service contracts

The remuneration policy report contains further details of the terms included in executive director service contracts. Details of the service contracts of each executive director are outlined below:

Executive director	Date of contract	Notice period to the Company	Notice period from the Company
Rob Devey[1]	1 July 2009	12 months	12 months
John Foley	8 December 2010	12 months	12 months
Jackie Hunt	25 April 2013	12 months	12 months
Michael McLintock	21 November 2001	6 months	12 months
Nic Nicandrou	26 April 2009	12 months	12 months
Barry Stowe	18 October 2006	12 months	12 months
Tidjane Thiam	20 September 2007	12 months	12 months
Mike Wells[2]	15 October 2010	12 months	12 months

Notes
1 Rob Devey left the Company on 31 October 2013.
2 The contract for Mike Wells is a renewable one-year fixed-term contract. The contract is renewable automatically upon the same terms and conditions, unless the Company or the director gives at least 90 days' notice prior to the end of the relevant term.

Chairman's letter of appointment

Paul Manduca was appointed as a non-executive director on 15 October 2010 and became Senior Independent Director on 1 January 2011. On 2 July 2012 he was appointed Chairman. A contractual notice period of 12 months by either party applies.

Non-executive directors' letters of appointment

The remuneration policy report contains further details on non-executive directors' letters of appointment. Details of their individual appointments are outlined below:

Non-executive director	Appointment by the Board	Initial election by shareholders at AGM	Notice period	Expiration of current term of appointment
Keki Dadiseth[1]	1 April 2005	AGM 2005	6 months	n/a
Howard Davies	15 October 2010	AGM 2011	6 months	AGM 2014
Michael Garrett[2]	1 September 2004	AGM 2005	6 months	n/a
Ann Godbehere	2 August 2007	AGM 2008	6 months	AGM 2014
Alistair Johnston	1 January 2012	AGM 2012	6 months	AGM 2015
Kaikhushru Nargolwala	1 January 2012	AGM 2012	6 months	AGM 2015
Anthony Nightingale[3]	1 June 2013	AGM 2014	6 months	AGM 2014
Philip Remnant	1 January 2013	AGM 2013	6 months	AGM 2016
Alice Schroeder[3]	10 June 2013	AGM 2014	6 months	AGM 2014
Lord Turnbull	18 May 2006	AGM 2006	6 months	AGM 2015

Notes
1 Keki Dadiseth retired from the Board on 1 May 2013.
2 Michael Garrett retired from the Board on 31 August 2013.
3 For Anthony Nightingale and Alice Schroeder the table assumes initial election by shareholders at the 2014 AGM.

Annual report on remuneration continued

External appointments

Subject to the Group Chief Executive's or the Chairman's approval, executive directors are able to accept external appointments as non-executive directors of other organisations. Any fees paid may be retained by the executive director. During 2013, Michael McLintock received £65,000 as a trustee and non-executive director of another organisation. Jackie Hunt received £45,000 as a non-executive director for another organisation. Other directors served on the boards of educational, development, charitable and cultural organisations without receiving a fee for such services.

Recruitment arrangements

Jackie Hunt

On 26 April 2013, it was announced that Jackie Hunt would join Prudential as Chief Executive for UK & Europe. The Remuneration Committee determined that long-term awards forfeited by Ms Hunt as a consequence of joining Prudential would be replaced on a like-for-like basis, and are subject to Prudential performance criteria.

Ms Hunt was compensated for the loss of her outstanding Standard Life long-term incentive awards with equivalent awards under the Prudential Long Term Incentive Plan as outlined below:

Standard Life award being replaced	Face value of award* £s	Performance condition attached to award†	Percentage of award released for achieving threshold targets‡	End of performance period
2011 Group LTIP	1,185,536	Relative TSR	25%	31 Dec 2013
2012 Group LTIP	1,060,994	Relative TSR	25%	31 Dec 2014

* The face value of awards was calculated using Standard Life's three days average share price on the date Jackie Hunt joined the Company (September 2013) of £3.389.
† The performance conditions attached to the awards are the same TSR conditions as other GPSP and UK BUPP awards made in the relevant year.
‡ The percentage of award released for achieving maximum targets is 100 per cent.

