

Summary of the Remuneration Policy of Putnam New Flag Euro High Yield Fund plc

In line with the requirements of Directive 2009/65/EC, as amended by Directive 2014/91/EU (the “UCITS Directive”), effective as of 18 March, 2016, Putnam New Flag Euro High Yield Fund plc (the “Company”) has a remuneration policy in place, which includes the relevant principles governing how the Company remunerates its members of staff and recognised “Identified Staff”.

As outlined in the remuneration policy, the remuneration arrangements of the Company have been designed in a manner that (i) are consistent with and promote sound and effective risk management, (ii) do not encourage risk-taking that is inconsistent with the risk profile of the Company, and (iii) do not impair compliance with the Company’s duty to act in the best interests of the shareholders of the Company.

Identified Staff

As at the date of the Company’s remuneration policy, the “Identified Staff” of the Company are the Board of Directors.

Remuneration paid

Certain members of the Board of Directors of the Company receive an annual fixed directorship fee and such Board members do not receive performance-based remuneration therefore avoiding a potential conflict of interest. The fixed fee of an independent Board member is set at a level that is on par with the rest of the market and reflects the qualifications and contribution required in view of the nature, scope and complexity of the Company’s activities, the extent of the responsibilities and the number of board meetings. No pension contributions are payable on Board members’ fees.

Each of the other members of the Board, being the executive Board members, does not receive any directorship fee in respect of the Company given their association with the Putnam group.

Disapplication of certain principles

The Company does not pay any variable remuneration to any of its “Identified Staff”. Accordingly, the Board of Directors is satisfied that the principles in respect of variable remuneration (*i.e.*, the pay out process requirements of payment of variable remuneration in instruments, retention, deferral and ex post incorporation of risk for variable remuneration) as outlined in the UCITS Directive are not applicable to the Company. Similarly, for the same reason, the Company has not established a remuneration committee.

ESMA Guidelines on Remuneration

On 31 March, 2016 the European Securities and Markets Authority (“ESMA”) published its final Guidelines on sound remuneration policies under the UCITS Directive and AIFMD (the “ESMA Guidelines”). The ESMA Guidelines provide clarity on the requirements under the UCITS Directive for management companies when establishing and implementing a remuneration policy for certain staff. The ESMA Guidelines will apply from 1 January, 2017. Accordingly, in advance of 1 January, 2017, the remuneration policy will be reviewed and updated where necessary.

Approval and up to date information

The remuneration policy has been adopted and will be reviewed on an annual basis by the non-executive members of the Board of Directors of the Company in their supervisory function, and any revisions to the remuneration policy require approval of such members. A paper copy of the remuneration policy will be made available free of charge upon request from the registered office of the Company, 1 North Wall Quay, Dublin 1, Ireland.