

PRU LIFE UK'S RELATED PARTY TRANSACTIONS POLICY

Pru Life UK's policy is to ensure that all related party transactions are consistent with the arm's length principle. To implement this policy, we engage the services of an independent tax firm to conduct, on a periodic basis, a review and documentation update of our Related Party Transactions and the related Transfer Pricing Guidelines. This is also in compliance with Revenue Regulations No-2-2013 of the Philippine Transfer Pricing (TP) guidelines.

Parties are considered related if one party has control, joint control, or significant influence over the other party in making financial and operating decisions. The key management personnel of the Company are also considered to be related parties.

The review and documentation update, which is being done every 2 years, usually involves a company analysis, functional analysis, industry analysis, and economic analysis to determine if the Company's intercompany transactions have been conducted at arm's length.

The company analysis provides for the business structure and relationship of companies within the Prudential Group. Currently, the most significant intercompany transactions between the Company and its related parties pertain to the investment management services and information technology governance services which Pru Life UK receives from its affiliates.

To analyze the circumstances or conditions prevalent at the time of the intercompany transaction being reviewed, an industry analysis is conducted. This analysis defines the industry within which the Group and Pru Life UK operate, and therefore facilitates the identification of information on comparable transactions and entities. Moreover, this analysis provides information on industry trends which could affect the operating results not just of Pru Life UK, but likewise of the potential comparable companies to be identified.

To further analyze Pru Life UK's role in its intercompany transaction, a functional analysis is conducted. This type of analysis considers the nature of the business of Pru Life UK in terms of the functions it performs, risks it assumes and properties or assets it owns or has developed.

In analyzing the arm's length nature of Pru Life UK's intercompany transactions in relation to the investment management services and information technology governance services, the Comparable Uncontrolled Price (CUP) and Transactional Net Margin Method (TNMM) are selected as the most appropriate and reliable methods.

In addition, in order to confirm that Pru Life UK's operations follow arm's length terms, a corroborative analysis is likewise conducted using the TNMM and Return on Net Assets (RONA) as the Profit Level Indicator. The comparability search that is being performed shall be anchored on these methods.