Ms Hunt was not compensated for forfeiting her 2013 Standard Life Group LTIP. Instead, a 2013 long-term incentive award was granted to her. Full details of this award are set out in the 'Long-term incentives awarded in 2013' section of this report.

Ms Hunt forfeited Standard Life deferred bonus awards with a value of £801,210. The Company arranged for these to be replaced with Prudential shares on a like-for-like basis. A cash payment was made to Ms Hunt in respect of these awards, the net value of which was used to purchase 36,337 shares which will be held in a nominee arrangement on her behalf and released to her in March 2014 and March 2015 (in line with the release dates of the original Standard Life awards).

In order for Ms Hunt to take up the position with Prudential she was required to relocate. To facilitate this, the Committee approved the reimbursement of reasonable removal charges for the transport of household items and of legal fees for the sale and purchase of properties. A one-off payment of £188,679 was made to cover additional expenses, such as stamp duty and estate agent fees.

Payments to past directors

Rob Devey

On 26 April 2013 it was announced that Rob Devey would leave Prudential at the end of October 2013. In line with his contractual entitlements, Mr Devey will receive a payment in lieu of salary and pension allowance for the period 1 November 2013 to 25 April 2014. This is paid in instalments and is subject to mitigation. The total amount paid will be £378,000. Medical and life assurance cover will be provided until 25 April 2014. The amounts paid in 2013 are included in the table of 2013 total remuneration on page 112.

In 2013 Rob Devey was granted an award under the Prudential Long Term Incentive Plan as follows. At vesting, the award will be pro-rated for time employed. It remains subject to the original vesting schedule and to potential future reduction depending on the achievement of performance conditions:

Executive	Face value of award (% of salary)	Face value of award* £s	Percentage of award released for achieving threshold targets†	End of performance period
Rob Devey	225%	1,390,497	25%	31 Dec 15

* The Award is calculated based on the average share price over the three dealing days prior to the award being granted (22 May 2013).
† The percentage of award released for achieving maximum targets is 100 per cent (which will then be pro-rated for time employed). 50 per cent of the award will vest subject to relative TSR and 50 per cent subject to the achievement of UK IFRS profit targets. Further details of the performance conditions are outlined in the 'Long-term incentives awarded in 2013' section.

The Remuneration Committee used their discretion to determine that outstanding variable awards of pay would be treated in the following ways:

- A 2013 bonus pro-rated for the amount of time Mr Devey was employed by Prudential during the 2013 financial year (to 31 October 2013). A 2013 bonus of £637,776 was awarded;
- 60 per cent of this award was paid in cash and 40 per cent was deferred into Prudential shares and will be released in 2016;
- Outstanding long-term incentive awards were prorated based on the time Mr Devey was employed by Prudential as a proportion of the relevant performance periods. Awards will continue to be subject to the original performance conditions and released on the original timescales.

As set out in the section on 'Remuneration in respect of performance in 2013', the performance conditions attached to Rob Devey's 2011 GPSP and UK BUPP awards were met in full and 100 per cent of the proportion of these awards that were outstanding (34 months out of 36) will be released in 2014.

Clark Manning

Clark Manning stepped down from his role as President and Chief Executive of Jackson and as an executive director on 31 December 2010. Clark Manning remained Chairman of Jackson until 30 April 2011 and acted in an advisory role until 31 December 2011. The 2010 directors' remuneration report provided full details of the remuneration arrangements that would apply to Clark Manning after his resignation. These arrangements were implemented as intended by the Committee.

The performance conditions attached to the 2010 GPSP and BUPP awards were met in full and awards to Clark Manning were released during 2013 on a pro-rata basis, as disclosed in last year's report. There are no further outstanding awards.

Other directors

A number of former directors receive retiree medical benefits for themselves and their partner (where applicable). This is consistent with other senior members of staff employed at the same time. A de minimis threshold of £10,000 has been set by the Committee; any payments, or benefits provided to a past director under this amount will not be reported.

