



CFPI | Your Partner
In Life's Journey

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Caritas Financial Plans, Inc.

Related Party Transactions Policy

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I. Purpose

1. To provide guidance on what constitutes Related Party Transactions;
2. To avoid conflict of interest and comply with regulatory and good governance practices;
3. To ensure that the appropriate process for approval of the transaction has been undertaken;
4. To ensure compliance with the Disclosure Policy of the Caritas Financial Plans, Inc. (CFPI) and disclosure requirements of Financial Statement Reporting.

II. Scope

All Related Parties as defined herein.

III. Definition of Terms

Affiliate

Person which is directly or indirectly controlling, controlled by or under common control with such party. For the purpose of this definition, the term "control" shall mean ownership of at least fifty percent (50%) of the total issued and outstanding capital stock of, or the right to elect at least fifty percent (50%) of the number of directors in such Person, or the right to cause the direction of the management and policies of such Person whether through the ownership of shares, directorships, management, community of interest, or contract.

RPT Committee

All of the independent directors of the Audit Committee, provided that there are at least three (3) independent directors in the Committee

Conflict of Interest

A situation when a Related Party appears to have a direct or indirect personal or financial interest in any transaction, which may deter or influence him from acting in the best interest of CFPI. It is not required that there be an actual conflict, it is sufficient that conflict be seen to exist by an impartial observer

External Auditor

The auditor of CFPI for the ensuing year appointed during the latest Annual Stockholders' Meeting of CFPI

Executive Officer

Person occupying an executive position in CFPI as defined in the By-Laws of CFPI or appointed as such by the Board of Directors

Key Management	Persons having authority and responsibility for planning, directing, controlling or implementing the activities or transactions of CFPI, directly or indirectly
Manual	Manual of Corporate Governance of CFPI
Material RPT	any RPT with a stated value of at least one-half of one percent (½%) of CFPI's admitted assets as of the thirty-first day of December next preceding
Person	An individual, corporation, partnership, joint venture, unincorporated association, trust or other juridical entity or any Governmental Authority
Related Party	With respect to CFPI: <ul style="list-style-type: none">• Person/s that has or have control or joint control over CFPI;• Person/s that has or have significant influence over CFPI;• Person/s that is or are controlled by or under common control with CFPI; and• The directors and executive officers or members of the Key Management of CFPI; and• Any relative up to the second degree of consanguinity or affinity of a director or executive officer or Key Management of CFPI• Entities that belong to the Caritas Group (i.e., owned directly or indirectly by Caritas and/or its subsidiaries and affiliates, including other entities that Caritas exerts control over or those that exert control over Caritas or those related to Caritas and/or its subsidiaries and affiliated either through common ownership, directorship, or officership); and• Directors, Officers, members of the Key Management of CFPI or any of their immediate family members with beneficial ownership or significant influence/control in the entity that Caritas has or will have dealings with.
Reporting Entity	Person or corporation preparing the financial statements. For purposes of this Policy, the Reporting Entity shall be CFPI

Related Party Transaction (RPT) Transaction, whether commercial or otherwise, by and between or among Related Parties, and may or may not involve a transfer of resources, services, or obligations

IV. Disclosure Requirements

1. The Related Parties must comply with all the disclosure requirements of RPTs required under applicable law, rules and regulations of the SEC and the BIR, and other relevant government agencies.
2. Each director, executive officer and member of the Key Management is responsible for providing written notice to the Office of the Compliance Officer of any potential RPT involving him or her or his or her Immediate Family Member, including any additional information about the transaction that may reasonably be requested by CFPI.
3. The Office of the Compliance Officer, by himself, or in consultation with the Management Committee and with the Chief Legal Counsel or external counsel, as appropriate, will determine whether the notified transaction does, in fact, constitute a RPT requiring compliance with this Policy.
4. Disclosure of a RPT shall include information about the price of the transaction, outstanding balances, if any, major terms, and conditions and guarantees, if any. The Office of the Compliance Officer may require additional and other relevant information sufficient to enable the Office of the Compliance Officer to determine any Conflict of Interest and the potential effect of the relationship.
5. In addition, each director, executive officer, and member of the Key Management may be required to complete a questionnaire on their RPTs and those of their Immediate Family Members.

V. Guidelines prior to entering into a RPT

1. All RPTs shall have terms and conditions that are fair and equitable to CFPI.
2. The approval, award, processing, and payment of RPTs shall follow the same procedures as the other transactions and contracts of CFPI. No unusual privilege or special treatment shall be afforded a Related Party.
3. Proposed transactions of related parties shall be endorsed by proponent units to the appropriate transaction approving authority following existing policies and processes.
4. Upon approval, the proponent unit shall endorse the proposal to the Compliance Officer for review. The Compliance Officer shall verify if the transaction falls under the definition of a 'Related Party Transaction' and the same is compliant with existing regulations.'

