

UK Gender Pay Gap Report 2017

Introduction



We are building a diverse and inclusive culture at Prudential UK.

Creating the right culture at Prudential UK is critical to our success, which is why promoting respect, diversity and high-performance in the workplace underpins what we do.

We were one of the first companies in the City to employ women in 1871 and have long recognised how a diverse workforce helps us serve our customers, communities and shareholders.

This tradition continues today and we are proud to employ people from a wide range of backgrounds, experience, skills and levels of ambition.

Organisations with over 250 employees must now publish details of their gender pay gap, which measures the difference between the aggregate pay for all men and women in an organisation.

We're making our figures public today and the report details our four separate Prudential UK companies. The gap reflects the fact that we, along with other financial services companies currently have more men than women in leadership and senior operational roles across our UK businesses.

Men and women are paid equally for performing equivalent roles across our different business entities. However, there's more we can do to close the gaps that exist and we have outlined the steps we are taking to achieve this aim.

We also recognise, that to close the gender pay gap, we must achieve better representation of women in all roles and at all levels of our business. Which is why increased Diversity & Inclusion is a strategic objective to us and to me personally.

The gender pay gap cannot be closed overnight but we are committed to closing it as quickly as possible to foster diversity and inclusivity in every aspect of our business.

A handwritten signature in black ink, appearing to read 'Clare'.

Clare Bousfield
Chief Executive
Prudential UK

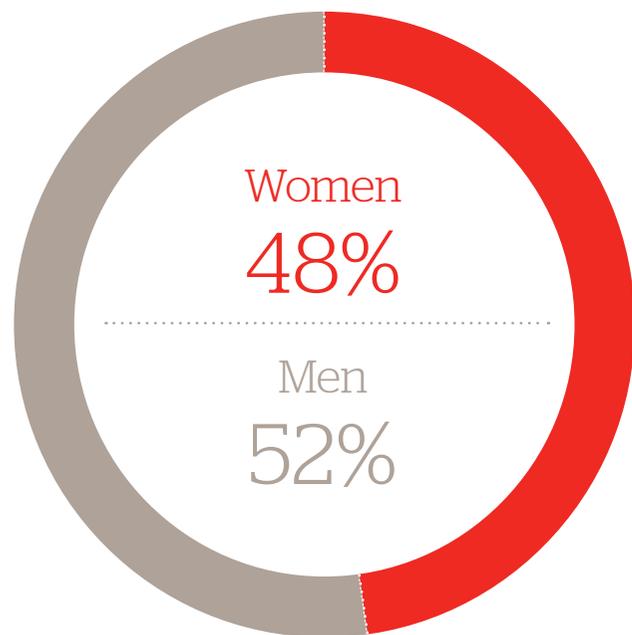
Gender pay gap reporting

The **gender pay gap** is a measure of the difference between the average pay and bonus of men and women across an organisation irrespective of role and seniority.

This is different to **equal pay**, which is the legal requirement to pay the same to men and women who are doing work of equal value.

Who this data includes

The data presented here is for Prudential UK's 3,191 UK-based employees. The mix of men and women in our UK workforce is currently:



We have four Prudential UK legal entities that employ at least 250 people, and so are required to report their gender pay gaps separately. These entities are:

- Prudential Distribution Limited;
- Prudential Financial Planning Limited;
- Prudential UK Services Limited; and
- PGDS (UK One) Limited.

The report also outlines the reasons for the gap and the active steps being taken to close it.

Prudential Distribution Limited's 2017 gender pay gap

Fixed pay including salaries and cash allowances

18.5%

The average (mean) hourly rate of fixed pay received by male employees is 18.5 per cent more than the average (mean) hourly rate received by female employees

24.4%

The midpoint (median) of the range of rates of hourly fixed pay received by male employees is 24.4 per cent more than the midpoint (median) of the range of rates of hourly fixed pay received by female employees

I confirm that the information contained in this report is accurate.

Clare Bousfield
Chief Executive
Prudential UK

Bonus pay including bonuses and long-term incentives

61.4%

The average (mean) value of bonus pay received by male employees is 61.4 per cent more than the average (mean) value of bonus pay received by female employees

