

**RELATED PARTY TRANSACTIONS POLICY
OF MERALCO EMPLOYEES MUTUAL AID AND BENEFITS ASSOCIATION, INC. (MEMABA,
INC.)**

Policy Statement

MEMABA should ensure that all related party transactions (RPTs) should be under such terms and conditions that are at arm's length and serve the best interests of the Association and the members as a whole, comply with applicable laws, and regulatory requirements. The material or significant RPTs reviewed and approved during the year should be disclosed as appropriate as provided under this policy.

Definition of Related Parties

"Related Parties" shall mean the Association, members, officers and trustees, including the relatives of such officers and trustees up to the fourth degree of affinity or sanguinity.

Material RPTs

Any financial transaction, arrangement or relationship in which the aggregate amount involved is beyond the Five Million Pesos (P5,000,000.00) threshold, outcome of the transaction will have the ability to control or to exercise significant influence. It may be reported by the Management for endorsement to the Board of Trustees (BOT) for approval.

Requirements of RPTs

- Each Trustee, member or officer is responsible to declare any RPTs and the material interest that they or an immediate family member may have on such transaction.
- The following information, to the extent relevant, with respect to the proposed RPTs should be disclosed:
 - a. A general description of the transaction/s including the material terms and conditions.
 - b. The purpose and timing of the transaction;
 - c. The name of the Related Party and the basis on which such person is a Related Party.
 - d. The aggregate value of the transaction.
 - e. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result or in connection with the proposed transaction
 - f. Any other material information that may deem relevant.

Committee Responsible

The Audit Committee, or committee duly appointed by the Board, has the responsibility to evaluate and identify all related parties on a continuing basis in relation to RPTs; evaluate all material RPTs; ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation's RPT exposures, and formulate policies on conflicts of interest or potential conflicts of interest; report to the Board on a regular basis, if necessary, on the status and aggregate exposures relating to RPTs; secure an independent review or audit of RPTs as necessary; and oversee the implementation of the system for monitoring RPTs, including a periodic review of RPT policies and procedures. The Committee's composition shall, to the extent practicable, be in accordance with the Manual for Corporate Governance as well as with applicable laws, rules and regulations.

Trustees with material interest in a transaction affecting the corporation should abstain from taking part in the deliberation for the same.

Disclosure

The Association shall disclose the material RPTs, shall be reported to regulatory agencies as required, and necessary disclosures shall be made also in the Notes to the Financial Statements and on Annual Report.

Review of the Policy

This Policy shall be reviewed at least every two (2) years, and updated as needed. All revisions shall be submitted to the Board of Trustees for approval.