



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

### **Charter : Related Party Transactions Committee**

#### **1. Purpose**

The Related Party Transactions Committee (“Committee”) is a committee of the Board of Directors (“Board”) of Pru Life Insurance Corporation of U.K. (“Pru Life UK” or “Company”) whose primary function is to evaluate material related party transactions (“RPTs”) and ensure that these are undertaken by the Company on an arm’s length basis.

#### **2. Membership**

The Committee shall be composed of three (3) members of the Board, all of whom must be independent directors. The Chairman and the members of the Committee shall be appointed by the Board and shall have a term of one (1) year or until their successors are appointed by the Board.

#### **3. Meetings**

The Committee shall meet at least twice every year. The Committee shall meet at such other times as determined by a majority of its members or by the Board. The Committee shall report to the Board on its activities following each meeting.

The quorum for a meeting of the Committee is two (2) members. When the Chairman of the Committee is not available to attend a meeting, the remaining two (2) members should agree for one of them to act as the chairperson for the meeting and document such in the minutes.

The Committee may invite any individual, whether external or internal, to attend all or part of any meeting(s) of the Committee in whatever capacity as the Committee deems appropriate to assist the Committee in the fulfilment of its duties.

#### **4. Duties and Responsibilities**

For purposes of this Section:

*“Related Parties” shall cover the Company’s subsidiaries as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities) that the Company exerts direct/indirect control*

*over or that exerts direct/indirect control over the Company; its Board members and 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.*

*“Close Family Members” are persons related to the Company’s directors, officers and stockholders (“DOS”) within the second degree of consanguinity or affinity. 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.*

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

The duties of the Committee shall be as follows:

- a. Evaluate on an ongoing basis the existing relations between and among businesses and counterparties to ensure that Related Parties are continuously identified, RPTs are monitored, and subsequent changes in relationships shall be reflected in the relevant reports to the Board and regulators/supervisors;
- b. Review material/significant RPTs to determine whether they are in the best interests of the Company and stockholders;
- c. Evaluate all material/significant RPTs to ensure that these are not undertaken on more favorable economic terms to such Related Parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee shall take into account, among others, the following:
  - i. The Related Party’s relationship to the Company and interest in the transactions;
  - ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  - iii. The benefits to the Company of the proposed RPT;
  - iv. The availability of other sources of comparable products or services; and
  - v. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company

shall have in place an effective price discovery system and shall have exercised due diligence in determining a fair price for RPTs.

All RPTs that are considered material/significant shall be endorsed by the Committee to the Board for approval. The Committee shall ensure that any material RPTs with the Company's directors, officers, or their spouses or relatives within the fourth (4th) civil degree of consanguinity or affinity are approved by at least two thirds (2/3) of the entire membership of the Board and at least a majority of the independent directors.

- d. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies and conflicts that could arise as a result of the Company's affiliation or transactions with other Related Parties;
- e. Require the members of the Board to disclose their interest in RPTs and any other conflict of interest and mandate that they abstain from participating in the Board's evaluation, discussion, approval, and management of a particular agenda/transaction when they are conflicted or have any potential interest;
- f. Report to the Board on a regular basis, the status and aggregate exposures to each Related Party as well as the total amount of exposures to all Related Parties;
- g. Ensure that transactions with Related Parties, including write-off of exposures, are subject to periodic independent review or audit process;
- h. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures;
- i. Review and approve annual public disclosures in accordance with the requirements of the regulator which include, among others, the following:
  - i. whether there are any RPTs that can be classified as financial assistance to entities other than wholly-owned subsidiaries;
  - ii. whether the RPTs are conducted in such a way to ensure that they are fair and at arms' length;
  - iii. the name of the Related Party and relationship for each material/significant RPT;
  - iv. the nature and value of each material/significant RPT;
  - v. any cases of non-compliance with the laws, rules, and regulations pertaining to significant or material RPTs in the past three years; and

- vi. all or relevant portion of this terms of reference as evidence that the Company has a policy/process covering the review and approval of material/significant RPT.

## **5. Agenda Items for Committee Meetings**

At any time before the beginning of each year, the Chairman shall present to the Committee the agenda items to be discussed for the coming year. Each Committee member shall be free to suggest agenda items for inclusion. A detailed agenda and, to the extent feasible, supporting documents and proposed resolutions shall be provided to the Committee members at least one (1) week prior to each Committee meeting. Committee members shall review the materials in advance of the scheduled meeting.

## **6. Reporting Procedures**

The Corporate Secretary will minute the proceedings and retain copies of the papers for each Committee meeting. The minutes of the Committee meeting shall reflect its deliberation on key issues and decision it takes.

The Corporate Secretary shall submit the draft minutes of meetings to the Chairman of the meeting for comment within a reasonable time after each Committee meeting. Once the Chairman of the meeting is satisfied that the minutes accurately reflect the meeting proceedings and decisions reached at the meeting, the draft minutes should be sent to all the other members who were at the meeting for their reviews and comments no later than fifteen (15) business days from each Committee meeting. The minutes of the Committee meeting shall be finalized no later than twenty-eight (28) business days after each Committee meeting and the final minutes of the last Committee meeting to be included in the agenda papers of the next Committee meeting.

The minutes are evidence of the proceedings of a meeting once they have been signed by the Chairman of the Committee or meeting, as applicable.

## **7. Corporate Secretary**

The Committee shall be entitled to the services of a Corporate Secretary who must ensure that all appointments are properly made, that all necessary information are obtained from directors, both for Pru Life UK's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the requirements of the Insurance Commission and other regulatory agencies.

The Corporate Secretary shall see to it that the Committee follows correct procedures during meetings and shall assist the Chairman in organizing the Committee's activities including the preparation of the agenda and minutes of the meetings and reporting of meetings, evaluations and training programs.

## **8. Conflicts of Interest**

As soon as practicable after a Committee member becomes aware of any matter that gives rise or is likely to give rise to a conflict of interest in the discharge of such Committee's duties, the Committee member must disclose the matter by giving written notice of the matter to each of the other Committee members of the Company. Under such circumstances, the Committee member should abstain himself/herself from participating in further discussion or voting on such matters where there exist conflicts of interest.

## **9. Performance Evaluation**

The Committee shall conduct an annual self-evaluation to determine its effectivity in the following areas:

- a. discharge of its roles and responsibilities and the responsibilities of the Chair of the Committee,
- b. Committee composition and qualifications of its members,
- c. independence from Management and ethical conduct,
- d. clarity of communications with the Board and Management and the degree to which these communications have been understood and acted upon.

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

The Committee shall review its Charter at least once annually, recommending any changes it considers necessary to the Board for approval. The Committee Charter shall be publicly available and posted on the Company's website.