

Draft Policy on Related Party Transactions

Subject to Board Approval

It is the policy of the Company that transactions between the Company and/or its subsidiaries and any of its directors, officers, significant shareholders (beneficial share ownership of more than 10%), or certain entities or persons related to them (“Related Parties”) will be on terms no less favorable to the Company than those entered into with unrelated parties under same or similar circumstances and will not be prejudicial to the Company and its minority shareholders.

Purpose

This policy is to establish the procedure for the proper reporting, review and approval of transactions between the Company and/or its subsidiaries with any of its directors, officers, significant shareholders (beneficial share ownership of more than 10%), or certain entities or persons related to them (“Related Parties”) with related parties to ensure that transactions entered by the Company or its subsidiaries with related parties will be on terms no less favourable to the Company and/or subsidiaries than those entered into with unrelated parties on arm’s length normal commercial terms and will not be prejudicial to the Company, its subsidiaries and its minority shareholders.

Coverage:

This policy governs related party transactions between the Company and its subsidiaries (the “Group”) and its related parties involving the transfer of resources, services or obligations, regardless of whether a price is charged.

General Criteria for the Review of Related Party Transaction

The following factors, among others, shall be considered in the review and evaluation of related party transactions:

1. The transaction terms should be no less favorable to the Company or Group than those entered into with unrelated parties under same or similar circumstances;
2. The transaction will not be prejudicial to the Company and its minority shareholders.
3. The Company shall endeavor to exercise due diligence in determining a fair price for the RPTs.

The internal audit group shall monitor and evaluate the related party transactions (RPTs) entered by the Group and shall report on status and aggregate exposures of each related party to the Audit, Risk Management and Related Party Transactions.

Related party transactions, either individually or part of a series of transactions, other than recurrent related party transactions of revenue or trading nature or those necessary for its day-to-day operations, which exceeds Three Million Pesos (PhP3,000,000.00) in value per year shall be subject to the review and approval of the Audit, Risk Management and Related Party Transaction Committee. Such approval will be given if the transactions are in accordance with the Company's usual practices and policies, are on arm's length commercial terms and are at terms no less favourable than those provided by the Company to similar types of transactions with unrelated third parties.

If the related party transaction exceeds Ten Million Pesos (PhP 10,000,000.00) the same shall be further subject to the approval by the Board of Directors, in accordance with the criteria mentioned above and shall require further the approval of at least two independent directors who have no interest in the transaction.

Compensation of executives and directors will be approved by the Remuneration Committee.