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<b>Version</b>	:	1.2
<b>Effectivity Date</b>	:	April 8, 2024
<b>Reviewed and Endorsed by</b>	:	Related Party Transactions Committee
<b>Approved by</b>	:	Board of Directors
<b>Approval Date</b>	:	April 8, 2024

**RASLAG CORP.  
RELATED PARTY TRANSACTIONS POLICY**

**Revision History**

1. Version No. 1.0
  - a. Effectivity Date: April 30, 2022
  - b. Approval Date: April 4, 2022

2. Version No. 1.1
  - a. Effectivity Date: July 22, 2022
  - b. Approval Date: July 22, 2022
  - c. Summary of Revisions:

Revision of VII. D. to make the information to be provided by management to the Committee in relation to related parties be the same as that required to be submitted by RASLAG to the SEC.

3. Version No. 1.2
  - a. Effectivity Date: April 8, 2024
  - b. Approval Date: April 8, 2024
  - c. Summary of Revisions:

- i. Revision of V (D) wherein the duty of reporting of RPTs to the RPT Committee has been transferred from management to the CFO
- ii. Revision of VI to delete “and are covered by separate board approvals” in order to more clearly indicate that only Materials RPTs are to be approved by the Committee
- iii. Removal of Number 3 in VI, which is not applicable to RASLAG as it has no affiliates which conduct banking, finance or insurance related services
- iv. Revision of VII (D) to transfer the duty of providing the summary of RPTs from management to the CFO
- v. Revision of VIII (A) to transfer the duty of reporting of RPTs from management to the CFO, and correction of the references made
- vi. Addition in VIII of provisions stating the approval mechanism on any previously unreported or undetected material RPT
- vii. Revision of XI (A) and (B) to transfer the duty to report, identify and manage all potential or actual conflicts of interests relating to RPTs from management to the CFO, and the reporting by the directors and employees of potential conflicts of interest are to be brought to the CFO instead of management
- viii. Addition of the quarterly review of the Related Party Registry in XIII

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## I. INTRODUCTION

This Related Party Transactions Policy (“Policy”) aims to define Related Party relationships and transactions of RASLAG CORP. (“RASLAG”), and set out guidelines and categories that will govern the review, approval and ratification of these transactions by the Board of Directors (Board) or Shareholders to ensure that Related Party relationships have been accounted for, and disclosed, in accordance with International Accounting Standard 24 on related party disclosures and in accordance with the rules of the Securities and Exchange Commission (“SEC”) on Material Related Party Transactions.

## II. OBJECTIVES

A. Considering that RASLAG, along with its Affiliates belong to a common economic controlling group, business activities with Related Parties within the said group inevitably will arise. Thus, the adoption of this Related Party Transactions Policy (“Policy”) is for the attainment of the following objectives:

1. To provide guidelines and procedures to be observed in relation to Related Party Transactions, which shall cover not only those transactions that give rise to credit and/or counterparty risks but also those that could pose material risk or potentially abuse RASLAG and its stakeholders;
2. To avoid conflicts of interest and fulfill good corporate governance practices and regulatory rules and regulations;
3. To ensure that there is an appropriate process for the approval of Related Party Transactions; and
4. To ensure compliance with the disclosure policies and requirements of RASLAG, applicable accounting standards, and regulatory authorities.

B. The guidelines, categories, thresholds, and disclosure requirements for RPTs shall be established in this Policy in a manner that will guarantee the fairness and transparency of such transactions.

## III. DEFINITIONS

A. Abusive Material Related Party Transaction (“Abusive Material RPT”) — refer to Material RPTs that are not entered at arm's length and unduly favor a Related Party.

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- B. Affiliate - refers to an entity linked directly or indirectly to RASLAG through any one or a combination of any following:
1. 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 10% or more of the outstanding voting stock of RASLAG or vice-versa;
  2. Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
  3. Common stockholders owning at least 10% of the outstanding capital stock of RASLAG; or
  4. Management contract or any arrangement granting power to RASLAG to direct or cause the direction of management and policies of the entity, or vice- versa.
- C. Associate — refers to an entity over which RASLAG holds 20% or more of the voting power, directly or indirectly, or which RASLAG has significant influence.
- D. Control — means that a person or entity has all of the following are present:
1. Power over RASLAG;
  2. Exposure or rights, to variable returns from its involvement with RASLAG; and
  3. The ability to use its power over RASLAG to affect the amount of RASLAG’s returns.
- E. Materiality Threshold – ten percent (10%) of RASLAG’s total assets based on its latest audited financial statement. If RASLAG is a parent company, the total assets shall pertain to its total consolidated assets.
- F. Material Related Party Transaction (“Material RPT”) — any RPT, 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 Corporation's total consolidated assets based on its latest audited financial statements.
- G. Related Party - covers the Corporation's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of

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consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or Significant Influence over Raslag. It also covers RASLAG'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.