Statement of voting at general meeting

At the 2013 Annual General Meeting, shareholders were asked to vote on the 2012 directors' remuneration report, the adoption of the Prudential Long Term Incentive Plan and the adoption of the rules of the Prudential 2013 Savings-Related Share Option Scheme ('Prudential SAYE'). Each of these resolutions received a significant vote in favour by shareholders; the Committee is grateful for this support and endorsement by our shareholders. The votes received were:

Resolution	Votes for	% of votes cast	Votes against	% of votes cast	Total votes cast	Votes withheld
The Directors' remuneration report	1,680,696,983	88.40%	220,534,791	11.60%	1,901,231,774	36,594,496
Prudential SAYE	1,870,467,975	96.63%	65,332,272	3.37%	1,935,800,247	2,036,940
Prudential Long Term Incentive Plan	1,649,705,967	87.11%	244,056,797	12.89%	1,893,762,764	44,065,902

Statement of implementation in 2014

Executive directors' salaries were reviewed in 2013 with changes effective from 1 January 2014. When the Committee took these decisions, it considered the salary increases awarded to other employees in 2013 and the expected increases in 2014. The Committee also took account of the performance and experience of each executive, and the relative size of each directors' role, as well as the performance of the Group. The external markets used to provide context to Committee were those used for 2013 salaries, with for the Chief Executive, M&G, an additional benchmark of Asset Management within International Insurance Companies.

- The 2014 salary increase for the Chief Financial Officer was 5 per cent, all other executive directors received a 3 per cent increase. These uplifts are in line with 2014 salary increase budgets for other employees across our business units (3 per cent to 6 per cent). 2014 salaries are set out in the 'Our executive remuneration at a glance' section.
- No changes will be made to executive directors' maximum opportunities under the annual bonus and long-term incentive awards other than for the Chief Financial Officer. The Chief Financial Officer's 2014 long-term incentive award increased to 250 per cent of salary.
- The Chief Financial Officer's total remuneration opportunity for 2014 has increased by 10 per cent. This reflects the increasing complexity and responsibilities of the role, together with the incumbent's considerable performance and contribution to the Group. In making this adjustment the Remuneration Committee were mindful of ensuring that the majority of this be provided through long-term incentive awards, so that the full value is only realised over the long term and subject to the achievement of stretching performance conditions. Major shareholders were consulted on this change prior to implementation.
- The performance measures attached to 2014 bonuses and long-term incentive awards remain unchanged from those set out in the 'Remuneration in respect of 2013' section of this report.

