04

Directors' remuneration report

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.

The following sections were subject to audit: Table of 2016 and 2015 Executive Director total remuneration 'The Single Figure' and related notes, salary information table in section entitled Remuneration in respect of performance in 2016, Pension entitlements, Long-term incentives awarded in 2016, Chairman and Non-executive Director remuneration in 2016, Statement of Directors' shareholdings, Outstanding share options, Recruitment arrangements and Payments to past Directors and payments for loss of office.

Dear Shareholder

I am pleased to present the Remuneration Committee's report for the year to 31 December 2016.

The Committee's report is presented in the following sections:

— An 'at a glance' summary of the Group's remuneration arrangements on pages 112 and 113;

— Our Directors' remuneration policy on pages 114 to 117 which describes how we pay Directors currently. This policy was approved by shareholders at the 2014 AGM;

— Our Annual report on remuneration on pages 118 to 134 and 151 to 152 which describes how the Committee applied the Directors' remuneration policy in 2016 and the decisions it has made in respect of 2017;

— Our new Directors' remuneration policy on pages 135 to 150 which describes how we propose paying Directors from 18 May 2017. This will be subject to an ordinary resolution of shareholders at the 2017 AGM; and

— Supplementary information on pages 153 to 157.

By way of preface, I would like to share the context for the key decisions the Committee took during 2016, in particular, the decisions relating to remuneration arrangements in 2017 and how we rewarded the performance achieved in 2016.

Reviewing the Directors' remuneration policy

Ahead of the renewal of the Directors' remuneration policy at the AGM in 2017, the Committee very carefully considered and debated a range of potential remuneration models. The Committee concluded that the current model continues to connect remuneration with the achievement of the Group's ambitious goals to deliver further profitable growth in the coming years. On this basis, the Committee decided to retain the current remuneration model while making a number of improvements to ensure that it continues to be aligned with the Group's remuneration principles, business priorities and evolving stakeholder expectations.

The proposed new Directors' remuneration policy set out on pages 135 to 150 has been designed to:

Simplify incentive arrangements

The Committee is committed to simplifying the remuneration arrangements for the Executive Directors wherever possible. To this end, the number of Annual Incentive Plan financial metrics is being reduced from the seven measures used in 2016 to four measures (cash flow, operating free surplus, IFRS operating profit and NBP EEV profit) for the 2017 financial year. These targets are aligned with the Group's focus on growth and cash generation. Minimum capital levels must be achieved for future bonuses to be paid, underscoring the importance of disciplined and proactive risk and capital management.

In a similar spirit of simplification, the Chief Executive, M&G will receive long-term incentive awards under a single incentive plan (the Prudential Long Term Incentive Plan, PLTIP) from 2017. In the past, the role holder has participated in two long-term incentive arrangements. The face value of the awards will remain unchanged.

Reward the delivery of the Group's longer-term strategy

It is proposed that a sustainability scorecard be used to determine vesting of 25 per cent of PLTIP awards made in 2017 and subsequent years. The scorecard rewards the longer-term generation of capital, the development of a more diverse senior leadership team and the achievement of the Group's conduct expectations. These measures are aligned to the Group's strategic priorities and corporate values, and achieving them will support the Group's ability to deliver to its stakeholders during and beyond the three-year performance period.

The Committee continues to be mindful of its scope to use discretion to adjust bonus payments and/or PLTIP vesting levels if it is not satisfied that the underlying financial performance of the Company during the relevant performance periods justifies the payments arithmetically suggested by the achievement of the performance conditions.

Strengthen the connection between executives and other shareholders

The Committee has decided to introduce a two-year holding period for PLTIP awards made in 2017 and subsequent years. This holding period will apply after the end of the three-year performance period, giving a five-year time horizon for these awards.

To further strengthen the alignment between executives and shareholders, the value of shares which Executive Directors are asked to own will be increased as follows:

— The Group Chief Executive will be asked to own shares worth at least 400 per cent of base salary (350 per cent at present); and

— Other Executive Directors will be asked to own shares worth at least 250 per cent of base salary (200 per cent at present).

Many of the Executive Directors have shareholdings well in excess of the guidelines that they are asked to meet. For instance, on 31 December 2016, Mike Wells had a beneficial interest in shares with a value of over 700 per cent of his salary.

As the Committee considered the new Directors' remuneration policy, I corresponded with and met shareholders who together own around 43 per cent of the Group's share capital as well as organisations that represent and advise shareholders. The Committee and I are grateful for the feedback and support that we received.

Rewarding 2016 performance

Prudential's executive remuneration arrangements reward the achievement of Group, business and personal targets, provided that this performance is delivered within the Company's risk framework and appetites, and that the conduct expectations of Prudential, our regulators and other stakeholders are met.

In rewarding performance, the Committee scrutinises the proposed bonus and LTIP performance targets, which are based on the business plans agreed by the Board, to ensure they are sufficiently challenging, and the Committee sets stretching performance ranges for each of the financial performance measures. The Committee believes that there is a high degree of stretch in both the business plans and the target ranges when factors such as the external economic, political and regulatory environment, across the Group's businesses and geographies, are taken into account.

As set out in the Business review section earlier in this annual report, the Group delivered strong financial performance in 2016, notwithstanding the significant changes which took place in the markets in which it operates.

Performance against these key metrics exceeded the stretching targets established by the Board and the results achieved in recent years. The Group achieved these results while maintaining appropriate levels of capital and operating within the Group's risk framework and appetites. The Committee believes that the bonuses it awarded to Executive Directors for 2016 appropriately reflect this performance.

Performance in 2016 built on the strong results achieved in recent years, despite the external challenges faced by the Group during this time. Based on total shareholder return (TSR) and strong cumulative IFRS operating profit performance over the performance period, the Committee determined that between 41.7 and 70.8 per cent of the PLTIP awards made to Executive Directors in 2014 would vest (depending on the business unit). These awards will be released to participants in April 2017.

The total 2016 'single figure' for the Group Chief Executive is lower than the total 2015 'single figure', despite continuing strong business performance. This is chiefly a result of a lower level of vesting of the 2014 PLTIP award. Mike Wells's 2016 'single figure' is 30 per cent less than his 2015 'single figure', notwithstanding his exceptional leadership and personal performance.

As you will be aware, there have been three changes to Prudential's team of Executive Directors during 2016. The remuneration decisions arising from these changes were disclosed in stock exchange and website announcements when they took place. Further information can be found in the Recruitment arrangements and Payments to past Directors sections of this report.

I trust that you will find this report a clear account of the way in which the Committee has implemented the Directors' remuneration policy during 2016 and of the Committee's proposed new Directors' remuneration policy.

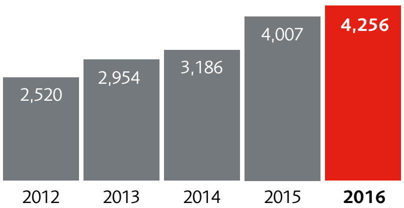
Strategic priority | **Group performance** £m | **2016 bonus achievement**

IFRS operating profit[1]

Prudential's primary measure of profitability and a key driver of shareholder value

CAGR (excluding Korea): +14%

2015-2016 growth 7%



Above stretch level

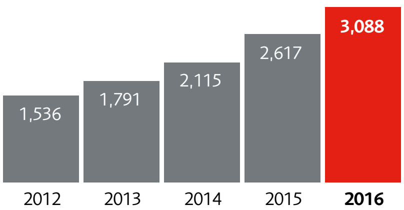
IFRS operating profit accounted for 35 per cent of Group financial bonus targets

EEV new business profit[2]

A measure of the future profitability of the new business sold during the year and indicates the profitable growth of the Group

CAGR (excluding Korea and UK bulk annuity new business profits): +14%

2015-2016 growth 24%



Above stretch level

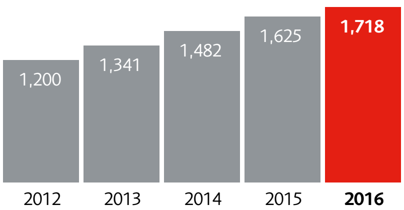
EEV new business profit accounted for 5 per cent of Group financial bonus targets

Business unit remittances

Cash flows across the Group balance these net remittances (which support dividend payments) with the retention of cash for profitable reinvestment

CAGR: +9%

2015-2016 growth 6%



Above stretch level

A cash flow measure was used to determine 10 per cent of the Group financial bonus targets

Notes

1 As previously reported and includes the contribution from the Korea Life business for all years prior to 2016.

2 As previously reported and includes the contribution from the Korea Life business and UK bulk annuity new business profits for all years prior to 2016.

Anthony Nightingale, CMG SBS JP

Chairman of the Remuneration Committee

13 March 2017

Our Executive Directors' remuneration at a glance

Our remuneration strategy and principles

During 2016, our remuneration strategy remained unchanged from that previously approved by shareholders:

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 delivery of the business plan can be sustained.

Our current remuneration architecture

	Key elements[1,2]	Key features of the policy	How we implemented the policy
	Salary and benefits	Broadly aligned with pay budget for other employees	Salary increases of 1% in 2016
Financial and personal/ functional objectives set with reference to business plans approved by the Board.	Cash bonus Deferred bonus	The maximum opportunity is up to 200% of salary 40% of bonus is deferred into shares for three years Award is subject to malus and clawback provisions	The Group Chief Executive has a maximum bonus opportunity of 200% of salary. For other Executive Directors the maximum is 180% of salary or less 2016 bonuses were paid based on performance measures related to profit, cash flow and capital adequacy as well as personal/ functional 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 long-term business strategy and delivery of shareholder value, with vesting subject to: — Relative TSR; and — Group or business unit IFRS profit. Measured over the three financial years from year of award Award is subject to malus and clawback provisions	Awards in 2016 were below the Plan limits: — Group Chief Executive: 400% of salary; — CEO, NABU: 460% of salary; — CEO, M&G: 150% of salary; and — Other PLTIP awards were 250% of salary. For business unit CEOs, awards vest based on TSR and business unit IFRS profit. For other Executive Directors, awards are subject to TSR and Group IFRS profit
	Share ownership guidelines	Significant share ownership guidelines for all Executive Directors 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 The Chief Executive, NABU also receives a 10% share of the Jackson bonus pool

2 The Chief Executive, M&G retains separate bonus and long-term incentive arrangements

What performance means for Executive Directors' pay

At Prudential, remuneration packages are designed to ensure a strong alignment between pay and performance. As you can see from the charts on page 111, 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 2014 had stretching performance conditions attached to vesting and were denominated in shares or ADRs. The 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.

The value of these performance-related elements of remuneration are added to the fixed packages provided to Executive Directors to calculate the 2016 'single figure' of total remuneration. The total 2016 'single figure' for the Group Chief Executive is lower than the total 2015 'single figure', despite continuing strong business performance. This is chiefly a result of a lower level of vesting of the 2014 PLTIP award. Mike Wells's 2016 'single figure' is 30 per cent less than his 2015 'single figure', notwithstanding his exceptional leadership and personal performance. The values for the current Executive Directors who were Directors during the year are outlined in the table below:

		Fixed pay		Performance related				
Executive Director	**Role**	**2016 salary**	**Pension and benefits**	**2016 bonus**	**LTIP vesting**	**Other payments**	**2016 single figure**	**2015 single figure**
John Foley[1]	Chief Executive, UK & Europe	£714,000	£313,000	£1,271,000	£1,781,000	–	£4,079,000	–
Penny James	Group Chief Risk Officer	£606,000	£235,000	£962,000	£347,000	–	£2,150,000	£958,000
Nic Nicandrou	Chief Financial Officer	£711,000	£539,000	£1,236,000	£1,518,000	–	£4,004,000	£4,278,000
Anne Richards[2]	Chief Executive, M&G	£228,000	£139,000	£1,368,000	–	£2,140,000	£3,875,000	–
Barry Stowe	Chairman & CEO, NABU[3]	£820,000	£251,000	£5,229,000	£1,168,000	–	£7,468,000	£6,763,000
Mike Wells	Group Chief Executive	£1,081,000	£1,143,000	£2,151,000	£2,520,000	–	£6,895,000	£9,894,000
Tony Wilkey	Chief Executive, PCA[4]	£845,000	£1,041,000	£1,440,000	£918,000	–	£4,244,000	£3,289,000

Notes

1 John Foley was appointed to the Board on 19 January 2016. The remuneration above was paid in respect of his service as an Executive Director, other than the LTIP releases which related to his previous role.
2 Anne Richards was appointed to the Board on 7 June 2016. The remuneration above was paid in respect of her service as an Executive Director.
3 NABU is an abbreviation of North American Business Unit.
4 PCA is an abbreviation of Prudential Corporation Asia.

Aligning 2017 pay to performance

The Remuneration Committee awarded salary increases to the Executive Directors, other than the Chief Executive, M&G and the Group Chief Risk Officer, for 2017 of 2 per cent, which was below the salary increase budget for the wider workforce. The Chief Executive, M&G, was appointed during the year and therefore no increase in salary was proposed. The Remuneration Committee awarded a salary increase for 2017 of 5 per cent to the Group Chief Risk Officer to reflect her performance and contribution. When Penny was promoted to the Board in 2015 her salary was lower than that of her predecessor. No other changes have been made as we believe remuneration packages remain strongly aligned with performance over both the short and the long term.

The resultant remuneration packages for 2017 are set out in detail in the Annual report on remuneration and summarised below:

			AIP		
Executive Director	**Role**	**2017 salary**	**Maximum bonus (% salary)**	**Bonus deferred**	**LTI award (% salary)**
John Foley	Chief Executive, UK & Europe	£765,000	180%	40%	250%
Penny James	Group Chief Risk Officer	£637,000	160%	40%	250%
Anne Richards[1]	Chief Executive, M&G	£400,000	600%	40%	450%
Nic Nicandrou	Chief Financial Officer	£726,000	175%	40%	250%
Barry Stowe[2]	Chairman & CEO, NABU	US$1,134,000	160%	40%	460%
Mike Wells	Group Chief Executive	£1,103,000	200%	40%	400%
Tony Wilkey	Chief Executive, PCA	HK$9,070,000	180%	40%	250%

Notes

1 The bonus opportunity for the Chief Executive, M&G remains the lower of 0.75 per cent of M&G's IFRS profit or six times salary. The Committee determined that Anne Richards should receive a 2017 PLTIP award with a face value of 450% of base salary, consistent with the combined face value of her previous LTI awards under the PLTIP (150% of salary) and M&G Executive LTIP (300% of salary). All future awards will be made under the PLTIP.
2 The Chairman & CEO, NABU will also continue to have a 10 per cent share of the Jackson bonus pool. 40 per cent of this is deferred in shares.

Summary of the current Directors' remuneration policy

The Company's Directors' remuneration policy was approved by shareholders at the 2014 AGM. This policy came into effect following the AGM on 15 May 2014 and will apply until the 2017 AGM, when shareholders will be asked to approve a revised Directors' remuneration policy. Details of the revised policy can be found on pages 135 to 150.

The pages that follow present a summary of the current Directors' remuneration policy. The complete policy can be found on our website at: www.prudential.co.uk/investors/governance-and-policies/directors-remuneration-policy

Remuneration for Executive Directors

Fixed pay

Element	Operation	Opportunity
Salary	The Committee reviews salaries annually, considering factors such as: — Salary increases for all employees; — The performance and experience of the executive; — Group or business unit financial performance; — Internal relativities; and — Economic factors such as inflation. Market data is also reviewed so that salaries remain in a competitive range relative to each Executive Director's local market.	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	Executive Directors are offered 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.	The maximum paid will be the cost to the Company of providing benefits. The cost of 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	Current executives have the option to: — Receive payments into a defined contribution scheme; and/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 Jackson.	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. In addition, the Chief Executive, PCA receives statutory contributions into the Mandatory Provident Fund.

