

LIFE & HEALTH HMP, INC.

RELATED PARTY TRANSACTIONS POLICY

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I. POLICY STATEMENT

It is the duty of the Board of Directors (BOD or Board) to ensure that there is a company-wide policy and system in Life & Health HMP, Inc. (the Company) governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality.

The BOD should ensure the integrity of RPTs, initiate policies and measures geared towards prevention of abuse and promotion of transparency and comply with applicable laws and regulations to protect the interest of all shareholders.

II. PURPOSE AND MISSION

This Related Party Transactions Policy (Policy) shall serve as guideline to ensure that transactions occur at market prices, at arm's length basis, and under conditions that protect the rights of all shareholders.

The Audit Committee (Committee) shall be responsible in reviewing and monitoring the identification, nature, extent, and reasonableness of all material RPTs of the Company.

III. DEFINITION OF RELATED PARTY

For purposes of this Policy, related party shall mean:

1. Companies which are directly or indirectly controlled by, or under common control by the Company, such as when the Company owns directly, or indirectly more than one half (1/2) of the voting power of the related company. For this purpose, control exists even when the Company owns one half (1/2) or less of the voting

power of another company but there is significant influence demonstrated as follow:

- a. Power over more than half of the voting rights by virtue of an agreement with other investors;
 - b. Power to govern the financial and operating policies of the company under an agreement;
 - c. Power to appoint or remove the majority of the members of the Board; or
 - d. Power to cast the majority of votes at meetings of the BOD;
2. Affiliates such as companies, of which at least 10% of the outstanding voting stock is directly or indirectly owned, controlled, or held with power to vote by the Company;
 3. Entities other than the affiliates of the Company that the Company exerts control / significant influence over or those that exert control / significant influence over the Company or those related to the Company either through common ownership (provided that the common owner owns at least 10% of the subscribed capital of such entities) and through common directorship / officership;
 4. Directors, Officers, and Stockholders (DOS) or key management personnel of the Company;
 5. Immediate family members of an individual stockholder, director, or officer of the Company up to the second degree by affinity or consanguinity, whether 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;
 6. DOS owning at least 10% outstanding voting stock of affiliated companies and their close family members;
 7. A substantial stockholder who is the beneficial owner, directly or indirectly, of at least 10% of any class of the Company's equity security. He / she is also a person deemed to have an indirect beneficial ownership in the Company's security which is:

- a. Held by members of his immediate family sharing the same household;
 - b. Held by a partnership in which he is a general partner;
 - c. Held by a corporation in which he is a controlling shareholder; or
 - d. Subject to any contract, arrangement, or understanding which gives him voting power or investment power with respect to such securities.
8. Entities that belong to the DOS or any of their close family members with at least 10% ownership of the subscribed capital of such entities; and
 9. Entities where any close family member of a director or an officer of the Company acts as a director or principal officer of such entities.

IV. DEFINITION OF RPTs

RPTs shall mean financial transactions or dealings, arrangements, or relationships (or any series of similar transactions, arrangements, relationships) by the Company with its related party where the Company is a participant, and where any related party has or will have a direct or indirect material interest. These shall include, but not limited to the following:

1. Transfer or exchange of resources or facilities (including credit facilities, trading, and equity contributions in cash or in kind);
2. Investments and/or subscriptions for debt / equity issuances;
3. Sale, purchase, or transfer of assets / property of any kind (including transfer of technology and intangible assets such as research and development, trademarks, and license agreements);
4. Sale, purchase, or supply of goods or materials;
5. Lease arrangements / contracts of assets property of any kind;
6. Outsourcing arrangements;
7. Rendering or receiving of services;

8. Consulting, management, professional, agency, and other service arrangements / contracts;
9. Borrowing, commitments, fund transfer, and guarantees;
10. Construction arrangements / contracts; and
11. Any transaction entered, without any economic value by itself, except to avoid compliance with some requirement or prohibition under the law, rules, and regulations.

V. DEFINITION OF MATERIAL RPTs

Material RPTs refer to any transaction with related parties, either individually or in aggregate over a 12-month period with the same related party, amounting to 10% or higher of the Company's total assets based on its latest audited financial statements.

The materiality threshold may be lowered when the BOD determines that the level of risk of the RPT can cause damage to the Company and its shareholders.

VI. GUIDELINES ON ARM'S LENGTH TRANSACTION TERMS

The requesting unit / proponent shall ensure that the RPTs are conducted in the regular course of business and not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances. This shall include an effective price discovery mechanism to ensure that transactions are engaged in terms that promote the best interest of the Company and its stakeholders. The price discovery mechanism may include, but not limited to, acquiring the services of an external expert, opening the transaction to a bidding process, or publication of availability for sale.

The requesting unit / proponent shall include in its request the comparative financial data on past transactions, justifying that the proposal is comparable with unrelated party transactions and not disadvantageous to the Company.

