

RELATED PARTY TRANSACTIONS POLICY

In accordance to the guidelines and regulations on Corporate Governance issued by the Securities and Exchange Commission (SEC) and other regulatory bodies, MacroAsia Corporation, (“the Corporation”) and its subsidiaries has adopted this Policy on Related Party Transactions (RPTs).

I. **Objectives**

This Policy sets out the general guidelines, procedures, threshold, and disclosure requirements for RPTs. It is intended to:

- A. prevent or mitigate abusive material related party transactions;
- B. manage conflict of interest situations which may arise between the Corporation and its Related Parties; and
- C. ensure that proper review, approval, ratification and disclosure of RPTs are observed, as required in compliance with legal and regulatory requirements.

II. **Definition of Terms**

- A. **Affiliate** – refers to the entity linked directly or indirectly to the Corporation through one or a combination of any of the following:
 - 1. Ownership, control, or power to vote, whether permanent or temporary proxy or voting trust; or other similar contracts, by an entity of at least ten percent (10%) or more of the outstanding voting stock of the Corporation, or vice-versa;
 - 2. Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
 - 3. Common stockholders owning at least 10 percent (10%) of the outstanding voting stock of the Corporation and the entity; or
 - 4. Management contract or any arrangement granting power to the Corporation to direct or cause the direction of management and policies of the entity and vice-versa.
- B. **Board of Directors** – the governing body elected by the stockholders that exercises the corporate powers of a corporation, conducts all its business and controls its properties.
- C. **Control** – A person or an entity controls the Corporation if and only if the person or entity has all of the following:
 - 1. Power over the Corporation;
 - 2. Exposure, or rights, to variable returns from its involvement with the Corporation; and
 - 3. The ability to use its power over the Corporation to affect the amount of the Corporation’s returns.

D. Related Parties - shall cover the Corporation'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 corporation. It also covers the corporation'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 a related party;

The Management/Board of Directors shall identify persons and companies that are considered as the corporation's related parties and come up with a Related Party Registry, which would be reviewed and updated on a quarterly basis.

E. Related Party Registry - a record of the organizational and structural composition, including any change thereon, of the Corporation and related parties;

F. Related Party Transactions - 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;

G. Significant Influence – the power to participate in the financial and operating policy decisions of the Corporation but has no control of those policies;

H. 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;

I. Substantial Shareholder - any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security

III. Coverage and Materiality Threshold

The material RPT policy shall cover all transactions meeting the materiality threshold of ***ten percent (10%) of the Group's total consolidated assets based on its latest audited financial statement.***

Transactions amounting to ten percent (10%) or more of the total assets 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 material RPT to the requirements of this Material RPT 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.

IV. Identification and Prevention / Management of Potential or Actual Conflict of Interest

The Corporation recognizes that RPTs can present potential or actual conflicts of interest and may raise questions about whether such transactions are consistent with the Corporation's and its stockholders' best interests.

It is the obligation of every member of the Board of Directors (BOD) to declare and divulge in writing his own involvement in any conflict of interest with the Corporation. The very existence of a conflict-of-interest situation is not in itself a punishable offense. However, failure, whether deliberate or through neglect, to divulge the same to the Corporation shall be punishable.

After the member makes such a declaration, the Corporation shall determine whether or not the actual or potential conflict-of-interest poses any danger to the Corporation. If so, the Corporation shall take measures to protect itself from any harmful effects of such conflict.

V. Guidelines in Ensuring Arms-length Terms

Dealings of the Corporation with any of its related parties should be done in the regular course of business and upon terms not less favorable to the Corporation than those terms and services offered to others (fair process), i.e., price, commissions, interest rates, fees, tenor, collateral requirement. Likewise, it should not undertake on more favorable economic terms to such related parties than similar transactions with non-related parties under similar circumstances (fair terms).

All transactions entered into by the Corporation with Related Parties should be fair, under terms similarly offered to unrelated third parties, and for the best interest of the Corporation. The price mechanism may include, but is not limited to, appointing an external independent party to evaluate the fairness of the transparent price. An external independent party may include, but is not limited to, auditing/accounting firms and third-party consultants and appraisers.

VI. Approval of Material RPTs

All individual material RPTs shall be approved by at least two-thirds (2/3) vote of the board of directors, 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. For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the Corporation's total assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

VII. Duties and Responsibilities

A. Board of Directors

The board of directors shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of the Corporation's shareholders and other stakeholders. Towards this end, the board of directors shall carry out the following duties and responsibilities:

1. To institutionalize an overarching policy on the management of material RPTs to ensure effective compliance with existing laws, rules and regulations at all times and that material RPTs are conducted on an arm's length basis, and that no shareholder or stakeholder is unduly disadvantaged.
2. To approve all material RPTs that cross the materiality threshold and write-off of material exposures to related parties, as well as any renewal or material changes in the terms and conditions of material RPTs previously approved in accordance with SEC regulations.

