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| Title | Material Related Party Transaction Policy | Initial Issue Date | 11 Nov 2019 |
| Policy Owner | Audit and Risk Management Committee | Revision Date | - |
| Approved by | Board of Directors | Version No. | 1 |

1.0 Policy Statement

Transactions between and among related parties may create synergy, serve specific business purposes and generate tangible financial, commercial and economic benefits to Keppel Philippines Holdings, Inc. ("KPHI" or the "Corporation") or any of its subsidiaries, associates or affiliates. Within this context, the Corporation generally allows Related Party Transactions (RPTs) in the normal course of its business.

However, RPTs shall be subject to review, approval, disclosure and monitoring. This is to ensure that every RPT is made at arm's length, the terms are fair, and they will inure to the best interest of the Corporation, its shareholders, subsidiaries and affiliates and they are compliant with legal and regulatory requirements.

2.0 Coverage

This Policy shall apply to related party transactions that meet the Materiality Threshold as defined herein, and shall cover KPHI and its subsidiaries, associates or affiliates.

3.0 Definition of Terms

3.1 Defined Terms ¹

1. **Affiliate** - An entity linked directly or indirectly to Corporation through any one or a combination of any of the following:
 - a. 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 Corporation, or vice-versa;
 - b. Interlocking directorship or officership, except in cases involving Independent Directors as defined under existing regulations;
 - c. Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Corporation and the entity; or
 - d. Management contract or any arrangement granting power to the Corporation to direct or cause the direction of management and policies of the entity, or vice-versa.
2. **Arm's Length Principle** – The principle that requires the transaction with a Related Party be made under comparable conditions and circumstances as a transaction with an independent party. It is founded on the premise that if market forces drive the terms and conditions agreed upon in an independent party transaction, the pricing of the transaction would reflect the true economic value of the contributions made by each entity in that transaction.
3. **Associate** – An entity over which the Corporation holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the Corporation has significant influence.

¹ Definitions are based on or guided by the definitions set out in the Material RPT Rules, Philippine Accounting Standards 24 and 28, Philippines Financial Reporting Standards 10 and 11, and other relevant laws and regulations.

4. **Audit and Risk Management Committee** - The Audit and Risk Management Committee of KPHI.
5. **Board of Directors or Board** - The Board of Directors of KPHI.
6. **Control** - A person or an entity controls the Corporation if the person or entity has all of the following:
 - a. Power over KPHI;
 - b. Exposure, or rights, to variable returns from its involvement with KPHI; and,
 - c. The ability to use its power over KPHI to affect the amount of the KPHI's returns.
7. **Material Related Party Transactions or Material RPTs** – Any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of a company's total assets based on its latest audited financial statement.
8. **Material RPT Rules** - Refers to the Securities and Exchange Commission (SEC) Memorandum Circular No. 10, Series of 2019, or the Rules on Material Related Party Transactions for Publicly-Listed Companies.
9. **Materiality Threshold** – Ten percent (10%) of the Corporation's total assets based on its latest audited financial statement. If the Corporation is the Parent Company, the total assets shall pertain to its total consolidated assets.
10. **Parent** - An entity that controls one or more entities.
11. **Related Party(ies)** – Covers the Corporation's directors, officers, substantial shareholders and their spouses or relatives within the fourth degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the Corporation. It also covers the Corporation'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 or entity who is a related party.
12. **Related Party Registry** - A record of the organizational and structural composition, including any change thereon, of the Corporation and its related parties.
13. **Related Party Transaction or RPTs** – A transfer of resources, services, or obligations between the Corporation and a related party, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.
14. **Significant influence** – The power to participate in the financial and operating policy decisions of the company but has no control of those policies.
15. **Subsidiary** – A corporation more than fifty percent (50%) of the voting stock of which is owned or controlled, directly or indirectly, through one or more intermediaries, by another corporation, which thereby becomes its parent corporation.
16. **Substantial Shareholder** – Any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of the Corporation's equity security.

3.2 Interpretation

1. Unless the context otherwise requires:
 - i. words in the singular include the plural, and vice versa; and,
 - ii. words importing any gender include all genders.

