

**107 EXCHANGE INSURANCE
BROKER, INC.**

RELATED PARTY TRANSACTIONS POLICY

I. POLICY ON RELATED PARTY TRANSACTIONS

It is the policy of 107 Exchange Insurance Brokers Inc. (“107 EIBI”) that all transactions between the Corporation and related parties shall be entered into under terms which are “fair and at arm’s length”, and for the benefit and best interest of 107 EIBI and its shareholders as a whole. All related party transactions shall be conducted with transparency and fairness and shall be subject to review and approval. There shall be a timely and accurate disclosure of related party transactions.

A. Fair and “Arm’s Length”

Fair and “arm’s length” refers to transactions in an open and unrestricted market between willing parties who are knowledgeable, informed, and who act independently of and without regard to any relationship with each other.

B. Related Party

For purposes of this Policy, a “Related Party” shall cover the company’s directors; officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the company.

C. Related Party Transaction

A “Related Party Transaction” (“RPT”) refers to a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with an unrelated party that subsequently becomes a related party.

II. APPROVAL OF RELATED PARTY TRANSACTIONS

The Company’s Audit Committee is tasked to review all material and significant RPTs of the Company with a threshold value in the amount of at least ten percent (10%) or higher of the Company’s total assets, and which transactions shall be endorsed by the said Committee to the Board of Directors for ratification or approval.

The review, approval, and disclosure of RPTs shall be governed by the relevant provisions of the Revised Corporation Code, the Company's Articles of Incorporation, By-Laws, Manual of Corporate Governance, Philippine Accounting Standards, and other relevant laws, rules, regulations, and issuances.

In the review, endorsement and approval of the RPTs, the Audit Committee and the Board of Directors shall ensure that such RPTs are for the best interests of the Company, and consider all relevant facts and circumstances therefore.

III. DISCLOSURE

All material and significant RPTs of the Company shall be disclosed in accordance with Securities & Exchange Commission (SEC) Financial Reporting Bulletin No.13 and Philippine Accounting Standards (PAS) 24.

The Company shall disclose information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements. At a minimum, the disclosures shall include:

1. The amount of the transactions;
2. The amount of outstanding balances, and their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement, and details of any guarantees given or received;
3. Provisions for doubtful debts related to the amount of outstanding balances;
4. The expense recognized during the period in respect of bad or doubtful debts due from related parties.

To attain the objective of providing an understanding of the potential effect of the relationship on the financial statements, the following requirements under PAS 24 must be observed:

1. The required disclosures on transactions and outstanding balances shall be made separately for each of the following categories:
 - (a) The parent;
 - (b) Entities with joint control or significant influence over the entity;
 - (c) Subsidiaries;
 - (d) Associates;

- (e) Joint ventures in which the entity is a venture;
- (f) Key management personnel of the entity or its parent; and
- (g) Other related parties.

2. For each of the said category, the following information shall be provided:

- (a) The amount of the transactions;
- (b) The amount of outstanding balances and their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement, and details of any guarantees given or received;
- (c) Provisions for doubtful debts related to the amount of outstanding balances;
- (d) The expense recognized during the period in respect of bad or doubtful debts due from related parties.

As approved by the Board of Directors on June 20, 2022.