

ATOK-BIG WEDGE CO., INC.

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POLICY ON MATERIAL RELATED PARTY TRANSACTIONS¹

1. RATIONALE

The **Policy on Material Related Party Transaction** (the “Policy”) is intended to ensure proper review, approval and reporting of transactions between Atok-Big Wedge Company, Inc. (the “Company”) and its Related Parties, consistent with the Revised Corporation Code, the Securities Regulations Code and such other related laws and issuances, applicable accounting standards, disclosure requirements and principles of good corporate governance.

2. DEFINITION OF TERMS

2.1 **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 reporting PLC. It also covers the reporting PLC’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 related party.

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

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

- Ownership, control of power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a company of at least ten percent (10%) or more of the outstanding voting stock 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 Company to direct or cause the direction of management and policies of the entity, or vice-versa.

2.4 **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.

2.5 **Significant Influence** – The power to participate in the financial and operating policy decision of an entity but has no control or joint control of those policies.

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

- Power over the Company;
- Exposure or rights to variable returns from its involvement with the Company; and

¹ Revised as of May 6, 2021.

- The ability to use its power over the Company to affect the amount of the Company's returns.

2.7 Related party transactions – a transfer of resources, services 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 becomes a related party.

2.8 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 statement.

2.9 Materiality Threshold – Ten percent (10%) of the Company's total assets based on its latest audited financial statement. The total assets shall pertain to a parent company's total consolidated assets.

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

3. GENERAL PRINCIPLES

In furtherance of this Policy:

3.1 The Company shall at all times observe and adhere to the provisions of the Revised Corporation Code, its Articles of Incorporation and By-Laws, and all other relevant laws, rules and regulations, as may be applicable in the review, approval and disclosure of Material Related Party Transactions (MRPT), as defined under this Policy. The Company shall at all times observe, uphold and respect the rights of its shareholders, minority and majority alike.

3.2 As matter of policy and procedure, all MRPT shall be subject to review and endorsement by the Audit Committee with the concurrence of at least a majority of the Company's Independent Directors prior to approval by the Board of Directors.

3.3 All MRPTs, as defined under this Policy shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of independent directors voting to approve the MRPT. In case a majority of the independent directors' vote is not secured, the MRPT may be ratified by the vote of stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

3.4 In the review and approval of MRPT, the Company shall at all times abide by the following standards:

- a. That the MRPT is "fair and at arm's length". Fair and at Arm's Length refers 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.
- b. That the RPT is in the best interest of the Company and its stockholders, based on relevant circumstances, which include:
 - i. Basic terms of the transaction;
 - ii. Related party's interest in the transaction;

- iii. Purpose and timing of the transaction;
- iv. Nature of the Company's participation in the transaction;
- v. Cost basis and other relevant information if involving sale of assets;
- vi. Information on potential counterparties in the transaction including market prices for similar products and services;
- vii. Description of any provisions or limitations that may be imposed as a result of the transaction; and
- viii. Any potential reputational risk issued that may arise as a result of or in connection with the transaction.

3.5 For purposes of this Policy, a MRPT shall cover all transactions meeting the Materiality Threshold, as defined in 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 may be excluded from the limits and approval process required in the Policy. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the MRPT to the requirements of this Policy. The prospective treatment should, however, be without prejudice to regulatory actions that may be enforced for transactions noted to have not been conducted on an arm's length basis.

3.6 Guidelines in ensuring arm's length terms. The Company shall ensure that no preferential treatment shall be given or extended to related parties and their affiliates.

Before the execution of the MRPT, the Board of Directors should appoint an external independent party and set an effective price discovery mechanism to evaluate the fairness of the terms of the MRPT and ensure that transactions engaged into shall promote the best interest of the company and its shareholders.

An external independent party may include, but is not limited to, auditing/accounting firms and third party consultants and appraisers. Likewise, the price discovery mechanism may also 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.

3.7 Self-assessment and periodic review of the Policy or re-evaluation upon issuance of new laws, pronouncements and regulations affecting this Policy. The Internal Audit Department of the Company shall conduct periodic reviews and provide audit reports, indicating breaches in limits on the effectiveness of the Company's existing systems and internal controls relating to MRPT. The resulting audit reports shall be presented directly to the Audit Committee.

The company's Compliance Officer shall have the following duties and responsibilities in relation to MRPT:

- i. Ensure that the Company complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties;
- ii. Aid in the review of the Company's transactions and identify any potential MRPT that would require review by the Board of Directors; and
- iii. Ensure that the Policy is kept updated and is properly implemented.

3.8 Whistle blowing mechanisms shall be covered by the existing Whistleblowing Policy of the Company.

3.9 The following MRPT must be approved by the Board of Directors:

- i. Contract between an officer under the By-Laws and the Company.