Remuneration report

Supplementary information

Directors' outstanding long-term incentive awards

Share-based long-term incentive awards

	Plan name	Year of award	Conditional share awards outstanding at 1 Jan 2013 (Number of shares)	Conditional awards in 2013 (Number of shares)	Market price at date of award (pence)	Dividend equivalents on vested shares (Number of shares released)[2]	Rights exercised in 2013	Rights lapsed in 2013	Conditional share awards outstanding at 31 December 2013 (Number of shares)	Date of end of performance period
John Foley	GPSP	2011	152,484		733.5				152,484	31 Dec 13
	GPSP	2012	199,433		678				199,433	31 Dec 14
	PLTIP	2013		131,848	1,203				131,848	31 Dec 15
			351,917	131,848					483,765	
Jackie Hunt	PLTIP	2013		106,805	1,176				106,805	31 Dec 13
	PLTIP	2013		95,585	1,176				95,585	31 Dec 14
	GPSP	2013		118,040	1,176				118,040	31 Dec 15
				320,430					320,430	
Michael McLintock	GPSP	2010	66,238		568.5	7,490	66,238		–	31 Dec 12
	GPSP	2011	48,517		733.5				48,517	31 Dec 13
	GPSP	2012	47,079		678				47,079	31 Dec 14
	PLTIP	2013		46,687	1,203				46,687	31 Dec 15
			161,834	46,687		7,490	66,238		142,283	
Nic Nicandrou	GPSP	2010	208,179		568.5	23,548	208,179		–	31 Dec 12
	GPSP	2011	152,484		733.5				152,484	31 Dec 13
	GPSP	2012	185,374		678				185,374	31 Dec 14
	PLTIP	2013		122,554	1,203				122,554	31 Dec 15
			546,037	122,554		23,548	208,179		460,412	
Barry Stowe[1]	GPSP	2010	129,076		568.5	14,522	129,076		–	31 Dec 12
	BUPP	2010	129,076		568.5	13,824	122,880	6,196	–	31 Dec 12
	GPSP	2011	88,270		733.5				88,270	31 Dec 13
	BUPP	2011	88,270		733.5				88,270	31 Dec 13
	GPSP	2012	95,642		678				95,642	31 Dec 14
	BUPP	2012	95,642		678				95,642	31 Dec 14
	PLTIP	2013		131,266	1,203				131,266	31 Dec 15
			625,976	131,266		28,346	251,956	6,196	499,090	
Tidjane Thiam	GPSP	2010	510,986		568.5	57,806	510,986		–	31 Dec 12
	GPSP	2011	374,279		733.5				374,279	31 Dec 13
	GPSP	2012	523,103		678				523,103	31 Dec 14
	PLTIP	2013		345,831	1,203				345,831	31 Dec 15
			1,408,368	345,831		57,806	510,986		1,243,213	
Mike Wells[1,3]	JNL PSP	2009	218,100		455.5		218,100		–	31 Dec 12
	JNL PSP	2010	141,000		568.5				141,000	31 Dec 13
	GPSP	2011	197,648		733.5				197,648	31 Dec 13
	BUPP	2011	197,648		733.5				197,648	31 Dec 13
	GPSP	2012	199,256		678				199,256	31 Dec 14
	BUPP	2012	199,256		678				199,256	31 Dec 14
	PLTIP	2013		273,470	1,203				273,470	31 Dec 15
			1,152,908	273,470			218,100		1,208,278	

Notes

1 The awards for Barry Stowe and Mike Wells were made in ADRs. The figures in the table are represented in terms of ordinary shares (1 ADR = 2 shares).
2 In 2010 a scrip dividend equivalent and in 2011, 2012 and 2013 a DRIP dividend equivalent were accumulated on these awards.
3 The table above reflects the maximum number of shares (150 per cent of the original number awarded) which may be released to Mike Wells under the JNL Performance Share Plan. This maximum number of shares may be released if stretch performance targets are achieved.

Business-specific cash-based long-term incentive plans

Details of all outstanding awards under cash-based long-term incentive plans are set out in the table below. The performance period for all M&G Executive LTIP awards is three years while the performance period for all JNL LTIP awards is four years:

	Year of initial award	Face value of conditional share awards outstanding at 1 January 2013 £000	Conditionally awarded in 2013 £000	Payments made in 2013 £000	Face value of conditional share awards outstanding at 31 December 2013 £000	Date of end of performance period
Michael McLintock						
M&G Executive LTIP	2010	987		2,616	–	31 Dec 12
M&G Executive LTIP	2011	1,318			1,318	31 Dec 13
M&G Executive LTIP	2012	953			953	31 Dec 14
M&G Executive LTIP	2013		1,112		1,112	31 Dec 15
Total cash payments made in 2013				2,616		
Mike Wells						
JNL LTIP	2009	894		1,118	–	31 Dec 12
JNL LTIP	2010	906			906	31 Dec 13
Total cash payments made in 2013				1,118		

Note

Under the M&G Executive LTIP, the value of each unit at award is £1. The value of units changes based on M&G's profit growth and investment performance over the performance period. For the 2010 award of 987,179 units, the unit price at the end of the performance period was £2.65, which resulted in a payment of £2,616,024 to Michael McLintock during 2013. For the 2011 award of 1,318,148 units, the unit price at the end of the performance period was £2.30. This will result in payment of £3,031,740 to Michael McLintock in 2014.

See page 111 for a description of the JNL LTIP. Performance over the period from 2009 to 2012 resulted in a payment of £1,117,509 to Mike Wells during 2013. Performance over the period from 2010 to 2013 will result in a payment of £633,946 being paid to Mike Wells in 2014. The awards above were made before Mike Wells became an executive director and it is anticipated that no further awards will be made to him under this plan.

