



LT GROUP, INC.

## RELATED PARTY TRANSACTIONS POLICY

(October 2019)

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## I. POLICY STATEMENT

In compliance with the Security and Exchange Commission's (SEC) intent to protect the corporate sector, the capital market participants, the securities and investment instruments market, and the investing public from transactions detrimental to, and from practices inconsistent with, the development of businesses in the Philippines, the Company hereby adopts the Rules on Material Related Party Transactions (Material RPT Rules) and hereby establishes this Related Party Transactions (RPT) Policy ("Policy") which shall be observed by the Board of Directors, the Management and the Staff of LT Group, Inc. (the "Company"), as well as its Subsidiaries and Affiliates (the "Group").

The Company recognizes that engaging in RPTs have economic benefits to individual entities and to the entire Group. Generally, RPTs are allowed provided that these are: (i) done on an arm's length basis; (ii) the transactions are properly monitored; (iii) appropriate steps are taken to control or mitigate the risks; (iv) material exposures to related parties done in accordance with standard policies and processes are written off; and (v) done in accordance with this Policy. Moreover, RPTs shall be conducted in the regular course of business (fair process) and not undertaken on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances (fair terms).

This Policy, formulated in accordance with the requirements of the SEC Code of Corporate Governance for Publicly Listed Companies (PLC), the Securities Regulations Code ("SRC"), and other related laws and regulations, shall provide the guidelines to be observed by the Company and the whole Group in dealing with RPTs, as well as enumerate the duties and responsibilities of the Board of Directors, of Management and of the Risk Management Committee (RMC) in ensuring that all RPTs are entered into in a manner most beneficial to the Company, taking into consideration the possible conflicts of interest.

## II. OBJECTIVES

The RPT Policy Manual aims to:

1. Provide clear policies on the handling of any RPT dealings with related parties to ensure that existing laws, rules and regulations are complied with at all times;
2. Provide acceptable and unacceptable activities and transactions as well as unethical conduct that could result or potentially result to conflict of interest and/or personal gain at the expense of the Company;
3. Ensure that the Company exercises appropriate oversight and control over its RPTs while promoting transparency and disclosure, objective judgment in the decision-making process, and the protection of minority shareholders by mitigating the risk of abuses arising from conflict of interest; and
4. Uphold good governance in handling RPTs by requiring that Company's dealings with any of its related parties be conducted in the regular course of business and upon terms not less favorable to the Company than those offered to others.

### III. DEFINITION OF TERMS

For purposes of this Policy, the following definitions shall apply:

1. **Related Party Transactions**
  - Refers to transactions involving the transfer of resources, services, or obligations/commitments (balance sheet/off-balance sheet) between the Company and a related party, regardless of whether a price is charged. This includes outstanding transactions entered into with an unrelated party that subsequently becomes a related party.
2. **Material Related Party Transactions**
  - Refers to any transaction, as defined above, done either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Company's total assets based on its latest audited financial statement.
3. **Abusive Material RPTs**
  - Refers to material RPTs that are not entered at arm's length and unduly favors a related party.
4. **Materiality Threshold**
  - Shall be at ten percent (10%) of the Company's total assets based on its latest audited financial statement. The total assets shall pertain to its total consolidated assets.
5. **Related Party Registry**
  - Refers to a record of the organizational and structural composition, including any change thereon, of the Company and its related parties.
6. **Related Party/ies**
  - Shall cover the Company's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the Company. It also covers the Company's parent, subsidiary, fellow subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.
7. **Directors**
  - Shall include persons who are:
    - 7.1 Named as such in the Articles of Incorporation;
    - 7.2 Duly elected in subsequent meetings of the stockholders; and
    - 7.3 Elected to fill the vacancies in the Board of Directors.

*The Chairman Emeritus and the members of the Board of Advisers cannot be considered as directors. However, they may be considered as related party.*

8. **Officers and Senior Management** - Shall include:

- 8.1. The Chief Executive Officer (CEO), President, executive vice president, senior vice president, vice president, general manager, treasurer, secretary, trust officer & others mentioned as officers of the Corporation,
- 8.2. Those whose duties as such are defined in the By-Laws, or are generally known to be the officers of the Company either through announcement, representation, publication or any kind of communication made by the Company,
- 8.3. Directors whose duty includes functions of management; and
- 8.4. Group of committee members, whose duties include functions of management such as those ordinarily performed by regular officers, and are not purely recommendatory or advisory.

