



BOARD RISK COMMITTEE CHARTER

Document Control

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3.0	18 June 2020	Updated key contact
4.0	19 November 2020	Incorporated provisions recommended under the Revised Code of Corporate Governance for Insurance Commission Regulated Companies: Duties of the Risk Committee, criteria for evaluation, and disclosure of the Risk Committee Charter

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Pru Life Insurance Corporation of U.K.

Board Risk Committee Charter

1. Purpose

The Board 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 to, as well as monitoring 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. developing a formal enterprise risk management plan which contains the following elements: (i) common language or register of risks, (ii) well-defined risk management goals, objectives and oversight, (iii) uniform processes of assessing risks and developing strategies to manage prioritized risks, (iv) designing and implementing risk management strategies, and (v) continuing assessments to improve risk strategies;
- b. overseeing the implementation of the enterprise risk management plan through an Executive Risk Committee. The Committee shall conduct regular discussions on PPL's prioritized and residual risk exposures based on regular risk management reports and addresses how the concerned units or offices are addressing and managing these risks;
- c. evaluating the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The Committee shall revisit defined risk management strategies, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm or loss;
- d. Advising the Board on its risk appetite levels and tolerance limits;
- e. reviewing at least annually PPL's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on PPL;
- f. assessing the probability of each identified risk becoming a reality and estimating the possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are most likely to occur and to impact the performance and stability of PPL and its stakeholders;
- g. providing oversight over management's activities in managing market, credit, insurance, operational, liquidity, customer/conduct, reputational, cyber, investment, economic, legal and regulatory risk exposures. This includes regularly receiving information on risk exposures and risk management activities from Management;
- h. annually reviewing and approving PPL's key risks;
- i. 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;
- j. 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;
- k. receiving regular updates on the economic capital position determined by the Internal Model;
- l. supporting the Board and management in embedding and maintaining a supportive culture in relation to the management of risk;
- m. advising the Board on the risks inherent in strategic transactions and business plans;
- n. reviewing and monitoring management's responsiveness to the findings and recommendations of the Chief Risk Officer;
- o. reviewing and monitoring the effectiveness of the Chief Risk Officer;
- p. seeking assurance from management that they have performed their duty in respect of their application of the PPL Risk Framework and reviewing approvals for deviations from any PCA Regional Policies;

- q. considering whether there are specific issues which should be brought to the attention of the Board; and
- r. regularly reporting (or as deemed necessary) risk-related material issues, findings and matters, including PPL's material risk exposures and actions taken to reduce the risks to the Board and Audit Committee and recommending further action or plans, as necessary.

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 decisions 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 review and comments no later than fifteen (15) business days after 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. Conflict 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 exists conflict of interest.

9. Performance Evaluation

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

- A. breadth and depth of the Committee's knowledge of risk and risk governance and management, including the quality of responses to potential or actual financial, operational, regulatory or other risk events,
- B. discharge of its roles and responsibilities and the responsibilities of the Chair of the Committee,
- C. Committee composition and qualifications of its members,
- D. independence from Management and ethical conduct,
- E. 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 PPL's website.