Variable pay

Element	Operation	Opportunity
Annual bonus	Currently all Executive Directors participate in the Annual Incentive Plan (AIP). 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 Chairman and CEO, NABU currently participates in the Jackson Senior Management Bonus Pool as well as in the AIP. The financial measures used for the annual bonus will typically include profit, cash and capital adequacy. Jackson's profitability and other key financial measures determine the value of the Jackson Senior Management Bonus Pool. In specific circumstances, the Committee also has the power to recover all (or part of) bonuses for a period after they are awarded to executives. These clawback powers apply to the cash and deferred elements of 2015 and subsequent bonuses made in respect of performance in 2015 and subsequent years.	The Chief Executive, M&G has a bonus opportunity of the lower of six times salary or 0.75 per cent of M&G's IFRS profit. 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 Chairman & CEO, NABU receives a 10 per cent share of the Jackson Senior Management Bonus Pool.
Deferred bonus shares	Executive Directors are required to defer a percentage (currently 40 per cent) of their total annual bonus into Prudential shares for three years. The release of awards is not subject to any further performance conditions. The Committee has the authority to apply a malus adjustment to all, or a portion of, an outstanding deferred award in specific circumstances. From 2015 and future awards, the Committee also has the power to recover all, or a portion of, amounts already paid in specific circumstances and within a defined time frame (clawback).	The maximum vesting under this arrangement is 100 per cent of the original deferral plus accrued dividend shares.
Prudential Long Term Incentive Plan	Currently all Executive Directors participate in the Prudential Long Term Incentive Plan (PLTIP). The PLTIP has a three-year performance period. Vesting of outstanding awards is dependent on: — Relative total shareholder return (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 measures attached to each award are dependent on the role of the executive and will be disclosed in the relevant Annual report on remuneration. The Chief Executive, M&G's PLTIP awards 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. The Committee has the authority to apply a malus adjustment to all, or a portion of, an outstanding award in specific circumstances. For 2015 and future awards, the Committee also has the power to recover all, or a portion of, amounts already paid in specific circumstances and within a defined timeframe (clawback).	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 and are disclosed in the relevant Annual report on remuneration. The Committee would consult with major shareholders before increasing award levels during the life of this policy. The maximum vesting under the PLTIP is 100 per cent of the original share award plus accrued dividend shares.
M&G Executive LTIP	The Chief Executive, M&G currently receives awards under this plan. The incumbent receives an annual award of phantom shares each with a notional starting share price of £1. The phantom share price at vesting is currently determined by M&G's profitability, with profit and investment performance adjustments, over the three-year performance period. Awards are settled in cash. The Committee has the authority to apply a malus adjustment to all, or a portion of, an outstanding award in specific circumstances. For 2015 and future awards, the Committee also has the power to recover all, or a portion of, amounts already paid in specific circumstances and within a defined time frame (clawback).	The Chief Executive, M&G receives an award with an initial value of 300 per cent of salary under this plan. Maximum vesting is 100 per cent of the number of phantom shares originally awarded.

Summary of the current Directors' remuneration policy
Continued

Share ownership guidelines

The guidelines for share ownership are as follows:

— 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 these increased guidelines (or from the date of their appointment, if later) to build this level of ownership.

The full policy sets out the Committee's powers in respect of Executive Directors joining or leaving the Board, where a change in performance conditions is appropriate or in the case of corporate transactions (such as a takeover, merger or rights issue). The policy also describes legacy long-term incentive plans under which some Executive Directors continue to hold awards.

Remuneration for Non-executive Directors and the Chairman

Non-executive Directors

Fees	Benefits	Share ownership guidelines
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-executive Directors in cash. Fees are reviewed annually by the Board with any changes effective from 1 July. 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.	Travel and expenses for Non-executive Directors 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.	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 are expected to attain this level of share ownership within three years of their appointment.

Chairman

The Chairman receives an annual fee for the performance of the role. On appointment, the fee may be fixed for a specified period of time. Fees will otherwise be reviewed annually with any changes effective from 1 July. 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 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.

In setting the Directors' remuneration policy, the Committee considers a range of factors including:

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 are able to participate in binding votes on the Directors' remuneration policy and annual votes on the Annual report on remuneration.

Shareholder views

The Remuneration Committee and the Company undertake regular consultation with key institutional investors on the remuneration policy and its 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 their feedback and takes this into account when determining executive remuneration.

Annual report on remuneration

The Board has established Audit, Remuneration, Risk, Nomination and Governance Committees as principal standing committees of the Board. These committees form a key element of the Group governance framework.

The operation of the Remuneration Committee

Members

Anthony Nightingale (the Chairman of the Committee)
Kai Nargolwala
Philip Remnant

Role and responsibility

The role and responsibilities of the Committee are set out in its terms of reference, which are reviewed by the Committee and approved by the Board on an annual basis, and which can be found on the Company's website. The Committee's role is to assist the Board in meeting its responsibilities regarding the determination, implementation and operation of the overall remuneration policy for the Group, including the remuneration of the Chairman and Executive Directors, as well as overseeing the remuneration arrangements of other staff within its purview.

The principal responsibilities of the Committee are:

- Determining and recommending to the Board for approval, the framework and policy for the remuneration of the Chairman, Executive Directors and other members of the Group Executive Committee;
- Approving the design of performance-related pay schemes operated for the Executive Directors and other members of the Group Executive Committee, and determining the targets and individual payouts under such schemes;
- Reviewing the design and development of all share plans requiring approval by the Board and/or the Company's shareholders;
- Approving the share ownership guidelines for the Chairman and Executive Directors and other members of the Group Executive Committee, and monitoring compliance;
- Reviewing and approving individual packages for the Executive Directors and other members of the Group Executive Committee, and the fees of the Chairman and the Non-executive Directors of the Group's material subsidiaries;
- Reviewing and approving packages to be offered to newly recruited Executive Directors and other members of the Group Executive Committee;
- Reviewing and approving the structure and quantum of any severance package for Executive Directors and other members of the Group Executive Committee;
- Ensuring the process for establishing remuneration policy is transparent and consistent with the Group's risk framework and appetites, encouraging strong risk management and solvency management practices and taking account of remuneration practices across the Group;
- Monitoring the remuneration and risk management implications of remuneration of senior executives across the Group, other selected roles and those with an opportunity to earn in excess of £1 million in a particular year; and
- Overseeing the implementation of the Group remuneration policy for those roles within scope of the specific arrangements referred to in Article 275 of Solvency II.

An annual review of the Committee's effectiveness was carried out as part of the Board evaluation, as described in more detail on page 87. The Committee was found to be functioning effectively.

In 2016, the Committee met six times. Key activities at each meeting are shown in the table below:

Meeting	Key activities
February 2016	Approve the 2015 Directors' remuneration report; consider 2015 bonus awards for Executive Directors; consider vesting of the long-term incentive awards with a performance period ending on 31 December 2015; and approve 2016 long-term incentive awards, performance measures and plan documentation.
March 2016	Confirm 2015 annual bonuses and the vesting of long-term incentive awards with a performance period ending on 31 December 2015, in light of audited financial results.
June 2016	Consider performance for outstanding long-term incentive awards, based on the half-year results; review the remuneration of senior executives across the Group, employees with a remuneration opportunity over £1 million per annum and employees within the scope of the Solvency II remuneration rules; consider proposals for new Directors' remuneration architecture and policy; and review progress towards share ownership guidelines by the Chairman, Executive Directors and other Group Executive Committee members.
September 2016	Review the dilution levels resulting from the Company's share plans; review proposed new Directors' remuneration architecture and policy; review proposed 2017 remuneration arrangements ahead of consultation with shareholders; approve the implementation of the remuneration requirements of Solvency II and approve the Remuneration Policy Statement; and review the Remuneration Committee's terms of reference.
November 2016	Finalise the proposed new Directors' remuneration architecture and policy and the approach to the shareholder consultation.
December 2016	Review the level of participation in the Company's all-employee share plans; approve Group Executive Committee members' 2017 salaries and incentive opportunities; consider the annual bonus and long-term incentive measures and targets to be used in 2017; review an initial draft of the 2016 Directors' remuneration report; approve the Group Remuneration Policy; and approve the Committee's 2017 work plan.

Additionally, a number of resolutions in writing were approved by the Committee between these meetings relating to new Executive Directors' remuneration arrangements and separation arrangements for an Executive Director who stepped down from the Board.

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 and the Committee is always careful to manage potential conflicts of interest when receiving views from Executive Directors or senior management about executive remuneration proposals.

During 2016, Deloitte LLP was the independent adviser to the Committee. Deloitte was 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 interest. Deloitte is a member of the Remuneration Consultants' Group and voluntarily operates under their code of conduct when providing advice on executive remuneration in the UK. Deloitte regularly meets with the Chairman of the Committee without management present. The Committee is comfortable that the Deloitte engagement partner and team providing 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 2016 were £48,050 charged on a time and materials basis. During 2016, Deloitte gave Prudential management advice on remuneration, as well as providing guidance on capital optimisation, digital and technology, taxation, internal audit, real estate, global mobility and other financial, risk and regulatory matters. Remuneration advice is provided by an entirely separate team within Deloitte.

In addition, management received external advice and data from a number of other providers. This included market data and legal counsel. This advice, and these services, are not considered to be material.

During the year, the Company has complied with the appropriate provisions of the UK Corporate Governance Code regarding Directors' remuneration.

Table of 2016 Executive Director total remuneration 'The Single Figure'

£000s	2016 salary	2016 taxable benefits*	2016 total bonus	Of which: Amount paid in cash	Of which: Amount deferred into Prudential shares†	2016 LTIP releases‡	Other payments	2016 pension benefits§	Total 2016 remuneration 'The Single Figure'¶
John Foley[1]	714	134	1,271	763	508	1,781	–	179	4,079
Penny James	606	83	962	577	385	347	–	152	2,150
Michael McLintock[2]	173	70	920	552	368	1,811	–	43	3,017
Nic Nicandrou[3]	711	361	1,236	742	494	1,518	–	178	4,004
Anne Richards[4]	228	82	1,368	821	547	–	2,140	57	3,875
Barry Stowe[5,8]	820	46	5,229	3,137	2,092	1,168	–	205	7,468
Mike Wells[6]	1,081	873	2,151	1,291	860	2,520	–	270	6,895
Tony Wilkey[7,8]	845	828	1,440	864	576	918	–	213	4,244
Total	**5,178**	**2,477**	**14,577**	**8,747**	**5,830**	**10,063**	**2,140**	**1,297**	**35,732**

* Benefits include (where provided) the cost of providing the use of a car and driver, medical insurance, security arrangements and relocation/expatriate benefits.
† The deferred part of the bonus is subject to malus and clawback in accordance with the malus and clawback policies.
‡ In line with the regulations, the estimated value of PLTIP releases in 2016 has been calculated based on the average share/ADR price over the last three months of 2016 (£14.86/$37.02). The actual value of PLTIPs, based on the share price on the date awards are released, will be shown in the 2017 report. Tony Wilkey's LTIP release includes an award which vested on 23 September 2016 (the share price on that date was £14.08) in addition to the awards which vest in 2017.
§ 2016 pension benefits include cash supplements for pension purposes and contributions into DC schemes as outlined on page 127.
¶ 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 John Foley was appointed to the Board on 19 January 2016. The remuneration above was paid in respect of his service as an Executive Director, other than the LTIP releases which related to his previous role.
2 Michael McLintock stepped down from the Board on 6 June 2016. The remuneration above was paid in respect of his service as an Executive Director.
3 Nic Nicandrou's benefits relate primarily to relocation support under a legacy relocation clause in his contract, being £156,892 to cover taxes due on stamp duty paid in 2015.
4 Anne Richards was appointed to the Board on 7 June 2016. The remuneration above was paid in respect of her service as an Executive Director. In order to facilitate Anne's appointment as Chief Executive, M&G , the Company agreed to replace the deferred bonus awards she forfeited on leaving Aberdeen Asset Management. The terms of the replacement award are designed to replicate those of the forfeited awards and further details are set out on page 129. In addition, to support Anne's appointment as Chief Executive, M&G, the Company pays for accommodation in London and travel from Anne's home in Edinburgh to London totalling £45,493.
5 Barry Stowe's bonus figure excludes a contribution of £11,738 from a profit sharing plan which has been made into a 401(k) retirement plan in respect of his role as Chairman & CEO, NABU. This is included under 2016 pension benefits.
6 To facilitate his move to the UK, Mike Wells's benefits include relocation support including £330,680 to cover taxes due on stamp duty paid in 2015 and £339,624 to cover mortgage interest. In addition, an amount of £497,748 was paid by the Company to meet a payment on account for US tax on these benefits which, as the tax will be payable in the UK, under the UK and US double tax treaty this amount will ultimately be refunded.
7 Tony Wilkey's benefits include costs of £260,917 for housing and a £413,663 Executive Director Location Allowance. The LTIP releases relate to his previous role, prior to his service as an Executive Director.
8 Barry Stowe and Tony Wilkey are paid in their local currency and exchange rate fluctuations will therefore impact the reported sterling value.

Table of 2015 Executive Director total remuneration 'The Single Figure'

£000's	2015 salary	2015 taxable benefits*	2015 total bonus	Of which: Amount paid in cash	Of which: Amount deferred into Prudential shares†	2015 LTIP releases‡	2015 pension benefits§	Total 2015 remuneration 'The Single Figure'¶
Pierre-Olivier Bouée[1]	270	38	0	0	0	316	68	692
Jackie Hunt[2]	557	76	1,039	623	416	1,688	139	3,499
Penny James[3]	200	21	318	191	127	369	50	958
Michael McLintock	394	71	2,128	1,277	851	2,676	98	5,367
Nic Nicandrou[4]	703	377	1,224	734	490	1,798	176	4,278
Barry Stowe[5, 9]	729	558	3,281	1,969	1,312	2,007	188	6,763
Tidjane Thiam[6]	455	44	704	422	282	3,382	114	4,699
Mike Wells[7]	942	1,283	3,223	1,934	1,289	4,290	156	9,894
Tony Wilkey[8, 9]	433	402	748	449	299	1,597	109	3,289
Total	**4,683**	**2,870**	**12,665**	**7,599**	**5,066**	**18,123**	**1,098**	**39,439**

* Benefits include (where provided) the cost of providing the use of a car and driver, medical insurance, security arrangements and relocation/expatriate benefits.
† The deferred part of the bonus is subject to malus and clawback in accordance with the malus and clawback policies.
‡ In line with the regulations, the estimated value of PLTIP releases in 2015 has been recalculated based on the actual share/ADR price on the date awards are released, being £13.25/$38.36.
§ 2015 pension benefits include cash supplements for pension purposes and contributions into DC schemes.
¶ 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 Pierre-Olivier Bouée stepped down from the Board on 31 May 2015. The remuneration above was paid in respect of his service as an Executive Director.
2 Jackie Hunt stepped down from the Board on 3 November 2015. The remuneration shown above was paid in respect of her service as an Executive Director.
3 Penny James was appointed to the Board on 1 September 2015. The remuneration above was paid in respect of her service as an Executive Director, other than the LTIP releases which related to her previous role.
4 Nic Nicandrou's 2015 benefits relate primarily to a legacy relocation clause in his contract agreed on his appointment and disclosed in the 2009 Directors' remuneration report. The figure includes costs of £243,750 to cover stamp duty.
5 Barry Stowe's 2015 benefits relate primarily to his expatriate status while he was located in Hong Kong in his previous role as Chief Executive, PCA, including costs of £139,405 for housing, £62,586 home leave and a £152,978 Executive Director Location Allowance. In addition, to facilitate his move back to the US, his benefits include relocation support including costs of £110,101 for relocation, shipping and tax return preparation. His bonus figure excludes a contribution of £10,404 from a profit sharing plan which has been made into a 401(k) retirement plan in respect of his role as Chairman & CEO, NABU. This is included under 2015 pension benefits.
6 Tidjane Thiam stepped down from the Board on 31 May 2015. The remuneration shown above was paid in respect of his service as an Executive Director.
7 To facilitate his move to the UK, Mike Wells's benefits include relocation support including an allowance of £200,000 for relocation and shipping, £177,890 for temporary accommodation, £513,750 to cover stamp duty and £56,604 to cover mortgage interest.
8 Tony Wilkey was appointed to the Board on 1 June 2015. The remuneration above was paid in respect of his service as an Executive Director, other than the LTIP releases which related to his previous role. Tony Wilkey's 2015 benefits include costs of £140,134 for housing and a £214,169 Executive Director Location Allowance.
9 Barry Stowe and Tony Wilkey are paid in their local currency and exchange rate fluctuations will therefore impact the reported sterling value.

