

Related Party Transactions Policy of Pru Life Insurance Corporation of U.K.

1. Objectives

This Related Party Transactions (“**RPTs**”) Policy is made to ensure that RPT transactions are only undertaken on an arm’s length basis for the financial, commercial, and economic benefit of Pru Life Insurance Corporation of U.K. (the “**Company**”) and the entire group where the Company belongs.

2. Coverage

This RPT Policy shall:

- a. capture a broader spectrum of transactions, covering not only those that give rise to credit and/or counterparty risks but also those that could pose material/special risk or potential abuse to the Company and its stakeholders; and
- b. cover the identification and prevention or management of potential or actual conflicts of interest which may arise.

3. Definition of Terms

3.1 “**Related Party**” or “**Related Parties**” shall cover the Company’s subsidiaries as well as affiliates and special purpose entities that the Company exerts direct/indirect control over or that exerts significant influence over the Company; its Board members; officers; stockholders and related interests; and their Close Family Members, as well as Corresponding Persons in Affiliated Companies. This shall also include such other person/juridical entity whose interests may pose potential conflict with the interest of the Company, hence, is identified as a Related Party.

3.2 “**Close Family Members**” are persons related to the Company’s directors, officers and stockholders (“**DOS**”) within the second degree of consanguinity or affinity, legitimate or common-law. These shall include the spouse, parent, child, brother, sister, grandparent, grandchild, parent-in-law, son-/daughter-in-law, brother-/sister-in-law, grandparent-in-law, and grandchild-in-law of the Company’s DOS.

3.3 “**Corresponding Persons in Affiliated Companies**” are the DOS of the affiliated companies and their Close Family Members.

3.4 “**RPTs**” are transactions or dealing with Related Parties of the Company, including its trust department, if any, regardless of whether or not a price is charged. These shall include, but not limited to the following:

- a. on-and off-balance sheet credit exposures and claims and write-offs;
- b. investments and/or subscriptions for debt/equity issuances;
- c. consulting, professional, agency and other service arrangements/contracts;

- d. purchases and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements);
- e. construction arrangements/contracts;
- f. lease arrangements/contracts;
- g. trading and derivative transactions;
- h. borrowings, commitments, fund transfers, and guarantees;
- i. sale, purchase, or supply of any goods or materials; and
- j. establishment of joint venture entities.

RPTs shall be interpreted broadly to include not only transactions that are entered into with Related Parties but also outstanding transactions that were entered into with an unrelated party that subsequently becomes a Related Party.

4. Guidelines in Ensuring Arm's Length Terms

RPTs shall be conducted in the regular course of business and not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, and collateral requirement) to such Related Parties than similar transactions with non-related parties under similar circumstances.

The Company adopts the PCA Inter-Company Invoicing and Settlement Policy on general provision of inter-company balances and settlement. The inter-company balances cover all receivables/payables that arise during operations when services/products are rendered by other entities within the Prudential Group. Issuance of the invoices should be supported by sufficient documents that are able to show the agreement and rationale of the inter-company charges.

There shall be an effective price discovery mechanism to ensure that transactions are engaged into at terms that promote the best interest of the Company and its stakeholders. The price discovery mechanism may include, but not limited to, acquiring the services of an external expert, opening the transaction to a bidding process, or publication of available property for sale.

5. Conflicts of Interest

Conflict of interest is "a situation in which a relevant employee, member of the Board, or a stockholder has a private or personal interest sufficient to influence, or appear to influence, the objective exercise of his or her official duties" in connection with the Company's business.

The Company adopts the PCA Conflict of Interest Policy. It is committed to ensuring that all related parties operate to the highest level of integrity in all their dealings and business relationships, either within or outside the Company.

The members of the Board, stockholders, and management shall disclose to the Board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matter affecting the Company.

Directors and officers with personal interest in the transaction shall abstain from the discussion, approval and management of such transaction or matter affecting the Company.

6. Materiality Thresholds and Excluded Transactions

Materiality threshold shall be set for each type of transaction and for each related party group, depending on the nature of business transaction or value impact that could result in business interruption, has business consequences or causes concern to Management such that it warrants escalation and notification to Management.

Materiality shall not only be based on the amount but on nature of transaction and risks involved which would lead to any of the following:

- a. Materially impair the quality of the Company's governance;
- b. Significantly increase the operational risks and
- c. Services provided involve significant customer impact, exchange or transfer of sensitive and confidential data.

Excluded transactions are those transactions that are frequent, operational in nature, and do not place the Company at risk or liability exposure.

7. Internal Limits for Individual and Aggregate Exposures

In addition to existing prudential limits which shall be complied at all times, include internal limits or sub-limits for individual and aggregate exposures to a Related Party and for aggregate exposures to all Related Parties that are consistent with the Company's risk appetite, risk profile, and capital strength. The internally set limits shall be tied in with the Company's internal definition of capital.

Breaches in limits shall be reported to the Board with the decision of the Board to accept exposure or to take steps to address the breaches as may be necessary, duly documented in the minutes of meetings.

8. Whistleblowing Mechanisms

Employees are encouraged to communicate, confidentially and without risk of reprisal, legitimate concerns about illegal, unethical or questionable RPTs. For concerns and complaints, employees may report on the contact details below.

Head Office Address: 9/F Uptown Place Tower 1, 1 East 11th Drive, Uptown Bonifacio, 1634 Taguig City, Metro Manila, Philippines

Telephone numbers: Dial direct access number (depending on your telecommunications provider):

1010-5511-00 (PLDT-Tagalog Operator)

At English prompt, dial:

855-860-2158

105-11 (Globe, Philcom, Digitel, Smart)

At English prompt, dial:

855-860-2158

105-12 (Globe, Philcom, Digitel, Smart-Tagalog Operator)

At English prompt, dial:

855-860-2158

E-mail address: pcahelpline@prudential.com.hk

Website: www.prudentialspeakout.ethicspoint.com

9. Restitution of Losses and Other Remedies for Abusive RPTs

This policy shall comply with the applicable regulatory requirements and the Group Code of Business Conduct. These standards must be applied, in all dealings with employees, customers, shareholders, suppliers, competitors, the wider community and the environment. It is also mandatory to adhere to local regulatory requirements however, where the Group Code imposes more onerous standards than local requirements, then the Group Code must be applied and complied with.

Officers, directors, and employees who have been remiss in their duties in handling RPTs shall be subject to disciplinary measures in accordance with the Company's Code of Discipline and relevant corporate governance policies, without prejudice to the applicable legal remedies which the Company may avail.