- ii. Contract between a director and the Company when the presence of such director in the Board of Directors meeting in which the contract was approved was necessary to constitute a quorum and the vote of such director was necessary for the approval of the contract, approval by the Company's stockholders is required;
- iii. Contract between the Company and another corporation with interlocking directors, if the interest of the interlocking director in the Company is nominal² and his interest in the other corporation is substantial³, and such director's presence in the Company's Board meeting in which the contract was approved was necessary to constitute a quorum and the vote of such director was necessary for the approval of the contract, approval by the Company's stockholders is also required; and
- iv. Management contract where the Company undertakes to manage or operate all or substantially all the business of another corporation or vice versa.

3.10 The Company shall submit the following to the SEC:

- i. A summary of material related party transactions entered into during the reporting year which shall be disclosed in the company's Integrated Annual Corporate Governance Report (I-ACGR) to be submitted annually every May 30;
- ii. Advisement Report (attached as Annex "A") of any MRPT filed within three (3) calendar days from the execution date of the transaction. The Advisement Report shall be signed by the reporting PLC's Corporate Secretary or authorized representative.

3.11 All MRPT shall be reported by the Compliance Officer to the Audit Committee to ensure full and timely disclosure in the annual and quarterly reports submitted to the Securities and Exchange Commission and in the Notes to the Financial Statements, whether on an interim or annual basis, as required under PAS 24 on Related Party Transaction Disclosures and other disclosure requirements; and

3.12 The Company shall ensure that the review and approval of MRPT carried out by its subsidiaries are conducted in accordance with this Policy.

4. ACTUAL AND POTENTIAL CONFLICT OF INTEREST

4.1. Disclosure of Conflict of Interest

Directors and officers with personal interest in the MRPT or engaged in self-dealing shall fully and timely disclose any and all material facts, including their respective interests in the transaction and abstain from the discussion, approval and management of such transaction. In case they refuse to abstain, their attendance shall not be counted for purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.

Self-dealing shall include acquiring any personal interest in conflict with the duty as directors or officers.

As much as possible, a disclosure shall be made by the concerned director or officer as soon as their respective interests in the MRPT become apparent. The disclosure of the officer or director concerned shall be in writing addressed to the Board with a copy furnished to the Compliance Officer.

² Pursuant to Section 33 of the Corporation Code, nominal interest exists when the stockholdings of the director is twenty percent (20%) or below of the outstanding capital stock.

³ A director has a substantial interest if his stockholdings exceeds twenty percent (20%) of the outstanding capital stock.

4.2. Identification of Potential or Actual Conflict of Interest

If a potential transaction will meet the threshold under the definition of a MRPT, the Compliance Officer shall conduct an investigation to determine whether the transaction will involve a Related Party and whether the transaction may give rise to a potential conflict of interest on the part of a director or officer. In case of a positive finding, the Compliance Officer shall report the same to the Audit Committee and subsequently to the Board in case the same will be submitted for approval.

5. DISCLOSURE

The members of the Board, substantial shareholders, and officers shall fully disclose to the Board all material facts related to MRPTs 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 meeting where the material related party transaction will be presented for approval and before the completion or execution of the material related party transaction.

The Company shall submit an Advisement Report in the form and manner prescribed by the SEC within three (3) calendar days from the execution date of the transaction. The Advisement Report shall be signed by the Company's Corporate Secretary or authorized representative as well as the related party or the authorized representative of the related party.

A summary of all MRPTs entered into during the reporting year shall be disclosed in the Company's Integrated Annual Corporate Governance Report. This shall include the information stated in the Advisement Reports.

6. REMEDIES FOR ABUSIVE MPRT

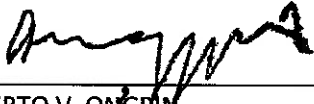
A MRPT shall be considered abusive if the same is not entered at arm's length and unduly favors a related party to the undue prejudice and substantial disadvantage of the Company.

Should the material related party transaction be found abusive, the Company, through its management, shall discontinue such transaction by serving a written notice to the related party within five (5) days from receipt of the decision of the Board, as stated above, or from receipt of the Board's assessment that the transaction is abusive. The Company shall likewise demand from the related party the restitution of losses or opportunity costs that the Company incurred from such abusive MRPT.

A director or officer who has been found to be remiss in handling MRPTs shall be suspended or removed from his/her position, depending on the gravity of the offense, as the case may be, and as allowed under existing laws, rules, regulations, and Company policies. Such director or officer shall be solidarily liable with the related party from whom the restitution of losses or opportunity costs is demanded.

7. EFFECTIVITY

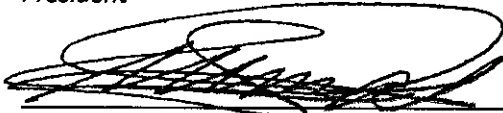
This policy shall have immediate and prospective effect.



ROBERTO V. ONGPIN
Chairman



ERIC O. RECTO
President



CLIBURN ANTHONY A. ORBE
Compliance Officer