- H. Related Party Transaction ("RPT") - a transfer of resources, services or obligations between RASLAG 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.
- I. Related Party Registry — a record of the organizational and structural composition, including any change thereon, of the Corporation and its related parties.
- J. Significant Influence – means the power to participate in the financial and operating policy decisions of Raslag but has no control or joint control of those policies.
- K. Substantial Shareholder – any person who is directly or indirectly the beneficial owner of more than 10% of any class of its equity security

#### IV. COMPLIANCE WITH LAWS

RASLAG shall strictly comply with all the requirements of the Revised Corporation Code, Securities Regulation Code and other pertinent laws, its Articles of Incorporation, By-Laws and Manual on Corporate Governance, regulations and circulars issued by the Securities and Exchange Commission ("SEC"), the Bureau of Internal Revenue ("BIR"), Philippine Stock Exchange ("PSE"), and other government agencies in connection with the review and approval of RPTs. In this regard, any contract or amendment thereto, between RASLAG and Related Parties, must comply with the following minimum requirements:

1. Full, fair, timely, and accurate disclosures on the identity of the parties, their relationship with RASLAG, and other important details of the transactions have been made to the PSE and SEC;
2. Be on fair and reasonable terms, including the contract price;
3. Approved by the Related Party Transactions Committee ("RPT

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Committee”) and at least a majority of the entire membership of the board of directors, including the unanimous vote of all independent directors of RASLAG;

4. Comply with SEC Memorandum Circular No. 10, series of 2019 on the Rules on Material Related Party Transactions for Publicly-Listed Companies, or such other relevant regulations that may be issued by the SEC;

5. Accompanied by a Fairness Opinion by an independent appraiser accredited by the SEC; and

6. Any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in RASLAG.

V. IDENTIFICATION, REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS

A. The list of persons and companies that are Related Parties of RASLAG are set forth in the Related Party Registry. The Related Party Registry shall be reviewed and updated by the Compliance Officer, in coordination with the respective Corporate Secretaries of RASLAG and its Related Parties to capture their respective organizational and structural changes.

B. The description of the transaction, including the affected periods to be disclosed in the financial statements, including the amounts, and such other information necessary for better understanding of the effect of the proposed transaction in the financial statements, which may include the amounts due to or from Related Parties to the transaction, if any, and the terms and manner of settlement.

C. Accompanied by an appraisal report by an independent appraiser accredited by the SEC.

D. The RPT Committee shall review all the information reported by the CFO and shall consider all of the relevant facts and circumstances available, including but not limited to the following:

1. The terms of the transaction, which should be fair and to the best interest of RASLAG, and no less favorable than those generally available to non-related parties under the same or similar circumstances;


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2. The aggregate value of the RPT;
3. Extent of the Related Party's interest in the transaction;
4. Whether the RPT would present an improper conflict of interests or special risks or contingencies for RASLAG, or the Related Party taking into account the size of the transaction, the overall financial position of the Related Party, the direct or indirect nature of the Related Party's interest in the transaction and the nature of any proposed relationship;
5. Such relevant facts and data as may be incorporated in the appraisal report and/or fairness opinion;
6. Any other matter that may be materially relevant to a prospective investor in deciding whether or not to invest in RASLAG; and
7. Any other relevant information regarding the transaction.

#### VI. RELATED PARTY TRANSACTIONS DELEGATED TO MANAGEMENT

The RPTs listed below, which are by nature, normal transactions in the ordinary course of business, and will not prejudice third parties including the government, shall not require review and approval of the RPT Committee. The review of these transactions is delegated to management provided these transactions do not breach the materiality threshold for a Material RPT:

1. Compensation and employment of executive officers and directors approved by the Nomination Compensations and Election Committee;
2. Transactions like loans, advances and other benefits with similar terms available to all employees generally;
3. Any transaction with a related party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority;
4. Any transaction with a Related Party involving system cost recoveries, agreements or intercompany advances in exchange for rendering of services such as construction, construction management, procurement, engineering, technical services, and other services in the ordinary course of doing business;

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5. Share transactions such as dividends, repurchase, and rights offerings available to all shareholders on a pro-rata ownership basis; and

6. Infusion of capital between wholly-owned subsidiaries of an ultimate common parent company or between wholly-owned subsidiary and its parent.

