

## **Pru Life Insurance Corporation of U.K.**

### **Charter : Board of Directors**

This Charter has been adopted by the Board of Directors of Pru Life Insurance Corporation of U.K. (“Pru Life UK” or the “Company”) to guide the Board in the exercise of its responsibilities. This Charter is complementary to the requirements of applicable Philippine laws and regulations and the Articles of Incorporation and By-Laws of Pru Life UK.

#### **1. Roles and Responsibilities of the Board of Directors**

##### *General Responsibility*

The Board shall oversee the development, review, and approval of Pru Life UK’s business objectives and strategy and shall oversee and monitor the implementation of the business objectives and strategy in order to sustain Pru Life UK’s long-term viability and strength.

The Board shall act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of Pru Life UK and all shareholders.

##### *Specific Roles and Responsibilities*

The Board shall

- A. review, monitor and implement Pru Life UK’s corporate strategic plan,
- B. oversee the conduct of Pru Life UK’s business to ensure that the business is being properly managed and dealings with policyholders, claimants, creditors and other stakeholders are fair and equitable,
- C. oversee that a sound enterprise risk management framework is in place to effectively identify, monitor, assess and manage key business risks,
- D. approve corporate policies in core areas of operations, specifically underwriting, investments, reinsurance and claims management,
- E. adopt an effective succession planning program for directors, key officers and Management, including the policies on the retirement age of directors and key officers and for appointing, training, fixing the compensation of, and where appropriate, replacing senior management,
- F. adopt a Board nomination and election policy, including an assessment of the effectiveness of the Board’s processes and procedures in the nomination, election and replacement of a director,
- G. develop and implement an investor relations program or adopt a shareholder communications policy for Pru Life UK,
- H. review the adequacy and the integrity of Pru Life UK’s internal control systems and management information systems including systems for compliance with the Insurance Code and other applicable laws, regulations, rules, directives and guidelines and monitoring and managing potential conflicts of interest of Management, Board members and shareholders,
- I. select and appoint officers who are qualified to administer insurance affairs soundly and effectively and to establish an adequate selection process for all personnel,
- J. apply fit and proper standards on personnel ensuring that integrity, relevant technical expertise and experience in the institution’s business are key considerations in the selection process,
- K. adopt an effective performance management framework to ensure that performance standards are met by Management and all other employees,
- L. adopt a policy specifying the relationship between remuneration and performance of key officers and the board members aligned with the long-term interests of Pru Life UK,
- M. approve the selection and assess the performance of the Chief Executive Officer, Chief Risk Officer,

Chief Compliance Officer, and Chief Audit Executive taking into account the recommendation of the relevant Board Committees,

- N. review and approve material transactions not in Pru Life UK's ordinary course of business,
- O. establish a system of checks and balances which applies to the Board and its members,
- P. ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations and fully disclose all relevant and material information on individual Board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment,
- Q. appoint a Compliance Officer who shall be responsible for coordinating, monitoring, and facilitating compliance with existing laws, rules and regulations,
- R. approve all material related party transactions as defined under PAS 24, those that cross the materiality threshold, and write off of material exposures to related parties and submit the same for confirmation by majority vote of shareholders in the annual shareholders' meeting. Provided, that a director who has a potential interest in any related party transaction must recuse from voting on the approval of such related party transaction,
- S. delegate to the appropriate management committee the approval of related party transactions that are below the materiality threshold, subject to the confirmation by the Board,
- T. establish an effective system to determine, identify, monitor and evaluate related party transactions and identify, measure, monitor and control risks arising from the same,
- U. ensure maintenance of adequate capital against risks associated with exposures to related parties, and
- V. oversee the integrity, independence and effectiveness of the policies and procedures for whistleblowing.

## **2. Decisions Requiring Board Approval**

The following decisions must be referred to the Board for approval:

- A. acquiring or selling shares of Pru Life UK,
- B. acquiring, selling or otherwise disposing of property material to the business of Pru Life UK,
- C. acquiring or selling intellectual property rights of Pru Life UK,
- D. initiating major changes to the field of Pru Life UK's business activities,
- E. amendment of Articles of Incorporation and By-Laws of Pru Life UK,
- F. increase or decrease of capital stock of Pru Life UK,
- G. incurring, creating or increasing bonded indebtedness,
- H. selling, leasing, exchanging, mortgaging, pledging or otherwise disposing of all or substantially all of the corporate assets of Pru Life UK,
- I. investment of corporate funds in another corporation or business or for any purpose other than the primary purpose of Pru Life UK (including founding, acquiring or selling subsidiaries of Pru Life UK),
- J. merger or consolidation involving Pru Life UK,
- K. material transactions not in the ordinary course of business of Pru Life UK, and
- L. material contracts with directors, officers, or their spouses or relatives within the fourth (4th) civil degree of consanguinity or affinity. Such contracts must be approved by at least two thirds (2/3) of the entire membership of the Board and at least a majority of the independent directors.

## **3. Roles and Responsibilities of the Chairman of the Board**

The Board shall be headed by a qualified and competent Chairman, who shall have, among others, the following roles and responsibilities:

- A. makes certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations,
- B. guarantees that the Board receives accurate, timely, relevant, insightful, concise and clear information to enable it to make sound decisions,
- C. facilitates discussions on key issues by fostering an environment conducive for constructive debate

- and leveraging on the skills and expertise of individual directors,
- D. ensures that the Board sufficiently challenges and inquires on reports submitted and representations made by Management,
  - E. assures the availability of proper orientation for first-time directors and continuing training opportunities for all directors, and
  - F. makes sure that performance of the Board is evaluated at least once a year and discussed or followed upon.

The positions of Chairman of the Board and Chief Executive Officer shall be held by separate individuals and each shall have clearly defined responsibilities.

#### **4. Roles and Responsibilities of the President and Chief Executive Officer ("CEO")**

In addition to the functions provided in Article IV, Section 3 of the By-Laws, the President and CEO shall have the following roles and responsibilities:

- A. determines the Company's strategic direction and formulates and implements its strategic plan on the direction of the business,
- B. communicates and implements the Company's vision, mission, values and overall strategy and promotes any organization or stakeholder change in relation to the same,
- C. oversees the operations of the Company and manages human and financial resources in accordance with the strategic plan,
- D. has a good working knowledge of the Company's industry and market and keeps up-to-date with its core business purpose,
- E. directs, evaluates and guides the work of the key officers of the Company,
- F. manages the Company's resources prudently and ensures a proper balance of the same,
- G. provides the Board with timely information and interfaces between the Board and the employees,
- H. builds the corporate culture and motivates the employees of the Company, and
- I. serves as the link between internal operations and external stakeholders.

#### **5. Performance Evaluation of the Board**

The Board of Directors shall have in place a system that provides, at the minimum, the criteria and processes to determine the performance of the Board, individual directors, and committees, which shall allow for a feedback mechanism from the shareholders. It shall conduct an annual self-assessment to evaluate the performance of the Board, the Board Committees, the Chairman, and the individual directors and determine whether it and its committees are functioning effectively. The annual self-assessment may be supported by an external facilitator every three (3) years.

#### **6. Review and Disclosure of the Charter**

The Board shall review the Charter at least once annually and make necessary amendments where the Board deems necessary. The Board Charter shall be publicly available and posted on the Company's website.