

Pru Life Insurance Corporation of U.K.

Charter : Risk Committee

1. Purpose

The Risk Committee (“Committee”) is a standing committee of the Board of Directors (“Board”) of Pru Life Insurance Corporation of U.K. (“Pru Life UK”) whose primary function is to assist the latter in assessing the material risks to which Pru Life UK is or could be exposed as well as the effectiveness of its internal control and risk management systems.

2. Membership

The Risk Committee shall be composed of at least three (3) members of the Board, all of whom work outside the day to day operations of the Company (“non-executive directors”) and, subject to regulations, at least one of whom shall be a representative from the Prudential Corporation Asia (“PCA”) Regional Office. Majority of the Committee shall be independent directors. A reduced membership of two members shall be permitted on a short term basis due to resignation of a member and subject to compliance with quorum requirements.

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. The Chairman shall be an independent director.

3. Meetings

The Committee shall meet at least four (4) times 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. The PCA Chief Executive-Insurance and PCA Chief Risk Officer, or their nominated delegates, if not already members of the Committee, shall have a standing invitation to attend any and all meetings of the Committee.

4. Duties and Responsibilities

The Committee is responsible for:

- a. recommending the PPL’s risk appetite and limits to the Board for approval;
- b. reviewing the PPL’s risk framework and approving risk policies, standards and limits within the overall appetite and limit approved by the Board;

- c. reviewing the PPL's processes for determining risk appetite limit, monitoring compliance with approved risk limits and policies and the resultant action in respect of policy breaches;
- d. reviewing the PPL's material risk exposure, including market, credit, insurance, operational, liquidity and economic and regulatory capital risks against the PCA / PPL's risk methodologies and management's actions to monitor and control such exposures;
- e. annually reviewing and approving the PPL's key risks;
- f. receiving notification of material breaches of risk limits and approving the proposed remedial action where such cases are escalated to the Committee by the PPL Chief Risk Officer;
- g. reviewing and providing confirmation to the Audit Committee that, to the best of the Committee's belief, the disclosures made in the Annual Report on its activities, the risk governance and related sections are fair, balanced and understandable;
- h. advising the Board on the risks inherent in strategic transactions and business plans;
- i. reviewing and monitoring management's responsiveness to the findings and recommendations of the Chief Risk Officer;
- j. reviewing and monitoring the effectiveness of the Chief Risk Officer;
- k. seeking assurance from management that they have performed their duty in respect of their application of the PCA Risk Framework and reviewing approvals for deviations from any PCA Regional Policies;
- l. considering whether there are specific issues which should be brought to the attention of the Board; and
- m. regularly reporting risk-related material issues, findings and matters to the Board and Audit Committee.

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 Board 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. Review of the Charter

The Committee shall review its Charter at least once annually, recommending any changes it considers necessary to the Board for approval.