9. **Substantial Stockholder** - Refers to any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

10. **Control** - A person or entity controls an enterprise if and only if the person or the entity has all the following:

- 6.1. Power over the enterprise;
- 6.2. Exposure, or rights, to variable returns from its involvement with the enterprise; and
- 6.3. The ability to use its power over the enterprise to affect the amount of the enterprise's returns.

Control is presumed to exist if there is ownership or holding, whether direct or indirect, of twenty percent (20%) or more of a class of voting shares of an enterprise

11. **Parent** - A corporation which has control over another corporation directly or indirectly through one (1) or more intermediaries.

12. **Subsidiary** - A corporation or firm more than fifty percent (50%) of the outstanding voting stock of which is directly or indirectly owned, controlled or held with power to vote by its parent corporation.

13. **Associate** - An entity over which the Company holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the Company has significant influence.

**14. Affiliate**

- Refers to an entity linked directly or indirectly to the Company through any one or a combination of any of the following:
  - Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a company of at least ten percent (10%) or more of the outstanding voting stock of the Company, or vice-versa;
  - Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
  - Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Company and the entity; or
  - Management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the entity, or vice-versa.

**15. Significant Influence**

- The power to participate in the financial and operating policy decisions of the Company but not the control nor the joint control of those policies.

**16. Conflict of Interest**

- A breach of an obligation to the Corporation that has an effect or intention of advancing one's own interest or the interest of others that is grossly disadvantageous to the interest or potentially harmful to the Company.

## **IV. BOARD AND SENIOR MANAGEMENT OVERSIGHT**

### **1. Board of Directors**

The Company's Revised Manual on Corporate Governance ("Manual") states that the Board of Directors is responsible in formulating, implementing, monitoring, and managing policies and procedures for purposes of ensuring the integrity and transparency of Related Party Transactions and potential conflicts of interest between and among the Company and its parent company, joint ventures, subsidiaries, associates, affiliates, management, Board Members, and shareholders, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.

As such, the Board of Directors shall have the overall responsibility in ensuring that transactions with Related Parties are handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations to protect the interest of creditors, shareholders, and other stakeholders of the Company.

For purposes of this Policy, the Board of Directors shall carry out the following duties and responsibilities:

- 1.1. Observe good governance and approve policies and procedures, as well as changes on the handling of RPTs, to ensure that the adoption of a group-wide RPT policy and effective compliance with existing laws, rules and regulations would always result to RPTs that are conducted on an arm's length basis, and that no stakeholder is unduly disadvantaged.
- 1.2. Approve all material RPTs, particularly (i) those that crossed the materiality threshold; (ii) the renewal or material changes in the terms and conditions of RPTs including, but not limited to, changes in the price, interest rate, maturity date, payment terms, commissions, fees, tenor and collateral requirement of RPTs; and (iii) the write-off of material exposures to Related Parties.
- 1.3. Establish an effective system for (i) the identification and monitoring of Related Parties and RPTs; (ii) for the continuous review and evaluation of existing relationships between and among businesses and counterparties; and (iii) for the identification, measurement, monitoring and control of the risks arising from RPTs.
- 1.4. Ensure maintenance of adequate capital against risks associated with exposures to Related Parties and consideration of risks from material RPTs in the Company's capital planning process; and
- 1.5. Oversee the integrity, independence, and effectiveness of the policies and procedures for whistleblowing; ensure that the senior management addresses legitimate issues raised regarding RPTs; and guarantee the protection of the stakeholders/employee/s raising the concerns.

## 2. Risk Management Committee (RMC)

The RMC, governed by a Charter, is created primarily to assist the Board in performing its oversight functions to avoid potential conflicts of interest with substantial shareholders, board members, management, and other stakeholders of the Group. The RMC shall be composed of at least three (3) appropriately qualified Non-Executive Directors (NEDs), majority of whom shall be Independent Directors (IDs), including the Chairman.