## VII. IDENTIFICATION AND REVIEW OF MATERIAL RPTs


- A. Coverage - The RPT Committee shall approve all Material RPTs before their commencement. Material RPTs shall be identified taking into account the Related Party Registry. Transactions amounting to ten percent (10%) or more of the total consolidated assets of RASLAG that were entered into with an unrelated 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 same to the requirements of the Material RPT hereunder.

- B. Guidelines in ensuring arm's length terms in Material RPTs - RASLAG shall ensure that in all Material RPTs, no preferential treatment shall be given to Related Parties that are not extended to non-related parties under similar circumstances and that the transactions are engaged into, at terms that promote the best interest of RASLAG and its shareholders. The transactions should not be more favorable than similar transactions with non-Related Parties.

Moreover, RASLAG shall commit to exercise due diligence in ensuring that it does not adopt tax base erosion and profit shifting schemes in carrying out material RPTs in compliance with applicable BIR transfer pricing regulations.

- C. To ensure that transactions are at arm's length terms and to promote the best interest of RASLAG, its shareholders and the government, RASLAG may adhere to the OECD Transfer Pricing Guidelines or any other price discovery mechanism that the RPT Committee and the Board may deem appropriate.
- D. The CFO shall provide a summary containing the following information, plus any material information contained in an appraisal report or fairness

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opinion and any other relevant information regarding the transaction:

1. complete name of the Related Party/ies;
  2. relationship of the parties;
  3. execution date of the Material RPT;
  4. financial or non-financial interest of the Related Party/ies;
  5. type and nature of transaction as well as a description of the assets involved;
  6. total assets;
  7. amount or contract price;
  8. percentage of the contract price to the total assets of the corporation;
  9. carrying amount of collateral, if any;
  10. terms and conditions;
  11. rationale for entering into the transaction;
  12. the approval obtained (i.e., names of directors present, name of directors who approved the Material RPT and the corresponding voting percentage obtained);
  13. whether the Material RPT would present an improper conflict of interest or special risks or contingencies to RASLAG, or the Related Party taking into account the size of the transaction; and
  14. the overall financial position of the Related Party. (collectively, "Material Information")
- E. Before the execution of a Material RPT, the Board of RASLAG shall appoint an external independent party to evaluate the fairness of the terms of the Material RPTs. An external independent party may include, but is not limited to, auditing/accounting firms and third-party consultants and appraisers.
- F. The RPT Committee shall require the management of RASLAG to (i) secure the services of an external expert, (ii) open the transaction to a bidding process or Swiss Challenge, or (iii) publish the available property for sale, among others, as a mechanism for price discovery to ensure that the transactions are engaged into at terms that promote the best interest of RASLAG and its shareholders.

#### VIII. APPROVAL OF RPTs AND MATERIAL RPTs

- A. The CFO shall present to the RPT Committee all relevant facts and terms of the RPT and Material RPTs including those items stated in VII (D), all of which shall be considered by the RPT Committee.
- B. All individual Material RPTs shall be reviewed by the RPT Committee who



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shall vote unanimously, and approved by the at least two-thirds (2/3) vote of the Board, including the unanimous vote of all the independent directors voting to approve the same.

For aggregate RPTs, covering the same Related Party, within a twelve (12)-month period, the same Board approval would be required for the specific RPTs that meet or exceed the Materiality Threshold. In determining whether the Materiality Threshold has been met or exceeded, the date when the specific RPT was entered into will be the reckoning point, irrespective of the period of effectivity of that specific RPT.

- C. All directors, substantial shareholders and officers with personal interest in a RPT/Material RPT shall fully and time disclose all material facts, including their respective interests in the RPT/Material RPT as well as direct or indirect financial interests in any transaction or matter affecting the Corporation, and abstain from the discussion, approval and management of such transaction or matter affecting the Corporation. In case they refuse to abstain, their attendance shall not be counted for purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.
- D. For any Material RPT's which were discovered and reviewed by the Internal Audit of the Corporation but already implemented or executed without undergoing review and approval of the RPT Committee, these shall be still be presented to the RPT Committee for review and possible ratification.

#### IX. WHISTLE BLOWING MECHANISMS

All stakeholders are encouraged to communicate confidentially and without risk of reprisal, legitimate concerns about illegal, unethical or questionable Related Party Transaction. Reporting and investigation of abusive RPTs shall be handled following the Corporation's Whistleblowing Policy.

