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**SECURITIES AND EXCHANGE COMMISSION**

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The following document has been received:

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Receiving Branch : SEC Head Office

Receipt Date and Time : October 08, 2019 10:51:50 AM

Received From : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No. PW00000002

Company Name A. SORIANO CORP.

Industry Classification

Company Type Stock Corporation

Document Information

Document ID 110082019000794

Document Type LETTER/MISC

Document Code LTR

Period Covered September 16, 2019

No. of Days Late 0

Department CED/CFD/CRMD/MRD/NTD

Remarks Policy on Material Related Party Transactions

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

(Business Address: No. Street City/Town/Province)

ATTY. JOSHUA L. CASTRO
(Contact Person)

(Contact Person)

819-0251
(Company Telephone Number)

(Company Telephone Number)

Policy on Material Related Party Transactions

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3	1
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Month *Day*
 (Fiscal Year)

Month *Day*
(Fiscal Year)

(Form Type)

(Form Type)

3rd Wednesday of April

<i>Month</i>		<i>Day</i>	
(Annual Meeting)			

Month *Day*
(Annual Meeting)

<p>Not Applicable</p>

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

[illegible]

File Number

LCU

LCU

[illegible]

Document ID

Cashier

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A. SORIANO CORPORATION

POLICY ON MATERIAL RELATED PARTY TRANSACTIONS

Section 1. Introduction

This Policy on Material Related Party Transactions (the “Policy”) shall govern material related party transactions (“RPTs”) of A. Soriano Corporation (the “Company”), including its subsidiaries and affiliates, in accordance with the Revised Corporation Code and Securities and Exchange Commission (“SEC”) Memorandum Circular No. 10, Series of 2019 (April 25, 2019).

Section 2. Definition of Terms

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

Abusive Material RPTs – refer to material RPTs that are not entered at arm’s length and unduly favor a related party.

Affiliate – refers to an entity linked directly or indirectly to the Company through any one or a combination of any of the following:

- Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a corporation of at least ten percent (10%) or more of the outstanding voting stocks of the Company, or vice-versa;
- Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
- Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Company and the entity; or
- Management contract or any arrangement granting power to the reporting PLC to direct or cause the direction of management and policies of the entity, or vice-versa.

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

Control – A person or an entity controls the Company if and only if the person or entity has all the following:

- Power over the Company
- Exposure, or rights, to variable returns from its involvement with the Company; and
- The ability to use its power over the Company to effect the amount of the reporting PLC’s returns.

Material Related Party Transactions – 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 the Company's total assets based on its latest audited financial statements.

Materiality Threshold – Ten percent (10%) of the Company's total assets based on its latest audited financial statements. Total assets shall pertain to the Company's total consolidated assets.

Related parties – 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, or they are involved in deciding on or implementation of contracts or transaction in which they are involved or have an interest in. 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.

Related Party Registry – A record of the organizational and structural composition, including any change thereon, of the Company and its related parties.

Related party transactions – a transfer of resources, service or obligations between the Company 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 become a related party.

Related Party Transaction Committee (RPT Committee) – a board committee established by the Board of Directors to implement this Material RPT Policy. If no RPT Committee has been established by the Board of Directors, the Audit Committee shall exercise the function of the RPT Committee.

Significant Influence – The power to participate in the financial and operating policy decisions of a corporation but has no control or joint control of those policies.

Substantial Shareholder – any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of the equity security of the Company.

Section 3. Identification of Related Parties

These rules shall apply to related parties as defined under Section 2 of this Policy and as specifically indicated in the Related Party Registry of the Company and its subsidiaries and

affiliates. Provided that non-inclusion in the Related Party Registry shall not excuse a Related Party from the coverage of this Policy.

The Compliance Officer shall maintain the Company's Related Party Registry. The RPT Committee, Board of Directors and/or Management shall review the Related Party Registry quarterly and update the same if necessary.

Section 4. Coverage of Material RPT Policy

These rules shall cover all RPTs, while the rules on Material RPTs shall apply to RPTs that meet the materiality threshold as defined under Section 2 of this Policy.

Transactions amounting to ten percent (10%) or more of the total assets of the Company that were entered into with an unrelated party that subsequently becomes a related party shall be excluded from the coverage of this Policy. However, any alteration to the terms and conditions, or increase in the exposure level, related to these transactions after the non-related party becomes a related party shall subject the related party transaction to the coverage of this Policy.

The Board of Directors may adjust or set a threshold lower than the materiality threshold provided under this policy upon determination by the Board of Directors of the risk of the RPT to cause damage to the Company and its shareholders.

Section 5. Approval of RPTs and Material RPTs

A Related Party shall abstain from attending and participating in deliberations that affect matter in which he or she has personal interest.

All RPTs with value exceeding P 5 Million in a single transaction or in aggregate transactions within the last 12 months (except those exempted under Section 6) shall be disclosed to and be evaluated by the RPT Committee for approval of the Board. A Report on RPT's above the P 5 Million threshold, and Material RPTs shall be submitted to the Board of Directors. Such RPTs shall be guided by SEC Memorandum Circular No. 10-2019.

All individual RPTs shall be approved by at least a majority of the Board of Directors while Materials RPTs 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.

In case that a majority of the independent director's vote is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock of the Company.

The Board approvals herein required shall likewise apply to aggregate RPTs within a twelve (12) month period that breaches the materiality threshold of ten percent (10%) of the Company's total assets covering the same related party.

