



RELATED PARTY TRANSACTIONS POLICY

OBJECTIVES:

This document contains the Policy on Dealing with Related Party Transactions and the Policy on Materiality of Related Party Transactions. It has been framed in order to establish an agreed protocol for identifying, assessing, approving and reporting Related Party Transactions and that the Related Party Transactions are carried out at arms' length basis after obtaining necessary approvals and are reported in accordance with the disclosure requirements and best corporate governance practices.

This Related Party Transactions policy applies to the Company, its subsidiaries and affiliates, as applicable and intended to:

- ensure that every Related Party Transaction is conducted in a manner that will protect the Company and its stakeholders from conflict of interest which may arise between the Company and its Related Parties;
- ensure that every Related Party Transaction is at arms's length, the terms are fair, and they will inure to the best interest of the Company, its stakeholders, subsidiaries and affiliates; and
- ensure proper review, evaluation, approval, ratification, disclosure and implementation of transactions between the Company and any of its Related Party/ies as required in compliance with legal and regulatory requirements.

COVERAGE:

This Policy covers related party transactions between the Corporation and a Related Party as defined below or between a subsidiary or affiliate of the Corporation and a Related Party as defined below if the subsidiary or affiliate has not adopted its own policy on related party transactions.

DEFINITION OF TERMS:

Affiliate – a corporation that directly or indirectly, through one or more intermediaries, is controlled by, or is under the common control of, another corporation, which thereby becomes its parent corporation.

“At arm's length” – is a term referring to transactions in an open and unrestricted market and between willing parties who are knowledgeable, informed, and who act independently of and without regard to any relationship with each other

Material Related Party Transactions – those transactions, contracts, ventures and agreements that meet the threshold value of no less than PHP 50,000,000.

Pre-Approved Related Party Transaction refers to Related Party Transactions that are deemed compliant with the Related Party Transactions Policy and are not required to be reviewed by the Related Party Transactions Committee, as provided under Section IV, Subsection E.

Related Party Transaction – is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.



Related Party – a person or entity that is related to the Corporation or any of its subsidiary or affiliate, which may refer to any of the following:

Parties that are members of Mediacard Philippines, Inc. (“MPI”), i.e. each parent, subsidiary and fellow subsidiary that is related to the other within the group or any affiliate.

All Directors, Officers, Managers and Key Management Personnel having authority and responsibility for planning, directing and controlling the activities of the Company or its Subsidiary or its Parent, directly or indirectly including companies they have control or joint control or significant influence.

Close family members of an individual referred to in (b) above, who may be expected to influence, or be influenced by, that individual in their dealings with MPI or its Subsidiary or affiliate.

- Close family member – the individual’s spouse or domestic partner and children (whether legitimate or illegitimate), stepchildren, and dependents of the individual or that individual’s spouse or domestic partner.

Party is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); Party is a joint venture or associate of a third entity.

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 another corporation, which thereby becomes its parent corporation.

Significant influence – the power to participate in the financial and operating policy decisions of an entity, or control over those policies. Significant influence may be gained by share ownership, statute or agreement.

Related Party Transactions Committee – is the Board Committee tasked to review and evaluate Material Related Party Transactions, which shall be composed of two independent directors and 2 executive directors of the Company, chaired by an Independent Director.

Related Party Transactions Evaluation Panel – is composed of 3 members of the Company’s Senior Management Team tasked to review and evaluate Related Party Transactions below the threshold value.

POLICIES:

General Policy

MPI shall at all times observe and adhere with this policy and all other relevant and laws, rules and regulations, as may be applicable in the review, approval and disclosure of RPTs.

Pre-approval and Thresholds



The Board together with the Related Party Transactions Committee and MPI Related Party Transactions Evaluation Panel shall determine and provide pre-approved RPTs and thresholds subject for their review and approval.

For purposes of this Policy, the threshold value for Related Party Transactions that will fall within the Related Party Transactions Committee's jurisdiction is no less than PHP50,000,000.00.

