



MJC Drive, Sta. Cruz, Manila  
Tel No. 632-7373/Fax No. 631-2846

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## RELATED PARTY TRANSACTIONS POLICY

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In compliance with the Securities and Exchange Commission Memorandum Circular No. 19 series of 2016, otherwise known as the Code of Corporate Governance for Publicly-Listed Companies,<sup>1</sup> the Board of Directors of MJC Investments Corporation adopts the following Related Party Transactions Policy subject to the provisions of the of the Corporate Governance Code, Securities Regulations Code, Philippine Stock Exchange Disclosure Rules, Corporation Code of the Philippines and all applicable laws of the Philippines

### I. PURPOSE

This policy aims to ensure the integrity and transparency of all company's transaction with related parties. It also ensures that said transactions will be thoroughly reviewed, deliberated, approved and ratified in consideration of the interests of all stakeholders of the company.

### II. CONCEPT OF RELATED PARTY TRANSACTION

As indicated in the Securities Exchange Commission Circular No. 19 Series of 2016 or the Code of Corporate Governance for Publicly Listed Companies

- a. **Related Parties** - cover the company's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the company exerts direct or indirect control over or that exerts direct or indirect control over the company; the company's directors; officers; shareholders and related interests (DOSRI), and their close family members, as well as corresponding persons in affiliated companies. This shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the company
- b. **Related Party Transaction** - a transfer of resources, services or obligations between a reporting entity 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

### III. ROLES AND RESPONSIBILITIES

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<sup>1</sup>Hereinafter referred to as the "Code."



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## **General**

Directors, Board and employees have the responsibility to maintain transparency and integrity and shall therefore not engage in any related party transaction without going into the due process as prescribed the Philippine Law and policies of the company.

The Board should have the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy should include the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy should encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.

The management has the responsibility to ensure that all transactions are entered into in due process, at market prices, at arm's length basis and under conditions that protect the rights of all shareholders. It also has the responsibility to ensure that no conflict of interest will arise from the related party transactions entered and must be disclosed to the general public.

## **Audit Committee**

As provided by the Code of Corporate Governance of Publicly Listed Companies, the Board hereby designate the members of the Audit Committee to serve as the Related Party Transactions Committee to review all material related party transactions of the company.

The following are the functions of the RPT Committee, among others:

a. Evaluates on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;

b. Evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with nonrelated parties under similar circumstances and that no corporate or business resources of the company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Committee takes into account, among others, the following:



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1. The related party's relationship to the company and interest in the transaction;
  2. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  3. The benefits to the corporation of the proposed RPT;
  4. The availability of other sources of comparable products or services; and
  5. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- c. Ensures that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the company's affiliation or transactions with other related parties;
- d. Reports to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- e. Ensures that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
- f. Oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.