Remuneration in respect of performance in 2016

Base salary

Executive Directors' salaries were reviewed in 2015 with changes effective from 1 January 2016. When the Committee took these decisions it considered:

— The salary increases awarded to other employees;

— The performance and experience of each executive;

— The relative size of each Director's role; and

— The performance of the Group.

Salary increases for the wider workforce vary across our business units, reflecting local market conditions.

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

Executive	Role	Benchmark(s) used to assess remuneration
John Foley	Chief Executive, UK and Europe	— FTSE 40 — International insurance companies
Penny James	Group Chief Risk Officer	— FTSE 40
Nic Nicandrou	Chief Financial Officer	— FTSE 40 — International insurance companies
Michael McLintock Anne Richards	Chief Executive, M&G	— McLagan UK Investment Management Survey — International insurance companies
Barry Stowe	Chairman & CEO, NABU	— Towers Watson US Financial Services Survey — LOMA US Insurance Survey
Mike Wells	Group Chief Executive	— FTSE 40 — International insurance companies
Tony Wilkey	Chief Executive, PCA	— Towers Watson Asian Insurance Survey

As reported last year, after careful consideration by the Committee, all Executive Directors received a salary increase of 1 per cent. The 2016 salary increase budgets for other employees across our business units were between 3 per cent and 6.5 per cent. No changes were made to Executives Directors' maximum opportunities under either the annual incentive or the long-term incentive plans.

Executive Director	2015 salary	2016 salary
John Foley[1]	–	£750,000
Penny James[2]	£600,000	£606,000
Michael McLintock[3]	£394,000	£398,000
Nic Nicandrou	£703,000	£711,000
Anne Richards[4]	–	£400,000
Barry Stowe[5]	US$1,100,000	US$1,111,000
Mike Wells[6]	£1,070,000	£1,081,000
Tony Wilkey[7]	HK$8,800,000	HK$8,890,000

Notes
1 John Foley was appointed Chief Executive, UK and Europe on 19 January 2016. The annualised 2016 salary above was paid in respect of his service as Chief Executive, UK and Europe.
2 Penny James was appointed Group Chief Risk Officer on 1 September 2015. The annualised 2015 salary above was paid in respect of her service as Group Chief Risk Officer.
3 Michael McLintock stepped down from the Board on 6 June 2016. The annualised 2016 salary above was paid in respect of his service as Chief Executive, M&G and was pro-rated for the portion of the year for which he was an Executive Director.
4 Anne Richards was appointed Chief Executive, M&G on 7 June 2016. The annualised 2016 salary above was paid in respect of her service as Chief Executive, M&G.
5 Barry Stowe was appointed Chairman & CEO, NABU on 1 June 2015. The annualised 2015 salary above was paid in respect of his service as Chairman & CEO, NABU.
6 Mike Wells was appointed Group Chief Executive on 1 June 2015. The annualised 2015 salary above was paid in respect of his service as Group Chief Executive.
7 Tony Wilkey was appointed Chief Executive, PCA on 1 June 2015. The annualised 2015 salary above was paid in respect of his service as Chief Executive, PCA.

Annual bonus

2016 annual bonus opportunities

Executive Directors' bonus opportunities, the weighting of performance measures for 2016 and the proportion of annual bonuses deferred are set out below:

Executive Director	Maximum AIP opportunity (% of salary)	Deferral requirement	Weighting of measures: Group financial measures	Business unit financial/functional measures	Personal objectives
John Foley[1]	180%	40% of total bonus	20%	60%	20%
Penny James	160%	40% of total bonus	50%	30%	20%
Michael McLintock[2]	600%	40% of total bonus	20%	60%	20%
Nic Nicandrou	175%	40% of total bonus	80%	–	20%
Anne Richards[3]	600%	40% of total bonus	20%	60%	20%
Barry Stowe[4]	160%	40% of total bonus	80%	–	20%
Mike Wells	200%	40% of total bonus	80%	–	20%
Tony Wilkey	180%	40% of total bonus	20%	60%	20%

Notes

1 John Foley was appointed to the Board on 19 January 2016. The maximum bonus opportunity shown represents his annual opportunity as an Executive Director, which was pro-rated for the portion of the year for which he was an Executive Director.

2 Michael McLintock's annual bonus opportunity in 2016 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 2016 was £414 million. Michael stepped down from the Board on 6 June 2016. The maximum bonus opportunity shown represents his annual opportunity as an Executive Director, which was pro-rated for the portion of the year for which he was an Executive Director.

3 Anne Richards's annual bonus opportunity in 2016 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 2016 was £414million. Anne was appointed to the Board on 7 June 2016. The maximum bonus opportunity shown represents her annual opportunity as an Executive Director, which was pro-rated for the portion of the year for which she was an Executive Director.

4 Barry Stowe also receives 10 per cent of the Jackson bonus pool.

2016 AIP performance measures and achievement

Target-setting process

For the financial metrics of the AIP, the performance ranges are set by the Remuneration Committee prior to, or at the beginning of, the performance period based on the annual business plans approved by the Board. These reflect the ambitions of the Group and business units, in the context of anticipated market conditions.

As part of the implementation of Solvency II, a portion of Executive Directors' 2016 bonuses was determined by the achievement of Solvency II surplus targets, which replaced the IGD capital surplus measure (part of the Solvency I framework). Otherwise no changes were made to the performance measures for the 2016 annual incentive plan.

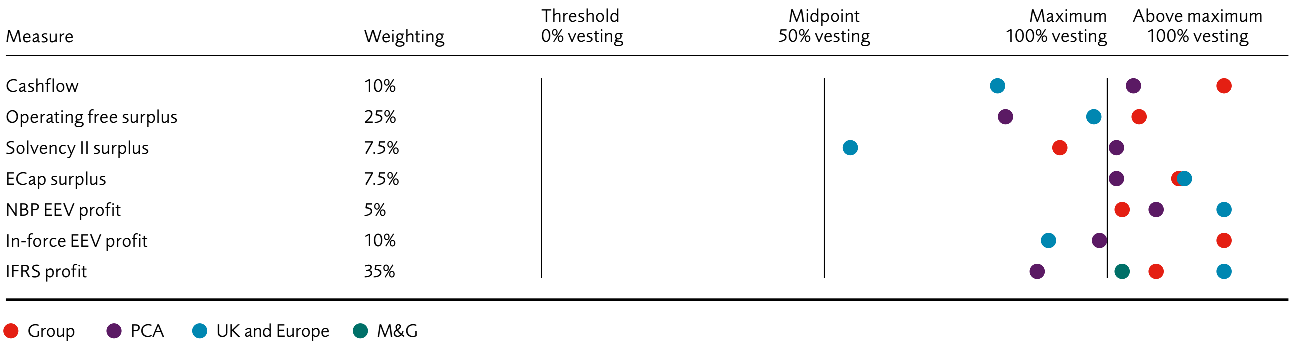
Also as part of the implementation of Solvency II, the weightings of Penny James's AIP performance targets (with effect from 2016) were changed so that 50 per cent related to financial targets, 30 per cent related to functional targets and 20 per cent related to personal targets.

Financial performance

The Committee reviewed performance against the performance ranges at its meeting in February 2017; in all of the bonus performance metrics the Group's 2016 results exceeded the performance required for maximum vesting, other than the Group Solvency II surplus measure, which was between target and maximum.

The Committee also considered a report from the Group Chief Risk Officer which confirmed that these results were achieved within the Group's and business units' risk framework and appetite. The Group Chief Risk Officer also considered the effectiveness of risk management and internal controls, and specific actions taken to mitigate risks, particularly where these may be at the expense of profits or sales. The Group Chief Risk Officer's recommendations were taken into account by the Committee when determining AIP outcomes for Executive Directors.

The performance measures, their weightings and the achievement compared to the performance range, is illustrated below. The performance range (the levels of performance required for threshold, target and maximum bonuses to be paid) for the 2016 Group financial measures will be disclosed in the 2017 Directors' remuneration report.



Personal performance

As set out in our Directors' remuneration policy, a proportion of the annual bonus for each Executive Director is based on the achievement of personal and, for the Group Chief Risk Officer, functional objectives. These objectives include:

— The executive's contribution to Group strategy as a member of the Board;

— Specific goals related to the business or function for which they are responsible, such as developing product propositions for a new generation of savers and investors; and

— Progress on major projects which in 2016 included the initial public offering of our Indian joint venture, ICICI Prudential Life, commencing the divestment of our Korean life business and growing our African business to include Zambia.

Performance against these objectives was assessed by the Committee at its meeting in February 2017.

2016 Annual Incentive Plan payments

On the basis of the strong performance of the Group and its business units, and the Committee's assessment of each Executive Director's personal performance, the Committee determined the following 2016 AIP payments:

Executive Director	**Role**	**2016 salary[1]**	**Maximum 2016 AIP**	**2016 AIP payment (% of maximum)**	**2016 AIP payment**
John Foley	Chief Executive, UK and Europe	£750,000	180%	94.2%	£1,271,000
Penny James	Group Chief Risk Officer	£606,000	160%	99.2%	£962,000
Michael McLintock[2]	Chief Executive, M&G	£398,000	600%	66%	£920,000
Nic Nicandrou	Chief Financial Officer	£711,000	175%	99.3%	£1,236,000
Anne Richards[3]	Chief Executive, M&G	£400,000	600%	100%	£1,368,000
Barry Stowe[4]	Chairman & CEO, NABU	US$1,111,000	160%	99.3%	US$1,765,000
Mike Wells	Group Chief Executive	£1,081,000	200%	99.5%	£2,151,000
Tony Wilkey	Chief Executive, PCA	HK$8,890,000	180%	94.6%	HK$15,138,000

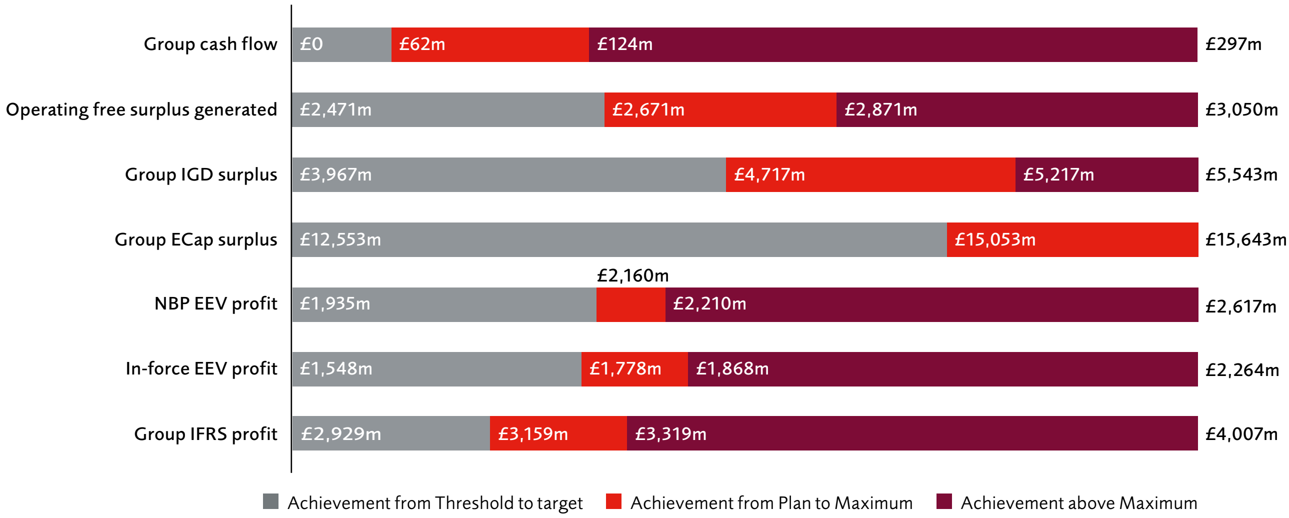
Notes
1 At 31 December 2016 or on stepping down from the Board if earlier.
2 Michael McLintock stepped down from the Board on 6 June 2016. The bonus shown above was paid in respect of his service as an Executive Director.
3 Anne Richards was appointed to the Board on 7 June 2016. The bonus shown above was paid in respect of her service as an Executive Director.
4 In addition to the Annual Incentive Plan, Barry Stowe also participates in the Jackson bonus pool (see below).

2016 Jackson bonus pool

In 2016, the Jackson bonus pool was determined by Jackson's profitability, capital adequacy, remittances to Group, in-force experience, ECap solvency ratio and credit rating. Across all these measures Jackson delivered strong performance. As a result of this performance the Committee determined that Barry Stowe's share of the bonus pool was US$5,318,000.

Disclosure of targets and achievement for the 2015 Annual Incentive Plan

The level of performance required for threshold, target and maximum payment against the Group's 2015 Annual Incentive Plan financial measures and the results achieved are set out below.



The Board believes that, due to the commercial sensitivity of the business unit targets, disclosing further details of these targets may damage the competitive position of the Group.

Update on performance against targets for awards made in 2015 and 2016 under the Prudential Long Term Incentive Plan

As at 31 December 2016, Prudential's TSR performance during the periods 1 January 2015 to 31 December 2016 and 1 January 2016 to 31 December 2016 was ranked below median.

As at 31 December 2016, Prudential's IFRS operating profit performance during the periods 1 January 2015 to 31 December 2016 and 1 January 2016 to 31 December 2016 was above the stretch targets for Group and all business units other than one which was between plan and the stretch target.

Remuneration in respect of performance periods ending in 2016

Long-term incentive plans with performance periods ending on 31 December 2016

Our long-term incentive plans have stretching performance conditions that are aligned to the strategic priorities of the Group. In deciding the portion of the awards to be released, the Committee considered actual financial results against these performance targets. The Committee also reviewed underlying Company performance to ensure vesting levels were appropriate. The Directors' remuneration policy contains further details of the design of Prudential's long-term incentive plans.