39.3%

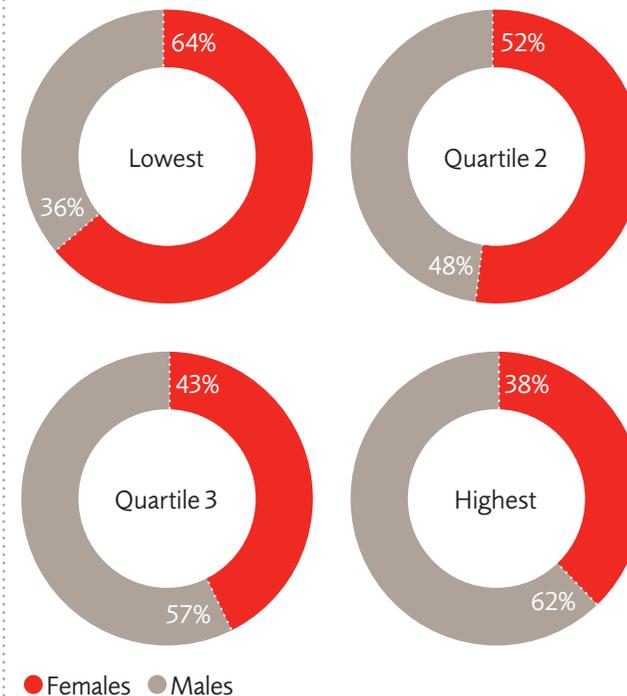
The midpoint (median) of the range of the values of bonus pay received by male employees is 39.3 per cent more than the midpoint (median) of the range of the values of bonus pay received by female employees



92 per cent of male employees and 90 per cent of female employees received a bonus

Proportion of males and females by pay quartile

The charts below show the gender balance of UK employees in each pay band (dividing our UK employees into four equal bands):



Prudential Financial Planning Limited's 2017 UK gender pay gap

Fixed pay including salaries and cash allowances

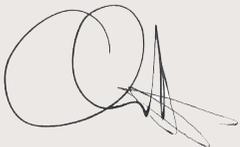
7.8%

The average (mean) hourly rate of fixed pay received by male employees is 7.8 per cent more than the average (mean) hourly rate received by female employees

4.1%

The midpoint (median) of the range of rates of hourly fixed pay received by male employees is 4.1 per cent more than the midpoint (median) of the range of rates of hourly fixed pay received by female employees

I confirm that the information contained in this report is accurate.



Chris Haines
Retail Distribution Director and
CEO Prudential Financial Planning

Bonus pay including bonuses and long-term incentives

17.9%

The average (mean) value of bonus pay received by male employees is 17.9 per cent more than the average (mean) value of bonus pay received by female employees

10.2%

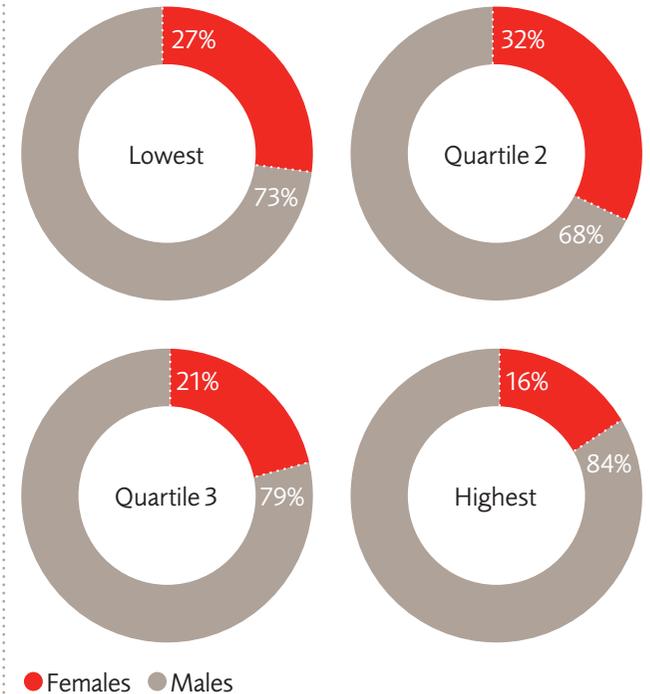
The midpoint (median) of the range of the values of bonus pay received by male employees is 10.2 per cent more than the midpoint (median) of the range of the values of bonus pay received by female employees



87 per cent of male employees and 77 per cent of female employees received a bonus

Proportion of males and females by pay quartile

The charts below show the gender balance of UK employees in each pay band (dividing our UK employees into four equal bands):



Prudential UK Services Limited's 2017 UK gender pay gap

Fixed pay

including salaries and cash allowances

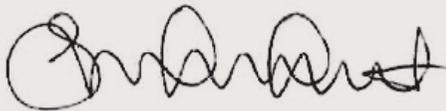
18.0%

The average (mean) hourly rate of fixed pay received by male employees is 18.0 per cent more than the average (mean) hourly rate received by female employees

14.5%

The midpoint (median) of the range of rates of hourly fixed pay received by male employees is 14.5 per cent more than the midpoint (median) of the range of rates of hourly fixed pay received by female employees

I confirm that the information contained in this report is accurate.