Review and Approval of Material Related Party Transactions

Material Related Party Transactions ("Material RPTs") shall be reviewed and evaluated by the Committee and endorsed to the Board of Directors for ratification. The Committee shall approve a material RPT before its execution and commencement. If not identified beforehand, the material RPT must be subsequently reviewed by the 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 and approval of the Material RPTs, the Committee shall consider the following factors:

- Whether the transaction is at arm's length;
- The benefits to the Company of entering into the transaction;
- The extent of the Related Party's interest;
- Aggregate value of the Material RPT;
- Whether the terms of the Material RPT are fair to the Company and would apply on the same basis if the transaction did not involve a Related Party;
- Whether the Material RPT would impair independence if the Related Party is a director, an immediate family member of a director or an entity in which a director is a shareholder or of which a director is a senior executive officer, director, general partner, managing member or a person in a similar position;

MPI shall require directors and key management personnel to abstain and/or inhibit themselves from participating in discussions on a particular agenda when they are conflicted.

Review and Approval by the Related Party Transactions Evaluation Panel

The Related Party Transactions Evaluation Panel shall review, evaluate and approve Related Party Transactions below the threshold value or less than PHP50,000,000.00. In its review of these RPTs, the Panel shall consider whether the terms of the RPTs are on arms' length and fair to the Company.

To review a RPT, the Panel should be provided with all relevant material information of the RPT, including the terms of the transaction, the business purpose of the transaction, the benefits to MPI and to the Related Party, and any other relevant matters.

Pre-Approved Related Party Transactions

Where the Related Party Transactions Evaluation Panel determines, after review of the documents submitted, that the transaction falls under Pre-Approved Related Party Transactions as herein enumerated, regardless whether the transaction is a Material Related Party Transaction, the Panel shall immediately issue its approval and grant authority for the execution thereof.



All Pre-approved Related Party Transactions shall be reported quarterly to the Related Party Transactions Committee and the Board of Directors for ratification

The following Related Party Transactions shall be considered Pre-Approved and are deemed compliant with the Related Party Transactions Policy and are not required to be reviewed by the Related Party Transactions Committee:

- The sharing of administrative services between the Corporation and a Related Party on a cost basis, where the cost of the services is identifiable and allocated to the parties involved on a fair and equitable basis. Examples include financial management services, legal services and recruitment, engagement, staff training and human resources management services, general project management and employee support services.
- Any transaction involving a Related Party where the amount, rate or charge involved is determined by competitive bid, or fixed in conformity with law or governmental authority.
- Any transaction with a Related Party for the acquisition, provision, or sale of goods or services if the good or services are purchased, sold or rendered based on a fixed amount or graduated scale which is publicly quoted or applied consistently to all customers or class of customers and the transaction is conditioned on substantially the same terms as those prevailing at the time for comparable goods or services acquired from or provided or rendered to unrelated parties.
- Compensation of directors and employment of executive officers approved by the Nomination and Remuneration Committee
- Any charitable contribution, grant or endowment by the Corporation to a charitable organization, foundation or university, and the aggregate amount involved in a calendar year does not exceed PHP 5,000,000.00, exclusive of taxes;
- Transactions where all stockholders receive proportional benefits. Any transaction where the Related Party's interest arises solely from the ownership of securities issued by the Corporation and all holders of such kind of securities received the same benefit on a pro rata basis (e.g., dividends or stock splits).
- Any transaction with a Related Party involving management fees, system cost recoveries, agreements or intercompany advances in exchange for rendering of services such as construction, construction management, procurement, engineering, property management, technical services, and other services in the ordinary course of doing business.
- Transactions like loans, advances and other benefits with similar terms available to all employees generally.

DISCLOSURE:

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

POLICY REVIEW AND IMPLEMENTATION:

This Policy shall be reviewed by the Compliance Office as and when any changes are to be incorporated in the policy due to changes in regulation and/ or amendments to existing laws. It shall ensure also the proper implementation of the policy across MPI's subsidiaries and affiliates.



Functional and Secretariat Support

The Compliance Office shall support the Committee in the rendition of its functions, specifically:

- The Compliance Office shall provide all the secretariat support to the Committee. It shall serve as the central monitoring and database for RPTs.
- The Chief Compliance Officer shall attend all the Committee meetings.
- The Compliance Office shall keep all minutes of the meetings, recorded and prepared by the designated Secretary to the meeting and make these available for inspection by any member of the Committee or the Board, as and when requested.

EFFECTIVITY:

This Policy shall immediately take effect upon approval of the Board.