



[Sent by email to: codereview@frc.org.uk]

Chris Hodge
Corporate Governance Unit
Financial Reporting Council
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29 July 2011

Dear Mr Hodge,

Consultation on gender diversity on boards

Prudential welcomes the opportunity to comment on the issues identified in the above consultation document. Prudential plc is a publicly traded company listed in London, Hong Kong, Singapore and New York and is an international retail financial services group with significant operations in the UK, Asia and the United States. We have been providing savings, income and protection products to customers for more than 160 years. We serve over 25 million customers and have £340 billion assets under management. M&G is Prudential's UK and European fund management business and has £198 billion of assets under management (as at 31 December 2010).

We set out below our comments, from the perspectives of both a listed FTSE 100 company and a major institutional investor.

General comments

We welcome positive developments leading to greater diversity in the boardroom, and support a drive to appoint the best candidates to Board positions after an appropriately structured recruitment process has been followed. One of the potential difficulties with a quota approach to gender diversity, whether voluntary or compulsory, could be sub-optimal appointments in some instances.

In our view, companies should simply say what they are doing. There is a danger of "measurable objectives" being interpreted as a quota system which may have an effect of weakening candidate quality if applied too rigidly. As greater gender diversity is achieved in UK corporate middle and senior management positions, which is becoming increasingly evident, more suitably diverse candidates should be emerging, increasing the pool available to companies.

Specific comments

Whether further changes to the Code should be made?

1. We feel that the addition of a reporting requirement on the board's policy on diversity would lead to greater transparency of how companies are approaching this topic.

Whether the suggested wording should be adopted, or alternatives?

2. We concur with the suggested wording with the exception of the reference to "measurable objectives", for the reasons stated above. Instead, we would suggest the wording should require companies to describe the policy they have adopted, how the policy has been put into practice and how they are progressing against the policies, including any developments during the reporting



period. Such an approach would encourage more explanation of a company's particular circumstances. We are also of the view that the reference to the Board's policy should be to the Board's policy "on diversity" rather than to the Board's policy "on gender diversity".

Whether publication of some key elements to be covered by a gender diversity policy is required, and if so, whether this should be done in the Code?

3. We do not believe that it is the purpose of the Code to set out mandatory elements to be included in a gender diversity policy. Instead, the Code should encourage companies to adopt policies best suited to their individual circumstances, to ensure those policies help increase Board effectiveness, and ultimately benefit shareholders and other stakeholders generally.

Whether a new supporting principle on board evaluation is desirable and, if so, views on the proposed wording?

4. We are of the view that to include a new supporting principle would be unduly prescriptive and would potentially detract from the main principle regarding Board evaluations.

Timing of any changes to the Code?

5. Whilst we believe that early implementation would be desirable, we would not support retrospective application. We therefore support the third option set out in the consultation paper, namely, that the revised Code would apply to accounting periods beginning on or after 29 June 2012.

Yours sincerely

Margaret Coltrane