The sterling face value of Mike Wells' JNL LTIP awards have been calculated using the average exchange rate for the year in which the grant was made. The dollar face value of conditional share awards outstanding on 1 January 2013 and 31 December 2013 was US$2,800,000 and US$1,400,000 respectively.

Other share awards

The table below sets out the share awards that have been made to executive directors under their appointment terms and those deferred from annual incentive plan payouts. The number of shares is calculated using the average share price over the three business days commencing on the day of the announcement of the Group's annual financial results for the relevant year. For the awards from the 2012 annual incentives, made in 2013, the average share price was 1,124.17 pence.

	Year of grant	Conditional share awards outstanding at 1 January 2013 (Number of shares)	Conditionally awarded in 2013 (Number of shares)	Dividends accumulated in 2013 (Number of shares)[2]	Shares released in 2013 (Number of shares)	Conditional share awards outstanding at 31 December 2013 (Number of shares)	Date of end of restricted period	Date of release	Market price at date of award (pence)	Market price at date of vesting or release (pence)
John Foley										
Deferred 2011 annual incentive award	2012	46,057		1,189		47,246	31 Dec 14		750	
Deferred 2012 annual incentive award	2013		34,727	896		35,623	31 Dec 15		1,055	
		46,057	34,727	2,085		82,869				
Michael McLintock										
Deferred 2009 annual incentive award	2010	77,493			77,493	–	31 Dec 12	02 Apr 13	552.5	1,083
Deferred 2010 annual incentive award	2011	80,753		2,085		82,838	31 Dec 13		721.5	
Deferred 2011 annual incentive award	2012	37,284		962		38,246	31 Dec 14		750	
Deferred 2012 annual incentive award	2013		35,905	926		36,831	31 Dec 15		1,055	
		195,530	35,905	3,973	77,493	157,915				

Supplementary information continued

	Year of grant	Conditional share awards outstanding at 1 January 2013 (Number of shares)	Conditionally awarded in 2013 (Number of shares)	Dividends accumulated in 2013 (Number of shares)[2]	Shares released in 2013 (Number of shares)	Conditional share awards outstanding at 31 December 2013 (Number of shares)	Date of end of restricted period	Date of release	Market price at date of award (pence)	Market price at date of vesting or release (pence)
Nic Nicandrou										
Deferred 2009 annual incentive award	2010	27,276			27,276	–	31 Dec 12	02 Apr 13	552.5	1,083
Deferred 2010 annual incentive award	2011	49,862		1,287		51,149	31 Dec 13		721.5	
Deferred 2011 annual incentive award	2012	45,060		1,163		46,223	31 Dec 14		750	
Deferred 2012 annual incentive award	2013		38,836	1,003		39,839	31 Dec 15		1,055	
		122,198	38,836	3,453	27,276	137,211				
Barry Stowe[1]										
Deferred 2009 annual incentive award	2010	40,474			40,474	–	31 Dec 12	02 Apr 13	552.5	1,083
Deferred 2010 annual incentive award	2011	58,314		1,522		59,836	31 Dec 13		721.5	
Deferred 2011 annual incentive award	2012	52,446		1,368		53,814	31 Dec 14		750	
Deferred 2012 annual incentive award	2013		37,726	984		38,710	31 Dec 15		1,055	
		151,234	37,726	3,874	40,474	152,360				
Tidjane Thiam										
Deferred 2009 annual incentive award	2010	65,482			65,482	–	31 Dec 12	02 Apr 13	552.5	1,083
Deferred 2010 annual incentive award	2011	229,515		5,929		235,444	31 Dec 13		721.5	
Deferred 2011 annual incentive award	2012	104,719		2,705		107,424	31 Dec 14		750	
Deferred 2012 annual incentive award	2013		88,954	2,297		91,251	31 Dec 15		1,055	
		399,716	88,954	10,931	65,482	434,119				
Mike Wells[1]										
2009 after tax deferral program award[3]	2010	32,250			32,250	–	15 Mar 13	15 Mar 13	520	1,154
Deferred 2010 Group deferred bonus plan award	2011	94,080		2,456		96,536	31 Dec 13		721.5	
Deferred 2011 annual incentive award	2012	96,336		2,514		98,850	31 Dec 14		750	
Deferred 2012 annual incentive award	2013		80,364	2,096		82,460	31 Dec 15		1,055	
		222,666	80,364	7,066	32,250	277,846				

Notes

1 The Deferred Share Awards for Barry Stowe and Mike Wells were made in ADRs. The figures in the table are represented in terms of ordinary shares (1 ADR = 2 shares).

