	Cirtek Holdings Philippines Corporation	Issue Date October 11, 2019
POLICY ON RELATED PARTY TRANSACTIONS (RPTs)		Page 1 of 7

A. Introduction

It is the policy of Cirtek Holdings Philippines Corporation (the “Company”) that related party transactions (“RPTs”) between the Company or any of its subsidiaries or affiliates and a related party as defined below shall be subject to review and approval to ensure that they are at arm’s length, the terms are fair, and they will inure to the best interest of the Company and its subsidiaries or affiliates and their shareholders. Related party transactions shall be reviewed, approved and disclosed in accordance with this Policy consistent with the principles of transparency and fairness. The Board of Directors of the Company, through its Related Party Transactions Committee (“RPT Committee”), shall have oversight authority over this Policy.


B. Coverage

This Policy covers related party transactions between the Company and a related party as defined below.

C. Definition of Terms

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

1. **Related party** –covers 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.
2. **Substantial shareholder**– any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of the Company’s shares of stock.
3. **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 the Company, which thereby becomes its parent corporation.

	Cirtek Holdings Philippines Corporation	Issue Date October 11, 2019
POLICY ON RELATED PARTY TRANSACTIONS (RPTs)		Page 2 of 7


4. **Affiliate** – a corporation linked directly or indirectly to the Company through any one or a combination of any of the following:
 - i. 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;
 - ii. Interlocking directorship or officership, except in cases involving independent directors;
 - iii. Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Company and the corporation; or
 - iv. Management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the corporation, or vice-versa.

5. **Associate** – a corporation over which the Company holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the Company has significant influence.

6. **Significant influence**– the power to participate in the financial and operating policy decisions of an entity, but has no control or joint control of those policies.

7. **Control** – a person or an entity controls the Company if and only if the person or entity has all of the following:
 - i. Power over the Company;
 - ii. Exposure, or rights, to variable returns from its involvement with the Company; and
 - iii. The ability to use its power over the Company to affect the revenues of the Company.

8. **Related party transaction**– a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged. It includes 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.

	Cirtex Holdings Philippines Corporation	Issue Date October 11, 2019
POLICY ON RELATED PARTY TRANSACTIONS (RPTs)		Page 3 of 7

9. **Material Related Party Transactions**– are those transactions that meet the materiality threshold approved by the RPT Committee and the Board of Directors – eight percent (8%) of the Company’s total assets– and other requirements as may be determined by the RPT Committee and/or the Board of Directors.
10. **Materiality Threshold** – Eight percent (8%) of the Company’s total assets based on its latest audited financial statement.
11. **Related Parties Registry** – a record of the organizational and structural composition, including any change thereon, of the Company and its related parties.

D. Disclosure


The Company, or any of its subsidiaries or affiliates, as the case may be, shall disclose material RPTs to the RPT Committee prior to entering into the transaction except the RPTs not covered by this Policy as listed in Item F hereof.

The members of the Board of Directors, substantial shareholders and/or officers shall disclose to the Board of Directors all material facts related to the material RPT as well as their direct and indirect financial interest in any RPT that may affect or is affecting the Company. Such disclosure shall be made at the meeting where the material RPT will be presented for approval by the Board of Directors, and prior to the completion or execution of the subject material RPT.

The RPTs shall be disclosed in the Company’s financial statements, and other applicable filings in accordance with the prevailing corporate governance standards and the relevant rules and regulations of regulatory authorities, such as (i) the SEC Memorandum Circular No. 10, Series of 2019, Rules on Material Related Party Transactions for Publicly-Listed Companies issued by the Securities and Exchange Commission on April 25, 2019; and (ii) the applicable disclosure requirements of The Philippine Stock Exchange, Inc.

E. Review and Approval of Related Party Transactions

Material RPTs or any RPT that cross the materiality threshold shall be reviewed by the RPT Committee and endorsed to the Board of Directors for approval.

	Cirtek Holdings Philippines Corporation	Issue Date October 11, 2019
POLICY ON RELATED PARTY TRANSACTIONS (RPTs)		Page 4 of 7

The Board of Directors shall approve a material RPT before its commencement. If not identified beforehand, the material RPT must be subsequently reviewed by the RPT Committee and ratified by the Board of Directors or the same may be discontinued, rescinded or modified to make it acceptable for ratification.