The RMC oversees the evaluation of RPTs that present the risk of potential abuse. It ensures that processes and approvals are conducted at arm's length basis and that sound and objective judgment is exercised in deciding for the best interest of the Company. The RMC is further responsible to review and endorse RPTs to the Board for its approval/notation.

With respect to this Policy, the duties and responsibilities of the RMC shall include:

- 2.1. Review and approval of policy guidelines and the implementation of procedures for handling relevant RPTs to ensure effective compliance with existing laws, rules and regulations, and global best practices.

The Policies/ Manuals of the different departments of the Company pertaining to RPTs shall be reviewed/approved by the appropriate board committees and confirmed by the Board. The Manuals will likewise be presented to the RMC for notation.

- 2.2. Evaluation, on an ongoing basis, existing relations between and among businesses and counterparties to ensure that all Related Parties are continuously identified; that RPTs are monitored; and that subsequent changes in relationships with counterparties, from non-related to related and vice versa, are captured;
- 2.3. Evaluation of all material RPTs to ensure that these are conducted in the regular course of business (fair process); that they are not undertaken on more favorable economic terms (e.g., price, commission, interest rates, fees, terms, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances (fair terms); that no corporate or business resources of the Company are misappropriated or misapplied; and that any potential reputational risk issues that may arise as a result of or in connection with these transactions is determined.
- 2.4. In the evaluation of RPTs, the RMC shall take into account the following:
  - Related Party's relationship to the Company and interest in the transaction;
  - Material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  - Benefits to the Company of the proposed RPT;
  - Availability of other sources of comparable products or services; and
  - 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.
- 2.5. Ensure that appropriate disclosure is made and/or that information relating to the Company's RPT exposures and policies on conflicts of interest or potential conflicts of interest are provided to regulating and supervising authorities;
- 2.6. Endorsement to the Board the Material RPTs;
- 2.7. Reporting to the Board of Directors, on a regular basis, the Material RPTs, including the status and total amount of aggregate exposures to related parties;
- 2.8. Overseeing of periodic independent review or audit of transactions with Related Parties, including the write-off of material exposures;

In the event that there are critical issues on RPTs, findings either from the Internal Audit (IA) or the External auditors, or the examination results from regulatory agencies, shall be presented to the RMC.

- 2.9. Overseeing the system implementation for identifying, monitoring, measuring, controlling and reporting of RPTs, including the periodic review of RPT policies and procedures.

### **3. Senior Management**

For purposes of this Policy, the Senior Management shall have the following duties and responsibilities:

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- 3.1. Implementation of appropriate controls to effectively manage and monitor RPTs on per transaction and aggregate basis. Exposures to related parties shall also be monitored on an ongoing basis to ensure compliance with the applicable board-approved Company policies, as well as regulatory requirements;
- 3.2. Quarterly review and update of the Related Party Registry, as covered by this Policy, to capture organizational and structural changes in the Company and its related parties;
- 3.3. Adoption and proper implementation of RPT policies and procedures to comply with regulatory reporting requirements;
- 3.4. Ensure that RPTs are at all times conducted on arm's length basis;
- 3.5. Conduct, through the IA, of a periodic formal review of the effectiveness of the Company's system and internal controls governing RPTs to assess its consistency with the board-approved policies and procedures. The results of the audit shall be directly reported to the RMC; and
- 3.6. Ensure that the Company complies with relevant rules and regulations and is informed of regulatory developments in areas affecting Related Parties; aid in the review of the Company's transactions and identify any potential RPT that would require review by the Board or RMC; and ensure that the RPT policy is kept updated and properly implemented throughout the Company.

## **V. COVERAGE OF RPT POLICY GUIDELINES**

This Policy shall cover transactions which (i) gives rise to credit and/or counterparty risks; (ii) could pose material risk or potential abuse to the Company and its stakeholders; and (iii) are entered into with unrelated parties that subsequently become Related Parties. Moreover, this Policy shall include guidelines to determine whether the transactions entered into or to be entered into by the Company can be considered an RPT, considering its business.

### **1. Covered Related Parties:**

- 1.1 Directors, Officers and Substantial Shareholders;
- 1.2 Spouses and relatives of Directors, Officers and Substantial Shareholders within the fourth (4<sup>th</sup>) civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the Company.
- 1.3 Parent;
- 1.4 Subsidiaries;
- 1.5 Fellow subsidiary;
- 1.6 Associates;
- 1.7 Affiliates;
- 1.8 Joint Ventures; and
- 1.9 Entities controlled, jointly controlled or significantly influenced or managed by a person who is a related party.