Prudential Long Term Incentive Plan (PLTIP)

In 2014, all Executive Directors were granted awards under the PLTIP. The awards were subject to challenging targets. The weightings of these measures are detailed in the table below.

	Weighting of measures	
Executive Director	**Group TSR**[1]	**IFRS profit (Group or business unit)**[2]
Michael McLintock	100%	–
Jackie Hunt	50%	50% (business unit target)
Barry Stowe	50%	50% (business unit target)
Mike Wells	50%	50% (business unit target)
All other Executive Directors	50%	50% (Group)

Notes
1 Group TSR is measured on a ranked basis over three years relative to peers.
2 IFRS profit is measured on a cumulative basis over three years.

Under the Group TSR measure, 25 per cent of the award vests for TSR at the median of the peer group increasing to full vesting for performance within the upper quartile. TSR is measured on a local currency basis since this has the benefit of simplicity and directness of comparison. The peer group for the 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		

Prudential's TSR performance during the performance period (1 January 2014 to 31 December 2016) was between the median and upper quartile of the peer group (ranked ninth). The portion of the awards related to TSR which therefore vested was 41.7 per cent.

Under the IFRS measure, 25 per cent of the award vests for meeting the threshold IFRS profit set at the start of the performance period increasing to full vesting for performance at or above the stretch level. The table below illustrates the cumulative performance achieved over 2014 to 2016 compared to the Group targets set in 2014:

Group	2014-16 cumulative targets			2014-16 cumulative achievement	Overall vesting
	Threshold	Plan	Maximum		
IFRS operating profit	£8,525m	£9,472m	£10,419m	£11,449m	100%

The Committee determined that the cumulative IFRS operating profit target established for the PLTIP should be expressed using exchange rates consistent with the reported disclosures. All the individual business units exceeded their stretch performance target and achieved 100% vesting, other than Asia which exceeded plan performance, but not the stretch target, and therefore vested at 95%. Details of business unit IFRS targets have not been disclosed as the Committee considers that these are commercially sensitive and disclosure of targets at such a granular level would put the Company at a disadvantage compared to its competitors. The Committee will keep this disclosure policy under review based on whether, in its view, disclosure would compromise the Company's competitive position.

M&G Executive Long-Term Incentive Plan

The phantom share price at vesting for the 2014 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 are shown below:

Award	3-year profit growth of M&G	3-year investment performance	2016 phantom share price	Value of awards vesting
2014 M&G Executive LTIP	7%	Second quartile	£1.60	£1,577,398

Prudential Corporation Asia Long-Term Incentive Plan

Tony Wilkey received awards under the PCA Long-Term Incentive Plan before he was appointed to the Board, which vested during 2016. The PCA Long-Term Incentive Plan does not have performance conditions.

2016 LTIP vesting

The Committee considered a report from the Group Chief Risk Officer which confirmed that the financial results were achieved within the Group's and business units' risk framework and appetite. On the basis of this report, and the performance of the Group and its business units described above, the Committee determined the vesting of each executive's LTIP awards as set out below.

Executive Director	Maximum value of award at full vesting[1]	Percentage of the LTIP award vesting	Number of shares/ADRs vesting[2]	Value of shares vesting[1]
John Foley	£2,515,958	70.8%	119,872	£1,781,298
Penny James	£490,380	70.8%	23,364	£347,189
Michael McLintock[3]	£707,039	41.7%	15,707	£233,406
Nic Nicandrou	£2,144,163	70.8%	102,158	£1,518,068
Barry Stowe	£1,710,546	68.3%	42,748	£1,168,303
Mike Wells	£3,559,849	70.8%	92,220	£2,520,373
Tony Wilkey[4]	£1,035,757	100%/68.3%	64,254	£918,013

Notes

1 The share price used to calculate the value of the LTIP awards with performance periods which ended on 31 December 2016 and vest in 2017 was the average share price/ADR price for the three months up to 31 December 2016, being £14.86/$37.02.
2 The number of shares vesting includes accrued dividend shares.
3 This does not include the vesting of Michael McLintock's M&G Executive Long-Term Incentive Plan award, and has been pro-rated to reflect Michael's service during the performance period.
4 Tony Wilkey's awards include an award that vested on 23 September 2016 (the share price on that date was £14.08) in addition to the awards that vests in 2017.

Pension entitlements

Pension provisions in 2016 were:

Executive Director	2016 pension arrangement	Life assurance provision
Barry Stowe	Pension supplement of 25 per cent of salary, part of which is paid as a contribution to an approved US retirement plan.	Two times salary
Tony Wilkey	Pension supplement in lieu of pension of 25 per cent of salary and a HK$18,000 payment to the Hong Kong Mandatory Provident Fund.	Four times salary
UK-based executives	Pension contribution to defined contribution plan and/or pension supplement in lieu of pension of 25 per cent of salary.	Up to four times salary plus a dependant's pension

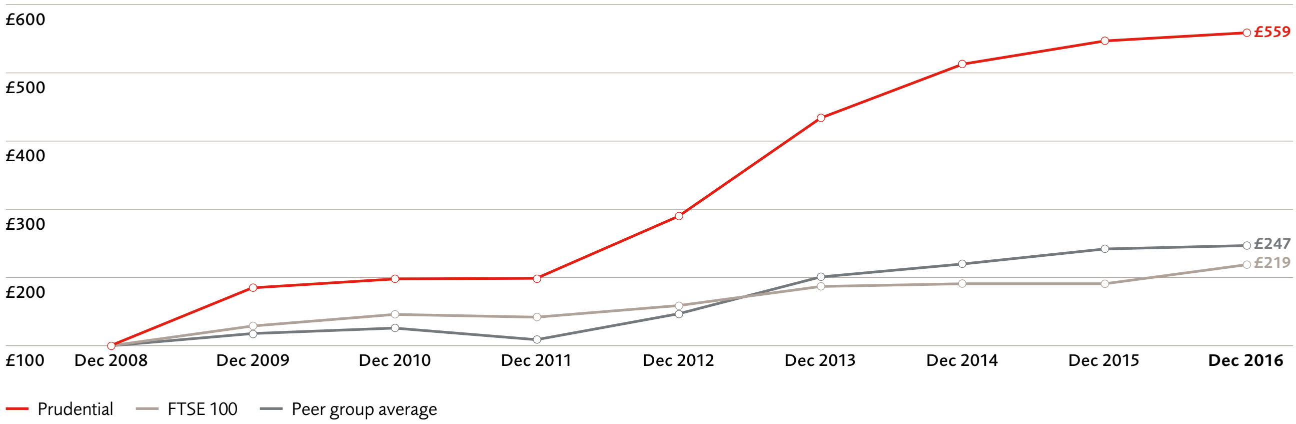
Michael McLintock previously participated in a contributory defined benefit scheme that was open at the time he joined the Company. The scheme provided a target pension of two-thirds of final pensionable earnings on retirement for an employee with 30 years or more potential service who remained in service to normal retirement date. Michael is a deferred member of the scheme and his normal retirement date under the scheme is age 60. If Michael claims his deferred pension before this age it will be subject to an actuarial reduction and there are no additional benefits payable should he retire early. At the end of 2016, the transfer value of Michael's entitlement was £1,505,483. This equates to an annual pension of £59,662 which will increase broadly in line with inflation in the period to Michael's retirement at the normal retirement date.

John Foley previously participated in a non-contributory defined benefit scheme that was open at the time he joined the Company. The scheme provided an accrual of 1/60ths of final pensionable earnings for each year of pensionable service. John is a deferred member of this scheme and, on reaching the normal retirement date (of 60), John has elected to defer payment of his pension. At the end of 2016, the transfer value of John's entitlement was £555,662. This equates to an annual pension of £19,937, based on current late retirement factors. The pension, once in payment, will be subject to statutory increases in line with the Consumer Prices Index.

Performance graph and table

The chart below illustrates the TSR performance of Prudential, the FTSE 100 and the peer group of international insurers used to benchmark the Company's performance for the purposes of the PLTIP.

Prudential TSR v FTSE 100 and peer group averages – total return, per cent over eight years to 31 December 2016



Note
The peer group average represents the average TSR performance of the peer group used for 2016 PLTIP awards (excluding companies not listed at the start of the period).

The information in the table below shows the total remuneration for the Group Chief Executive over the same period:

£000	2009	2009	2010	2011	2012	2013	2014	2015	2015	2016
Group Chief Executive	M Tucker[1]	T Thiam	T Thiam	T Thiam	T Thiam	T Thiam	T Thiam	T Thiam[2]	M Wells	M Wells
Salary, pension and benefits	1,013	286	1,189	1,241	1,373	1,411	1,458	613	1,992	2,224
Annual bonus payment	841	354	1,570	1,570	2,000	2,056	2,122	704	1,244	2,151
(As % of maximum)	(92%)	(90%)	(97%)	(97%)	(100%)	(99.8%)	(100%)	(77.3%)	(99.7%)	(99.5%)
LTIP vesting	1,575	–	2,534	2,528	6,160	5,235	9,838	3,702	4,427	2,520
(As % of maximum)	(100%)	–	(100%)	(100%)	(100%)	(100%)	(100%)	(100%)	(100%)	(70.8%)
Other payments	308	–	–	–	–	–	–	–	–	–
Group Chief Executive Single Figure of total remuneration	3,737	640	5,293	5,339	9,533	8,702	13,418	5,019	7,663	6,895

Notes
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.
2 Tidjane Thiam left the Company on 31 May 2015. Mike Wells became Group Chief Executive on 1 June 2015. The figures shown for Mike Wells's remuneration in 2015 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 2015 and 2016 compared to a wider employee comparator group:

	Salary	Benefits	Bonus
Group Chief Executive	+14.8%	(32%)	(33.3%)
All UK employees	+3.4%	(6.2%)	(2.8%)

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 2015 and 2016. The salary increase includes uplifts made through the annual salary review as well as any additional changes in the year; for example to reflect promotions or role changes. The UK workforce has been chosen as the most appropriate comparator group as it reflects the economic environment where the Group Chief Executive is employed. The Group Chief Executive's salary increase reflects his promotion from President & CEO, Jackson to Group Chief Executive during 2015. With effect from 1 January 2016, the Group Chief Executive's salary increased by 1 per cent.

Relative importance of spend on pay

The table below sets out the amounts payable in respect of 2015 and 2016 on all employee pay and dividends:

	2015	2016	Percentage change
All employee pay (£m)[1]	1,475	1,885	27.80%
Dividends (£m)	1,253	1,122	(10.45%)

Note
1 All employee pay as taken from note B7 to the financial statements.

Long-term incentives awarded in 2016

2016 share-based long-term incentive awards

The table below shows the awards made to Executive Directors in 2016 under share-based long-term incentive plans and the performance conditions attached to these awards:

Executive Director	Role	Number of shares or ADRs subject to award*	Face value of award†	Percentage of awards released for achieving threshold targets‡	End of performance period	Weighting of performance conditions				
							IFRS profit			
						Group TSR	Group	Asia	US	UK
John Foley	Chief Executive, UK and Europe	144,340	£1,874,977	25%	31 December 2018	50%				50%
Penny James	Group Chief Risk Officer	116,628	£1,514,998	25%	31 December 2018	50%	50%			
Nic Nicandrou	Chief Financial Officer	136,836	£1,777,500	25%	31 December 2018	50%	50%			
Anne Richards[1]	Chief Executive, M&G	45,906	£600,000	25%	31 December 2018	100%				
Barry Stowe	Chairman & CEO, NABU	137,050	£3,772,770	25%	31 December 2018	50%			50%	
Tony Wilkey	Chief Executive, PCA	153,742	£1,997,109	25%	31 December 2018	50%		50%		
Mike Wells	Group Chief Executive	332,870	£4,323,981	25%	31 December 2018	50%	50%			

* Awards over shares were awarded to all Executive Directors other than Barry Stowe whose awards were over ADRs.
† Awards for Executive Directors are calculated based on the average share price over the three dealing days prior to the grant date. Other than for Anne Richards, awards were granted on 1 April 2016 (based on a share price of £12.99 and an ADR price of US$37.29).
‡ The percentage of awards released for achieving maximum targets is 100 per cent.

Note
1 PLTIP awards made 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. Anne Richards's award was granted on 23 June 2016 following her appointment to the Board (based on an average share price of £13.07).

Group TSR performance will be measured on a ranked basis. 25 per cent of the award will vest for TSR performance at the median of the peer group increasing to full vesting for performance at the upper quartile. The peer group for 2016 awards is the same as for 2014 awards as detailed on page 125.

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 Group targets will be disclosed when awards vest.

2016 cash long-term incentive awards

In addition to her PLTIP award, in 2016 Anne Richards received a cash-settled award under the M&G Executive LTIP detailed below:

Executive Director	Role	Face value of award (% of salary)	Face value of award	Percentage of award released for achieving threshold target	End of performance period
Anne Richards	Chief Executive, M&G	300%	£1,200,000	See note	31 December 2018

Note
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.

Buy-out award

In order to facilitate Anne Richards's appointment as Chief Executive, M&G, the Company agreed to replace the deferred bonus awards she forfeited on leaving Aberdeen Asset Management. The terms of the replacement award were designed to replicate those of the forfeited awards and are therefore not subject to performance conditions and will accrue dividend equivalents. These awards entitle Anne to receive a cash amount equal to the market value of the specified notional number of Prudential shares on the date of exercise, less an award price of 5p per share. The award will vest on the dates detailed below. The market value of Prudential plc shares on the date of the award (23 June 2016) was £13.22.

Exercise period	Number of notional shares
1 December 2016 to 1 January 2017	59,086
1 December 2017 to 1 January 2018	39,810
1 December 2018 to 1 January 2019	25,078
1 December 2019 to 1 January 2020	25,078
1 December 2020 to 1 January 2021	13,426

In December 2016, Anne exercised the first tranche of this replacement award. The gross value of the award exercised (which included dividend equivalents) was £939,140 and Anne used the net of tax value of £496,162 to buy 31,439 Prudential shares.

This buy-out award was made under rule 9.4.2 of the UKLA Listing Rules as the award could not be effected under any of the Company's existing incentive plans. Anne is the sole participant in this arrangement and no further awards will be made to Anne under the arrangement.

Chairman and Non-executive Director remuneration in 2016

Chairman's fees

The Chairman's fee was reviewed by the Committee during 2016 and increased by 3 per cent to £720,000 with effect from 1 July 2016 in order to reflect the expansion of the Chairman's role to include oversight of the chairmen of the Group's four material subsidiaries and inflation.

Non-executive Directors' fees

The Non-executive Directors' fees were reviewed by the Board during 2016 and the basic fee was increased by 1 per cent to £95,000. Additionally, the fee for chairing the Audit Committee was increased by 7 per cent to £75,000 and the fee for chairing the Risk Committee was increased by 15 per cent to £75,000, to reflect the expanded scope of these roles which now includes more formal oversight of the material subsidiaries' Audit and Risk Committees.