#### X. REMEDIES FOR ABUSIVE MATERIAL RPTS

Responsible persons found to be in willful violation of this Policy shall be subject to the corresponding procedures and penalties under the Corporation's Code of Conduct and Ethics and relevant laws and regulations, as may be applicable; provided that any penalty to be imposed herein shall be subject to consultations with the Audit Committee. The penalty may include any applicable resolution of actual losses suffered by the Corporation directly arising from violation of policies

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relating to Abusive Material RPTs.

The restitution of losses and remedies for abusive RPTs shall be handled by the Audit Committee.

#### XI. CONFLICTS OF INTEREST AND DISCLOSURE REQUIREMENTS FOR DIRECTORS, OFFICERS AND EMPLOYEES

- A. The CFO shall report, identify, and manage all potential or actual conflicts of interests relating to RPTs and Material RPTs.
- B. All directors and employees of the Corporation and its subsidiaries are required to promptly disclose any business and family-related transactions to the Corporation to ensure potential conflicts of interest are surfaced and brought to the attention of the CFO.
- C. All employees of the Corporation are also required to complete the mandatory form on "Business Interest/Related Party Disclosure" in the month of January of each year. This is duly noted by the employee's strategic business unit or group head and submitted to the Human Resource Group which collates them in file and monitors compliance thereof.
- D. Independent directors are required to submit to the Corporate Secretary a letter of confirmation stating that they hold no interest in companies affiliated with the Corporation and the Management or controlling shareholders of the Corporation at the time of their election or appointment and/or re-election as independent directors in accordance with the terms of the Corporation's Manual of Corporate Governance.

#### XII. DISCLOSURE OF RELATED PARTY TRANSACTIONS

- A. RASLAG shall adequately disclose in its Annual Report the overarching policies and procedures for managing RPTs, including managing actual and potential conflicts of interest; responsibilities of the RPT Committee; nature, terms and conditions, as well as original and outstanding individual and aggregate balances, including off-balance sheet commitments, of Material RPTs.
- B. The Compliance Officer shall submit a report on material exposures to RPTs, which shall include the Material RPTs of RASLAG's non-financial affiliates, within twenty (20) calendar days after the end of the reference quarter.


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- C. Moreover, RPTs which must be reported to the SEC shall be disclosed in accordance with the Securities Regulation Code, Philippines Financial Reporting & Accounting Standards, and other applicable laws, rules and regulations. RASLAG shall comply with PAS 24's required disclosures of relationships between RASLAG and its affiliates irrespective of whether there were transactions between them, outstanding balances, and commitments, in their consolidated and individual financial statements.
- D. Pursuant to the relevant regulation, RASLAG shall submit the following to the SEC:
1. A summary of Material RPTs entered into during the reporting year which shall be disclosed in RASLAG's Integrated Annual Corporate Governance Report (I-AGCR) to be submitted annually every May 30; and
  2. Advisement Report of any Material RPT filed within three (3) calendar days from the execution date of the transaction. The Advisement Report shall be signed by the Corporate Secretary or authorized representative.

At a minimum, the disclosure in both (1) and (2) above shall include all of the Material Information.

### XIII. SELF-ASSESSMENT, REVIEW OF THE POLICY AND REVIEW OF THE REGISTRY

- A. The Internal Audit Department of RASLAG shall conduct a periodic review of the effectiveness of its system and internal controls governing Material RPTs to assess consistency with the Board approved policies and procedures. The resulting audit reports, including exceptions or breaches in limits, shall be communicated directly to the Audit Committee.
- B. RASLAG's Compliance Officer shall
1. ensure that RASLAG complies with relevant rules and regulations and is informed of regulatory developments in areas affecting Related Parties;
  2. aid in the review of RASLAG's transactions and identify any potential

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Material RPT that would require review by the RPT Committee and Board;  
and

3. ensure that this Policy is kept updated and is properly implemented throughout RASLAG.
- C. The RPT Committee shall periodically review this Policy and may recommend amendments to this Policy as it deems appropriate.
- D. Management shall quarterly review and update the Related Party Registry and report the results to the RPT Committee. The RPT Committee shall report the changes to the Board of Directors, if any.

#### XIV. POST VERIFICATION OF RELATED PARTY TRANSACTIONS

The Internal Audit in coordination with the Compliance Officer and the legal group of the Corporation shall perform period post verification of RPTs to ensure that the terms and conditions recommended by the RPT Committee and approved by the Board of Directors are properly and correctly implemented.



**Peter G. Nepomuceno**  
*Chairman of the Board*



**Pedro H. Maniego, Jr.**  
*Related Party Transactions Committee Chairman*



**Lyra Gracia Y. Lipae-Pabella**  
*Compliance Officer*