

RELATED PARTY TRANSACTIONS POLICY
OF
PHILIPPINES FIRST INSURANCE CO., INC.

1. Objectives

This Related Party Transactions (**RPTs**) Policy is made to ensure that RPT transactions are only undertaken on an arm's length basis for the financial, commercial, and economic benefit of **Philippines First Insurance Co., Inc.** (the "**Company**") and the entire group where the Company belongs.

2. Coverage

This RPT Policy shall:

- a. Capture a broader spectrum of transactions, covering not only those that give rise to credit and/or counter party risks but also those that could pose material/special risk or potential abuse to PhilsFirst and its stakeholders; and
- b. Cover the identification and prevention or management of potential or actual conflicts of interest which may arise.

3. Definition of Terms

- 3.1 "**Related Party**" or "**Related Parties**" shall cover PhilsFirst subsidiaries as well as affiliates and special purpose entities that PhilsFirst exerts direct/indirect control over or that exerts significant influence over the Company; its Board members; officers; stockholders and related interest; and their Close Family Members, as well as Corresponding Persons in Affiliated Companies. This shall also include such other person/juridical entity whose interest may pose potential conflict with the interest of PhilsFirst, hence, is identified as a Related Party.
- 3.2 "**Close Family Members**" are persons related to PhilsFirst directors, officers and stockholders ("**DOS**") within the second degree of consanguinity or affinity, legitimate or common-law. These shall include the spouse, parent, child, brother, sister, grandparent, grandchild, parent-in-law, son-/daughter-in-law, brother-in-law-/sister-in-law, grandparent-in-law, and grandchild-in-law of PhilsFirst DOS.
- 3.3 "**Corresponding Persons in Affiliated Companies**" are the Directors, Officers and Stockholders (DOS) of the affiliated companies and their Close Family Members.
- 3.4 "**RPTs**" are transactions or dealing with Related Parties of the PhilsFirst, including its trust department, if any, regardless of whether or not a price is charged. These shall include, but are not limited to the following:
 - a. On-and off-balance sheet credit exposures and claims and write-offs;
 - b. Investments and/or subscriptions for debt/equity issuances;
 - c. Consulting, professional, agency and other service arrangements/contracts;
 - d. Purchases and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and licensed agreements);
 - e. Construction arrangements/contracts;

- f. Lease arrangements/contracts;
- g. Trading and derivative transactions;
- h. Borrowings, commitments, fund transfers, and guarantees;
- i. Sale, purchase, or supply of any goods or materials; and
- j. Establishment of joint venture entities

RPTs shall be interpreted broadly to include not only transactions that are entered into with Related Parties but also outstanding transactions that were entered into with an unrelated party that subsequently becomes a Related Party.

4. Guidelines in Ensuring Arm's Length Terms

RPTs shall be conducted in the regular course of business and not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, and collateral requirement) to such Related Parties than similar transactions with non-related parties under similar circumstances.

There shall be an effective price discovery mechanism to ensure that transactions are engaged in on terms that promote the best interest of PhilsFirst and its stakeholders. The price discovery mechanism may include, but should not be limited to, acquiring the services of an external expert, opening the transaction to a bidding process, or publication of available property for sale.

5. Conflicts of Interest

Conflict of interest is "a situation in which a relevant employee, member of the Board, or a stockholder has a private or personal interest sufficient to influence, or appear to influence, the objective exercise of his or her official duties" in connection with PhilsFirst business.

6. Materiality Thresholds and Excluded Transactions

Materiality threshold shall be set for each type of transaction and for each related party group, depending on the nature of business transaction or value impact that could result in business interruption, has business consequences or causes concerns to Management such that it warrants escalation and notification to Management.

Materiality shall not only be based on the amount but on nature of transaction and risks involved which would lead to any of the following:

- a. Materially impair the quality of PhilsFirst's governance;
- b. Significantly increase the operational risks; and
- c. Services provided involve significant customer impact, exchange or transfer of sensitive and confidential data.

7. Internal Limits for Individual and Aggregate Exposures

In addition to existing prudential limits which shall be complied with at all times, include internal limits or sub-limits for individual and aggregate exposures to a Related Party and for aggregate exposures to all Related Parties that are consistent

with PhilsFirst risk appetite, risk profile, and capital strength. The internally set limits shall be tied in with PhilsFirst internal definition of capital.

Breaches in limits shall be reported to the Board with the decision of the Board to accept exposure or to take steps to address the breaches as may be necessary, duly documented in the minutes of meetings.

8. Whistleblowing Mechanisms

Employee are encouraged to communicate, confidentially and without risk of reprisal, legitimate concerns about illegal, unethical or questionable RPTs. For concerns and complaints, employees may report on the contract details below.

Head Office Address : 7/F STI Holdings Center,
6764 Ayala Avenue,
Makati City, Philippines

Telephone Number : (02) 892 8888

E-mail address : customersupport@philippinesfirstinsurance.com.ph

Website : www.philippinesfirstinsurance.com.ph

9. Restitution of Losses and Other Remedies for Abusive RPTs

This Policy shall comply with the applicable regulatory requirements. These standards must be applied, in all dealings with employees, customers, shareholders, suppliers, competitors, the wide community and the environment.

Officers, directors, and employees who have been remiss in their duties in handling RPTs shall be subject to disciplinary measures in accordance with PhilsFirts Code of Discipline and relevant corporate governance policies, without prejudice to the applicable legal remedies which PhilsFirst may avail of.

This day of November 20, 2017, Makati City, Philippines