Annual fees	**From 1 July 2015** (£)	**From 1 July 2016** (£)
Basic fee	94,000	95,000
Additional fees:		
Audit Committee Chairman	70,000	75,000
Audit Committee member	27,500	27,500
Remuneration Committee Chairman	60,000	60,000
Remuneration Committee member	27,500	27,500
Risk Committee Chairman	65,000	75,000
Risk Committee member	27,500	27,500
Nomination Committee member	10,000	10,000
Senior Independent Director	50,000	50,000

Note
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 the Chairman and Non-executive Directors are:

£000s	**2016 fees**	***2015 fees***	**2016 taxable benefits***	***2015 taxable benefits****	**Total 2016 remuneration: 'The Single Figure'*†**	***Total 2015 remuneration: 'The Single Figure'*†***
Chairman						
Paul Manduca	710	650	121	78	831	728
Non-executive Directors						
Howard Davies	202	195	–	–	202	195
Ann Godbehere	205	200	–	–	205	200
Alistair Johnston[1]	47	120	–	–	47	120
David Law	122	36	–	–	122	36
Kai Nargolwala[2]	150	146	–	–	150	146
Anthony Nightingale	165	147	–	–	165	147
Philip Remnant[3]	210	206	–	–	210	206
Alice Schroeder	122	120	–	–	122	120
Lord Turnbull[4]	–	70	–	–	–	70
Lord Turner	122	36	–	–	122	36
Total	2,055	1,926	121	78	2,176	2,004

* Benefits include the cost of providing the use of a car and driver, medical insurance and security arrangements.
† 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 Alistair Johnston stepped down from the Board on 19 May 2016.
2 Kai Nargolwala also received an annual fee of £250,000 (payable in HK$) in respect of his non-executive chairmanship of Prudential Corporation Asia Limited with effect from 1 February 2016.
3 Philip Remnant also received an annual fee of £250,000 in respect of his non-executive chairmanship of M&G Group Limited with effect from 1 April 2016.
4 Lord Turnbull retired from the Board on 14 May 2015.

Statement of Directors' shareholdings

The interests of Directors in ordinary shares of the Company are set out below. 'Beneficial interest' includes shares owned outright, shares acquired under the Share Incentive Plan and deferred annual incentive awards, detailed in the 'Supplementary information' section. It is only these shares that count towards the share ownership guidelines.

	1 January 2016 (or on date of appointment)	During 2016		31 December 2016 (or on date of retirement)			Share ownership guidelines	
	Total beneficial interest (number of shares)	Number of shares acquired	Number of shares disposed	Total beneficial interest* (number of shares)	Number of shares subject to performance conditions†	Total interest in shares	Share ownership guidelines (% of salary/fee)‡	Beneficial interest as a percentage of basic salary/basic fees§
Chairman								
Paul Manduca	42,500	–	–	42,500	–	42,500	100%	85%
Executive Directors								
John Foley[1]	218,644	215,696	184,375	249,965	422,480	672,445	200%	473%
Penny James	14,500	42,859	15,787	41,572	171,255	212,827	200%	97%
Michael McLintock[2]	210,884	122,728	134,143	199,469	79,498	278,967	200%	n/a
Nic Nicandrou	265,219	180,757	141,838	304,138	373,328	677,466	200%	607%
Anne Richards[3]	–	31,439	–	31,439	45,906	77,345	200%	112%
Barry Stowe[4]	246,656	255,646	236,424	265,878	553,532	819,410	200%	460%
Mike Wells[5]	465,285	418,559	339,310	544,534	811,178	1,355,712	350%	715%
Tony Wilkey	189,592	168,387	237,451	120,528	383,635	504,163	200%	202%
Non-executive Directors								
Howard Davies	8,730	319	–	9,049	–	9,049	100%	136%
Ann Godbehere	15,914	–	–	15,914	–	15,914	100%	239%
Alistair Johnston[6]	10,000	–	–	10,000	–	10,000	100%	n/a
David Law	3,327	3,577	–	6,904	–	6,904	100%	104%
Kaikhushru Nargolwala	50,000	20,000	–	70,000	–	70,000	100%	1,051%
Anthony Nightingale	30,000	–	–	30,000	–	30,000	100%	450%
Philip Remnant	5,816	1,100	–	6,916	–	6,916	100%	104%
Alice Schroeder[7]	8,500	–	–	8,500	–	8,500	100%	128%
Lord Turner	2,000	3,500	–	5,500	–	5,500	100%	83%

* There were no changes of Directors' interests in ordinary shares between 31 December 2016 and 13 March 2017 with the exception of the UK-based Executive Directors due to their participation in the monthly Share Incentive Plan (SIP). John Foley acquired a further 35 shares in the SIP, Nic Nicandrou acquired a further 35 shares in the SIP and Mike Wells acquired a further 35 shares in the SIP during this period.

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

‡ Holding requirement of the Articles of Association (2,500 ordinary shares) must be obtained within one year of appointment to the Board. The increased guidelines for Executive Directors were introduced with effect from January 2013. Executive Directors have five years from this date (or date of joining or role change, 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 their date of joining to reach the guideline. The Chairman has five years from the date of his role change to reach the guideline. Where applicable, all Directors are in compliance with the share ownership guideline.

§ Based on the average closing share price for the six months to 31 December 2016 (£14.19).

The Company and its Directors, Chief Executives and shareholders have been granted a partial exemption from the disclosure requirements under part XV of the Securities and Futures Ordinance (SFO). As a result of this exemption, Directors, Chief Executives and shareholders do not have an obligation under the SFO to notify the Company of shareholding interests, and the Company is not required to maintain a register of Directors' and Chief Executives' interests under section 352 of the SFO, nor a register of interests of substantial shareholders under section 336 of the SFO. The Company is, however, required to file with the Hong Kong Stock Exchange any disclosure of interests notified to it in the United Kingdom.

Notes

1 John Foley was appointed to the Board on 19 January 2016.
2 Michael McLintock stepped down from the Board on 6 June 2016.
3 Anne Richards was appointed to the Board on 7 June 2016.
4 For the 1 January 2016 figure Barry Stowe's beneficial interest in shares is made up of 123,328 ADRs (representing 246,656 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 2016 figure the beneficial interest in shares is made up of 132,939 ADRs (representing 265,878 ordinary shares).
5 For the 1 January 2016 figure Mike Wells's beneficial interest in shares is made up of 232,594 ADRs (representing 465,188 ordinary shares) and 97 ordinary shares. For the 31 December 2016 figure his beneficial interest in shares is made up of 218,576 ADRs (representing 437,152 ordinary shares) and 107,382 ordinary shares.
6 Alistair Johnston stepped down from the Board on 19 May 2016.
7 For the 1 January 2016 and 31 December 2016 figure Alice Schroeder's beneficial interest in shares is made up of 4,250 ADRs (representing 8,500 ordinary shares).

Disclosure of interests of Directors

Outstanding share options

The following table sets out the share options held by the Executive Directors in the UK Savings-Related Share Option Scheme (SAYE) as at the end of the period. Anne Richards holds share options under her buy-out arrangement, details of which are set out on page 129.

	Date of grant	Exercise price (pence)	Market price at 31 Dec 2016 (pence)	Exercise period		Number of options						
				Beginning	End	Beginning of period	Granted	Exercised	Cancelled	Forfeited	Lapsed	End of period
John Foley	20 Sep 13	901	1,627.5	01 Dec 16	31 May 17	998	–	998	–	–	–	–
John Foley	23 Sep 14	1,155	1,627.5	01 Dec 17	31 May 18	779	–	–	–	–	–	779
John Foley	21 Sep 16	1,104	1,627.5	01 Dec 19	31 May 20	–	815	–	–	–	–	815
Penny James	21 Sep 12	629	1,627.5	01 Dec 15	31 May 16	858	–	858	–	–	–	–
Penny James	22 Sep 15	1,111	1,627.5	01 Dec 18	31 May 19	1,620	–	–	–	–	–	1,620
Michael McLintock	23 Sep 14	1,155	1,627.5	01 Dec 19	31 May 20	2,622	–	–	–	–	–	2,622
Nic Nicandrou	16 Sep 11	466	1,627.5	01 Dec 16	31 May 17	3,268	–	3,268	–	–	–	–
Nic Nicandrou	23 Sep 14	1,155	1,627.5	01 Dec 19	31 May 20	1,311	–	–	–	–	–	1,311
Nic Nicandrou	21 Sep 16	1,104	1,627.5	01 Dec 21	31 May 22	–	1,358	–	–	–	–	1,358
Anne Richards	21 Sep 16	1,104	1,627.5	01 Dec 19	31 May 20	–	1,630	–	–	–	–	1,630
Mike Wells	22 Sep 15	1,111	1,627.5	01 Dec 18	31 May 19	1,620	–	–	–	–	–	1,620

Notes
1 A gain of £49,028.33 was made by Directors in 2016 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 2016 were £16.49 and £10.87 respectively.
4 All exercise prices are shown to the nearest penny.
5 Michael McLintock participated in the plan during his time as an Executive Director. The column above marked 'End of period' reflects Michael McLintock's position at his date of retirement.

Directors' terms of employment and external appointments

The Directors' remuneration policy contains further details of the terms included in Executive Director service contracts. Details of the service contracts of each Executive Director are outlined in the table below.

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. Fees payable are retained by the Executive Directors.

	Service contracts			External appointment	
	Date of contract	Notice period to the Company	Notice period from the Company	External appointment during 2016	Fee received in the period the Executive Director was a Group Director
Executive Directors					
John Foley[1]	8 December 2010	12 months	12 months	–	–
Penny James	1 April 2016	12 months	12 months	Yes	£67,000
Nic Nicandrou	26 April 2009	12 months	12 months	–	–
Anne Richards[2]	4 July 2016	12 months	12 months	–	–
Barry Stowe	18 October 2006	12 months	12 months	–	–
Mike Wells	21 May 2015	12 months	12 months	–	–
Tony Wilkey	1 June 2015	12 months	12 months	–	–

Other Directors served on the boards of educational, charitable and cultural organisations without receiving a fee for these services.

Notes
1 John Foley was appointed to the Board on 19 January 2016.
2 Anne Richards was appointed to the Board on 7 June 2016.

Letters of appointment of the Chairman and Non-executive Directors

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

Chairman/Non-executive Director	Appointment by the Board	Initial election by shareholders at the AGM	Notice period	Expiry of the current term of appointment
Chairman				
Paul Manduca[1]	15 October 2010	AGM 2011	12 months	AGM 2018
Non-executive Directors				
Philip Remnant	1 January 2013	AGM 2013	6 months	AGM 2019
Howard Davies	15 October 2010	AGM 2011	6 months	AGM 2017
Ann Godbehere[2]	2 August 2007	AGM 2008	6 months	AGM 2017
David Law	15 September 2015	AGM 2016	6 months	AGM 2019
Kai Nargolwala	1 January 2012	AGM 2012	6 months	AGM 2018
Anthony Nightingale	1 June 2013	AGM 2014	6 months	AGM 2017
Alice Schroeder	10 June 2013	AGM 2014	6 months	AGM 2017
Lord Turner	15 September 2015	AGM 2016	6 months	AGM 2019

Notes
1 Paul Manduca was appointed as Chairman on 2 July 2012.
2 Ann Godbehere was reappointed in 2016 for one year.

Recruitment arrangements

In making decisions about the remuneration arrangements for those joining the Board, the Committee worked within the Directors' remuneration policy approved by shareholders and was mindful of:

— The skills, knowledge and experience that each new Executive Director brought to the Board;

— The need to support the relocation of executives to enable them to assume their roles; and

— Its commitment to honour legacy arrangements.

Appointing high-calibre executives to the Board and to different roles on the Board is necessary to ensure the Company is well positioned to develop and implement its strategy and deliver long-term value. As the Company operates in an international marketplace for talent, the best internal and external candidates are sometimes asked to move location to assume their new roles. Where this happens, the Company will offer relocation support. The support offered will depend on the circumstances of each move but may include paying for travel, shipping services, the provision of temporary accommodation and other housing benefits. Executives may receive support with the preparation of tax returns, but no current Executive Director is tax equalised.

Anne Richards joined the Board during the year and, as this resulted in Anne relocating to enable her to assume her role, relocation support in line with the approved Directors' remuneration policy was provided. In addition, on joining the Company, Anne forfeited share awards granted to her by her previous employer and a buy-out award in line with the approved Directors' remuneration policy was provided. Details of this relocation support and the buy-out award are included in the notes to the 2016 Single Figure table and in the section on long-term incentives awarded in 2016.

Payments to past Directors and payments for loss of office

The Committee's approach when exercising its discretion under the policy is to be mindful of the particular circumstance of the departure and the contribution the individual made to the Group.

Michael McLintock

Michael McLintock stepped down from the Board on 6 June 2016. His remuneration arrangements were in line with the approved Directors' remuneration policy, and disclosed in stock exchange announcements, and the remuneration he received in respect of his services as an Executive Director is set out in the 2016 Single Figure table.

Michael's employment with the Group ended on 31 July 2016 and between 7 June and 31 July he received £76,024 in respect of salary, benefits and pension in accordance with his contract of employment. In line with market practice, the Group paid the professional legal fees incurred by him in respect of finalising his termination arrangements, which amounted to £7,800. In addition, in consideration of agreeing to a confidentiality clause, Michael received £1,000. Michael did not receive a loss of office payment.

Michael's deferred bonus awards will be released in accordance with the plan rules and remain subject to malus and, for the 2015 award, clawback provisions.

Recognising his contribution to the Company's success, the Committee determined that Michael should be awarded a bonus in respect of the 2016 performance year which was calculated in the usual way and pro-rated for service to 31 July 2016. 60 per cent of this bonus will be paid in 2017 and 40 per cent will be deferred for three years, subject to malus and clawback provisions.

The Committee also exercised its discretion in accordance with the approved Directors' remuneration policy and determined that Michael should be allowed to retain his unvested PLTIP and M&G LTIP awards granted in 2014 and 2015. The 2014 and 2015 awards will vest in accordance with the original timetable, subject to the original performance conditions, remain subject to malus and, for the 2015 award, clawback provisions, and were pro-rated for service. Michael did not receive a 2016 long-term incentive award.

Jackie Hunt

As reported in the 2015 Directors' remuneration report, Jackie Hunt stepped down from the Board on 3 November 2015 and her employment with the Group ended on 30 June 2016. During 2016, Jackie received £441,352 in respect of salary, benefits and pension benefits in accordance with her contract of employment. In addition, in consideration of agreeing to a confidentiality clause, Jackie received £1,000. In line with market practice, the Group paid the professional legal fees incurred by Jackie in respect of finalising her separation arrangements which amounted to £600 in 2016.

2014 PLTIP award vesting

Pierre-Olivier Bouée, Tidjane Thiam and Jackie Hunt's employment with the Group ended on 30 June 2015, 31 May 2015 and 30 June 2016, respectively. The 2015 Directors' remuneration report provided details of the remuneration arrangements that would apply to Pierre-Olivier, Tidjane and Jackie after they left the Board. As set out in the section 'Remuneration in respect of performance in 2016' the performance conditions attached to Pierre-Olivier, Tidjane and Jackie's 2014 PLTIP awards were partially met and 70.8 per cent of these awards will be released in 2017. These awards were pro-rated for service (15 of 36 months, 14 of 36 months and 27 of 36 months, respectively) and the details of the release are set out below.

Former Executive Director	Number of shares vesting[1]	Value of share vesting[2]
Pierre-Olivier Bouée	39,319	£584,280
Jackie Hunt	65,114	£967,594
Tidjane Thiam	98,890	£1,469,505

Notes
1 The number of shares vesting includes accrued dividend shares.
2 The share price used to calculate the value was the average share price for the three months up to 31 December 2016, being £14.86.

