



POLICY MANUAL	
TITLE : RELATED PARTY TRANSACTIONS POLICY/CHARTER	
Document Number: 2017-01	Effective Date: 15 October 2017
Version Number: 01	Document Type: Policy/Charter

A. OBJECTIVE

The objective of this Related Party Transactions (“RPT[s]”) Policy is to ensure transparency and fairness for all stakeholders of **BENEFICIAL LIFE INSURANCE COMPANY, INC.** (the “Company”), that all RPTs are only conducted in the regular course of business and on an arm’s length basis; not undertaken on more favorable economic terms to such related parties than with non-related or independent parties under similar circumstances.

B. COVERAGE

This Policy provides the guidelines and procedures to be observed in relation to RPTs, which shall cover not only those transactions that give rise to credit and/or counterparty risks but also those that could pose material risk or potential abuse to the Company and its stakeholders.

C. DEFINITION OF TERMS

1. **“Board of Directors”** refers to the Company’s Board of Directors.
2. **“Close Family Members”** are persons related to the Company’s 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-/sister-in-law, grandparent-in-law, and grandchild-in-law of the Company’s DOS.
3. **“Corresponding Persons in Affiliated Companies”** are the DOS of the affiliated companies and their Close Family Members.
4. **“Exempt RPTs”** are RPTs that will not require review and approval of the RPT Committee, but require reporting to the Board of Directors.
5. **“Material RPTs”** pertain to transactions between or among Related Parties with a total contractual value of more than THREE MILLION PESOS (Php3,000,000.00), regardless of how the payment terms of the contract are structured.



6. **“Related Party” or “Related Parties”** shall cover the Company’s subsidiaries as well as affiliates and special purpose entities that the Company exerts direct/indirect control over or that exerts significant influence over the Company; its DOS and related interests; and their Close Family Members, as well as Corresponding Persons in Affiliated Companies. This shall also include such other person/juridical entity whose interests may pose potential conflict with the interest of the Company, hence, is identified as a Related Party.
7. **“RPT Committee”** is the Board’s Assets and Liability Committee.
8. **“RPTs”** are transactions or dealings with Related Parties of the Company regardless of whether or not a price is charged. These shall include, but 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 license 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.

9. **“Significant RPTs”** pertain to transactions between among Related Parties with a total contractual value of at least One Million Pesos (P1,000,000.00) but not more than Three Million Pesos (P3,000,000.00), regardless of how the payment terms of the contract are structured.

D. GENERAL PRINCIPLES

1. The Company shall strictly comply with all the requirements of the Corporation Code and pertinent laws, its Articles of Incorporation and By Laws, regulations and circulars issued by the Securities and Exchange Commission (“SEC”), the Banko Sentral ng Pilipinas (“BSP”), the Insurance Commission (“IC”), and other government agencies in connection with the review and approval of RPTs.



2. The Company shall ensure that all transactions with, or for the benefit of, any Related Party are on terms and conditions that are arm's length and within market rates, with sufficient documentation, and coursed through all appropriate levels of approval as provided in this Policy.
3. If an actual or potential conflict of interest arises on the part of a Director, Corporate Officer, or employee, he/she is mandated to immediately disclose the same to the Comptroller or the Corporate Secretary of the Company.

E. GUIDELINES IN ENSURING ARM'S LENGTH TERMS OF RPTs

The principle of "arm's length" requires that RPTs are conducted at arm's length and made in the ordinary course of business; the terms and conditions of the transaction should not be more favorable than those transactions with non-related or independent parties. The terms and conditions shall include those relating, but not limited to, to the term of the agreement, interest rates, fees, considerations, collaterals, and other relevant information that will allow a clear determination that no preferential treatment was given to the Related Party.

F. EXEMPT RPTs

The following types of transactions are considered Exempt RPTs:

1. Transactions that are frequent, in the ordinary course of business or operational in nature, and that do not exceed the materiality threshold of Three Million Pesos (P3,000,000.00) per contract or transaction;
2. Transactions between the Company and its wholly owned subsidiaries in connection with the funding of operations of the Company's business units and projects, or other transactions with the objective of providing shared services or for other services for operational efficiency;
3. Transactions between the Company and a joint venture company where both the Company and its joint venture partner have approved the transaction; and
4. Transactions available to all employees generally.

G. IDENTIFICATION, MANAGEMENT, AND MONITORING OF RPTs

1. Senior Management shall implement appropriate controls and procedures to effectively identify, manage, and monitor RPTs on a per transaction and aggregate basis. Exposures to Related Parties shall also be monitored on an ongoing basis to ensure compliance with this Policy and the Company's rules and regulations.



2. The Compliance Officer of the Company shall ensure that the Company complies with relevant rules and regulations, and is informed of regulatory developments in areas affecting Related Parties. The said Compliance Officer shall aid in the review of the Company's transactions and identify any potential RPTs that would require review by the Board of Directors or the RPT Committee. Such Compliance Officer shall ensure that the RPT policy is kept updated and is properly implemented throughout the Company.
3. The Comptroller of the Company, with the assistance of the Chief Accountant, is responsible for ensuring that all Significant and Material RPTs, as well as those involving Directors and Corporate Officers, are identified and submitted to the RPT Committee for review and approval.
4. Regardless of the amount involved in a transaction or contract, it is the responsibility of each Director and Corporate Officer to:
 - a. promptly notify the Comptroller and/or the Corporate Secretary, as soon as he/she becomes aware of any transaction with the Company or other Related Parties where such a Director or Corporate Officer, or his/her related interest, is a party to or stands to be benefited from such transaction; and
 - b. obtain approval from the Board of Directors prior to entering into the subject transaction.

