



SERVIAMUS MUTUAL BENEFIT ASSOCIATION INC.
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RELATED PARTY TRANSACTION POLICY

Related Party Transaction or RPT are those which refers to any business deal, agreement, or arrangement involving the association as participant, and in which related parties have a financial interest. The transactions involved in this subject shall be material, direct or indirect, and may potentially affect the nature and interests of the association.

Related Parties shall refer to the associations subsidiaries, its affiliates and other entities which exert direct/indirect control or exert significant influence; the Trustees, Officers and Stakeholders; their related interest and their family members up to fourth degree of consanguinity or affinity; as well as the corresponding persons in affiliated organizations and companies, including those person, whether natural or juridical entity, which may pose potential conflict to the interest of the association.

OBJECTIVE

Serviamus Mutual Benefit Association, Inc. Shall ensures that this RPTs policy are consistent with the arm's length principle. Its implementation shall be spearheaded by the association's Board of Trustees with the assistance of its Audit Committee in recommending approval and reviewing any conduct and materials concerning RPTs which involves the following;

- a. Name of related parties and description of its relationship with parties within the association;
- b. Value of transaction as recorded in association's financial statements; and
- c. Nature of transaction including significant contractual obligations.

COMPOSITION

1. The 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 Committee shall at all times be entirely consisting of independent and non-executive directors, with independent directors comprising majority of the members.
2. The chairman and the members of the Committee shall be appointed by the Board. In case a member has conflict of interest in a particular RPT, he should refrain from evaluating that particular transaction.
3. The Compliance Officer or Internal Audit may sit as resource persons in said Committee.



MEETINGS

The Committee shall meet at least twice a year and as frequently as considered necessary by the Committee to discuss and agree on matters to be endorsed to the Board of Trustees for approval and confirmation.

The committee members may attend the meetings in person or by electronic or tele/video communication means, provided that reasonable efforts are made to have all members of the committee participate. The presence of a majority of its member shall constitute a quorum for any meeting. No business shall be transacted at any meeting unless a quorum is present. The Committee chairman shall preside in all meetings of the Committee.

If any member of the Committee has a personal interest in the transaction to be reviewed, the concerned Board member shall abstain from the discussion and endorsement to the Board of such transaction. The RPT Committee shall cause proper records of its proceedings to be kept. Members may nominate a member or some other person to be the committee secretary to record and keep minutes of meetings and other proceedings. The Committee may invite members of Management or others to attend meetings and provide pertinent information, as necessary.

DUTIES & RESPONSIBILITIES

1. The Committee shall evaluate on an ongoing basis existing relations between and among businesses and counter-parties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counter-parties (from non-related to related and vice versa) are captured. Related parties, RPTs, and changes in relationships shall be reflected in the relevant reports to the Board
2. Shall evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Association 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 its analysis and evaluation of the proposed transaction, the Committee shall consider, among others, the following:
 - a) The report of the proponent on the following:
 - i. The related party's relationship to the Association and said party's interest in the transaction;
 - ii. Interlocking officer-ships/directorships;
 - iii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - iv. Benefit and purpose of the transaction;
 - v. Pricing method used and the rationale;
 - vi. Documented benchmarks/comparable pricing of similarly situated unrelated transactions, where applicable. Where no comparable prices are available, proponents must resort to other price discovery mechanisms e.g. subjecting



- the transaction to a bidding process or securing an external expert's fairness opinion;
- vii. Potential risks that may arise as a result of or in connection with the Related Party Transaction;
 - viii. Performance review, for accounts on renewal; and
 - ix. Any other relevant information regarding the transaction.
- b) Whether the Related Party Transaction would impair the independence of an outside director;
 - c) Whether the Related Party Transaction would present an improper conflict of interests for any director or executive officer of the Association, taking into account the size of the transaction, the overall financial position of the director, executive officer or related party, the direct or indirect nature of the director's, officer's or related party's interest in the transaction and the ongoing nature of any proposed relationship;
 - d) Any other relevant information regarding the transaction
3. Shall ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Association's RPT exposures, and policies on conflict of interest or potential conflict 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 Bank's affiliation or transactions with other related parties;
 4. The Committee shall 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. The Committee shall ensure that transactions with related parties, including write-off of exposures, are subject to periodic independent review or audit process;
 6. The Committee shall oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including periodic review of RPT policies and procedures.
 7. The Committee shall be provided with adequate resources and shall have the authority to procure the services of independent experts in carrying out its mandate.

REPORTING

The committee shall report proposed material Related Party transactions, together with all information, as well as the action taken by the committee thereon, as contained in the Minutes, to the Board for approval.

The Committee, through its Secretariat, shall prepare its Annual Committee report, describing the committee's composition, meeting attendance, responsibilities and how they were discharged, and such other accomplishments or activities.

The Committee shall review any other report the Association issues that relate to the Committee responsibilities on related party transactions. The Association shall disclose its



policies governing RPTs and other unusual or infrequently occurring transactions. The material or significant RPTs reviewed and approved during the year shall be disclosed in the Annual Corporate Governance Report.