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 2014 Annual General Meeting, shareholders were asked to vote on the current Directors' remuneration policy and at the 2016 Annual General Meeting, shareholders were asked to vote on the 2015 Directors' remuneration report. Each of these resolutions received a significant vote in favour by shareholders and 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
To approve the Directors' remuneration policy (2014 AGM)	1,745,240,139	91.85%	154,778,305	8.15%	1,900,018,444	46,152,673
To approve the Directors' remuneration report (2016 AGM)	1,714,488,665	92.80%	132,967,991	7.20%	1,847,456,656	159,010,106

New Directors' remuneration policy

This policy will apply following the AGM on 18 May 2017 (subject to shareholder approval).

Total remuneration for our Executive Directors is made up of a number of elements.

Fixed pay policy for Executive Directors

Component and purpose	Operation	Opportunity
Base salary Paying salaries at a competitive level enables the Company to recruit and retain key executives.	Prudential's policy is to offer all Executive Directors base salaries that are competitive within their local market. The Remuneration Committee reviews salaries annually with changes normally effective from 1 January. In determining base salary for each executive, the Committee considers factors such as: — Salary increases for other employees across the Group; — The performance and experience of the executive; — The size and scope of the role; — Group and/or business unit financial performance; — Internal relativities; and — External factors such as economic conditions and market data. 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 it believes to be the most relevant benchmarks. While salaries are typically paid in the local currency of the country where the executive is based, the Committee may determine that the salary of an executive is set or paid in an alternative currency.	Annual salary increases for Executive Directors will normally be in line with the increases for other employees unless there is a change in role or responsibility.
Benefits Provided to executives to 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 to deploy them appropriately within the Group.	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; — Relocation and expatriate benefits; and — Reimbursed business expenses (including any tax liability) incurred when travelling overseas in performance of duties.	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 Pension benefits provide executives with opportunities to save for an income in retirement.	Prudential's policy is to offer all Executive Directors a pension provision that is competitive and appropriate in the context of pension benefits for senior executives in the relevant local market. The pension provision for Executive Directors will normally be reflective of the arrangements in place for other employees in their business unit when they joined the Group. Executives have the option to: — Receive payments into a defined contribution scheme; and/or — Take a cash supplement in lieu of contributions. In addition, the Chief Executive, PCA receives statutory contributions into the PCA Mandatory Provident Fund.	Executive Directors are entitled to receive pension contributions or a cash supplement (or combination of the two) of up to 25 per cent of base salary. Contributions into the PCA Mandatory Provident Fund are in line with statutory limits.

New Directors' remuneration policy
Continued

Annual bonus policy for Executive Directors

Annual bonus

Payments under the Annual Incentive Plan (AIP) incentivise the delivery of stretching financial, functional and/or personal objectives which are drawn from the annual business plan.

Operation	Currently all Executive Directors participate in the AIP. The AIP payments for all Executive Directors are subject to the achievement of either financial and personal objectives or functional 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 Chairman and CEO, NABU currently participates in the Jackson Senior Management Bonus Pool, as well as in the AIP.
Form and timing of payment	All Executive Directors are required to defer a percentage of their total annual bonus into Prudential shares. Currently all Executive Directors defer 40 per cent of their bonus for three years, with the remaining 60 per cent of their bonus paid in cash following the end of the performance year. The release of deferred bonus awards is not subject to any further performance conditions. Deferred bonus awards carry the right to receive an amount (in shares or cash) to reflect the dividends paid on the released shares, during the deferral period. The Committee has the authority to apply clawback and/or a malus adjustment to all, or a portion of, the cash and deferred award elements of the bonus. More details about clawback and malus are set out below. See the Policy on corporate transactions section for details of the Committee's powers in the case of corporate transactions.
Determining annual bonus payments	In assessing financial performance, 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 Jackson's performance and distributed to Jackson's leadership team. In assessing performance, the Committee will take into account the personal performance of the Executive Director and the Group and/or business units' adherence to the Group's risk framework and appetite, 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 framework and appetite and to all relevant conduct standards. The Committee may adjust the formulaic outcome based on the performance targets to reflect the underlying performance of the Company.
Opportunity	The Chief Executive, M&G has a bonus opportunity which is the lower of 0.75 per cent of M&G's IFRS profit or 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 Chairman & CEO, NABU receives a 10 per cent share of the Jackson Senior Management Bonus Pool.

Annual bonus policy for Executive Directors continued

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 and cash flow targets and payments depend on the achievement of minimum capital thresholds. For the measures used in 2016 and 2017, please refer to the Annual report on remuneration. 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. Jackson's profitability and other key financial and risk management measures determine the value of the Jackson Senior Management Bonus Pool. The weightings of the performance measures for 2017 for all Executive Directors, other than the Group Chief Risk Officer, are 80 per cent financial measures and 20 per cent personal measures. The Chairman and CEO, NABU also participates in the Jackson Senior Management Bonus pool. For the Group Chief Risk Officer, the performance measures for 2017 are entirely based on a combination of functional and personal measures. The Group Chief Risk Officer is responsible for ensuring that the Company's risk exposures are within the Board approved risk framework and appetite, and to provide overall leadership to the Risk function. 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 the share capital of the Company 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.
Amendments	The Committee may make amendments to the rules of the deferred bonus plan which it considers appropriate (such as amendments which benefit the administration of the plan) but it will not make any amendments which are incompatible with the approved Directors' remuneration policy.

Long-term incentive policy for Executive Directors

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
- Group strategic priorities, such as disciplined risk and capital management.

Following the end of the performance period, a two-year holding period applies, further aligning the experience of executives and shareholders.

Operation	Currently all Executive Directors participate in the PLTIP. Prudential's policy is that Executive Directors may 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. Subsequent to this, minor amendments have been made to the rules to incorporate clawback provisions and to provide for a two-year holding period to awards.
Granting awards	The PLTIP is a conditional share plan: the shares which are awarded will ordinarily vest after three years to the extent that performance conditions have been met. If performance conditions are not achieved, the unvested portion of any award lapses and performance cannot be retested. 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 – see the Approach to recruitment remuneration section).
Holding period	After the end of the three-year performance period, the shares are usually subject to an additional two-year holding period (except for buy out awards made under the PLTIP or in the case of the death of an executive). The Company may sell such number of shares as is required to satisfy any tax liability that arises on vesting. The balance of shares will be subject to the two-year holding period.
Determining the release of the award	The Committee has the authority to apply clawback and/or a malus adjustment to all, or a portion of, a PLTIP award. More details about clawback and malus are set out below. Awards carry the right to receive an amount (in shares or cash) to reflect the dividends paid on the released shares, during the period between the awards being granted and the award vesting.

Long-term incentive policy for Executive Directors continued

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 made under the PLTIP in 2017 (as a percentage of base salary) are: Group Chief Executive 400% Chairman & CEO, NABU 460% Chief Executive, M&G 450% All other Executive Directors 250% The Committee does not envisage increasing the current award levels over the life of the policy and would consult with major shareholders before doing so. In addition, these current award levels would be disclosed in the relevant Annual report on remuneration. The maximum vesting under the PLTIP is 100 per cent of the original share award plus accrued dividend shares.
Performance measures	The performance conditions attached to PLTIP 2017 awards are: All Executive Directors except the Group Chief Risk Officer: — Relative TSR (25 per cent of award); — IFRS profit (50 per cent of award, Group or business unit as appropriate); and — Balanced scorecard of sustainability measures (25 per cent of award). Group Chief Risk Officer: — Relative TSR (50 per cent of award); — Group IFRS profit (20 per cent of award); and — Balanced scorecard of sustainability measures (30 per cent of award). The Committee may decide to attach different performance conditions and/or change the conditions' weighting for future PLTIP awards. The performance conditions attached to each award are dependent on the role of the executive and will be disclosed in the relevant Annual report on remuneration. 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 similar to Prudential in size, geographic footprint and products. This peer group was reviewed during 2016 to ensure the group remains a relevant comparator group. The peer group for each award is disclosed in the relevant Annual report on remuneration. 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. Performance against the measures in the scorecard of sustainability measures is assessed at the end of the three-year performance period. The four measures have an equal weighting. 100 per cent of each measure in this portion of the award will vest for full achievement of that measure and no portion will vest if the measure is not achieved in full. The scorecard measures for each award are disclosed in the relevant Annual report on remuneration for the year of grant. The Committee also considers a report from the Group Chief Risk Officer on whether the results were achieved within the Group's and business units' risk framework and appetite. The Group Chief Risk Officer also considers the effectiveness of risk management and internal controls, and specific actions taken to mitigate risks, particularly where these may be at the expense of profits or sales. The Committee may adjust the formulaic outcome based on the performance targets to reflect the underlying performance of the Company.

Long-term incentive policy for Executive Directors continued

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. The Committee receives data about factors such as risk management and the cost of capital to support their decision. The Committee has the discretion to alter or disapply the holding period if it believes that it is appropriate. See the Policy on corporate transactions section for details of the Committee's powers in the case of corporate transactions.
For awards made in 2016 and previous years	The Committee has the discretion to amend the performance conditions attached to an award if circumstances relevant to the performance conditions 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 would seek to consult with major shareholders before revising performance conditions on outstanding awards under the PLTIP.
For awards made in 2017 and subsequent years	The Committee retains the ability to amend the performance conditions attached to an award and/or set different performance measures (or to revise the weighting of measures) which apply to new or outstanding long-term incentive awards if events occur which cause the Committee to determine that circumstances relevant to the performance conditions have changed such that the measures described in this section are no longer appropriate and that amendment is required so that they achieve their original purpose, provided 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. Examples of such events could include a change in strategy, a material acquisition and/or divestment of a Group business, or a change in the share capital of the Company or a change in prevailing market conditions or to meet the requirements of the Company's regulators. The Committee would seek to consult with major shareholders before revising performance conditions on outstanding awards under the PLTIP.
Amendments	The Committee may make amendments to the rules of the Plan which are minor and 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. Otherwise no amendments may be made to certain key provisions of the PLTIP to the advantage of participants without prior shareholder approval.

Share ownership guidelines for Executive Directors

Operation	The share ownership guidelines for the Executive Directors are: — 400 per cent of salary for the Group Chief Executive; and — 250 per cent of salary for other Executive Directors. Executives have five years from the later of the date of their appointment or promotion, or the date of an increase in these guidelines, 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 but vested share awards under long-term incentive plans which are subject to the two-year holding period are included. Progress against the share ownership guidelines is detailed in the Statement of Directors' shareholdings section of the Annual report on remuneration.

New Directors' remuneration policy
Continued

Malus and clawback policy

As detailed in the policy table, the Committee may apply clawback and/or a malus adjustment to variable pay in certain circumstances as set out below. The Committee can delay the release of awards pending the completion of an investigation which could lead to the application of malus or clawback.

	Circumstances when the Committee may exercise its discretion to apply malus or clawback to an award
Malus (applies in respect of any annual bonus or long-term incentive award) Allows unvested shares awarded under deferred bonus and LTIP plans to be forfeited or reduced in certain circumstances.	Where a business decision taken during the performance period by the business unit by which the participant was employed has resulted in a material breach of any law, regulation, code of practice or other instrument that applies to companies or individuals within the business unit. There is a materially adverse restatement of the accounts for any year during the performance period of (i) the business unit in which the participant worked at any time in that year; and/or (ii) any member of the Group which is attributable to incorrect information about the affairs of that business unit. Any matter arises which the Committee believes affects or may affect the reputation of the Company or any member of the Group.
Clawback Allows cash and share awards to be recovered before or after release in certain circumstances.	Where at any time before the fifth anniversary of the start of the performance period, either (i) there is a materially adverse restatement of the Company's published accounts in respect of any financial year which (in whole or part) comprised part of the performance period; or (ii) it becomes apparent that a material breach of a law or regulation took place during the performance period which resulted in significant harm to the Company or its reputation, and the Committee considers it appropriate, taking account of the extent of the participants' responsibility for the relevant restatement or breach, that clawback be applied to the relevant participant.

Notes to the remuneration policy table for Executive Directors

Committee's judgement

The Committee is required to make judgements when assessing Company and individual performance under the Directors' remuneration policy. In addition, the Committee has discretions under the Company's share plans, for example, determining if a leaver should retain or lose their unvested awards and whether to apply malus or clawback to an award. Exercise of such discretion during the year will be reported and explained in the next Annual report on remuneration.

The Committee may approve payments in excess of, in a different form to, or calculated or delivered other than as described above, where the Committee considers such changes necessary to meet regulatory requirements. If these changes are considered by the Committee to be material, the Company will seek to consult with its major shareholders.

Determining the performance measures

The Committee selected the performance measures that 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 functional and/or personal objectives. These objectives include the executive's contribution to Group strategy as a member of the Board, specific goals related to their functional and/or business unit role and achievement of the Group's strategic priorities.

PLTIP

Awards made under the PLTIP are currently subject to the achievement of IFRS profit targets, relative TSR and, from 2017, a balanced scorecard of measures:

- IFRS profit was selected as a performance measure for the PLTIP (as well as the AIP) 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; and
- From 2017, a balanced scorecard of measures was selected to ensure an alignment with the Group's strategic objectives, which are approved by the Board each year, and reflect Prudential's cultural values.

The Committee may decide to attach different performance conditions and/or change the conditions' weighting for future PLTIP awards.

Setting the performance ranges for financial targets

Where variable pay has performance conditions based on business plan measures (for example the financial metrics of 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) 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. Senior leaders in the Group participate in annual bonus schemes which have performance conditions that mirror the CEO for their business unit. In addition, they are eligible to receive awards under the long-term incentive plans with performance conditions appropriate for their role.

Legacy payments

The Committee reserves the right to make any remuneration payments and/or payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the policy set out above where the terms of the payment were agreed (i) before 15 May 2014 (the date the Company's first shareholder-approved Directors' remuneration policy came into effect); (ii) before this policy came into effect, provided that the terms of the payment were consistent with the shareholder-approved Directors' remuneration policy in force at the time they were agreed; or (iii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming or having been a Director of the Company. For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

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.

New Directors' remuneration policy
Continued

Scenarios of total remuneration

The chart below provides an illustration of the future total remuneration for each Executive Director in respect of their remuneration opportunity for 2017. Three scenarios of potential outcome are provided based on underlying assumptions shown in the notes to the chart.