VII. GENERAL GUIDELINES

1. The Audit Committee shall maintain a Related Party Registry which is a list of the related parties of the Company, which shall summarize the name of the related party, relationship with the Company and nature of business, description of transaction, date of transaction, amount of transactions, and other details as necessary.
2. The Related Party Registry shall be subject to quarterly review and update to capture any organizational and structural changes in the Company and its related parties.

VIII. EXCEPTIONS TO THE RPTs RULE

The following RPTs shall not require review by the Audit Committee:

1. Compensation and other benefits under the fringe benefit program, including preferential rates or waivers given to all employees as part of employees' incentives or benefits;
2. Transactions available to all employees in general;
3. Occasional purchases of products / services for personal consumption only and of minimal amount, made in the ordinary course of the seller's business;
4. Occasional pre-approved purchases of products / services by the Company from its affiliates;
5. Services provided to all related parties in an ordinary course of business.

6. Material RPTs that were entered into in good faith with an unrelated party that subsequently becomes a related party. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject such material RPTs to the requirement of this Policy. The prospective treatment should, however, be without prejudice to regulatory actions that may be enforced for transactions noted to have not been conducted on an arm's length basis.
7. Any charitable contribution, grant, or endowment by the Company to charitable institutions, foundations, NGOs, or universities, if the aggregate amount involved does not exceed ₱ [REDACTED].
8. Any transaction where the related party's interest arises solely from the ownership of the Company's common stock and all holders of the Company's common stock received the same benefit on the pro-rata basis (e.g. dividends).

IX. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

Related party transactions shall be reviewed by the Audit Committee and endorsed such to the BOD for approval. The Committee shall report to the BOD quarterly, or as often as necessary, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties.

In evaluating the RPTs, the Audit Committee shall consider the following:

1. The related party's relationship to the Company and interest in the transaction;
2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
3. The benefits to the Company of the proposed RPT;

4. The availability of other sources of comparable products or services; and
5. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances.

All individual material RPTs shall be approved by at least 2/3 votes of the Company's BOD, with at least majority of the independent directors voting to approve the same. In case that majority of the independent directors' vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock. For aggregate RPTs within a 12-month period that breaches the materiality threshold, the same Board approval would be required for the transaction/s that meet/s and exceed/s the materiality threshold covering the same related party.

X. DISCLOSURE AND REPORTING OF RPTs

1. Regardless of the amount of the transaction or contact, each DOS, and substantial stockholder is held responsible to:
 - a. Fully and promptly notify the Company of any RPT and the personal interest that he/she may have on such RPT (directly or indirectly through or on behalf of third parties, spouses, or relatives) as soon as he / she becomes aware of the transaction; and
 - b. Obtain approval from the BOD prior to entering the transaction.
2. Each DOS and substantial stockholder shall submit a declaration of the potential RPT to the Audit Committee as soon as practicable prior to the occurrence or execution of such RPT, from proper evaluation and approval. At a minimum, the relevant information with respect to the RPT shall be disclosed as follow:
 - a. Identity and complete name of the parties involved in the transaction or relationship;

- b. Terms and conditions of the transaction or relationship, and whether these are no less favorable to the Company than terms generally available to an unrelated third party under the same circumstances;
 - c. Business purpose, timing, rationale, and benefits of the transaction or relationship;
 - d. Approximate monetary value of the transaction and the approximate monetary value of the related party's interest in the transaction;
 - e. Valuation methodology used and alternative approaches to valuation of the transaction;
 - f. Carrying amount of collateral, if any;
 - g. Information concerning potential counterparties in the transaction;
 - h. Description of provisions or limitations imposed because of entering to the transaction;
 - i. Whether the proposed transaction includes any potential reputational risk issues that may arise because of or in connection with the transaction;
 - j. Impact to a director's independence; and
 - k. Extent that such transaction or relationship would present an improper conflict of interest.
3. The DOS or substantial stockholder shall abstain from discussion, approval, and management of such transaction or matter affecting the Company. In case he/she refuses to abstain, his/her attendance and vote shall not be considered for purposes of assessing the quorum and his/her votes shall not be counted for purposes of determining majority approval.
4. All service providers, suppliers, and vendors shall provide a certification that they do not have a conflict of interest with the Company.
5. All approving officers signing contracts, agreements, purchase orders, and sales order, shall be required to issue a disclaimer that

they are not related to the counterparties of the proposed transaction.

6. The Company shall ensure that appropriate disclosure is made, and/or information is provided to regulators relating to the Company's RPT exposures, and policies on potential and/or actual conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise because of the Company's affiliation or transactions with other related parties.
7. The Company shall encourage all stakeholders to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical, or questionable material RPTs. All matters concerning reports of wrongdoing or conflict of interest shall be governed by the Company's Whistleblowing Policy.

XI. ANNUAL REVIEW OF THE POLICY

The Audit Committee shall annually review and propose amendments (if any) to this Policy and endorse such for BOD approval.