2 In 2010 a scrip dividend equivalent and in 2011, 2012 and 2013 a DRIP dividend equivalent were accumulated on these awards.

3 This award attracts dividends in the form of cash rather than shares.

All-employee share plans

It is important that all employees are offered the opportunity to own shares in Prudential, connecting them both to the success of the Company and to the interests of other shareholders. Executive directors are invited to participate in these plans on the same basis as other staff in their location. No directors or other employees are provided with loans to enable them to buy shares.

Save As You Earn (SAYE) schemes

UK based executive directors are eligible to participate in the HM Revenue and Customs (HMRC) approved Prudential Savings-Related Share Option Scheme and Barry Stowe is invited to participate in the similar International Share Ownership Scheme. These schemes allow all eligible employees to save towards the exercise of options over Prudential plc shares with the option price set at the beginning of the savings period at a discount of up to 20 per cent of the market price.

In 2013, participants could elect to enter into savings contracts of up to £250 per month for a period of three or five years. At the end of this term, participants may exercise their options within six months and purchase shares. If an option is not exercised within six months, participants are entitled to a refund of their cash savings plus interest, if applicable under the rules. Shares are issued to satisfy those options which are exercised. No options may be granted under the schemes if the grant would cause the number of shares which have been issued, or which remain issuable pursuant to options granted in the preceding 10 years under the scheme and any other option schemes operated by the Company, or which have been issued under any other share incentive scheme of the Company, to exceed 10 per cent of the Company's ordinary share capital at the proposed date of grant.

Details of executive directors' rights under the SAYE scheme are set out in the 'Statement of directors' shareholdings'.

Share Incentive Plan (SIP)

UK-based executive directors are also eligible to participate in the Company's HMRC approved Share Incentive Plan (SIP). In 2013, all UK based employees were able to purchase Prudential plc shares up to a value of £125 per month from their gross salary (partnership shares) through the SIP. For every four partnership shares bought, an additional matching share is awarded which is purchased by Prudential on the open market. Dividend shares accumulate while the employee participates in the plan. If the employee withdraws from the plan, or leaves the Group, matching shares may be forfeited.

The table below provides information about shares purchased under the SIP together with Matching Shares (awarded on a 1:4 basis) and dividend shares.

	Year of initial grant	SIP awards held in trust at 1 Jan 2013 (Number of shares)	Partnership shares accumulated in 2013 (Number of shares)	Matching shares accumulated in 2013 (Number of shares)	Dividend shares accumulated in 2013 (Number of shares)	SIP awards held in trust at 31 Dec 2013 (Number of shares)
Nic Nicandrou	2010	869	136	34	25	1,064
Jackie Hunt	2013	–	19	4	–	23

Dilution

Releases from the Prudential Long Term Incentive Plan, GPSP and BUPP are satisfied using new issue shares, rather than by purchasing shares in the open market. Shares relating to options granted under all-employee share plans are also satisfied by new issue shares. The combined dilution from all outstanding shares and options at 31 December 2013 was 0.2 per cent of the total share capital at the time. Deferred shares will continue to be satisfied by the purchase of shares in the open market.

Five highest paid individuals

Of the five individuals with the highest emoluments in 2013, three were directors whose emoluments are disclosed in this report.

The aggregate of the emoluments of the other two individuals for 2013 were as follows:

	2013 £000
Base salaries, allowances and benefits in kind	335
Pension contributions	70
Performance-related pay	24,601
Total	**25,006**

Their emoluments were within the following bands:

	Number of five highest paid employees 2013
£7,500,001 – £7,600,000	1
£17,400,001 – £17,500,000	1

Signed on behalf of the Board of directors

Lord Turnbull
Chairman of the Remuneration Committee
11 March 2014

Paul Manduca
Chairman
11 March 2014

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