



RELATED PARTY TRANSACTIONS POLICY

(Amended March 2016)

1. Objective

DMCI Holdings, Inc. (the “Parent Company”) and its subsidiaries, whether owned directly or indirectly, being part of an economic controlling group, inevitably conduct some of its business activities with Related Parties in the Group. This Policy sets out the guidelines, categories and thresholds requiring review, approval and ratification by the Board of Directors or Shareholders, and disclosure requirements for Related Party Transactions (RPTs).

2. Policy

The Policy requires that any transactions with related parties are made on terms equivalent to those that prevail in an arm’s length transactions.

The Audit Committee as per its Board-approved Charter shall be responsible to oversee and review the propriety of RPTs and their required reporting disclosures. In its review, it shall take into account, among other factors it deems appropriate, whether the Related Party Transaction is entered into on terms no less favorable to the concerned company than terms generally available to an unaffiliated third-party under the same or similar circumstances; and the extent of the Related Parties’ interest in the transaction.

3. Definitions

3.1 Related Parties

This Policy refers to the expanded definition of Philippine Accounting Standards (PAS) 24 on Related Parties. The Standard emphasizes the substance of the relationship and not merely the legal form. The term Related Parties shall include:

- a. Parties that are members of the same group, i.e. each parent, subsidiary and fellow subsidiary is related to the others;

b. 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 in;

- Control - the power to govern the financial and operating policies of the Company or *its Subsidiary*.
- Significant influence - the power to participate in the financial and operating policy decisions of the Company or *its Subsidiary*, but is not control over those policies. This may be gained by share ownership, statute or agreement.

c. 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 the Company or *its Subsidiary*;

- 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.

d. 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; and

e. Post-employment benefit plan, and sponsoring employers of such a plan, of either the Company or an entity that is a related party of the Company.

3.2 Related Party Transaction is a transfer of resources, services or obligations between the Company & its Subsidiaries, and a related party, regardless of whether a price is charged.

Examples of RPTs are:

- Guarantees or commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (i.e. neither party has performed any obligation or both parties have partially performed their obligations to an equal extent)
 - Sale or purchase of goods
 - Sale, purchase or lease of property and/or assets
 - Provision or receipt of services or leases
 - Assumption of financial/operating obligations
 - Subscription for debt or equity issuances
 - Establishment of joint venture entities

- Settlement of liabilities on behalf of the Company or its Subsidiary or by the Company or its Subsidiary on behalf of a related party
- Compensation, benefits (monetary and non-monetary), postemployment benefits, termination benefits and share-based payment of current employees

4. Identification, Review and Approval of Related Party Transactions

4.1 Generally, Management promptly reports to the Board of Directors (Board) on the terms, business purpose, benefits and other details of each new, existing or proposed RPT for review and approval. The Board shall approve any RPT before its commencement. However, if the same is not identified beforehand, it must be subsequently reviewed and ratified by the Board.

4.2.a The Audit Committee shall assist the Board in its review of RPT. The Board shall consider whether the terms of the RPT are on arms' length and fair to the Company and such factors as the following:

- Materiality
- The purpose and timing of the transactions
- Extent of the Related Party's interest in the RPT; and
- Conflict of interest, actual or apparent, of the Related Party participating in the transaction.
- Any other relevant information regarding the transaction

4.2.b Before the Audit Committee undertakes the review, all independent directors review and recommend to the Audit Committee the merits of any material RPTs with respect to the Company's best interest.

4.3 The Audit Committee may establish guidelines to manage and monitor conflicts of interest of Management, Board Directors and shareholders, including misuse of corporate assets and abuse in RPTs.

4.4 A Director, officer or key management personnel shall promptly notify the Audit Committee or the Company's Officer of the Compliance Officer of any interest he or his immediate family member had, has or may have in a RPT. He shall disclose all material information concerning the RPT.

4.5 The Company prohibits the grant of personal loans, advances, guarantees and securities, in any manner, to its Directors, including their spouses and other dependents.

5. Pre-Approved RPTs

5.1 The following shall be deemed to be pre-approved by the Board in accordance with the Company's Table of Authorities:

- a. Compensation and employment of executive officers and directors approved by the Compensation & Remuneration Committee;
- b. Transactions with similar terms available to all employees generally;
- c. Charitable contributions by the Company where the Related Party is an employee or director, if the aggregate amount involved does not exceed P5M;
- d. Banking-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. Share transactions such as dividends, repurchase, rights offerings, available to all shareholders on a pro-rata ownership basis.
- f. Any transaction with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.

6. Threshold

The Parent Company and its subsidiaries, whether owned directly or indirectly, shall set thresholds and categories for Disclosure and Approval of RPTs. The amount of each RPT shall be considered for purposes of applying these thresholds.

6.1 Related Party Transaction

- Less than three percent (3%) of Total Assets ***of the latest Audited Financial Statements*** of Parent or Subsidiary requires approval of the concerned entity's CEO or President;
- Three percent (3%) ***and above*** of Total Assets ***of the latest Audited Financial Statements*** of Parent or Subsidiary requires approval of concerned entity's Board of Directors.
- Twenty percent (20%) ***and above*** of Total Assets ***of the latest Audited Financial Statements*** of Parent or Subsidiary requires approval of concerned entity's Shareholders.

6.2 Disclosure

- Ten percent (10%) and above of Total Assets ***of the latest Audited Financial Statements*** of Parent (*SEC's prescribed threshold level for materiality in financial statements reporting or disclosure*)

6.3 Exception:

- Sale or purchase of goods and services in the ordinary course of business amongst Parent Company and its Subsidiaries at arm's length terms. To ensure fairness and transparency, this exception is still subject to compliance with applicable SEC disclosure requirements and the Transfer Pricing guidelines issued by BIR (RR 02-2013).

- Transactions of Parent Company and its Subsidiaries involving the exercise of corporate powers such as investments, subscriptions, equity restructuring, dividend declarations, and corporate guarantees to subsidiaries.

7. Disclosure

7.1 RPTs that are required to be disclosed and reported in the Company's filings with the Securities and Exchange Commission (SEC) shall be disclosed in accordance with laws, rules, regulations, Philippine Financial Reporting & Accounting Standards. The Company shall comply with PAS 24's required disclosures of relationships between the Company & its Subsidiaries irrespective of whether there have been transactions between them, transactions and outstanding balances, *including commitments*, in the consolidated and separate individual financial statements. It shall disclose the name of its parent, the ultimate controlling party and/or the most senior parent (defined as the first parent above the immediate parent) that produces consolidated financial statements available for public use.

7.2 All RPTs shall be disclosed to the Audit Committee and any material RPT shall be disclosed to the Board.

8. Review

8.1 The Related Party Policy may be amended at any time and is subject to further guidance from the SEC and/or actions taken by the Parent Company's Board of Directors or Shareholders.