

POLICY ON THIRD PARTY RELATED TRANSACTIONS

(Pacific Union Insurance Company)

1.1 OBJECTIVE Pacific Union Insurance Company (“PUIC”) has adopted this Policy on Related Party Transactions, in compliance with the requirements of the ASEAN Corporate Governance.

This policy applies to any transaction where the aggregate amount involved will or may be expected to exceed P 1,000,000.00 in any fiscal year, the Company is a participant, and the Related Person has or will have a direct or indirect material interest. The Related Party Transaction Policy may be amended at any time and is subject to further guidance from the SEC and/or actions taken by the Independent Directors and Governance.

1.2 DEFINITIONS Related Party Transaction: “Related Party Transaction” is any financial transaction, arrangement or relationship in which

(a) the aggregate amount involved will or may be expected to exceed Php 1,000,000.00 in any fiscal year,

(b) the Company is a participant, and

(c) any Related has or will have a direct or indirect material interest.

Related Person: Person

A “Related Person” is any Director of the Company, any officer and employee of the Company or any shareholder owning in excess of 5% of the total equity of PUIC, and any “Immediate Family Member” of any such person.

Definition of Officer:

An “Officer” includes any individual who has been elected or appointed by the Board of Directors of PUIC to managerial/supervisory position;

Definition of Immediate Family Member: “Immediate Family Member” means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of a person, and any person (other than a tenant or an employee) sharing the household of such person.

1.3 OWNER The Policy on Related Party Transactions was adopted by the members of the Board of Director and Governance. Any changes to the Policy on Related Party Transactions must be approved by majority members of the Board. The Independent Directors are responsible for implementing, reviewing and updating this Policy as needed. Questions about the Policy on Related Party Transactions and its application to Related Persons or their Immediate Family Members should be directed to the Corporate Secretary and/or Corporate Governance.

1.4 EFFECTIVE DATE / TRANSITION PERIOD This Policy is effective immediately.

1.5 EXCEPTIONS Any exceptions to the Policy on Related Party Transactions must be consistent with the Act, including any regulations promulgated thereunder, and must be approved by the PUIC Board of Directors.

2 PROCEDURES

2.1 NOTIFICATION OF RELATED PARTY TRANSACTIONS. Each Director, officer and employee shall promptly notify the Corporate Secretary or Corporate Governance of any material interest that such person or an Immediate Family Member of such person had, has or may have in a Related Party Transaction.

The notice shall include a description of the transaction and the aggregate peso amount. If the Related Party Transaction involves a Director (or an Immediate Family Member of a Director), or an officer or employee (or an Immediate Family Member of an officer or employee) and is valued at Php 1,000,000.00 or more, then the Corporate Secretary shall promptly notify the Independent Directors of the Board.

If the Related Party Transaction involves an officer or employee (or an Immediate Family Member of an officer or employee) and is valued at less than Php 1,000,000.00 then the Corporate Secretary shall notify the General Counsel. The General Counsel on any Related Party Transactions reviews transactions below Php 1,000,000.00.

2.2 REVIEW OF RELATED PARTY TRANSACTIONS. The Independent Directors shall be responsible for the review, approval or ratification of the following Related Party Transactions:



- Any Related Party Transaction in which a Director or an Immediate Family Member of Director has a material interest.

- Any Related Party Transaction with a value of Php 1,000,000.00 or more in which an officer or employee or an Immediate Family Member of an officer or employee has a material interest.

If advance notice of a Related Party Transaction has been given to the Independent Directors of PUIC and it is not possible to convene a meeting, then the Corporate Secretary shall consider whether the Related Party Transaction is appropriate and, if so, shall approve the Related Party Transaction.

The Independent Directors will be asked to ratify the Related Party Transaction at the Corporate Secretary in next special/regular scheduled meeting. No Director shall participate in any discussion or approval of a Related Party Transaction for which he or she or any member of his or her Immediate Family Member is a Related Person, except that the Director shall provide all material information concerning the Related Party Transaction to the Independent Directors. The Independent Directors shall be responsible for the review, approval or ratification of a Related Party Transaction involving an officer or employee or Immediate Family Member of an officer or employee, provided that the Related Party Transaction is valued at less than Php 1,000,000.00.

The Independent Directors shall provide a summary to the Board of Directors of PUIC for each Related Party Transaction it approves.

2.3 GENERAL CRITERIA FOR APPROVING RELATED PARTY TRANSACTIONS In determining whether to approve, ratify, disapprove or reject a Related Party Transaction, the Independent Directors, as appropriate, shall take into account, among other factors it deems appropriate, whether the Related Party Transaction is entered into on terms no less favorable to PUIC than terms generally available to an unaffiliated third-party under the same or similar circumstances; the results of an appraisal, if any; whether there was a bidding process and the results thereof; review of the valuation methodology used and alternative approaches to valuation of the transaction; and the extent of the Related Person's interest in the transaction.

The Independent Directors will review the following information when assessing a Related Party Transaction:

- The terms of such transaction;

- The Related Person's interest in the transaction;
- The purpose and timing of the transaction;
- Whether the Company is a party to the transaction, and if not, the nature of the Company's participation in the transaction;
- If the transaction involves the sale of an asset, a description of the asset, including date acquired and costs basis;
- Information concerning potential counterparties in the transaction;
- The approximate dollar value of the transaction and the approximate peso value of the Related Person's interest in the transaction;
- Description of any provisions or limitations imposed as a result of entering into the proposed transaction;
- Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction and
- Any other relevant information regarding the transaction. An officer or employee and Immediate Family Members who share an officer's or employee's household may not invest in partnerships or other investment opportunities sponsored, or otherwise made available, by PUIC unless their participation is approved in accordance with this Policy.

Such approval shall not be required if the investment opportunity:

- (i) is offered to qualified employees and investment by Officers is approved by the Remuneration Committee;
- (ii) is made available to an officer or employees actively involved in a business unit, the principal activity of which is to make such investments on behalf of the Company, and is offered pursuant to a co-investment plan approved by the Remuneration Committee; or
- (iii) is offered to officers or employees on the same terms as those offered to qualified persons who are not employees of the Company.

Except with the approval of the Independent Directors, no Director or officer or employee may invest in a third-party entity if the investment

opportunity is made available to him or her as a result of such individual's status as, respectively, a Director or an officer or employee of PUIC.

No Director or Immediate Family Member who shares the Director's household or is financially dependent on the Director shall receive an IPO allocation from a broker/dealer, including broker/dealers not affiliated with the Company.

2.4 RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY. In the event PUIC becomes aware of a Related Party Transaction with a Related Person that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the appropriate Independent Directors. The Independent Directors shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to PUIC, including ratification, revision or termination of the Related Party Transaction.

The Independent Directors shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Independent Directors under this Policy, and shall take any such action it deems appropriate.

January 25, 2016, Makati City

APPROVED BY:



ROY G. PADIERNOS
Chairman



JOY P. CARLOS
Director



JAN ADRIAN DL. PADIERNOS
Director



PERLA P. HUERTO
Director



GREGORIO STA. ANA
Director



GAY G. PADIERNOS
Director



MAY P. CARANDANG
Director



GEORGE J. REGALADO
Director

