

RELATED PARTY TRANSACTIONS POLICY

I. POLICY STATEMENT

As part of the Company's commitment to Integrity as one of its Core Values and Beliefs, The Company ensures the fairness and transparency of related party transactions between and among the Company and the companies under common control, its major stockholders, officers and directors, including their immediate family members.

The Company shall enter into any related party transactions solely in the ordinary course of business, on ordinary commercial terms and on the basis of arm's length arrangements, and subject to appropriate corporate approvals. Any related party transaction entered into by the Company shall be in accordance with applicable law, rules and regulations and this Policy.

II. OBJECTIVE

- To formulate and implement policies and procedures that would ensure the integrity and transparency of related party transactions
- To ensure compliance with good governance practices and disclosure requirement for financial reporting purposes

III. SCOPE

This policy applies to all related parties of the Company.

IV. RELATED PARTY AND RELATED PARTY TRANSACTIONS

"The Company" is used throughout this policy to refer to FPG Insurance Co., Inc.

- Related Party, with respect to the Company, is a person or an entity who:
 - Has a control over the Company;
 - Has significant influence over the Company;
 - Is controlled by or under common control with the Company;
 - Are Directors and Executive Officers or Members of the Key Management of the Company; and
 - Is an Immediate Family Member of a Director or Executive Officer or Key Management of the Company
- Related Party Transaction (RPT) is a transfer of resources, services or obligations between the Company and a related party regardless of whether a price is charged which includes:
 - Purchases or sale of services
 - Purchases or sale of property and other assets
 - Leases
 - Assumption of financial/operating obligations
 - Such other similar or analogous transactions

- Material RPT is any transaction, arrangement or relationship in which the aggregate amount involved exceeds Php1 million in any year where a Related Party has a direct or indirect material interest.
- “At arm’s length” is a term referring to transactions in an open and unrestricted market and between willing parties who are knowledgeable, informed, and who act independently of and without regard to any relationship with each other.

V. RESPONSIBILITIES

Board of Directors

- Set the materiality threshold for RPT
- Resolves and approves material RPTs
- Approves the RPT Policy
- Performs oversight on implementation of this policy

Audit Committee

- Reviews and endorses RPT policy
- Reviews and endorses material RPTs

Management

- Ensures effective and efficient implementation of this policy
- Identifies RPTs
- Reviews and approves RPTs within the threshold
- Elevates to the Audit Committee the RPTs exceeding the materiality threshold

VI. PROCEDURES

IDENTIFICATION AND REQUIREMENTS OF RELATED PARTY TRANSACTIONS

- Each director, executive officer and members of the key management is responsible for providing written notice to the Management of any potential RPT involving him/her or his/her Immediate Family Member, including any additional information about the transaction that may reasonably be requested by the Corporation.
- The Management, by himself, or in consultation with the Audit Committee, as appropriate, will determine whether the notified transaction does, in fact, constitute a RPT requiring compliance with this Policy.
- Disclosure of RPT shall include information about the price of the transaction, outstanding balances, if any, major terms, and conditions and guarantees, if any. Management may require additional and other relevant information sufficient to enable them to determine any conflict of interest and the potential of the relationship.

REVIEW AND APPROVAL

- All RPTs go through the normal approval process of the Company.
- RPTs within the threshold are approved by Management. Provided, that any member of management who has interest in the transaction must abstain from participation in the review and approval of any RPT.
- Upon approval, material RPTs are referred to the Audit Committee who reviews and ratifies these RPTs and endorses to the Board for Approval.
- The Board of Director Approves and confirms all RPTs endorsed by the Audit Committee
- Any member of the Board or Audit Committee who has interest in the transaction must abstain from participation in the review and approval of any RPT.

VII. DISCLOSURE

- The Company must comply with all disclosure requirements of RPT mandated under applicable law, rules and regulations such as PFRS, SEC, BIR and other relevant government agencies

VIII. PROHIBITED RPTs

- Notwithstanding any provision of this policy to the contrary, loans and/or financial assistance to a Director shall not be allowed.

IX. REVIEW OF THE POLICY

- This Policy shall be reviewed from time to time in order to reflect the requirements of applicable law, rules and regulations.