For the avoidance of doubt, RPTs involving a Director or Corporate Officer shall be approved by the Board of Directors regardless of amount. Members of the Board of Directors or the RPT Committee shall not participate in the discussions and approval process of RPTs where they or their related interests stand to benefit from such RPTs.

H. MATERIALITY THRESHOLDS OF RPTs

1. The RPT Committee is granted the sole authority to review RPTs within the specified materiality thresholds prior to the approval of the Board of Directors.

Nature of Transaction	Transaction Value Per Contract
Significant RPTs	[P1,000,000.00 up to P3,000,000.00]
Material RPTs	Over [P3,000,000.00]
RPTs involving Directors or Corporate Officers	Regardless of amount



2. Significant RPTs shall be reviewed and approved by the RPT Committee and reported to the Board of Directors.
3. Material RPTs shall be reviewed and vetted by the RPT Committee and approved by the Board of Directors. In its discretion, the Board of Directors may require Material RPTs to be reported to the stockholders for ratification.
4. Notwithstanding that certain RPTs do not meet the foregoing thresholds for review, if it can be shown that the relevant RPT was deliberately split up for the sole purpose of avoiding review by the RPT Committee, the Comptroller or the Chief Accountant may submit the said RPT to the RPT Committee for review. Splitting of an RPT to avoid coverage of this Policy is strictly prohibited.

G. REVIEW AND APPROVAL OF RPTs

1. To fulfil its mandate under this Policy, the RPT Committee shall conduct a thorough review of the pertinent RPTs, focusing on the terms and conditions, the business purpose, the justifications in entering into the RPTs, and the Company's compliance with existing laws, rules and regulations on RPTs. In this regard, the RPT Committee shall consider the following factors, among others, to the extent relevant to the proposed RPTs:
 - 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;
 - 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.
 - f. Whether the proposed RPTs include any potential reputational risk issues that may arise as a result thereof;
 - g. Whether the RPTs would present an improper conflict of interest for any Director or Senior Officer of the Company, taking into account the size
 - h. Any other information the RPT Committee deems relevant to allow determination if terms are comparable to those given to unrelated parties or reasonable under the circumstances.
2. After considering the foregoing factors, among others, the RPT Committee shall decide if the subject RPT meets the arm's length requirements, and that there is no conflict of interest. Thereafter, it shall endorse the same for the approval of the Board of Directors.
3. The Board of Directors is the final approving authority for all RPTs provided in Section H above. All Exempt RPTs shall only require reporting to the Board of Directors.



I. COMPOSITION OF THE RPT COMMITTEE, ITS MEETINGS AND QUORUM

1. The RPT Committee shall be composed of at least three (3) members of the Board of Directors, two (2) of whom shall be Independent Directors, including the Chairperson. The RPT Committee shall, at all times, be entirely composed of Independent Directors and non-executive Directors, with Independent Directors comprising majority of its members. In case a member of the RPT Committee has a conflict of interest in a particular RPT, he/she should refrain from evaluating that particular transaction.
2. The incumbent Corporate Secretary of the Company shall act as the secretary of the RPT Committee.
3. The RPT Committee shall formally meet at least three (3) times a year to discharge its duties and responsibilities as outlined herein. In addition to regular meetings, special meetings can be called by the Chairperson of the RPT Committee or any two (2) members as required.
4. A majority of the members of the RPT Committee present in person or by means of a video-conference, teleconference, or other modes of communication in which all persons participating in the meeting can completely and clearly hear each other, shall constitute a quorum.
5. All RPT Committee meetings must be duly documented and filed, and shall be maintained with the books and records of the Company.

J. DUTIES AND RESPONSIBILITIES OF THE RPT COMMITTEE

Notwithstanding the foregoing, the RPT Committee shall:

1. Evaluate on an ongoing 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 of Directors and regulators.
2. Review and evaluate all Significant and Material RPTs, as well as those involving Directors and Corporate Officers, to ensure that they are conducted at arm's length, and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the RPTs.
3. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies; and conflicts that could arise as a result of the Company's affiliation or transactions with other Related Parties.



4. Report to the board of directors on a quarterly basis, the status and aggregate exposures to each Related Party as well as the total amount of exposures to all Related Parties.
5. Ensure that transactions with Related Parties, including write-off of exposures, are subject to periodic independent review or audit process.
6. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including the periodic review of RPT policies and procedures.

K. INTERNAL OVERSIGHT

The Internal Audit Department of the Company shall conduct an annual review of the effectiveness of the Company's system and internal controls governing RPTs. The resulting audit, reports, including exceptions or breaches in limits, shall be communicated directly to the Audit Committee.

L. DISCLOSURE AND REGULATORY REPORTING OF RPTs

Senior Management of the Company shall adequately disclose in its Annual Report the overarching policies and procedures for managing RPTs, including managing of conflicts of interest or potential conflicts of interest; responsibility of the RPT Committee; nature, terms and conditions, as well as original and outstanding individual and aggregate balances, including off-balance sheet commitments, of Material RPTs.

The Compliance Officer shall submit a report on material exposures to RPTs, which shall include the material RPTs of the Company's non-financial subsidiaries and affiliates, within twenty (20) calendar days after the end of the reference quarter.

M. WHISTLEBLOWING MECHANISMS

Employees 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 contact details below.

Officers, directors, and employees who have been remiss in their duties in handling RPTs shall be subject to disciplinary measures in accordance with the Company's Code of Conduct and /or other existing policies, without prejudice to the applicable legal remedies which the Company may avail.



N. SUPERSEDES RELATED POLICIES

This Policy shall supersede other previously issued policies on the subject in so far only as they are inconsistent herewith.

*****nothing follows*****