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## 2. Materiality threshold of RPTs

Following the SEC guidelines and other related rules and regulations, and further subject to the approval/notation and endorsement by the RMC to the Board for approval, the threshold for determining the materiality of a transaction is set at ten percent (10%) of the Company's total assets based on its latest audited financial statement. The total assets shall pertain to its total consolidated assets.

Transactions amounting to ten percent (10%) or more of the total assets that were entered into with an unrelated party which subsequently becomes a Related Party may be excluded from the limits and approval process required by this Policy. However, any alteration to the terms and conditions, or increase in the exposure level related to these transactions after the non-Related Party becomes a Related Party, shall subject the material RPT to the requirements of this Policy. The prospective treatment should, however, be without prejudice to regulatory actions that may be enforced for transactions noted to not have been conducted on an arm's length basis.

## 3. Conflict of Interest arising from RPTs

3.1 Directors must avoid conflicts or potential conflicts of interest, which includes, but is not limited to the following circumstances:

- When an individual's private or related interests interfere or are perceived to interfere in any way, with the interests of the Company as a whole;
- When a director takes actions or has interests that may make it difficult for him to preserve his objectivity and carry out his tasks effectively; and
- When a director, or a member of his family, receives improper personal benefits as a result of his position in the Company;

3.2 All employees have a duty to ensure that no personal transaction will be in conflict with their corporate and customer responsibilities. Accordingly, employees shall not buy or sell a security on the basis of knowledge:

- Of a probable change in investment attitude and consequent action by the Company with respect to that security;
- That the Company is effecting or proposes to effect transactions in the security or other transactions which may affect the price of the security to a material degree; or
- That the Company is contemplating a transaction of any kind that would have a material effect on a particular company or security.

3.3 If actual or potential conflict of interest may arise on the part of the employee, he is obligated to disclose in writing to the Company his participation, whether direct or indirect, in any endeavor which may constitute an actual or potential conflict of interest with that of the Company and its subsidiaries or affiliates.

3.4 Members of the Board, substantial shareholders, and management shall disclose to the Board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matter affecting the Company.

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- 3.5 Directors and officers with personal interest in the transaction shall abstain from the discussion, approval and management of such transaction or matter affecting the Company.
- 3.6 Any query about a Director or an employee's actual or potential conflict of interest arising from RPTs with the Company should be brought promptly to the attention of the RMC and the Nomination and Compensation Committee (NCC). These committees shall evaluate the situation and determine an appropriate course of action, including whether consideration or action by the full Board is necessary. Directors involved in any conflict of interest or potential conflict of interest shall disassociate from participating in any decision related thereto.

4. Whistle blowing mechanism.

The Company's stakeholders are encouraged to report any suspected or actual commission of theft/fraud, violation of ethical standard, law, rule or regulation and/or any misconduct by its directors, officers or staff consistent with the board-approved corporate values and codes of conduct and in accordance with the existing board-approved Whistle-blower Policy.

5. Remedies for abusive material RPTs

The Company's existing policy procedures and penalties under the Code of Business Conduct and Ethics shall apply for the restitution of losses and other remedies for abusive RPTs. The imposition of the foregoing penalties shall be without prejudice to any other administrative penalties that may be imposed by SEC, and/or civil or criminal penalties, as may be provided by the Revised Corporation Code of the Philippines, Securities Regulation Code, and other related laws.

## VI. GENERAL POLICIES AND PROCEDURES

- 1. As dealings of the Company on RPTs cannot be avoided, it should be 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.
- 2. The members of the Board, substantial shareholders, and of the management shall disclose to the Board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matters affecting the Company. Directors and officers involved in possible conflicts of interest shall disassociate themselves from participating in the decision-making process and abstain in the discussion, approval and management of such transaction or such other matters affecting the Company. The RMC should promptly inform the NCC of the directors'/officers' actual/potential conflicts of interest with the Company, as and when necessary.
- 3. Heads of Office/Business Units should annually update the RPT Policy of their respective Operating Manuals and align the same with the established RPT Policy of the Company.
- 4. In order to prevent abuses arising from exposures to Related Parties on the covered transactions, as well as to address conflict/s of interest, this Policy was created to set the

following guidelines to be observed by the Company in dealing with RPTs: (1) Exposures to Related Parties/companies and individuals must be conducted at an arm's length basis; (2) these exposures must be effectively monitored; (3) appropriate steps are taken to control or mitigate the risks; and (4) material exposures must be written off and made according to standard policies and processes.

