

**PHILIPINE BRITISH ASSURANCE COMPANY, INC.**  
**Charter of the Related Party Transactions Committee**

The following Board Members constitute the Related Party Transactions Committee:

Chairman	- Dianne Lynne Baysac Natividad
Member	- Jose Z. Clemente
Member	- Rosario W. Cuyegkeng
Member	- Ian Philippe W. Cuyegkeng
Member	- Ernest Kenneth S. Cuyegkeng

**I. Related Parties, defined**

**Related Parties** consist of the Company's subsidiaries as well as affiliates and special purpose entities that the Company exerts direct or indirect control over or that exerts significant influence over the Company; the directors; officers; stockholders and related interests and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other persons or juridical entities whose interests may pose potential conflict with the interest of the Company, hence, is identified as a related party.

**Related Party Transactions ("RPTs")** are transactions or dealings with related parties of the Company, regardless of whether or not a price is charged.

These also include, but not limited to the following:

1. On-and off-balance sheet credit exposures and claims and write-offs;
2. Investment and/or subscriptions for debt equity issuances;
3. Consulting, professional, agency and other service arrangements/contracts;
4. Purchases and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements);
5. Construction arrangements/contracts;
6. Lease arrangement / contracts;
7. Trading and derivative transactions;
8. Borrowings, commitments, fund transfers and guarantees;
9. Sale, purchase or supply of any goods or materials; and
10. 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.

## II. Duties and Responsibilities

The Related Party Transactions Committee will exercise primary oversight over RPTs on behalf of the board. Their duties and responsibilities shall include :

1. To evaluate on an going basis, existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships shall be reflected in the relevant reports to the board and regulators.
2. To evaluate all Material RPTs to ensure that these are at arms' length basis, and endorse the same to the board of directors for approval. In evaluating RPTs, the Committee shall take into account, among others, the following:
  - a. The related party's relationship to the Company and interest in the transactions;
  - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  - c. The benefits to the Company of the proposed RPT;
  - d. The availability of other sources of comparable products or services; and
  - e. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances, including whether due diligence was exercised and an effective price discovery system has been applied in determining a fair price for RPTs.

### Guidelines in ensuring arm's length terms:

- f. The policy shall have clear guidelines in ensuring that RPTs are conducted in the regular course of business and not undertaken on more favourable economic terms (e.g. price, commission, interest rates, tenor, collateral requirement ) to such related parties under similar circumstances. This shall include guidance for an effective price discovery mechanism to ensure that transactions are engaged into terms that promote the best interest of CI and its stakeholders. The price discovery mechanism may include, but not limited to acquiring the services of an external expert, opening the transaction to a bidding process or publication of available property for sale
3. Report to the board of directors at least annually, the status and aggregate exposures to each Related Party as well as the total amount of exposures to all Related Parties.
4. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures

5. To perform any other tasks that will enable it to exercise on behalf of the Board primary oversight over RPTs, in accordance with the Company's Related Party Transactions Policy.

### **III. Composition and Meetings**

The Committee shall be composed of at least five (5) members of the board of directors, two (2) of whom shall be independent directors, including the chairperson. The Committee shall at all times be entirely composed of independent directors and non-executive directors. In case a member has conflict of interest in a particular RPT, he should refrain from evaluating that particular transaction. The Compliance Officer or Internal Auditor may sit as resource person in the said Committee.

The Committee shall meet at least annually or more frequently as circumstances may require, upon the call of the Chairman or upon the instance of a majority of the members of the Committee.

The administrative requirements of the Committee shall be handled by a Secretariat to be designated by the Committee.

### **IV. The Chairman**

Generally, the powers and duties of the Chairman of the Committee are as follows:

1. To convene the members of the Committee whenever he deems it necessary, either on his own initiative, or upon the request of a majority of the members of the Committee;
2. To preside over all the meetings of the Committee;
3. To maintain efficient lines of communications and information between the Board and Management; and
4. To perform such other functions as provided by the by-laws or as may be assigned to him by the Board of Directors.

### **V. Roles of Senior Manager and Self- Assessment Functions**

1. Senior Management shall implement appropriate controls to effectively manage and monitor RPT's on a per transaction and aggregate basis. Exposures to related parties shall also be monitored on an going basis to ensure compliance with the CI's policy and IC's regulations.
2. The internal audit function shall conduct a period formal review of the effectiveness of the CI's system and internal control governing RPTs to assess consistency with the board- approved policies and procedures. The resulting audit, reports, including exceptions or breaches in limits shall be communicated directly to the Audit Committee.

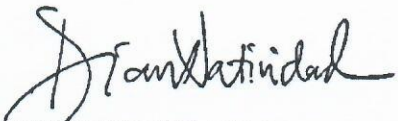
3. The compliance function shall ensure that the CI complies with relevant rules and regulation and is informed of regulatory development in areas affecting related parties. It shall ensure that the RPT policy is kept updated and is properly implemented throughout the CI.

VI. **Review of the Charter**

4. The Committee shall review and assess the adequacy of the Charter annually and recommend any proposed changes for approval by the Board of Directors.

Approved By:

RELATED PARTY TRANSACTIONS COMMITTEE

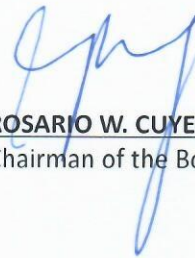


**DIANNE LYNNE BAYSAC NATIVIDAD**  
Chairman (Independent Director)



**IAN PHILIPPE W. CUYEGKENG**  
President

**JOSE Z. CLEMENTE**  
Independent Director



**ROSARIO W. CUYEGKENG**  
Chairman of the Board

**ERNEST KENNETH S. CUYEGKENG**  
Member

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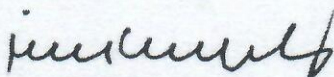
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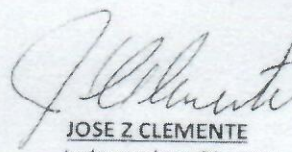
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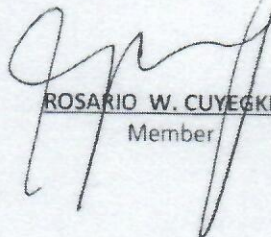
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Chairman (Independent Director)

  
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