

EASTSPRING INVESTMENTS (LUXEMBOURG) S.A.

MAIN PRINCIPLES OF THE REMUNERATION POLICY AS OF 18 March 2016

1. GENERAL

This document sets out the details of the remuneration policy (the "**Remuneration Policy**") of Eastspring Investments (Luxembourg) S.A. (the "**Management Company**") and of its branch based in the UK (the "**UK Branch**"), demonstrating compliance with the remuneration requirements set out in Articles 111bis and 111ter of the Luxembourg law of 17 December 2010 (as amended) on undertakings for collective investment (the "**2010 Law**")¹, Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC as regards depositary functions, remuneration policies and sanctions (the "**UCITS V Directive**") and ESMA's guidelines on sound remuneration policies under the UCITS Directive and AIFMD of 31 March 2016 (ESMA/2016/411) ("**ESMA Guidelines**"). In addition, the Remuneration Policy also reflects the fundamental principles and good practices developed and supported by the Eastspring Investments Group in terms of remuneration policy.

The board of directors of the Management Company has approved and adopted the Remuneration Policy on 16 March 2016.

The general rules contained in the Remuneration Policy apply to all categories of staff of the Management Company (and its UK Branch), whilst the specific rules of the Remuneration Policy, concerning in particular the assessment of the performances within a multi-year approach and the pay-out process rules applicable to the variable component of the remuneration, apply only to the Management Company's material risk takers or so-called "Identified Staff", which consist of the Management Company's board of directors members, conducting officers, risk management officer, compliance officer, internal auditor and any other employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the risk profiles of the Management Company or of the UCITS it manages. The list of those staff members who are recognised as Identified Staff of the Management Company (and its UK Branch) having a material impact on the risk profiles of the Management Company or of the UCITS it manages is determined and approved by the board of directors of the Management Company on an annual basis and updated for any changes on a rolling basis (including on recruitment or promotion into covered roles). The Management Company's and the UK Branch's Identified Staff will be notified annually of their status and of the implication of this status.

The entities to which the investment management functions of the Management Company have been delegated and/or sub-delegated (the "**Delegates**") have their own remuneration policies. However, the Management Company has ensured that these Delegates are either subject to regulatory requirements on remuneration that are equally as effective as those applicable under the UCITS V Directive, or that appropriate contractual arrangements have been entered into with the relevant Delegates in order to ensure that their remuneration will fulfil and apply remuneration rules in line with the remuneration requirements defined under the UCITS V Directive with respect to the remuneration paid to their own identified staff as compensation for the performance of investment management activities on behalf of the Management Company as a result of the delegation or sub-delegation of its investment management functions.

The Remuneration Policy focuses on ensuring sound and effective risk management through an effective approach to reward employees in an appropriate way which:

- Aligns the incentives with business objectives to support the delivery of the Management Company and the Eastspring Investments Group business plans, strategies and values;
- Is in line with the interests of the investors of the UCITS and other undertakings for collective investment ("**UCIS**") managed by it;
- Enables the recruitment and retention of high calibre employees and incentivises them to achieve success for the Management Company and the Eastspring Investments Group; and
- Is consistent with the risk appetite of the Management Company for the UCITS and other UCIs it manages.

2. PROPORTIONALITY

The Management Company has considered the application of the proportionality principle and, taking into account the provisions of the UCITS V Directive and the 2010 Law, has determined that it is able on proportionality grounds to neutralise the remuneration rules relating to the pay-out process of the variable

remuneration of Identified Staff (Article 111ter, (1), points m) to o) of the 2010 Law), and the requirement to establish a remuneration committee (Article 111ter, (3) of the 2010 Law).

As regards the requirement to establish a remuneration committee, even if the Management Company has considered that no formal remuneration committee as defined under Article 111ter, (3) of the 2010 Law needs to be set up, the Management Company has nevertheless considered to use the remuneration committee of the Eastspring Investments Group, which is the remuneration committee of Prudential Corporation Asia ("**PCA RemCo**") PCA RemCo as a matter of good practice and governance.

In addition, the Management Company has determined that it is able, on proportionality grounds, not to have a separate supervisory function – and that such supervisory function shall be understood as the non-executive members of its board of directors responsible for these functions – and to limit the type and amount of information to be disclosed internally and externally.

3. CALCULATION OF REMUNERATION AND BENEFITS

3.1. Market Positioning

The Management Company does not target a particular market positioning for reward, although at a total compensation level, the business aims to provide staff members with the potential to earn at the upper quartile of the market for exceptional performance.

Market data and third party advice is used as a reference for base salaries and total reward throughout the Management Company. Benchmarking peer group consists of Eastspring Investments Group main competitors, with the following additional considerations:

- Local markets may take into account top local players with similar size and complexity as part of their respective peer group; and
- For non-industry specific jobs and markets with limited industry players, consider market practices beyond the Asset Management Industry (e.g., banking).