These essential elements of RPT regulations are as follows:

#### 4.1 Conducted on arm's length basis

Dealings of a Company with any of its related parties should be done in the regular course of business and upon terms not less favorable to the Company than those terms and services offered to others (fair process), i.e., price, commissions, interest rates, fees, tenor, collateral requirement. Likewise, it should not undertake on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances (fair terms).

All transactions entered into by the Company with Related Parties should be fair, under terms similarly offered to unrelated third parties, and for the best interest of the Company. The price mechanism may include, but is not limited to, appointing an external independent party to evaluate the fairness of the transparent price. An external independent party may include, but is not limited to, auditing/accounting firms and third party consultants and appraisers.

#### 4.2 Exposures effectively monitored

The respective departments of the Company responsible for the RPT must have a fully functional record-keeping system to allow them to properly document the RPTs. The mandatory periodic regulatory reporting requirement will form part of the monitoring system that the Company shall establish.

#### 4.3 Appropriate steps are taken to control or mitigate the risks

#### 4.4 Relevant RPT policies and procedures are established to allow the Company to control or mitigate risk exposures from RPTs.

#### 4.5 Material exposures are made according to existing standard policies and processes and are written-off.

Write-offs of material exposures are allowed only after securing prior approvals from the Company's Board of Directors.

## **VII. GUIDELINES COVERING THE APPROVAL PROCESS OF RPTs**

### 1. Identification of RPTs.

The respective departments responsible for the RPT are directly responsible for the determination, full disclosure and reporting of the Company's dealings with Related Parties which should be based on Board-approved policies incorporated in their respective manuals.

They are likewise responsible in obtaining the appropriate approvals/endorsement of the RPTs from the respective board committees with delegated authorities and for submitting the same proposals to the RMC five (5) days before a scheduled RMC meeting, using the prescribed memo template.

2. The following factors shall be considered in evaluating material RPTs and shall be indicated in the RPT proposals:

- complete name of the related party;
- relationship of the parties;
- execution date of the material RPT;
- financial or non-financial interest of the related parties;
- type and nature of transaction as well as a description of the assets involved;
- total consolidated assets;
- amount or contract price;
- percentage of the contract price to the total assets of the Company;
- carrying amount of collateral, if any;
- terms and conditions; and
- rationale for entering into the transaction;

3. The RMC shall review, approve and endorse to the Board for final approval All Material RPTs.

The Corporate Secretary shall provide the members of the RMC a copy of the agenda to verify whether there are RPTs requiring the RMC's review/approval/endorsement. Moreover, to ensure that the RPTs are conducted at arm's length, such transactions should be processed and approved as part of the regular operating procedures.

4. The RMC may also review, approve and/or endorse to the Board such RPTs directly endorsed by management, regardless of any financial consideration, if the transaction is likely to have a significant impact on the Company's operations or regulatory compliance.

5. All material RPTs approved by the Board, including the nature, terms, conditions, original and outstanding individual and aggregate balances, justification and other details pertaining thereto must be clearly disclosed during the shareholders' meeting and duly reflected in the minutes of Board and shareholders' meetings.

All individual material RPTs, including aggregate RPT transactions within a twelve (12) month period that breaches the materiality threshold of ten percent (10%) of the Company's total assets, shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the Independent Directors voting to approve the material RPT. In case a majority of the Independent Directors' vote is not acquired, the material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

Directors with personal interest in the transaction should abstain from participating in the discussions and from voting on the said transaction. In case such Directors refuse to abstain, their attendance shall not be counted for the determination of the existence of a quorum. Likewise, their votes shall not be counted for purposes of determining the approval of the transaction.