2. A reference to a statute or statutory provision shall be construed as a reference to that statute or provision as from time to time amended, modified or re-enacted, any repealed statute or statutory provision which it re-enacts, and any orders, rules or regulations made under the relevant statute or statutory provision.
3. The headings in this Policy are inserted solely for convenience of reference and shall not limit or affect the interpretation of the provisions hereof.

4.0 Identification of Related Parties

- 4.1 The Corporation's related parties shall include persons and entities that fall under the definition of "Related Parties" as defined in Section 3.1 hereof, and in accordance with the Material RPT Rules.
- 4.2 The Compliance Officer shall identify and prepare a list of the Corporation's related parties, and shall establish and maintain in his/her custody a Related Party Registry which will include the processes and controls to ensure the accuracy and completeness thereof. It shall be reviewed and updated quarterly in order to document organizational and structural changes of the Corporation and its Related Parties.

5.0 Coverage and Materiality Threshold

- 5.1 This Policy shall cover all RPTs meeting the Materiality Threshold.
- 5.2 Transactions amounting to ten percent (10%) or more of the total consolidated assets of the Corporation that were entered into with a non-related party that subsequently becomes a related party may be excluded from the limits and approval process required in this Policy.

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 the Material RPT to the requirements contained in this Policy and the Material RPT Rules. 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.

- 5.3 The Corporation may set a threshold lower than the materiality threshold provided under the Material RPT Rules upon determination by the Board of the risk of the RPT to cause damage to the Corporation and its shareholders. The adjusted threshold, when applicable, shall be contained in this Policy.

6.0 Review and Approval of Material Related Party Transactions

- 6.1 All individual Material RPTs shall be subject to the review and approval process set out under Section 6.0 hereof.

Should the aggregate RPTs within a twelve (12) month period covering the same Related Party breaches the Materiality Threshold of ten percent (10%) of the Corporation's total assets, the same voting requirement provided in this section for individual transactions that meets and exceeds the Materiality Threshold is required.

- 6.2 Each Material RPT shall be subject to prior review by the Audit and Risk Management Committee to determine whether the same meets the following standards:
 - a. it is on arm's length;
 - b. it is to the best interest of the Corporation and its stockholders, as a whole, considering the relevant factors and circumstances (the "RPT Standards")

- 6.3 In the review and approval of the Material RPTs, the Audit and Risk Management Committee shall consider the following factors:
- i. The related party's relationship to KPHI and interest in the transaction;
 - ii. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - iii. The benefits to the Corporation for entering into such transaction;
 - iv. The extent of the Related Party's interest;
 - v. Aggregate value of the Material RPT;
 - vi. The availability of other sources or comparable products or services; and
 - vii. 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
- 6.4 The members of the Board, Substantial Stockholders, and Managements shall disclose to the Board of Directors all material facts related to the Material RPT, whether potential or actual conflict of interest, including their direct and indirect final interest in any transaction or matter that may affect or is affecting the Corporation. Such disclosure shall be made at the meeting where the Material RPT will be presented for approval and, in any case, before the completion and execution of the Material RPT.
- 6.5 Upon determination by the Audit and Risk Management Committee that the Material RPT meets the RPT standards, the same shall be endorsed and submitted to the Board for final review and approval.
- 6.6 All individual Material RPT 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.
- 6.7 In case that a majority of the independent directors' vote is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation.
- 6.8 Directors with personal interest in the transaction shall abstain from the discussion, approval, and management of the Material RPT. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

7.0 Guidelines in Ensuring Arm's Length Terms

- 7.1 The Corporation shall ensure that the RPTs entered into are on arm's length terms in accordance with the arm's length principle as defined in this Policy.
- 7.2 Material RPTs shall be conducted in the manner similar to transactions made in the regular course of business. The Corporation shall ensure that no preferential treatment shall be given to related parties that are not extended to non-related parties under similar circumstances in accordance with applicable laws and regulations.
- 7.3 Before the execution of the Material RPT, the Board of Directors shall appoint an external independent party, who may include, but is not limited to, auditing or accounting firms and third-party consultants and appraisers, to evaluate the fairness of the terms of the material RPTs. In case of loan to a related party, a quote from three (3) banks of similar tenor shall be secured with the lowest offer to serve as the basis in determining the interest rate for the transaction. The independent valuation of the fairness of the transparent price ensures the protection of the rights of the stockholders and other stakeholders.
- 7.4 The Corporation shall, as appropriate, implement an effective price discovery mechanism to ensure that Material RPTs are engaged into at terms that promote the best interest of the Corporation and its stakeholders, as a whole. The price discovery mechanism may include,

