	<b>RELATED PARTY TRANSACTION COMMITTEE (RPTC) CHARTER</b>	<b>NATCCO MBAI-GOV-02-20</b>	
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## 1. INTRODUCTION

The Insurance Commission with its Circular Letter 2020-71, "Revised Corporate Governance for Insurance Commission Regulated Companies," has recommended the creation of Related Party Transaction Committee.

*"Subject to a corporation's size, risk profile and complexity of operations, the board should establish a Related Party Transaction (RPT) Committee, which should be tasked with reviewing all material related party transactions of the company and should be composed of at least three non-executive directors, majority of whom should be independent, including the Chairman."*

## 2. PURPOSE

The purpose of this charter is to define the organization, tasks and responsibilities of the RPT Committee.



## 3. ORGANIZATION


### 3.1 Membership

- 3.1.1 The RPTC shall be composed of at least three (3) members, majority of whom are Independent Trustees, including the Committee Chairperson.
- 3.1.2 Each RPTC member shall be appointed by the Board of Trustees.
- 3.1.3 The members will serve for at least one (1) year from date of appointment.

### 3.2 Meetings

The committee shall meet at least every quarter or as necessary. This can be done in person or virtual.



<b>Prepared and Endorsed by:</b>   <b>ATTY. ADOLFO IBANEZ</b> RPTC Chairperson Date: 10/12/2020	<b>Approved by Board of Trustees (BR #47, S2020)</b>   <b>ELLEN R. PASTORES</b> BOT Chairperson Date: 10/12/2020
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#### 4. AUTHORITY AND RESPONSIBILITIES

The following are the functions of the RPT Committee, among others:

- 4.1 Evaluates 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 with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
- 4.2 Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances 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 transactions. In evaluating RPTs, the Committee takes into account, among others, the following:
  - 4.2.1 The related party's relationship to the company and interest in the transaction;
  - 4.2.2 The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  - 4.2.3 The benefits to the corporation of the proposed RPT;
  - 4.2.4 The availability of other sources of comparable products or services; and
  - 4.2.5 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

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similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;



- 4.3 Ensures 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 should 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;
- 4.4 Reports to the Board of Trustee on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- 4.5 Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- 4.6 Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

**5. EFFECTIVITY**

This charter will take effect upon the approval of the Board of Trustees.

**6. REVIEW OF CHARTER**

The charter will be reviewed by the RPTC annually. Change/s will be approved by the Board of Trustees.

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