The RPT Committee shall have the authority to inquire into and evaluate any RPT below the P 5 Million threshold, at its discretion. The Related Party involved in any such RPT subject of the inquiry shall cooperate and disclose the relevant information required by the RPT Committee.

A Related Party Transaction involving a director or officer shall be voidable unless: (a) the contract is fair and reasonable; (b) in case of an officer, the contract has been previously authorized by the board of directors; and (c) the presence of the director or officer was not necessary for quorum or for approval of the contract.

Section 6. Exception to the RPT Approval Process

The following transactions shall not require the review and approval of the RPT Committee and the Board of Directors:

- a) Sale of goods or services of a company in the ordinary course of business under substantially the same terms and conditions as those for comparable sale of goods or services provided to unrelated parties.
- b) Transactions between the Company or any of the subsidiaries or affiliates relating to a transaction or service where such subsidiary or affiliate was established or was identified by the Board of Directors or Management as the provider of support services for the Company or a subsidiary or affiliate.
- c) Repeat services or transactions provided by an existing service provider or seller under terms and conditions already approved by the Board of Directors, the RPT Committee, or Management.
- d) Discounts and special privileges granted to VIPs and customers with high volume of transaction with the Company or its subsidiaries or affiliates, and as part of regular marketing promotions provided the Related Party falls within the category entitled to the privilege.
- e) Employees discount or employees benefits or preferential rates granted to all employees (including senior officers or directors) as part of their compensation or employees benefits as approved by the Remuneration Committee.
- f) Inter-company advances between the Company and any of its subsidiaries or affiliates for investment purposes, or working capital requirements.

Section 7. Disclosure of Material Facts to the Board of Directors

RPTs shall be disclosed and shall be transparent. Directors or officers are required to declare and disclose any RPT and interest that they or any immediate family member may have

in such RPT transaction. The disclosure shall be submitted to the CFO, the Corporate Secretary or the RPT Committee. Such disclosure shall be consolidated by the secretariat designated by the RPT Committee as provided under this Policy.

An officer who has knowledge of any RPT shall report the same to the RPT Committee if he or she is aware that such RPT has not been reported to the RPT committee as required under this Policy. A person who reports an RPT under this provision shall not be subject to any liability or sanction.

Any related party involved in a Material RPT shall fully disclose to the Board of Directors all materials facts related to the transaction as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the Company. Such disclosure shall be made at the Board meeting where the material RPT will be presented for approval and before the completion or execution of the material RPT.

In order to prevent or manage potential or actual conflicts of interest which may arise out of or in connection with material RPTs, Directors and Officers with personal interest in the material RPT shall abstain from the discussion, approval and management of such transaction or matter affecting the Company.

Section 8. Arm's Length Terms.

RPTs shall be conducted only in the regular course of business. No RPT shall be undertaken on more favorable terms (on price, terms and conditions) to the Related Party than similar transactions with non-related parties under similar circumstances.

A Related Party shall be loyal to the Company interest, regardless of his/her own personal interest.

On a case by case basis and depending on the size and risk involved in the transaction, Management may appoint an external independent party to evaluate the fairness of the terms of the material RPTs to ensure the protection of the rights of shareholders and other stakeholders.

To further ensure that transactions are engaged into at terms that promote the best interest of the Company and its shareholders, Management may resort to price discovery mechanisms which may include, but is not limited to acquiring the services of an external expert, opening the transaction to a bidding process, or publication of available property for sale.

Section 9. Self-assessment and Periodic Review of Policy.

Management shall conduct a periodic review of the effectiveness of the company's system and internal controls governing material RPTs to assess consistency with this Policy. The

resulting audit reports, including exception or breaches in limits, shall be communicated directly to the Audit Committee.

The Compliance Officer shall ensure that the Company complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. He shall aid in the review of the Company's transactions and identify any potential material RPT policy is kept updated and is properly implemented throughout the Company.

Section 10. Whistle Blowing Mechanisms.

Legitimate concerns about illegal, unethical or questionable material RPTs may be reported to any of the following:

Oscar J. Hilado

Chairman of the Audit Committee

Atty. Joshua L. Castro

Compliance Officer

The above reports shall be treated confidentially and without risk of reprisal for the reporting person. Depending on the related party involved, Management, or the Board of Directors may conduct the investigation, or if the circumstances warrant engaged an independent external consultant to conduct the investigation.

Section 11. Remedies for Abusive Material RPTs.

Management shall exert effort in recovering losses or opportunity cost incurred by the Company arising out of or in connection with abusive material RPTs. Management or the Board of Directors, as the case may be, shall determine whether penalties are warranted and the manner of imposing the same on personnel, officers or directors, who have been remiss in their duties in handling material RPTs in accordance with this Policy without prejudice to any administrative penalties that may be imposed by the SEC, and/or civil or criminal penalties, as may be provided by the Revised Corporation Code of the Philippines, Securities Regulation Code, and other related laws.

Section 12. Disclosure and Regulatory Reporting.

The Compliance Officer of the Company is mandated to comply with the disclosure and regulatory reporting requirements set forth under SEC Memorandum Circular No. 10-2019 for all material RPTs covered by this Policy.

Section 13. Effectivity.

This Policy on Material Related Party Transactions of A. Soriano Corporation is adopted on September 16, 2019 pursuant to SEC Memorandum Circular No. 10-2019.



ANDRES SORIANO III

Chairman of the Board of Directors & CEO



JOSHUA L. CASTRO

Compliance Officer