but is not limited to, the validation procedures to determine the nature, components, and price of the service to be provided, acquiring the services of an external expert, and where applicable, opening the transaction to a bidding process, canvassing or benchmarking, or any applicable due diligence procedures.

8.0 Disclosure and Reporting of Material RPTs to Regulators

- 8.1 Material RPTs are required to be disclosed and reported in the Corporation's filings with the SEC and Philippine Stocks Exchange ("PSE") shall be disclosed in accordance with laws, rules, and regulations, Philippine Financial Reporting Standards.
- 8.2 Apart from the foregoing, the Corporation shall submit the following documents to the SEC:
- i. Advisement Report of any Material RPT filed within three (3) days from the execution date of the transaction. The Advisement Report shall be signed by the Corporation's Corporate Secretary or authorized Representative.
 - ii. A summary of the Material RPTs entered into during the reporting year which shall be disclosed in the Corporation's Integrated Annual Corporate Governance Report (I-ACGR).
- 8.3 The Corporation shall also disclose information about the Material RPT necessary for an understanding of the potential effect of the relationship on the financial statements. The disclosures shall include:
- i. Complete name of the related party;
 - ii. Relationship of the parties;
 - iii. Execution date of the material RPT;
 - iv. Financial and non-financial interest of the related parties;
 - v. Type and nature of transaction as well as a description of the assets involved;
 - vi. Total assets (consolidated assets, since KPHI is the Parent Company);
 - vii. Amount or contract price;
 - viii. Percentage of the contract price to the total assets KPHI;
 - ix. Carrying amount of collateral, if any;
 - x. Terms and conditions;
 - xi. Rationale for entering into the transaction; and
 - xii. The approval obtained.
- 8.4 The Material RPT Policy with accessible link shall be posted on the Corporation's website within five (5) days from submission to the SEC.

9.0 Conflict of Interest

- 9.1 A Director, Executive or Officer with an actual or potential conflict shall fully and immediately disclose the same and shall not participate in the discussion and decision-making process. A Director with actual or potential conflict shall abstain from voting on the approval of the transaction.
- 9.2 Directors shall disclose to the Board of Directors, through the KPHI's Corporate Secretary, details of all their other directorships and shareholdings owned by them or members or their family. Any changes to these disclosures must be communicated promptly to the Board of Directors through KPHI's Corporate Secretary.
- 9.3 Regardless of the amount of the transaction or contract, it is the responsibility of each Director and Corporate Officer to:

- i. Promptly notify the Corporate Secretary as soon as he becomes aware of any transaction with KPHI or other Related Parties where such a director or corporate officer or their respective related interests are a party to or stands to benefit from such transaction, and,
 - ii. Obtain approval from the Board of Directors prior to entering into the transaction. For the avoidance of doubt, RPTs involving a Director or Corporate Officer shall be approved by the Board of Directors regardless of amount.
- 9.4 Contracts or transactions involving Directors of Corporate Officers referred to above shall be voidable at the option of KPHI, or the relevant business unit, unless the following conditions are present:
- i. The presence of the Director in the board meeting in which the contract or transaction was approved was not necessary to constitute a quorum for such meeting;
 - ii. The vote of such Director was not necessary the approval of the contract;
 - iii. The contract is fair and reasonable under the circumstances; and
 - iv. In case of Corporate Officer, the contract has been previously authorized by the Board of Directors.
- 9.5 The disclosure, handling and management of such conflict of interest shall be further guided by related policies on conflict of interest of the Corporation.
- 9.6 The Corporation may adopt such other policies as the Board or the Management may deem necessary to ensure that potential or actual conflict of interest that may arise from or in connection with Material RPTs are identified, prevented or managed in accordance with the Material RPT Rules.