In the review of the RPTs, the RPT Committee shall consider the following factors:


1. the terms of the transaction;
2. the aggregate value of the transaction;
3. whether the terms of the transaction are no less favorable than those generally available to non-related parties under the same or similar circumstances;
4. the extent of the related party's interest in the transaction;
5. purpose and timing of the transaction;
6. whether the transaction would present at an improper conflict of interests or special risks or contingencies for the Company or any of its subsidiaries or affiliates, or the related party, taking into account the size of the transaction and the overall financial position of the related party; and
7. any material information or other factors the RPT Committee deems relevant.

Any member of the RPT Committee and the Board of Directors who has an interest in the RPT under review shall be prohibited from participating in the discussion and from voting thereon. However, the presence of such member may be counted in determining the presence of a quorum at the meeting of the RPT Committee or the Board of Directors, as applicable.

F. Related Party Transactions Not Covered

The RPTs listed below shall not be disclosed to and reviewed by the RPT Committee:

1. Compensation of directors and employment of executive officers approved or endorsed by the Compensation Committee or the Board of Directors.
2. Transactions with similar terms available to all employees generally.
3. Banking, finance or insurance-related services and transactions with a related party, if the terms are generally the same as or similar to offers of other banks in the ordinary course of business.
4. Share transactions such as dividends, repurchase, rights offerings, available to all shareholders on a pro-rata ownership basis.

	Cirtek Holdings Philippines Corporation	Issue Date October 11, 2019
POLICY ON RELATED PARTY TRANSACTIONS (RPTs)		Page 5 of 7

5. Any transaction with a related party involving the rendering of services as a common contract manufacturer/ supplier, at rates or charges fixed in conformity with law or governmental authority.
6. Any transaction with a related party involving system cost recoveries, agreements or intercompany advances in exchange for rendering of services such as general administration, accounting, procurement, technical services, and other services in the ordinary course of doing business.
7. Transfer of resources between wholly-owned subsidiaries of an ultimate common parent company or between a wholly-owned subsidiary and its parent.

G. Related Parties Registry and Post Verification of Related Party Transactions


The Management and the RPT Committee shall perform periodic post review of all material 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.

The Management shall present for review on a quarterly basis the Related Parties Registry to the RPT Committee for monitoring of any organizational or structural changes in the Company and its related parties.

H. Whistle Blowing Mechanism and Remedies

In accordance with the Company's Code of Ethics and Business Conduct and the Whistle Blower and Ethics Escalation Policy, any of the Company's stakeholders, including but not limited to directors, officers, shareholders, subsidiaries, affiliates and associates, may communicate, confidentially and without the risk of reprisal, to the Chief Audit Executive of the Internal Audit Group, or to the Audit Committee, legitimate concerns about any illegal, unethical or questionable material RPTs for appropriate action.

The results of any review or investigation conducted by the Internal Audit Group and/or the Audit Committee shall be presented to the Board of Directors for deliberation and appropriate resolution, which may include (i) cutting of losses and/or allow recovery of losses or opportunity costs incurred by the Company arising out of or in connection with any abusive material RPTs; and (ii) the appropriate sanctions on officers or directors

	Cirtek Holdings Philippines Corporation	Issue Date October 11, 2019
POLICY ON RELATED PARTY TRANSACTIONS (RPTs)		Page 6 of 7

who have been remiss in their duties in handling material RPTs in accordance with Company policies.

I. Notification

Management shall notify each of the subsidiaries and affiliates of the Company of this Policy and work with the subsidiaries and affiliates of the Company to implement this Policy.

J. Self-assessment and Review of the Policy

In accordance with the Company’s Internal Audit Plan, the Internal Audit Group shall conduct a periodic review of the effectiveness of the Company’s system and internal controls governing RPTs. The resulting audit reports shall be reported to the Audit Committee for review and any appropriate action or resolution.

The RPT Committee shall conduct an annual review of the materiality threshold and the other provisions of this Policy, and may recommend to the Board of Directors any amendments to this Policy as it deems appropriate.

K. Effectivity

This Policy shall take effect on the date of approval hereof by the Board of Directors.



Cirtek Holdings Philippines Corporation

Issue Date
October 11, 2019

**POLICY ON
RELATED PARTY TRANSACTIONS
(RPTs)**

Page 7 of 7

JERRY S. LIU
Chairman of the Board of Directors

JORGE S. AGUILAR
Vice Chairman and President

MA. LOURDES C. LARANO
Chief Compliance Officer