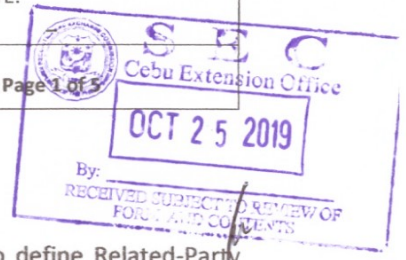


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1. OBJECTIVE

Through this policy, Cebu Landmasters, Inc. (the "Corporation") aims to define Related-Party Transactions ("RPTs") and set out the guidelines, categories, and thresholds that will govern the review, approval, or ratification of these transactions by the Board of Directors ("Board") or shareholders. The objective is to ensure that all RPTs are accounted for and disclosed in accordance with International Accounting Standard 24 on Related Party Disclosures, and relevant laws and regulations promulgated by duly constituted authorities.

2. COVERAGE

This policy governs all RPTs involving covered persons and parties identified herein, or as may be determined by the Committee or the Board.

3. DEFINITION OF TERMS

As used in this policy, the following terms shall have the following meanings:

- a. **Covered Person or Party** – shall mean any person or entity considered as a "related party or entity" as defined further below.
- b. **Covered Transactions** – shall refer to all transactions enumerated in Clause 6(a) hereof that breach any of the "pre-determined thresholds" and involving a "related party or entity". For this purpose, any other transaction not involving a "related party or entity", even if it breaches any of the "pre-determined thresholds", shall not be subject of review by the RPT Committee.
- c. **Pre-determined Thresholds** – shall refer to the amounts set in Clause 6(b).
- d. **Related party or entity** – shall mean any of the following:
 - i. A person or close member of that person's family who has control or joint control of the Corporation, has "significant influence" over the Corporation; or is a "key management personnel" of the Corporation, its parent, subsidiaries, or affiliates;
 - ii. A substantial shareholder, who is any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.
 - iii. An entity is a related party if any of the following conditions applies:
 - 1. The entity and the Corporation are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - 2. The entity is an associate or joint venture of the Corporation or vice-versa, or an associate or joint venture of a member of a group of which the other entity is a member;
 - 3. The entity is a joint venture of a third entity and the Corporation is an associate of that third entity;
 - 4. The entity is a post-employment benefit plan for the benefit of employees of either the Corporation or an entity related to the Corporation;
 - 5. The entity has a management contract or any arrangement granting power to the Corporation to direct or cause the direction of management and policies of the entity, or vice-versa.

- 6. The entity is controlled or jointly controlled by a person enumerated in 3.d.i. above;
- 7. A person identified in 3(d)(i) who has significant influence over the entity or is a member of the “key management personnel” of the entity or of a parent of the entity.

In the determination of whether or not a person or entity is a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

- e. **Close member of a person’s family** – are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity, which include relatives within the fourth civil degree of consanguinity

- a. that person’s children and spouse or domestic partner;
- b. children of that person’s spouse or domestic partner; and
- c. dependents of that person or that person’s spouse or domestic partner.

- f. **Compensation** – shall refer to all employee benefits, which include all forms of consideration paid, payable or provided by the Corporation, or on behalf of the Corporation, in exchange for services rendered to the Corporation. It also includes such consideration paid on behalf of a parent of the Corporation in respect of the latter.

- g. **Key management personnel** – shall refer to persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Corporation.

- h. **Control, joint control, and significant influence** – shall have the same meaning as those defined in IFRS 10, IFRS 11 *Joint Arrangements* and IAS 28 *Investments in Associates and Joint Ventures*, respectively, and are used in this policy with the meanings specified in those IFRS.

Control exists when the investor controls and investee, or vice-versa, when investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Joint control means contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities required the unanimous consent of the parties sharing control.

Significant influence refers to the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Where an entity holds 20% or more of the voting power (directly or through subsidiaries) on an investee, it will be presumed the investor has significant influence unless it can be clearly demonstrated that this is not the case.

- i. **Ordinary course of business** – shall mean all transactions conducted under existing policies and practices of the Corporation.

4. CONFLICTS OF INTEREST

- a. The Corporation shall ensure its independent directors hold no conflict of interest with the Corporation. 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.

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- b. The Corporation 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.
- c. All directors and employees of the Corporation, its parents and subsidiaries are required to promptly disclose to management any business and family-related transactions with the Corporation, its parents and subsidiaries to ensure that potential conflicts of interest are brought to the attention of management. The Human Resource department shall ensure that employees make the disclosure at the point of hiring or within 7 days as applicable.