Material changes in the terms and conditions of the material RPT include, but are not limited to, changes in the price, interest rate, maturity date, payment terms, commissions, fees, tenor and collateral requirement of the material RPT.

3. To establish an effective audit, risk and compliance system to:
 - a. Determine, identify and monitor related parties and material RPTs;
 - b. Continuously review and evaluate existing relationships between and among businesses and counterparties; and
 - c. Identify, measure, monitor and control risks arising from material RPTs.

The system shall be able to define the related parties' extent of relationship with the Corporation; assess situations in which a non-related party (with whom a company has entered into a transaction) subsequently becomes a related party and vice versa; and generate information on the nature and amount of exposures of the Corporation to a particular related party. The said system will facilitate submission of accurate reports to the regulators/supervisors. The system as well as the overarching policies shall be subject to periodic assessment by the internal audit and compliance officers and shall be updated regularly for their sound implementation. The overarching policy and the system shall be made available to the SEC and audit functions for review. Any

change in the policy and procedure shall be approved by majority of the Board and approved by majority of the stockholders constituting a quorum.

4. To oversee the integrity, independence, and effectiveness of the policies and procedures for whistleblowing. The Board should ensure that senior management addresses legitimate issues on material RPTs that are raised. The Board should take responsibility for ensuring that stakeholders who raise concerns are protected from detrimental treatment or reprisals.

B. Senior Management

Senior management shall implement appropriate controls to effectively manage and monitor material RPTs on a per transaction and aggregate basis. Exposures to related parties shall also be monitored on an ongoing basis to ensure compliance with the Corporation's policy and SEC's regulations.

C. Related Party Transaction Committee

The Board shall constitute the Related Party Transactions Committee to be composed of at least three (3) non-executive directors, two (2) of whom shall be independent directors, including the chairperson.

The RPT Committee shall:

1. Review all material related party transactions of the Corporation;
2. Evaluate on an on-going 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;
3. Evaluate 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 non-related parties under similar circumstances and that no corporate or business resources of the Corporation 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:
 - (a) The related party's relationship to the Corporation and interest in the transaction ;
 - (b) The material facts of the proposed RPT, including the proposed aggregate value of such transaction;

- (c) The benefits to the Corporation of the proposed RPT;
 - (d) The availability of other sources of comparable products or services; and
 - (e) 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 Corporation should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
4. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation'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 Corporation's affiliation or transactions with other related parties;
 5. Report 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;
 6. Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
 7. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.
 8. Have the resources and authority appropriate to discharge its responsibilities, including the authority to engage external independent party to evaluate the fairness of the terms of the material RPTs, without the need for Board approval.

VIII. Disclosure and Regulatory Reporting

- A. The Corporation shall submit a summary of approved material related party transactions entered during the reporting year as part of the Corporation's Integrated Annual Corporate Governance Report (I-ACGR)
- B. Advisement Report of any material RPTs shall be submitted within three (3) calendar days from the execution date of the transaction.
- C. RPTs shall be disclosed in the Notes to Financial Statements.

IX. Whistle Blowing Mechanism and Remedies for Abusive Material RPTs

The Corporation has adopted an “open door policy” which encourages all stakeholders to communicate concerns about illegal, unethical or questionable material RPTs. Legitimate material concerns will be handled by the senior management and/or the Board of Directors.

The Corporation’s existing policy procedures and penalties under the Code of Business Conduct and Ethics shall apply for the restitution of losses and other remedies for abusive RPTs. The imposition of the foregoing penalties shall be without prejudice to any other administrative penalties that may be imposed by SEC, and/or civil or criminal penalties, as may be provided by the Revised Corporation Code of the Philippines, Securities Regulation Code, and other related laws.

X. Policy Review

The Management/RPT Committee shall review and assess the adequacy of this Policy annually and recommend changes to the Board of Directors when necessary.

This Policy document shall not be amended, altered or varied unless such amendment, alternation or variation shall have been approved by a resolution of the Board.

XI. Effectivity

This Policy shall be effective upon approval by the Board of the Corporation.



Dr. Lucio C. Tan
Chairman of the Board



Atty. Mariyic T. Moya
Chief Compliance Officer