10.0 Whistle-Blower Mechanisms

- 10.1 The Corporation shall implement effective whistleblowing mechanisms consistent with its corporate values and code of conduct, with respect to the reporting of illegal, unethical or questionable Material RPTs.
- 10.2 The Corporation's existing Whistle-Blower policy and mechanism shall apply to all Related Party Transactions. Any update or changes thereto shall automatically be applied to and become part of the Corporation's RPT policy. Such whistleblowing mechanisms, as embodied in the Corporation's Whistle-Blower Policy, include but are not limited to the following:
- a. Role of the whistle-blower and persons receiving the protected report
 - b. Responsibilities of employees and other persons disclosing reportable conduct
 - c. Reporting Mechanisms
 - d. Reporting Manner and Substance
 - e. Investigation
 - f. Protection from Reprisal
 - g. Administrative and Disciplinary Measures

11.0 Policy Review, Implementation and Post Verification of Related Party Transactions

- 11.1 The Audit and Risk Management Committee through the Internal Auditor shall perform periodic post verification of the RPTs to ensure that the terms and conditions recommended by the Committee and approved by the Board of Directors are properly and correctly implemented.
- 11.2 The Internal Auditor and Compliance Officer shall conduct a periodic review of the effectiveness of the Corporation's system and internal controls governing Material RPT to assess consistency with the board approved policies and procedures at least once a year. The resulting audit reports, including exceptions and breaches in limits shall be communicated directly to the Audit and Risk Management Committee.

- 11.3 The Corporation's Compliance Officer shall ensure that the Corporation complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. He/she shall assist in the review of the Corporation's transactions and identify potential Material RPT that would require review and approval by the Board. The Compliance Officer shall ensure that the Corporation's Material RPT policy is kept updated and is properly implemented throughout the Corporation.
- 11.4 The Compliance Officer shall support the Audit and Risk Management Committee in the rendition of its functions by providing the secretarial support for this purpose. It shall serve as the central database for RPTs. The Compliance Office shall attend the Audit and Risk Management Committee meetings when advised.
- 11.5 The amendment of the RPT Policy shall be approved by (i) majority of the Board of Directors and (ii) majority of the stockholders constituting a quorum.

12.0 Remedies for Abusive Material RPTs

- 12.1 Abusive Material RPTs pertain to Material RPTs that are not entered at arm's length and unduly favor a related party. Remedies and penalties for Abusive Material RPTs shall include, but are not limited to, the following:
 - a. As provided in Section 5(c) of the Material RPT Rules and pursuant to Sections 26 and 27 of the Revised Corporation Code of the Philippines, an interested director or officer of a corporation shall be disqualified from being a director, trustee or officer of any other corporation on the basis of a final judgment rendered by a court of competent jurisdiction against the interested director or officer for Abusive Material RPTs. The disqualification shall be for a period of at least one (1) year or more, as may be determined by the SEC.

The imposition of the foregoing penalties shall be without prejudice to any other administrative penalties that may be imposed by the SEC, and/or civil or criminal penalties, as may be provided in the Revised Corporation Code of the Philippines, Securities Regulation Code, and other related laws.
 - b. Personnel, officers or directors who, after due process, are found to have willfully or negligently failed to perform their duties in handling Material RPTs shall be subject to the penalties as provided in the Corporation's policies, including but not limited to its Code of Conduct.
 - c. Those responsible for losses incurred by the Corporation arising out of or in connection with Abusive Material RPTs shall indemnify the Corporation for such losses as well as for the opportunity costs.
- 12.2 The Corporation shall adopt and implement measures that would cut losses and allow recovery of losses or opportunity costs incurred by the Corporation arising out of or in connection with Abusive Material RPTs. Such measures may include, but are not limited to, the invalidation of the transaction in the cases allowed by law, and/or the filing by the Corporation of appropriate cases in the court(s) of competent jurisdiction or other appropriate fora.

13.0 Effectivity

The RPT Policy shall take effect upon approval by the Board of Directors.

Signed:

Paul Tan


Chairman of the Board

Atty. Ma. Melva E. Valdez


Corporate Secretary

Felicidad V. Razon


Compliance Officer