5. MANDATORY DISCLOSURES

- a. Relationships between the Corporation and its parent, subsidiaries, and affiliates shall be disclosed to the Committee and to the Board for a quarterly review, irrespective of whether there are transactions between and among them.
- b. Related-party transactions shall be disclosed in the relevant financial reports of the Corporation as required under International Accounting Standard 24 on Related Party Disclosures, relevant SEC and PSE regulations, and other applicable disclosure requirements.
- c. For RPTs that exceed 10% of the Corporation's balance sheet, an advisement report is to be submitted to the SEC within **3 calendar days** after transaction date

6. IDENTIFICATION, REVIEW AND APPROVAL OF RELATED-PARTY TRANSACTIONS

The Chief Finance Officer and Vice-President for Legal shall submit to the RPT Committee a monthly report or summary of all existing or potential related-party transactions for the information of, or for the review of the Committee if the transaction falls within the pre-determined thresholds specified below for review by the Committee. The Committee shall promptly submit its recommendation to the Board, which shall decide whether or not to approve the related-party transactions or submit the same to the stockholders for consideration and ratification.

a. Covered Transactions

- i. Credit transactions such as on-and-off balance sheet lease/loan availments and claims and write-offs, and borrowings that breach the predetermined threshold set below and involving covered parties;
- ii. Services such as consultancy, professional, agency and other services arrangement or contracts, and construction arrangements or contracts that breach the predetermined threshold set below and involving covered parties;
- iii. Purchases, sales or supply of any goods or materials that breach the predetermined threshold set below and involving covered parties;
- iv. Lease agreements or contracts that breach the predetermined threshold set below and involving covered parties;
- v. Purchases and sales of assets, including transfer of technology and intangible items (e.g. research and development, trademarks and license agreements) that breach the predetermined threshold set below and involving covered parties;
- vi. Investments and subscription for debt or equity issuances not traded in the active market, establishment of joint venture entities, except those previously approved by the Board, that breach the predetermined threshold set below and involving covered parties;

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b. Pre-determined Thresholds for RPT Review

RPTs involving an amount of at least Php50,000,000.00 or its equivalent shall be submitted to the RPT Committee for review. RPTs involving directors or corporate officers, regardless of amount, shall be submitted to the Committee for review and recommended for board approval.

c. Contents of Report to the RPT Committee

The management report should cover the following:

- i. A summary of the terms, business purpose, benefits, and other details of the RPT, affected period 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;
- ii. The nature of the relationship of the party to the parties involved in the transaction in relation to the Corporation;
- iii. Recommendations and/or legal opinion of the Chief Finance Officer and the Vice-President for Legal.

7. PRE-APPROVED RELATED-PARTY TRANSACTIONS

The following related-party transactions existing prior to the issuance of this policy and are deemed part of the Corporation’s ordinary course of business or covered by board resolutions that have not been revoked, shall not require review and approval by the RPT Committee and the Board:

- a. Compensation and employment of executive officers and directors approved by the Board;
- b. Transactions such as loans, advances and other benefits with similar terms available to all employees;
- c. Employee Stock Option Plan or Stock Purchase Plan;
- d. 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;
- e. Any transaction with a related party involving the rendition of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority; and
- f. Any existing transaction with a related party that are deemed in the ordinary course of the Corporation’s business.

8. MATERIAL RELATED PARTY TRANSACTIONS

In cases of Material RPT as defined hereunder, the Management and the Board will observe the reporting, disclosure, independent evaluation, and approval as prescribed in SEC Memorandum Circular No. 10-2019 and other rules or regulations that the Securities and Exchange Commission may promulgate governing related party transactions in publicly-listed companies. In particular, the Corporation will observe the following:

- d. Material RPT pertains to any related party transaction(s), either individually or in aggregate over a 12-month period with the same related party, amounting to ten percent (10%) or higher of a company's total assets based on its latest audited financial statement;
- e. All individual Material RPT shall require the approval of at least two-thirds (2/3) vote of the Board to be valid, with at least a majority of the independent directors voting to approve the Material RPT. In case that a majority of the independent directors' vote is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock;
- f. For aggregate Material RPT within a 12-month period covering the same related party that breaches the materiality threshold of ten percent (10%) of the Corporation's total assets, the same board of approval in the immediately preceding paragraph would be required for the transaction to be valid;
- g. Before the execution of a Material RPT, the Board may appoint an external independent party to evaluate the fairness of the terms thereof and evaluate if the transaction is done on normal market terms. An external independent party may include, but is not limited to, auditing or accounting firms, third party consultants, and appraisers;
- h. Within three (3) calendar days from the execution of any Material RPT, the Corporation, through the Corporate Secretary, shall submit to the SEC an Advisement Report therefor in such the form prescribed by the SEC;
- i. The Corporation shall disclosed in its Integrated Annual Corporate Governance Report (I-ACGR) a summary of Material RPTs entered into during the reporting year;

9. POLICY REVIEW AND IMPLEMENTATION

The RPT Committee shall periodically review this policy and recommend amendments as it deems appropriate.

10. EFFECTIVITY

This policy shall take effect on August 9, 2019.