

## **RELATED PARTY TRANSACTIONS**

### **OBJECTIVE**

*To provide guidelines that address Related Party Transactions in the manner that will safeguard the interest of the Company and in particular of its minority shareholders and other stakeholders.*

### **SCOPE AND COVERAGE**

*This policy cover material transactions between First Abacus Financial Holdings and its Related Parties, which include ( but not limited to ) subsidiaries, affiliates, associates, directors, officers and employees.*

### **DEFINITION OF TERMS**

- **RELATED PARTIES** – *are parties and individuals that has the ability to control directly, indirectly through one or more intermediaries or are controller by, or under the common control with the Company, including holding companies, and subsidiaries, or exercise significant influence over the other party in making financial and operational decisions. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influences over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.*
- **MATERIAL TRANSACTIONS** – *are transactions reaching the set threshold amount as recommended by Management and approved by the Board of Directors.*

### **POLICY**

*It is the Company's policy that transactions with related parties are made at terms equivalent to prevailing market rates and at arm's length transaction length basis.*

### **GUIDELINES**

*First Abacus management shall present material transactions entered into by the Company with related parties to the Related Party Transactions Committee for review before Board approval and Management execution.*

*Management shall conduct a periodic assessment on the following:*

- *Collectibility of receivables from the related parties and the necessity to provide allowance for doubtful accounts for such receivables*
- *Market and financial risks faced by related parties*
- *Guarantees issued to or received from related parties*
- *Financial and economic soundness of Related Party Transactions*

*Full disclosures of the details, nature, extent and all other material information n transactions with related parties shall be stated in the Company's financial statements, and its quarterly and annual reports to the Securities and Exchange Commission and the Philippine Stock Exchange. The financial reports are available in our website and readily accessible to the public.*