Simon Moffatt
HR COO,
M&G Prudential

Bonus pay

including bonuses and long-term incentives

53.0%

The average (mean) value of bonus pay received by male employees is 53.0 per cent more than the average (mean) value of bonus pay received by female employees

36.4%

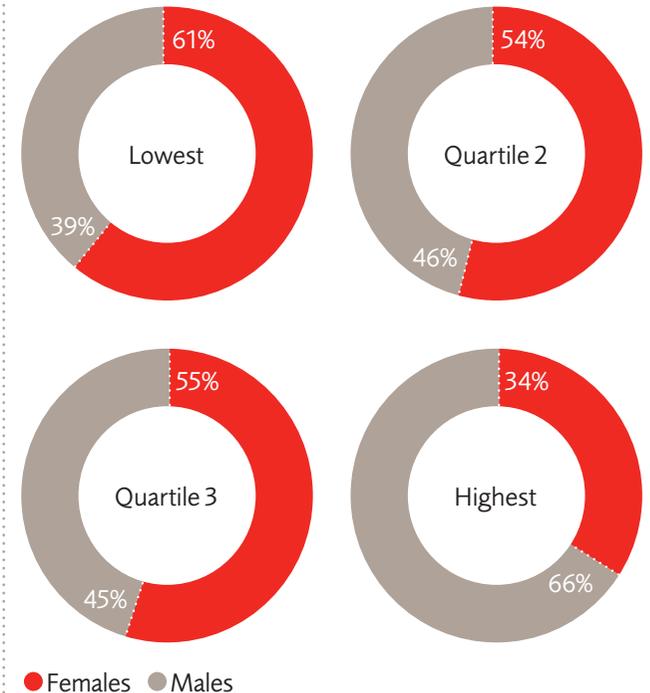
The midpoint (median) of the range of the values of bonus pay received by male employees is 36.4 per cent more than the midpoint (median) of the range of the values of bonus pay received by female employees



92 per cent of male employees and 97 per cent of female employees received a bonus

Proportion of males and females by pay quartile

The charts below show the gender balance of UK employees in each pay band (dividing our UK employees into four equal bands):



PGDS (UK One) Limited's 2017 Gender Pay Gap

Fixed pay
including salaries and cash allowances

14.1%

The average (mean) hourly rate of fixed pay received by male employees is 14.1 per cent more than the average (mean) hourly rate received by female employees

11.4%

The midpoint (median) of the range of rates of hourly fixed pay received by male employees is 11.4 per cent more than the midpoint (median) of the range of rates of hourly fixed pay received by female employees

I confirm that the information contained in this report is accurate.



Des Burke
CEO,
PGDS (UK One)

Bonus pay
including bonuses and long-term incentives

25.1%

The average (mean) value of bonus pay received by male employees is 25.1 per cent more than the average (mean) value of bonus pay received by female employees

28.1%

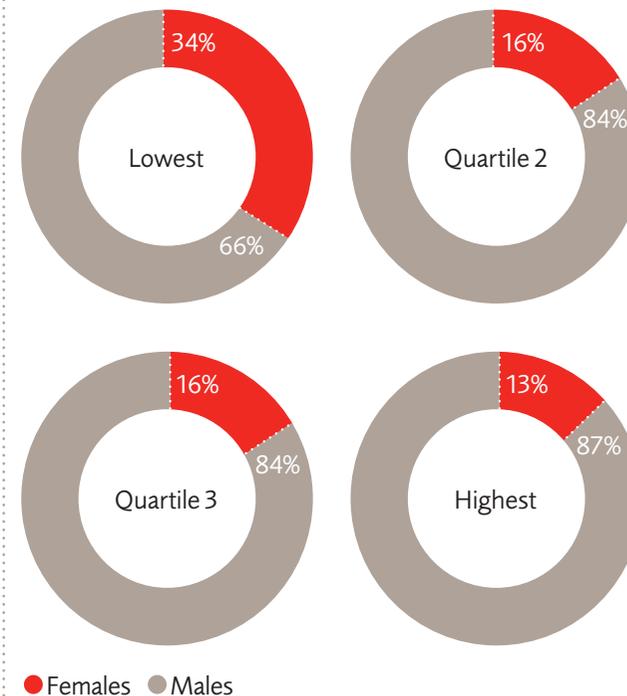
The midpoint (median) of the range of the values of bonus pay received by male employees is 28.1 per cent more than the midpoint (median) of the range of the values of bonus pay received by female employees



98 per cent of male employees and 96 per cent of female employees received a bonus

Proportion of males and females by pay quartile

The charts below show the gender balance of UK employees in each pay band (dividing our UK employees into four equal bands):



The reasons for the gender pay gap

These pay figures demonstrate the demographic challenges facing our UK businesses and the financial services sector as a whole:

- There are more men than women in leadership, investment management and senior operational roles; and
- There are more women than men in administrative and support roles.