3.2. Remuneration Components

The remuneration of all staff members of the Management Company consists of the following components, each having a specific role in achieving the Eastspring Investments Group remuneration objectives:

- Base fixed salary representing a sufficiently high proportion of the total remuneration to be able, if necessary, to set any or all variable remuneration of the staff members to zero and to have a decent living standard. Fixed salary levels are assessed annually on the basis of local market conditions. When making individual salary decisions, flexibility exists to target higher or lower levels on a position-by-position basis. Account is in particular taken of an individual's background, performance and long-term value and potential to the Management Company and the Eastspring Investments Group as well as their external value.
- Discretionary annual bonus, awarded annually with payment subject to the on-going employment of the individual at the time of payment. Under this plan, consideration is given to individual's, the managed UCITS', the Management Company's and Eastspring Investments Group's performance. The extent to which each area of performance affects the overall payment level depends on the role and responsibilities of the relevant individual staff member. When assessing individual performance, financial (where relevant), non-financial metrics and behavioural competencies, including compliance, risk management, culture and values are taken into account.
- Long-term incentives plans ("**LTIP**") where applicable, which aim to align the interests of participants with Eastspring Investments Group's performance. Plans are designed to incentivise key performers to grow the business and to share with them the success of this growth.
- Pension plan, which is a non-discretionary pension plan and as such is to be considered as being part of the fixed remuneration of staff members.

3.3. Other Benefits and Payments

Guaranteed bonus, if any, will only be exceptional, and offered when hiring new staff and limited to the first year of employment.

Any payments made to a staff member relating to the early termination of a contract will take into account performance achieved over time and adhere to the principle of avoiding payments that reward failure.

3.4. Remuneration of Control Functions

The remuneration of the Management Company's staff members in internal control functions are subject to the additional specific conditions laid down in Article 111ter, (1), point (e) of the 2010 Law so that their performance management is based on the objectives of the function and individual and does not compromise their independence or create conflicts of interests in their advisory role to the board of directors of the Management Company. All remuneration decisions for such staff are independent of the businesses they support.

4. ORGANS RESPONSIBLE FOR THE AWARD OF REMUNERATION AND BENEFITS

The PCA RemCo is responsible for reviewing and approving or amending, as appropriate, the remuneration policy and structures for all employees with Eastspring Investments, including the Management Company, that will be proposed to it by the Chief Executive Officer of Eastspring Investments Group, in order to ensure alignment with the Management Company's business strategy, objectives, values, risk framework, risk appetites and long-term interests. The remit of the PCA RemCo includes, but is not limited to, the terms of the annual bonus and long-term incentive plans and individual remuneration packages for top executives, senior employees and other highly paid / key employees.

In making decisions on remuneration the PCA RemCo will take account of the performance the Eastspring Investment Group as well as each business unit, including the Management Company, and the funds it manages. Where appropriate, input will also be sought from the relevant PCA and Eastspring Investments Group Risk and Compliance functions to ensure that risk and risk management information has been taken into account in the assessment of performance for the purpose of determining remuneration outcomes. Additional input will be sought from the relevant PCA and Eastspring Investments Group Finance function to ensure that the remuneration outcomes are in line with business performance.

The PCA RemCo is composed of four members, the majority of which are independent members, comprising:

- The Group Chief Executive of Prudential plc
- The Chief Financial Officer of Prudential plc
- The Group Human Resources Director of Prudential plc
- The Chief Executive Officer of PCA.

The PCA RemCo ensures that the remuneration arrangements at the level of the Management Company and their operation are subject to periodic review for compliance and alignment with the remuneration rules set out in the 2010 Law and the principles established by the Eastspring Investments Group.

The PCA RemCo meets regularly, as often as required and at least 2 times a year, to consider issues relating to the Remuneration Policy and structures for all employees of the Eastspring Investments Group, including the Management Company.

5. REVIEW AND AMENDMENT

The Remuneration Policy will be kept under periodic (at least annual) review by the board of directors of the Management Company, acting in its supervisory function, which will include taking into account any new applicable relevant legal or regulatory guidelines on remuneration.

The implementation of this Remuneration Policy will also be subject to annual review by the internal control functions of the Management Company and by the PCA RemCo. The Eastspring Investments Group compliance and risk management function will also be involved in the annual review of the Remuneration Policy to foster the Eastspring Investments Group value, risk and control culture and ensure that the Eastspring Investments Group practices do not lead to inconsistent risk taking.

¹ In this document, all references to the "2010 Law" refer to the draft consolidated version of the 2010 Law as contained in Luxembourg bill of law 6845 concerning the transposition of the UCITS V Directive into Luxembourg law in its version as deposited with the Luxembourg Parliament on 5 August 2015.