## 6. RPT not approved under this Policy.

In the event the Company becomes aware of an RPT that was approved by a committee other than the RMC prior to its consummation, the transaction shall immediately be referred to and reviewed by the RMC. Should the RPT be found to be in violation of the guidelines as provided in this Policy, the RMC shall consider all of the relevant facts and circumstances regarding the RPT and shall evaluate all options available to the Company, including the ratification, revision or termination of the RPT. The appropriate board committee shall also examine the facts and circumstances pertaining to the failure to report such RPT to the RMC, and shall take any such action it deems appropriate. These RPTs will be for the RMC notation and endorsement to the Board for confirmation.

## VIII. RELATED PARTY TRANSACTIONS REPORTING

The Board, through the RMC, exercises appropriate oversight in the implementation of the control system for managing RPT exposures. It ensures that RPTs are handled in sound and prudent manner, with integrity, conducted at arm's length basis, and in compliance with this Policy.

For purposes of this Policy, the following procedure shall be observed in dealings entered into with Related Parties:

- The department seeking to enter into an RPT shall submit to the RMC for its review, approval/notation the subject RPT proposal which shall thereafter be endorsed to the Board for approval;
  - ✓ Refer to **Annex A** (Approval Sheet, RMC Evaluation Template & Guidelines in Accomplishing the Template)
- Upon approval of the Board, and prior to the execution date of the RPT, the same department shall likewise report the subject RPT to the Corporate Secretary;
- Within three (3) calendar days from the execution date of the transaction, the Corporate Secretary or the authorized representative shall file with the SEC an Advisement Report of the said material RPT to; and
  - ✓ Refer to **Annex B** (Advisement Report)
- Material RPTs shall be disclosed by the Corporate Secretary through the Company's Integrated Annual Corporate Governance Report (I-ACGR) to be submitted every 30<sup>th</sup> of May of each year.

## IX. ASSESSMENT AND MONITORING

The assessment and monitoring of the reports and internal controls on transparency of RPTs shall be conducted by independent groups composed of the IA and Chief Compliance Officer (CCO), who shall directly report to the Board through the RMC:

1. The IA shall conduct a periodic formal review of the effectiveness of the Company's system and internal controls governing RPTs to assess its consistency with the board-approved policies and procedures. The results of the audit shall be directly reported to the RMC.
2. The CCO shall be primarily responsible in ensuring that the Company is compliant with relevant rules and regulations and is informed of regulatory developments in areas affecting Related Parties. The CCO shall likewise aid in the review of the Company's transactions and identify any potential RPT that would require review by the Board or the RMC. The CCO shall ensure that the RPT policy is kept updated and is properly implemented throughout the Company.

## X. DISCLOSURES/REPORTS

In addition to the required reports for Material RPTs, disclosure in the Annual Report of the (i) policies and procedures for managing RPTs, including managing of conflicts of interest or potential conflicts of interest; (ii) responsibility of RMC; and (iii) nature, terms and conditions, as well as original and outstanding individual and aggregate balances, including off-balance sheet commitments coming from material RPTs, shall be required.

## XI. SUPERVISORY ENFORCEMENT ACTION

The SEC may issue against the Company and other responsible persons, directives or sanctions, including but not limited to, restrictions or prohibitions from certain authorities/activities and/or warning, reprimand, suspension, removal and disqualification of the concerned Company directors, officers and employees.

## XII. REFERENCES:

<i>Reference/Source</i>	<i>Subject</i>
<i>SEC Memo Cir. No.6 S2009 &amp; No. 9 S2014</i>	Revised Code of Corporate Governance
<i>2015 SRC IRR</i>	Securities Regulation Code
<i>SEC Memo Cir. No. 19 S2016</i>	Code of Corporate Governance for PLCs
<i>SEC Memo Cir. No. 10 S2019</i>	Rules on Material Related Party Transactions for Publicly-Listed Companies
<i>Company's Revised Manual on Corporate Governance (2019)</i>	Duties and Responsibilities of the Board of Directors and the RMC
<i>Risk Management Committee Charter</i>	Duties and Responsibilities of the RMC
<i>Company's Code of Ethics and Business Conduct</i>	Whistle-blowing Policy

*Approved:*

**DR. LUCIO C. TAN**  
Chairman and Chief Executive Officer

**ATTY. MARIVIC T. MOYA**  
Compliance Officer