

BENEFICIAL LIFE INSURANCE COMPANY, INC.

SHAREHOLDER RIGHTS

The shareholders being the owners of the Company are guaranteed with certain rights as provided by relevant laws, Company's By-Laws, Revised Manual on Corporate Governance, and other policies. The Board ensures the promotion and of such rights and protection of the interest of the shareholders.

Section VI. Cultivating a Synergic Relationship with Shareholders - of the Company's Revised Manual on Corporate Governance provides:

Promoting Shareholder Rights

- i. The Company shall treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.
- ii. It shall be the duty of the directors to promote shareholder rights, remove impediments to the exercise of shareholder rights and allow possibilities to seek redress for violation of their rights. They shall encourage the exercise of shareholders' voting rights and the solution of collective action problems through appropriate mechanisms. They shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for electronic filing and distribution of shareholder information necessary to make informed decisions, subject to legal constraints.
- iii. In addition to the sending of notices, open communications shall be maintained with stockholders to encourage them to personally attend the stockholders' meeting. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. The Board shall encourage active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least twenty one (21) business days before the meeting.
- iv. The Board shall encourage active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting shall be available on the Company website within five (5) business days from the end of the meeting.

- v. The Board shall commit to respect the following rights of the stockholders:
1. **Voting Rights**
Stockholders shall have the right to nominate, elect, remove and replace directors and vote on certain corporate acts in accordance with the Revised Corporation Code.
 - a. Cumulative voting shall be used in the election of directors.
 - b. A director shall not be removed without cause if it will deny minority shareholders representation in the Board.
 2. **Pre-emptive Right**
Pursuant to Section 38 of the Revised Corporation Code, all stockholders of a stock corporation shall enjoy pre-emptive right to subscribe to all issues or disposition of shares of any class, in proportion to their respective shareholdings, unless such right is denied by the articles of incorporation or an amendment thereto: *Provided*, That such pre-emptive right shall not extend to shares issued in compliance with laws requiring stock offerings or minimum stock ownership by the public; or to shares issued in good faith with the approval of the stockholders representing two-thirds (2/3) of the outstanding capital stock, in exchange for property needed for corporate purposes or in payment of a previously contracted debt.
 3. **Right to Inspect**
Shareholders shall be allowed to inspect corporate books and records including minutes of Board meetings and stock registries in accordance with the Revised Corporation Code and shall be furnished with annual reports, including financial statements, in a manner consistent with the relevant Company policy.
 4. **Right to Information**
 - a. The shareholders shall be provided, upon request, with reports and relevant information about the directors and officers and certain other matters, such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers.
 - b. The minority shareholders shall be granted the right to propose the holding of a meeting, and the right to propose items in the agenda of the meeting, provided the items are for legitimate business purposes, and in accordance with law, jurisprudence and best practice.

- c. The minority shareholders shall have access to information relating to matters for which the Management is accountable, and to those relating to matters for which the Management shall include such information and, if not included, then the minority shareholders shall be allowed to propose to include such matters in the agenda of stockholders' meeting, being within the definition of "legitimate purposes" and in accordance with law, jurisprudence and best practice.

5. Right to Dividend

- a. Shareholders shall have the right to receive dividends subject to the discretion of the Board.
- b. The Company shall be compelled to declare dividends when its retained earnings shall be in excess of 100% of its paid-in capital, except:
 - i. When justified by definite corporate expansion projects or programs approved by the Board; or
 - ii. When the Company is prohibited under any loan agreement with any financial institution or creditor, whether local or foreign, from declaring dividends without its consent, and such consent has not been secured; or
 - iii. When it can be clearly shown that such retention is necessary under special circumstances obtaining in the Company, such as when there is a need for special reserve for probable contingencies;

Provided further, that the Company complies and adopts as its policy, Section 201 of the Amended Insurance Code, which states that no domestic insurance corporation shall declare or distribute any dividend on its outstanding stocks unless it has met the minimum paid-up capital and net worth requirements, and except from profits attested in a sworn statement to the Commissioner by the president or treasurer to be remaining on hand after retaining unimpaired the entire paid-up capital stock, the solvency requirements, the legal reserve funds required by law, and the sum sufficient to pay all net losses and liabilities for expenses and taxes.

6. Appraisal Right
 - a. The shareholders shall have appraisal right or the right to dissent and demand payment of the fair value of their shares in the manner provided for under the Revised Corporation Code of the Philippines, under any of the following circumstances:
 - i. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
 - ii. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Revised Corporation Code; and
 - iii. In case of merger or consolidation.
 - vi. It is the responsibility of the Board of Directors to establish an alternative dispute resolution system to settle intra-corporate disputes in an amicable and effective manner.

As such, the Board of Directors normally engages the services of a neutral third party to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.

Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties.