



POLICY ON RELATED PARTY TRANSACTIONS (RPT)

A. POLICY AND OBJECTIVE:

This policy sets out the guidelines and procedures that would ensure the integrity, fairness and transparency for related party transactions of Roxas & Company, Inc. (RCI).

Every related party transaction shall be conducted in a manner that will protect the company from conflict of interest. A process of review, approval or authorization and disclosure of transactions covered by this policy shall be followed in compliance with legal and regulatory requirements.

B. DEFINITIONS:

1. RELATED PARTIES

Parties are considered related if one party has the ability to control or exercise significant influence over the other party in making financial and operating decisions.

These include:

- a. All Entities in the RCI Group, including the parent company, subsidiaries, joint ventures, special purpose entities, associates or affiliates;
- b. Major Stockholders, Directors, Senior Officers, Managers and key Management Personnel having authority, responsibility and significant control of the activities of any entity within the RCI Group including interlocking director relationships;

- c. Family members and individuals who directly or indirectly through intermediaries may be expected to have significant influence in their dealings with the RCI Group including close members of the family of any such individuals such as spouses, children, dependents and parents;
- d. Post-employment plans for the benefit of the employees of any of the companies under the RCI Group.

2. RELATED PARTY TRANSACTION (RPT)

Any transfer of financial or non-financial resources, services or obligations between the RCI Group and its related parties in which any one of the related party has the ability to control the outcome of a proposed transaction.

These include but are not limited to the following transactions:

- a. Purchase, sale or supply of properties, goods or services;
- b. Agency agreements;
- c. Leasing of properties or any kind of assets;
- d. License agreements;
- e. Issuance of Guarantees and Sureties
- f. Management contracts.
- g. Loans or any form of credit accommodation
- h. Assumption of financial and/or operating obligations
- i. Subscription for debt or equity issuances
- j. Establishment of joint venture entities
- k. Settlement of liabilities of a related party

C. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

1. REQUIREMENTS

- a. Related Party Transactions shall be conducted in an “arms-length” or in an open and unrestricted manner between the willing related parties, who are informed and knowledgeable of the transactions;
- b. Pricing and terms are based on prevailing market rates and practices and documented to include all relevant and material information;

- c. The Management and Directors shall be responsible to declare and report to the Audit or Related Party Transaction Committees the existing and proposed RPTs for review and approval. However, if the same is not identified beforehand, it must be subsequently reviewed and ratified by the Audit or RPT Committees.

2. PRE-APPROVED RELATED PARTY TRANSACTIONS

- a. Transactions done in the ordinary course of business:
 - 1) Financial services and transactions with a related party provided the terms are generally the same or similar to prevailing offers by banks and other financial institutions;
 - 2) Sale of Products and Services done at arm's-length terms;
 - 3) Transactions where the rates or charges involved are determined by competitive bids or fixed by law or regulated by a government authority.
- b. Compensation and employee benefits as approved within the authority of management or by the compensation committee.
- c. Share transactions such as dividends and rights offering which are available to all shareholders.

3. REVIEW AND APPROVAL

- a. All RPTs shall go thru the normal review and approval process in accordance with the company's delegated table of authorities and endorsed to the RPT Committee for review and/or approval;
- b. Pre-approved related party transactions shall be reported to the RPT Committee for review;
- c. RPTs reviewed and approved by the RPT or Audit Committee shall be subject to confirmation by the Board of Directors.

- d. Any member of the Board or RPT Committee who has an interest in the transaction must abstain from participation in the review and approval of any Related Party Transaction.
- e. The Related Party Policy may be amended at any time subject to further guidance from the SEC and/or actions taken by the Company's Board of Directors or Shareholders.

4. **DISCLOSURE AND REGULATORY REPORTING**

Related Party Transactions are required to be disclosed and reported in the Company's filings with the Securities and Exchange Commission (SEC) in accordance with laws, rules, regulations and in compliance to Philippine Financial Reporting Standards.