The Committee is satisfied that the maximum potential remuneration of the Executive Directors is appropriate. Prudential's policy is to offer Executive Directors remuneration which reflects the performance and experience of the executive, internal relativities and Group and/or business unit financial performance. In order for the maximum total remuneration to be payable:

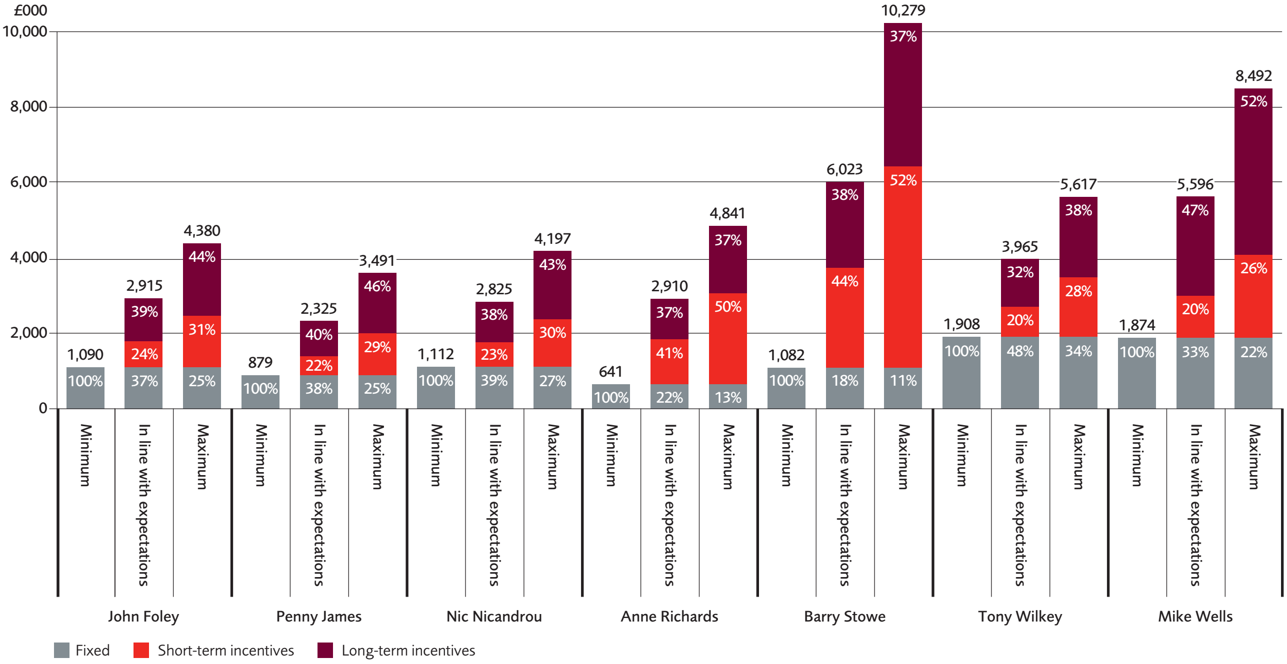
— Financial performance must exceed the Group and/or business unit's stretching business plan;

— Relative TSR must be at or above the upper quartile relative to the peer group;

— The sustainability scorecard, aligned to the Group's strategic priorities, must be fully satisfied;

— Functional and personal performance objectives must be fully met; and

— Performance must be achieved within the Group's and business units' risk framework and appetite.



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 2017. Pension allowance at 1 January 2017. Estimated value of benefits based on amounts paid in 2016. Tony Wilkey and Barry Stowe are paid in HK$ and US$ respectively and figures have been converted to GBP for the purposes of this chart.		
Annual bonus	No bonus paid.	50% of maximum AIP. Jackson bonus pool at the average of the last three years.	100% of maximum AIP. Jackson bonus pool at highest of the last three years.
Long-term incentives (excludes share price growth and dividends)	No PLTIP vesting.	59.38% (or 58.75% for the Group Chief Risk Officer) of award under PLTIP (midway between threshold and maximum).	100% of award under PLTIP.

Approach to recruitment remuneration

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

The approach to recruiting a Non-executive Director or a Chairman is outlined on page 148.

Element	Principles	Potential variations
Base pay	The salary for a new Executive Director will be set using the approach set out in the fixed pay policy table on page 135.	
Benefits and pension	The benefits for a new Executive Director will be consistent with those outlined in the fixed pay policy table.	
Variable remuneration opportunity	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 that 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, Prudential shares or options over Prudential shares with an award of an equivalent value. Replacement awards will normally be released on the same schedule as the foregone bonuses. 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. Where foregone awards were subject to performance conditions, 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.	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 on a routine basis 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.

New Directors' remuneration policy
Continued

Policy on payment on loss of office

Element	Principle	Potential variations
Notice periods	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. An Executive Director whose contract is terminated would be entitled to 12 months' salary and benefits in respect of their notice period. The payment of the salary and benefits would either be phased over the notice period or, alternatively, a payment in lieu of notice may be made. In agreeing the terms of departure for any Executive Director, other than on death or disablement, the Company will have regard to the need to mitigate the costs for the Company.	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 they 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 policy table). 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.
Outstanding deferred bonus awards	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 Executive Director. Deferred bonus awards are normally retained by participants leaving the Company. Awards will vest on the original timetable and will not normally be released early on termination. Prior to release, awards remain subject to the malus terms originally applied to them. The clawback provisions will continue to apply.	Any Executive Director dismissed for cause would forfeit all outstanding deferred bonus awards. Should an executive die, 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 and vesting schedule applied to them when they were awarded.
Unvested long-term incentive awards	The treatment of unvested long-term incentives will be decided by the Committee taking into account the circumstances of the departure including the performance of the Executive Directors. Executive Directors will normally retain their unvested 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. Prior to release, awards remain subject to the malus terms and holding periods originally applied to them.	Any Executive Director dismissed for cause would forfeit all unvested long-term incentive awards. On death, disablement and in other exceptional circumstances, the Committee has discretion to release unvested long-term incentive awards earlier than the end of the vesting period. The clawback provisions will continue to apply. Awards made under the M&G Executive LTIP will be released immediately should the Executive 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, an executive 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.

Policy on payment on loss of office continued

Element	Principle	Potential variations
Vested long-term incentive awards, subject to the holding period	The treatment of vested long-term incentives will be decided by the Committee taking into account the circumstances of the departure. Executive Directors will normally retain their vested long-term incentive awards that remain subject to the holding period. Normally these awards will be released in accordance with the original timescale and will remain subject to the holding period. Prior to release, awards remain subject to the malus terms originally applied to them.	On death, disablement and in other exceptional circumstances, the Committee has discretion to release vested long-term incentive awards earlier than the end of the holding period. The clawback provisions will continue to apply. Should an Executive Director step down from the Board but remain employed by the Group, they would retain any vested long-term incentive awards that remain subject to the holding period. These awards would remain subject to the original rules and release schedule applied to them when they were awarded (ie the holding period will continue to apply).
Bonus for final year of service	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 Executive 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 financial, functional and/or personal performance measures in the usual way. The normal portion of any such bonus awarded must be deferred.	Any Executive Director dismissed for cause would not be eligible for any bonus that has not been paid. Should an Executive Director die whilst serving as an employee a time pro-rated bonus may be awarded. In such circumstances, deferral will not be applied and the payment will be made solely in cash. 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 financial and personal or functional and personal performance measures in the usual way. The Committee may determine that a portion of such a bonus must be deferred.
Other payments	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 executives' termination date; — Payment for outplacement services; — Reimbursement of legal fees; and — Repatriation assistance. 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.	

New Directors' remuneration policy
Continued

Policy on corporate transactions

	Treatment
Deferred Annual Incentive Plan Awards	In the event of a corporate transaction (eg takeover, material merger, winding up 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; and/or — Be exchanged for replacement awards of equal value.
Prudential Long Term Incentive Plan	In the case of a corporate transaction (eg takeover, material merger, winding up etc), the Remuneration Committee will determine whether awards will: — Be exchanged for replacement awards (either in cash or shares) of equal value unless the Committee and successor company agree that the original award will continue; 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 that the Remuneration Committee considers relevant or appropriate.

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.

Statement of consideration of conditions elsewhere in the Company
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. The Committee will keep this under review. As many employees are also shareholders, they are able to participate in binding votes on the Directors' remuneration policy and annual votes on the Annual report on remuneration.

Statement of consideration of shareholder views
The Remuneration Committee and the Company undertake regular consultation with key institutional investors on the Directors' 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 that is provided and takes this into account when determining executive remuneration.

Remuneration policy for Non-executive Directors and the 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-executive Directors, 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 — Market data. If, in a particular year, the number of meetings is materially greater than usual, the Company may determine that the provision of additional fees in respect of that year is fair and reasonable. Should a new committee be formed, or the remit of an existing committee be materially expanded, the new or additional fees paid for the chairmanship or membership of the committee will be commensurate with the new or additional responsibilities and time commitment involved. Non-executive Directors are not eligible to participate in annual bonus plans or long-term incentive plans.	Non-executive Directors do not currently receive benefits, a pension allowance or participate in the Group's employee pension schemes. Travel and business expenses for Non-executive Directors 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, including any tax liabilities arising on these business expenses.	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 their date of appointment.

New Directors' remuneration policy
Continued

Remuneration policy for Non-executive Directors and the Chairman continued

	Fees	Benefits	Share ownership guidelines
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; and — Market data. 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; — Reimbursement of business expenses (and any associated tax liabilities) incurred when travelling overseas in performance of duties; 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 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 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 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 Chairman. The Chairman would not be entitled to any payments for loss of office.

For information on the terms of appointment for the Chairman and Non-executive Directors please see page 133 of the Corporate governance report.

Additional information: legacy long-term incentive plans for Executive Directors

M&G Executive LTIP

Operation Granting awards	The Chief Executive, M&G received annual awards under the M&G Executive LTIP in the period up to and including 2016. Under this plan an annual award of phantom shares was 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 clawback and/or a malus adjustment to all, or a portion of, an M&G Executive LTIP award. More details about clawback and malus are set out above.
Corporate transactions	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 pages 143 to 145 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 received 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 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.

Buy-out award for the Chief Executive, M&G (the Prudential plc 2016 Recruitment Plan)

In line with the announcement made on 1 February 2016, the Company entered into an agreement with Anne Richards to compensate her for unvested share awards that she forfeited as a consequence of joining Prudential.

This arrangement was put in place in accordance with Listing Rule 9.4.2, which allows an individual scheme to be put in place to assist with the recruitment of an Executive Director, and is consistent with the previous Directors' remuneration policy approved by shareholders in 2014. Anne is the sole participant in this arrangement and no further awards will be made to Anne under the arrangement.

Details of this award are set out on page 129 of the Annual report on remuneration.

Changes to Directors' remuneration policy approved at 2014 AGM

Component	Changes to policy approved at 2014 AGM	Reason for changes
Benefits	Under both the current and proposed new policy, benefits included 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. In addition, under the proposed new policy, benefits also include reimbursed business expenses (including any associated tax liability) incurred when travelling overseas in performance of duties.	Reimbursed business expenses, and associated tax liabilities (such as, taxes levied by country revenue services on short-term business travellers eg when overseas-based Directors travel to Board meetings held in the UK) are included as a benefit for the avoidance of doubt. As this tax is incurred in performance of the Directors' duties, and is in addition to the tax paid by the Director in the country in which he or she is resident, the Company pays this tax. The Company does not pay the tax due on salary in the country in which the Director is resident.
Annual cash bonus	The Committee has the power to recover all, or a portion of, deferred bonus awards made since 2015 in specific circumstances and within a defined time frame.	In line with the requirements of the UK Corporate Governance Code, the Committee has had the power to recover (clawback) awards made since 2015 in specific circumstances and within a defined time frame. For clarity, this power is now reflected in the policy.

New Directors' remuneration policy
Continued

Changes to Directors' remuneration policy approved at 2014 AGM continued

Component	Changes to policy approved at 2014 AGM	Reason for changes
Long-term incentives	The Committee has the power to recover all, or a portion of, awards made since 2015 in specific circumstances and within a defined time frame. Executive Directors are required to hold their net of tax vested PLTIP shares, awarded in 2017 and subsequent years, for two years following the end of the three-year performance period, creating a five-year performance and holding period. The M&G Executive LTIP has been replaced with a commensurate PLTIP award for the Chief Executive, M&G.	In line with the requirements of the UK Corporate Governance Code, the Committee has had the power to recover (clawback) awards made since 2015 in specific circumstances and within a defined time frame. For clarity, this power is now reflected in the policy. The two-year holding period is consistent with investor guidance for shares to have at least a five-year performance and holding period. Shareholders are in favour of simplification, in particular, using a single long-term incentive plan for Executive Directors and the Committee shared this view. Delivering more of the Chief Executive, M&G incentive in Prudential shares strengthens her alignment with the Company's shareholders and is consistent with the way in which other Executive Directors are rewarded.
Share ownership guidelines	The share ownership guidelines have been updated as follows: — Increased from 350 per cent of base salary to 400 per cent of base salary for the Chief Executive; and — Increased from 200% of base salary to 250% of base salary for other Executive Directors.	Shareholding guidelines among large listed companies have continued to increase over recent years and the Committee wanted to recognise this and to maximise the Executive Directors' community of interest with the Company's shareholders.
Approach to recruitment remuneration	The policy on replacement awards on recruitment of an Executive Director has been clarified to: — Specifically include options over Prudential shares (in addition to cash and Prudential shares); and — Clarify that performance conditions will be applied where foregone awards were subject to performance conditions.	The updates to the policy are intended to give the Committee a range of approaches which might be used in replacing awards forfeited by a newly-appointed Director on their departure from their previous employer. This is in line with our overriding principle that replacement awards should, as far as possible, reflect the terms of those forfeited.
Policy on payment of loss of office	The policy on payment of loss of office has been clarified to: — Specifically state that should an Executive Director die while serving as a Director, a time pro-rated bonus may be awarded but deferral would not be applied; and — Repatriation assistance may be provided consistent with other employees.	The updates to the policy are intended to clarify the treatment of leavers in specific circumstances.
Corporate transactions	A new section has been added to the policy to cover corporate transactions and the Committee's discretion in these circumstances to: — Allow full or partial vesting or continuation or lapse and exchange of deferred bonus awards; and — Exchange or release (taking into account performance, time elapsed and other relevant matters) of PLTIP awards.	This new section has been added in response to a request from shareholders to set out the Committee's discretion on corporate transactions. These provisions appear in the Rules of the PLTIP which were approved by shareholders in 2013 but are now included in the policy for completeness.
Policy for Non-executive Directors	The policy on Non-executive Directors' fees has been clarified to permit new or additional fees should a new committee be formed or the remit of an existing committee expanded.	The updates to the policy are intended to clarify how it would be applied should the number or remit of Committees of the Board change.

Statement of implementation in 2017

Executive Directors

Executive Directors' remuneration packages were reviewed in 2016 with changes effective from 1 January 2017. When the Committee took these decisions, it considered the salary increases awarded to other employees in 2016 and the expected increases in 2017. The external market reference points used to provide context to the Committee were identical to those used for 2016 salaries.

All Executive Directors, other than the Chief Executive, M&G and the Group Chief Risk Officer, received a salary increase of 2 per cent. The Chief Executive, M&G received no salary increase and the Group Chief Risk Officer received a salary increase of 5 per cent. The 2017 salary increase budgets for other employees across the Group's business units were between 2.5 per cent and 6 per cent. No changes have been made to executives' maximum opportunities under either the annual incentive or the long-term incentive plans.

In 2017, the AIP performance measures have been simplified from seven to four measures and Executive Directors' 2017 bonuses will be determined by the achievement of IFRS operating profit, operating free surplus, NBP EEV profit and cash flow, which are aligned to the Group's growth and cash generation focus. This reflected the Committee's objective to simplify the AIP metrics.

As part of the continuing implementation of Solvency II, the weightings of Penny James's AIP performance targets (with effect from 2017) have been changed so that her entire AIP outcome relates to a combination of functional and personal measures.

As detailed in the new Directors' remuneration policy, all long-term incentive awards made to Executive Directors in 2017 will be made under the PLTIP. The vesting of these awards will depend on:

— Relative TSR (25 per cent of award);

— Group or business unit IFRS profit (50 per cent of award); and

— Balanced scorecard of strategic measures (25 per cent of award).

As part of the continuing implementation of Solvency II, the weightings of Penny James's LTIP performance targets (with effect from 2017) will be different to the other Executive Directors and will be:

— Relative TSR (50 per cent of award);

— Group IFRS profit (20 per cent of award); and

— Balanced scorecard of strategic measures (30 per cent of award).

Under the Group TSR measure, 25 per cent of the award vests for TSR at the median of the peer group increasing to full vesting for performance within the upper quartile. Following a comprehensive review of the peer group, supported by the Remuneration Committee's independent adviser and the Group's Investor Relations team, three companies (Aflac, Munich Re and Swiss Re) have been removed for the 2017 awards because their products and geographic footprints are insufficiently similar to those of the Group.

