

## **RELATED PARTY TRANSACTIONS COMMITTEE CHARTER**

### **I. INTRODUCTION**

This Related Party Transactions Committee Charter (this “Charter”) sets out the purpose, composition and qualifications, functions and responsibilities of the Related Party Transactions Committee (“Committee”) and the rules of procedure that will guide the conduct of its functions.

### **II. PURPOSE**

Pursuant to the Corporate Governance Code and the Corporation’s Manual on Corporate Governance (“CG Manual”), the Board of Directors of the Corporation (“Board”) constituted the Committee to review all material related party transactions (“RPTs”) of the Corporation. The Committee is accountable to the Board for its performance and obligations.

### **III. COMPOSITION**

The Committee shall be composed of at least three (3) non-executive directors, two (2) of whom, including the Chairperson, shall be independent.

All of the members of the committee must have the qualifications and none of the disqualifications of a director as set out in the Manual.

The Board of Directors will appoint the members of the Committee at the organizational board meeting that follows each annual stockholders’ meeting or at any earlier time as the Board of Directors may deem necessary.

In the event that any member of the Committee tenders his/her resignation from the Committee, such resignation shall become effective upon acceptance of the Board.

The Chairperson of the Committee or any of tis members may be removed from office only by action of the Board.

#### **IV. MEETINGS; COMMITTEE APPROVALS**

The Committee shall meet at such times and places as it considers appropriate. The Chairperson may call a meeting at any time as needed. A notice of each meeting setting out the date, time, venue, and agenda shall be sent to each member of the Committee at least two (2) working days prior to the date of the meeting.

All committee members are expected to attend each meeting, in person or via tele- or video-conference. The meetings are limited to the committee members and whoever is authorized by the Committee to attend. In the absence of the Chairperson during any meeting, a chairperson for the meeting shall be designated by the members present.

As necessary, the Committee will invite members of management and organization staff or any independent adviser to provide pertinent information or data.

A majority of the members of the Committee shall constitute a quorum for the transaction of the committee's business.

The Committee shall act only on the affirmative vote of a majority of its members at a meeting or, to the extent allowed by law, by unanimous written consent of the members.

The Corporation's Corporate Secretary shall be the secretary of the Committee. Full minutes of the proceedings of, and resolutions made during, Committee meetings shall be kept by the Corporate Secretary. Notices, minutes, agenda and materials presented during meetings will be made available to any Committee member upon request to the Corporate Secretary.

The Committee shall have full access to management, personnel and records for the purpose of performance of its duties and responsibilities hereunder. The Committee may also obtain external legal counsel or independent professional advice if it considers it necessary in the performance of its functions. The Committee shall be provided with sufficient resources by the Corporation to discharge its duties.

#### **V. DUTIES AND RESPONSIBILITIES**

The Committee shall perform the following duties and responsibilities, among others:

- A. Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified,

RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships shall be reflected in the relevant reports to the Board and regulators/supervisors;

- B. Evaluate all material RPTs to ensure that these are 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 and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, 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. The Company shall have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- C. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure shall include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;
- D. Report to the Board on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- E. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;
- F. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures;

- G. Perform other activities which the Committee deems appropriate as necessary and desirable for the performance of its duties and functions under this Charter, as well as such other responsibilities which the Board may assign to the Committee from time to time.

## **VI. REPORTING PROCEDURES**

The Chairperson of the Committee, or in his absence, the member elected by the members present in a meeting, shall report at the meeting of the Board the decisions and recommendations made by the Committee during the meeting it has convened in the next scheduled Board Meeting.

The Committee shall prepare such reports as may be necessary to document the activities of the Committee in the performance of its functions and duties. Such reports shall be included in the Corporation's annual report and other corporate disclosures as may be required by the Securities and Exchange Commission and/or the Philippine Stock Exchange, Inc.

## **VII. PERFORMANCE EVALUATION; CHARTER REVISION**

The Committee shall periodically assess its effectiveness by comparing its performance with the requirements of this Charter and the Manual to ensure compliance with this Charter, the Manual, and best practice. The assessment will also form the basis for the formulation of objectives and plans for the improvement of the Committee's performance.

The Committee may likewise be subject to an independent assessment by the Board of Directors.

They shall also review and assess the adequacy of this Charter annually or as conditions dictate to ensure that this Charter is continuously aligned and consistent with the objectives and responsibilities of the Board. It shall recommend any modifications to this Charter as deemed appropriate and obtain the approval of the Board or any such modifications.