The gap in bonus pay is higher than the gap in fixed pay because:

- There are more men than women in those roles with higher incentive opportunities - that is, leadership and sales roles; and
- Our part-time employees receive bonuses that are adjusted to reflect the hours that they work. However, this is not recognised in the calculation of the gender bonus gap. The majority of part-time staff are women;
 - In Prudential Distribution Ltd, 22 per cent of women work part-time compared to 1 per cent of men;
 - In Prudential Financial Planning, 14 per cent of women work part-time compared to 1 per cent of men;
 - In Prudential UK Services Ltd, 20 per cent of women work part-time compared to 2 per cent of men; and
 - In Prudential Data Global Services, 27 per cent of women work part-time compared to 1 per cent of men.

Closing the gender pay gap

In order to close the gender pay gap we must achieve better representation of women in all roles and at all levels of our organisation. This goal is reflected in:

- Diversity and Inclusion (D&I) being one of the Group's strategic priorities;
- The commitment that we made in 2016 under the HM Treasury Women in Finance Charter that 30 per cent of the Leadership Team (the 100 most pivotal roles in the Group) will be female at the end of 2021, which will be the 150th anniversary of Prudential becoming one of the first City companies to employ women; and
- Progress towards this 2021 target determining whether part of leaders' long-term incentive awards are released. For the 2017 long-term incentive awards to vest in full, at least 27 per cent of the Leadership Team must be female at the end of 2019.

10 priority areas

To deliver this commitment, we take a long-term strategic approach co-ordinating work in the following 10 priority areas:

- Group-wide D&I Advisory Committee
- D&I-focussed review of HR processes
- D&I action plans and business case
- Unconscious bias training and D&I focussed development
- Aspirational direction, targets, measuring and reporting
- Mentoring, sponsorship and coaching
- D&I communication
- Work with schools and universities
- Group-wide D&I conference
- Invest in and support affinity group networks

These priority areas include a large number of initiatives across the Group. Some examples of changes we are making in our UK-based businesses are shown on the following pages:

Closing the gender pay gap

Building a family-friendly workplace

As part of our work to make a Prudential career compatible with the caring responsibilities of all of our employees, we made the following changes to the leave arrangements offered by our Prudential UK business in May 2017:

- Colleagues becoming parents and taking maternity, adoption or shared parental leave will now receive full pay for 18 weeks (previously 15 weeks) if they have a year of service with us;
- Colleagues taking paternity leave (or equivalent adoption leave) now only need to have been with us for 26 weeks to receive 2 weeks of paid leave (previously a year's service was required);
- Colleagues who are carers (caring for parents, for example) are able to apply for planned leave under a new policy, helping them to balance work and care commitments.

Challenging unconsciously held stereotypes

As part of our work to challenge mindsets that may disadvantage certain groups of colleagues and candidates (including women), we have invested in unconscious bias training:

- Senior leaders across the UK business, including 188 in the UK, participated in unconscious bias workshops in 2017;
- The workshops aim to make attendees more aware of the potential for unconscious bias to affect their decision making and to share practical ways in which leaders can be more inclusive, making sure that everyone's voice is heard;
- Feedback has been positive. One participant said that the workshop had been **'Hugely revealing for me personally and I am committed to a change in behaviour'**;
- A next step in this journey will be the launch of an unconscious bias eLearning course in the first half of 2018. All colleagues and new starters in our Prudential UK business will be required to complete this training.

Recruitment strategy

As part of our work to make Prudential UK a more diverse place to work, we achieved the following over 2017:

- We have increased the diversity of the 2017 Trainee and Apprenticeship cohort. 50 per cent of the trainees are female and 45 per cent of the apprentices are female – up 13 per cent on 2016;
- We have developed new management information to help us identify the diversity of candidates we attract and conversion rates into acceptance of offers of employment. This data confirms that whilst we continue to attract slightly more men than women (men 54 per cent: women 46 per cent), the hire rate over 12 months confirms that more women than men convert to hires (men 45 per cent: women 55 per cent); and
- The Resourcing team have participated in bias training and an external workshop exploring how the insurance industry can enable flexible working to level the playing field for applicants.