TSR is measured on a local currency basis since this has the benefit of simplicity and directness of comparison.

The peer group for the 2017 awards is:

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

Under the IFRS measure, 25 per cent of the award vests for meeting the threshold IFRS profit set at the start of the performance period increasing to full vesting for performance at or above the stretch level.

Under the balanced scorecard, performance is assessed for each of the four measures, at the end of the three year performance period. Each of the measures has equal weighting and these measures are set out below.

Capital measure	Cumulative three-year ECap Group operating capital generation relative to plan, less cost of capital (based on the capital position at the start of the performance period). Vesting basis: 100 per cent vesting for achieving plan, otherwise 0 per cent vesting. The plan figure for this metric will be published in the Annual Report for the final year of the performance period.
Capital measure	Cumulative three-year Solvency II Group operating capital generation (as captured in published disclosures) relative to plan. Vesting basis: 100 per cent vesting for achieving plan, otherwise 0 per cent vesting. The plan figure for this metric will be published in the Annual Report for the final year of the performance period.
Conduct measure	Through appropriate management action, ensure there are no significant conduct/culture/governance issues which result in significant capital add-ons or material fines. Vesting basis: 100 per cent for achieving the Group's expectations, otherwise 0 per cent vesting.
Diversity measure	Percentage of the Leadership Team that is female at the end of 2019. The target for this metric will be based on progress towards the goal that the Company set when it signed the Women in Finance Charter, specifically that 30 per cent of our Leadership Team will be female at the end of 2021. For this portion of PLTIP awards made in 2017 to vest, at least 27 per cent of our Leadership Team must be female at the end of 2019. Vesting basis: 100 per cent vesting for achieving the target, otherwise 0 per cent vesting.

Chairman and Non-executive Directors

Fees for the Chairman and Non-executive Directors were reviewed in 2016 with changes effective from 1 July 2016 as set out on page 130. The next review will be effective 1 July 2017.

As referred to in the report of the Nomination and Governance Committee, the appointment of a Chairman of the Board of a material subsidiary (Jackson National Life Insurance Company) has been agreed. The Remuneration Committee has approved a fee of £250,000 per annum, fixed for a period of two years from the date of the appointment. This fee will be payable in US dollars and is the same as the fee agreed for the chairmen of the boards of Prudential Assurance Company Limited, M&G Group Limited and Prudential Corporation Asia Limited. In addition, the Remuneration Committee has approved a basic fee of £70,000 per annum for membership of the boards of these material subsidiaries, a fee for membership of the audit or risk committees of £10,000 per annum and a fee for chairing those committees of £30,000 per annum.

Signed on behalf of the Board of Directors

Anthony Nightingale, CMG SBS JP
Chairman of the Remuneration Committee
13 March 2017

Paul Manduca
Chairman
13 March 2017

Directors' outstanding long-term incentive awards

Share-based long-term incentive awards

	Plan name	Year of award	Conditional share awards outstanding at 1 Jan 2016 (Number of shares)	Conditional awards in 2016 (Number of shares)	Market price at date of award (pence)	Dividend equivalents on vested shares (note 3) (Number of shares released)	Rights exercised in 2016	Rights lapsed in 2016	Conditional share awards outstanding at 31 Dec 2016 (Number of shares)	Date of end of performance period
John Foley	PLTIP	2013	131,848		1,203	14,133	131,848		–	31 Dec 15
	PLTIP	2014	125,776		1,317				125,776	31 Dec 16
	PLTIP	2014	29,556		1,342				29,556	31 Dec 16
	PLTIP	2015	122,808		1,672				122,808	31 Dec 17
	PLTIP	2016		144,340	1,279				144,340	31 Dec 18
			409,988	**144,340**		**14,133**	**131,848**	**–**	**422,480**	
Penny James	PLTIP	2013	25,181		1,203	2,697	25,181		–	31 Dec 15
	PLTIP	2014	30,279		1,317				30,279	31 Dec 16
	PLTIP	2015	24,348		1,672				24,348	31 Dec 17
	PLTIP	2016		116,628	1,279				116,628	31 Dec 18
			79,808	**116,628**		**2,697**	**25,181**	**–**	**171,255**	
Nic Nicandrou	PLTIP	2013	122,554		1,203	13,136	122,554		–	31 Dec 15
	PLTIP	2014	132,375		1,317				132,375	31 Dec 16
	PLTIP	2015	104,117		1,672				104,117	31 Dec 17
	PLTIP	2016		136,836	1,279				136,836	31 Dec 18
			359,046	**136,836**		**13,136**	**122,554**	**–**	**373,328**	
Anne Richards	PLTIP	2016		45,906	1,358.5				45,906	31 Dec 18
				45,906		**–**	**–**	**–**	**45,906**	
Barry Stowe[1]	PLTIP	2013	131,266		1,203	13,794	127,984	3,282	–	31 Dec 15
	PLTIP	2014	114,824		1,317				114,824	31 Dec 16
	PLTIP	2015	113,940		1,672				113,940	31 Dec 17
	PLTIP	2015	50,668		1,611.5				50,668	31 Dec 17
	PLTIP	2016		274,100	1,279				274,100	31 Dec 18
			410,698	**274,100**		**13,794**	**127,984**	**3,282**	**553,532**	
Mike Wells[2]	PLTIP	2013	273,470		1,203	29,480	273,470		–	31 Dec 15
	PLTIP	2014	238,954		1,317				238,954	31 Dec 16
	PLTIP	2015	209,222		1,672				209,222	31 Dec 17
	PLTIP	2015	30,132		1,611.5				30,132	31 Dec 17
	PLTIP	2016		332,870	1,279				332,870	31 Dec 18
			751,778	**332,870**		**29,480**	**273,470**		**811,178**	
Tony Wilkey[4]	PLTIP	2013	25,244		1,203	2,636	24,612	632	–	31 Dec 15
	PCA LTIP	2013	55,705		1,203		55,705		–	31 Dec 15
	PCA LTIP	2013	47,182		1,178		47,182		–	31 Dec 15
	PLTIP	2014	22,935		1,317				22,935	31 Dec 16
	PCA LTIP	2014	45,870		1,317				45,870	31 Dec 16
	PCA LTIP	2014	68,806		1,317				68,806	31 Dec 17
	PLTIP	2015	21,091		1,672				21,091	31 Dec 17
	PCA LTIP	2015	42,183		1,672				42,183	31 Dec 17
	PLTIP	2015	29,008		1,611.5				29,008	31 Dec 17
	PLTIP	2016		153,742	1,279				153,742	31 Dec 18
			358,024	**153,742**		**2,636**	**127,499**	**632**	**383,635**	

Notes

1 The awards for Barry Stowe were made in ADRs (1 ADR = 2 ordinary shares). The figures in the table are represented in terms of ordinary shares.

2 The awards in 2013, 2014 and 2015 for Mike Wells were made in ADRs (1 ADR = 2 ordinary shares). The award in 2016 was made in ordinary shares. The figures in the table are represented in terms of ordinary shares.

3 A dividend equivalent was accumulated on these awards.

4 The PCA LTIP is an arrangement for executives and senior management of PCA. Tony Wilkey was a participant of this plan until his appointment to the Board on 1 June 2015 and has not been eligible to new awards since this date. The column above marked 'Date of end of performance period' for the PCA LTIP reflects the end of the vesting period as there are no performance conditions on these awards.

Business-specific cash-based long-term incentive plans

	Year of award	Face value of conditional share awards outstanding at 1 January 2016 £000	Payments made in 2016 £000	Face value of conditional awards outstanding at 31 December 2016 £000	Date of end of performance period
Michael McLintock					
M&G Executive LTIP	2013	1,112	1,991		31 Dec 2015
M&G Executive LTIP	2014	1,146		1,146	31 Dec 2016
M&G Executive LTIP	2015	1,182		1,182	31 Dec 2017
Total payments made in 2016			1,991		
Anne Richards					
M&G Executive LTIP	2016	1,200		1,200	31 Dec 2018

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 2013 award of 1,112,400 units, the unit price at the end of the performance period was £1.79, which resulted in a payment of £1,991,196 to Michael McLintock in 2016. For the 2014 award of 1,146,000 units, the unit price at the end of the performance period was £1.60, which will result in a payment of £1,577,398 to Michael McLintock in 2017.

Other share awards

The table below sets out Executive Directors' deferred bonus share awards.

	Year of grant	Conditional share awards outstanding at 1 Jan 2016 (Number of shares)	Conditionally awarded in 2016 (Number of shares)	Dividends accumulated in 2016[5] (Number of shares)	Shares released in 2016 (Number of shares)	Conditional share awards outstanding at 31 Dec 2016 (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 2012 annual incentive award	2013	37,396			37,396	–	31 Dec 15	31 Mar 16	1,055	1,301
Deferred 2013 annual incentive award	2014	32,731		1,237		33,968	31 Dec 16		1,317	
Deferred 2014 annual incentive award	2015	42,062		1,589		43,651	31 Dec 17		1,672	
Deferred 2015 annual incentive award	2016		63,320	2,393		65,713	31 Dec 18		1,279	
		112,189	63,320	5,219	37,396	143,332				
Penny James[1]										
Deferred 2012 Group deferred bonus plan award	2013	5,677			5,677	–	31 Dec 15	31 Mar 16	1,083	1,301
Deferred 2013 Group deferred bonus plan award	2014	4,880		184		5,064	31 Dec 16		1,317	
Deferred 2014 Group deferred bonus plan award	2015	3,943		148		4,091	31 Dec 17		1,672	
Deferred 2015 annual incentive award	2016		13,290	501		13,791	31 Dec 18		1,279	
		14,500	13,290	833	5,677	22,946				
Nic Nicandrou										
Deferred 2012 annual incentive award	2013	41,821			41,821	–	31 Dec 15	31 Mar 16	1,055	1,301
Deferred 2013 annual incentive award	2014	36,639		1,385		38,024	31 Dec 16		1,317	
Deferred 2014 annual incentive award	2015	28,799		1,088		29,887	31 Dec 17		1,672	
Deferred 2015 annual incentive award	2016		37,683	1,424		39,107	31 Dec 18		1,279	
		107,259	37,683	3,897	41,821	107,018				

	Year of grant	Conditional share awards outstanding at 1 Jan 2016 (Number of shares)	Conditionally awarded in 2016 (Number of shares)	Dividends accumulated in 2016[5] (Number of shares)	Shares released in 2016 (Number of shares)	Conditional share awards outstanding at 31 Dec 2016 (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)
Barry Stowe[2]										
Deferred 2012 annual incentive award	2013	40,646			40,646	–	31 Dec 15	31 Mar 16	1,055	1,301
Deferred 2013 annual incentive award	2014	31,754		1,196		32,950	31 Dec 16		1,317	
Deferred 2014 annual incentive award	2015	27,992		1,054		29,046	31 Dec 17		1,672	
Deferred 2015 annual incentive award	2016		107,566	4,052		111,618	31 Dec 18		1,279	
		100,392	107,566	6,302	40,646	173,614				
Mike Wells[3]										
Deferred 2012 annual incentive award	2013	86,586			86,586	–	31 Dec 15	31 Mar 16	1,055	1,301
Deferred 2013 annual incentive award	2014	104,636		3,942		108,578	31 Dec 16		1,317	
Deferred 2014 annual incentive award	2015	116,304		4,382		120,686	31 Dec 17		1,672	
Deferred 2015 annual incentive award	2016		103,210	3,902		107,112	31 Dec 18		1,279	
		307,526	103,210	12,226	86,586	336,376				
Tony Wilkey[4]										
Deferred 2013 PCA deferred bonus plan award	2014	70,831			70,831	–	31 Dec 15	31 Mar 16	1,317	1,301
Deferred 2014 PCA deferred bonus plan award	2015	82,290		2,305		84,595	31 Dec 16		1,672	
Deferred 2015 annual incentive award	2016		34,625	1,308		35,933	31 Dec 18		1,279	
		153,121	34,625	3,613	70,831	120,528				

Notes

1 The Group deferred bonus plan is an arrangement for executives and senior management. Penny James was a participant of this plan until her appointment to the Board on 1 September 2015 and has not been eligible to new awards from this date.

2 The awards for Barry Stowe were made in ADRs (1 ADR = 2 ordinary shares). The figures in the table are represented in terms of ordinary shares.

3 The awards for Mike Wells in 2013, 2014 and 2015 were made in ADRs (1 ADR = 2 ordinary shares). The award made in 2016 was made in ordinary shares. The figures in the table are represented in terms of ordinary shares.

4 The PCA deferred bonus plan is an arrangement for executives and senior management of PCA. Tony Wilkey was a participant of this plan until his appointment to the Board on 1 June 2015 and has not been eligible for new awards since this date.

5 A dividend equivalent was accumulated on these awards.

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.

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. This scheme allows 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.

From 2014 participants could elect to enter into savings contracts of up to £500 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 Share Incentive Plan (SIP). From April 2014, all UK-based employees were able to purchase Prudential plc shares up to a value of £150 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	Share Incentive Plan awards held in Trust at 1 Jan 2016 (Number of shares)	Partnership shares accumulated in 2016 (Number of shares)	Matching shares accumulated in 2016 (Number of shares)	Dividend shares accumulated in 2016 (Number of shares)	Share Incentive Plan awards held in Trust at 31 Dec 2016 (Number of shares)
John Foley	2014	255	134	33	11	433
Nic Nicandrou	2010	1,425	133	33	53	1,644
Mike Wells	2015	97	134	34	5	270

Prudential Corporation Asia All Employee Share Purchase Plan (PruSharePlus)

From August 2014, all Asia-based employees were able to purchase Prudential plc shares up to a value of £5,000 per year from their gross salary through the PruSharePlus. For every two shares bought by the employee, one 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 PruSharePlus together with matching shares (awarded on a 1:2 basis) and dividend shares.

	Year of initial grant	PruSharePlus awards held in Trust at 1 Jan 2016 (Number of shares)	Purchased shares accumulated in 2016 (Number of shares)	Matching shares accumulated in 2016 (Number of shares)	Dividend shares accumulated in 2016 (Number of shares)	PruSharePlus awards released from Trust in 2016 (Number of shares)	PruSharePlus awards held in Trust at 31 December 2016 (Number of shares)
Tony Wilkey*	2014	545	–	–	14	559	–

* Following his appointment to the Board, Tony Wilkey is no longer eligible to participate in the PruSharePlus with effect from the anniversary of his joining the plan.

Cash-settled long-term incentive awards

This information has been prepared in line with the reporting requirements of the Hong Kong Stock Exchange and sets out Executive Directors' outstanding share awards and share options. For details of the cash-settled long-term incentive awards held by some Executive Directors, please see our Annual report on remuneration.

Dilution

Releases from the Prudential Long Term Incentive Plan 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 2016 was 1 per cent of the total share capital at the time. Deferred bonus awards 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 2016, two were Executive Directors whose emoluments are disclosed in this report. The aggregate of the emoluments of the other three individuals for 2016 were as follows:

	2016 £000
Base salaries, allowances and benefits in kind	3,257
Pension contributions	123
Performance related pay	18,952
Total	22,332

Their emoluments were within the following bands:

	Number of five highest paid employees 2016
£6,200,001 – £6,300,000	1
£6,800,001 – £6,900,000	1
£9,200,001 – £9,300,000	1