

## RELATED PARTY TRANSACTION COMMITTEE TERMS OF REFERENCE

### ***Preface***

Pursuant to law and Manulife's commitment to international best practices in the area of corporate governance practice and culture, the Related Party Transaction Committee was constituted. These Terms of Reference shall serve as a framework of the roles and responsibilities of the Committee. The main function of the Committee is to review all material related party transactions of the Company to ensure arm's length terms and avoidance of conflicts of interest.

### ***I. Definitions***

1. **Code** means the Code of Business Conduct and Ethics.
2. **Company** means The Manufacturers Life Insurance Co. (Phils.), Inc., Manulife Financial Plans, Inc., and Manulife Chinabank Life Assurance Corp, which are all subsidiaries of MFC.
3. **Control** of an enterprise exists when there is:
  - 3.1 Under Section 4 (i) of the Pre-Need Code: Affiliate of, or affiliated with, a specified person refers to a person that directly or indirectly, through one (1) or more intermediaries, controls, or is controlled by, or is under common control with, the person specified. Exercising control over a legal entity shall mean any one of the following: (1) owning either solely or together with affiliated persons more than twenty-five (25%) of the outstanding capital stock of a legal entity; and (2) being an officer or director of such legal entity;
  - 3.2 Power to govern the financial and operating policies of the enterprise under a statute or an agreement;
  - 3.3 Power to appoint or remove the majority of the members of the board of directors or equivalent governing body;
  - 3.4 Power to cast the majority votes at meetings of the board of directors or equivalent governing body;
  - 3.5 the person has any direct or indirect influence that, if exercised, would result in control in fact of the entity; or
  - 3.6 Any other arrangement similar to any of the above.
4. **IC** means the Insurance Commission of the Philippines.
5. **Market Terms and Conditions** means:
  - 5.1 in respect of a service or a loan facility offered to the public by a company in the ordinary course of business, terms and conditions that are no more or less favourable than those offered to the public by that company in the ordinary course of business; and
  - 5.2 in respect of any other transaction,
    - terms and conditions, including those relating to price, rent or interest rate, that might reasonably be

expected to apply in a similar transaction in an open market under conditions requisite to a fair transaction between parties who are at arm's length and who are acting prudently, knowledgeably and willingly; or

- if the transaction is one that would not reasonably be expected to occur in an open market between parties who are at arm's length, terms and conditions, including those relating to price, rent or interest rate, that would reasonably be expected to provide a company with fair value, having regard to all the circumstances of the transaction, and that would be consistent with the parties to the transaction acting prudently, knowledgeably and willingly.

6. **Materiality Guidelines** means the materiality criteria in the materiality guidelines approved by the Board of Directors from time to time attached hereto as 'Appendix B – Materiality Guidelines and Monetary Limits.
7. **MCBL** means Manulife China Bank Life Assurance Corp.
8. **MFC** means Manulife Financial Corporation.
9. **MFP** means Manulife Financial Plans, Inc.
10. **MP** means The Manufacturers Life Insurance Co. (Phils.), Inc.
11. **Officer** as a Related Party means the corporate officers of MP MFP and MCBL under their respective by- laws.
12. **Permitted Related Party Transaction** means those transactions described in section (6) of this Policy.
13. **Policy** means this Related Party Transactions Policy and the attached appendices.
14. **Related Party** means, in respect of the Company:
  - 14.1 its subsidiaries, as well as, affiliates and special purpose entities that the Company exerts direct/indirect control over or that exerts significant influence over the Company;
  - 14.2 a director of Company, as applicable;
  - 14.3 an officer of Company, as applicable;
  - 14.4 stockholders and related interests;
  - 14.5 persons related to the Company's directors, officers and stockholders (DOS) within the second degree of consanguinity or affinity, legitimate or common-law. These shall include the spouse, parent child, brother, sister, grandparent, grandchild, parent-in-law, son-/daughter-in-law, brother-/sister-in-law, grandparent-in-law, and grandchild-in-law of the Company's DOS;
  - 14.6 DOS of corresponding persons in affiliated companies and their close family members.

- 15. Related Party Transaction** means any transaction between the Company and a Related Party. These shall include, but not limited to the following:
- 15.1** On-and off-balance sheet credit exposures and claims and write-offs;
  - 15.2** Investments and/or subscriptions for debt/equity issuances;
  - 15.3** Consulting, professional, agency and other service arrangements/contracts;
  - 15.4** Purchases and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements);
  - 15.5** Construction arrangement/contracts;
  - 15.6** Lease arrangements/contracts;
  - 15.7** Trading and derivative transactions;
  - 15.8** Borrowings, commitments, fund transfers and guarantees;
  - 15.9** Sale, purchase or supply of any goods materials; and establishment of joint venture entities.
- 16. Related Party Transactions** shall be interpreted broadly to include not only transactions that are entered into with related parties but also outstanding transactions that were entered into with an unrelated party that subsequently becomes a related party.
- 17. Related Party Transaction Committee** means the Committee required to be constituted under Insurance Commission Circular No. 2017-29.
- 18. Subsidiary** means an entity is a subsidiary of another entity if the first entity is Controlled by the second.

## ***II. The Related Party Transaction Committee***

- 1.** Shall be composed of at least three (3) members of the board of directors, one of whom must be an independent director.
- 2.** Shall review and evaluate all related party transactions, material or immaterial, as defined under the Policy.
- 3.** Shall report to the Board of Directors on a regular basis the status and aggregate exposure to each Related Party, as well as the total amount of exposures to all Related Parties.
- 4.** Shall refer all material transactions, those that cross the materiality threshold, and write-off of material exposures to Related Parties for Board approval, then to be submitted for confirmation by majority vote of the stockholders in the annual stockholders' meeting.