If the transaction is a 'Related Party Transaction', Compliance Division shall endorse this to the Related Party Transactions Committee (RPTC).

In case of doubt on the nature of a transaction subject of investigation or review pursuant to this Policy, the Compliance Officer, in consultation with the RPT Committee, shall determine whether the transaction or relationship constitutes a RPT, and whether the same shall be pursued taking into consideration the cost and benefit to CFPI.

5. Review and approval of RPTs

5.1. Prior to the award of any Material RPT, CFPI shall submit the same for the review of the RPT Committee to confirm that it has undergone the same process as an ordinary transaction. The RPTC shall review the proposed related party transactions endorsed to it by considering the following, to the extent relevant to the Related Party Transaction:

- a. Whether the terms of the Related Party transaction are fair to Caritas and on terms at least as favorable as would apply if the other party was not or did not have an affiliation with a director, executive officer or employee of Caritas;
- b. Approximate monetary value of the transaction and the approximate monetary value of the Related Party's interest in the transaction;
- c. Valuation methodology used and alternative approaches to valuation of the transaction;
- d. Whether the proposed transaction includes any potential reputational Concern issues that may arise as a result or in connection with the transaction;
- e. Whether there are demonstrable business reasons for Caritas to enter into the Related Party transaction
- f. Whether the Related Party Transaction would impair the independence of a director, and
- g. Extent that such transaction or relationship would present an improper conflict of interest.

When a Material RPT is submitted to the RPT Committee for review, the presence of at least two (2) independent directors shall be necessary to constitute a quorum of the Committee.

5.2. Non-Material RPTs shall be subject to the review and/or approval of the Compliance Officer.

6. Upon review of the RPTC, the proponent unit shall prepare the Memo to the Board and for this to the BOD for approval through the Corporate Secretary. The proposals may be sent to the Corporate Secretary at any time but this should be at least three (3) working days before the board meeting.

VI. Internal Reporting of RPTs

1. The following transactions, if with a Related Party, are considered RPTs:
 - 1.1. Purchases or sales of goods
 - 1.2. Purchases or sale of property and other assets

- 1.3. Purchases and sales of services
 - 1.4. Leases
 - 1.5. Transfer of Research and Development
 - 1.6. Transfers under License Agreements
 - 1.7. Transfers under Finance Arrangement like Loans and Equity contribution in cash or in kind
 - 1.8. Loans and other forms of financial assistance
 - 1.9. Provisions of Guarantees and collateral
 - 1.10. Settlement of Liabilities on behalf of CFPI or by Corporation on behalf of another party
 - 1.11. Commitments to do something if a particular event occurs or does not occur in the future
 - 1.12. Such other similar or analogous transactions to the foregoing
2. The Compliance Officer, with the assistance of the Chief Legal Counsel, shall prepare a monthly report on RPTs based on the disclosures and/or reports of RPTs submitted to the Compliance Officer.

The Report shall be submitted to the Accounting Department to be furnished the External Auditor for proper disclosure in the Financial Statements of CFPI, if necessary under applicable financial reporting rules and policies.

VII. Prohibited RPTs

Notwithstanding any provision of this Policy to the contrary, the following RPTs shall not be allowed:

1. Loans and/or financial assistance to a Director;
2. Loans and/or financial assistance to the Key Management, except when allowed pursuant to an established company benefit or plan.

VIII. Sanctions

1. Non-compliance with any provision of this Policy, in particular, the reporting, and disclosure requirements, the guidelines prior to entering into RPT and the prohibited RPTs, shall result in the invalidation of the Contract involved in the RPT.
2. Any officer or employee of CFPI who has knowledge of any violation of this Policy shall report the same to the Office of the Compliance Officer. The Chief Legal Counsel, in coordination with the Office of the Compliance Officer, shall report to the RPT Committee all violations of this Policy.
3. The RPT Committee shall have the authority to recommend to the Board of Directors the invalidation of the Contract.
4. This Policy shall be without prejudice to the provisions of the Manual of Corporate Governance, the Code of Conduct and Ethics and all related and relevant policies of CFPI which shall be observed and shall apply to the fullest extent possible. In particular, RPTs shall not be allowed if it would present a conflict of interest for any Related Party as defined in the Code of Conduct and Ethics.