

MATERIAL RELATED PARTY TRANSACTIONS POLICY

OF

STA. LUCIA LAND, INC.

Approved on 08 October 2019

We, the members of the Board of Directors and Management of **STA. LUCIA LAND, INC.** (the “Corporation”), hereby adopt the principles and best practices stated in this Policy, and acknowledge that the same may guide us in the attainment of our corporate goals.

1. OBJECTIVE

This Policy shall define material related party transactions (“MRPT”) and institutionalize the principles, guidelines, and best practices that will govern the review, approval and ratification of MRPT transactions by the Board of Directors to ensure that such transactions are conducted on an arm’s length basis, and that no shareholder or stakeholder is unduly disadvantaged.

This Policy shall ensure that transactions with related parties who meet the threshold are handled in a sound and prudent manner, with integrity and in compliance with the applicable laws and regulations to protect the interest of the Corporation’s shareholders and other stakeholders.

2. COVERAGE

This Policy shall cover all material related party transactions or MRPTs as defined below.

Transactions that meet the materiality threshold that were entered into with a non-related party that subsequently becomes a related party may be excluded from the limits and approval process required in this 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 this Policy and the requirements of the Rules on MRPTs for Publicly Listed Companies (SEC Memorandum Circular No. 10, series of 2019).

The prospective treatment shall 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. DEFINITIONS

“**Affiliate**” refers to an entity linked directly or indirectly to the Corporation through any one or a combination of any of the following:

- a. Ownership, control or power to vote, whether 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 Corporation, or vice-versa;
- b. Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
- c. Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Corporation and the entity; or
- d. 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.

“Associate” refers to an entity over which the Corporation holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the Corporation has significant influence.

“Control” means a person or an entity has all of the following:

- a. Power over the Corporation;
- b. Exposure, or rights, to variable returns from its involvement with the Corporation; and
- c. The ability to use its power over the Corporation to affect the amount of the Corporation’s returns.

“Material related party transactions” or “MRPTs” refer any related party transactions, 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 Corporation’s total assets based on its latest audited financial statements. If the Corporation is a parent company, the total assets shall pertain to its consolidated assets.

“Materiality threshold” refers to ten percent (10%) of the Corporation’s total assets based on its latest audited financial statements. If the Corporation is a parent company, the total assets shall pertain to its consolidated assets.

“Related parties” are 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 of the Corporation. This also includes 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.

“Related party registry” means the record of the organizational and structural composition, including any change thereon, of the Corporation and its related parties.

“Related party transaction” refers to a transfer of resources, services or obligations between the Corporation and a related party, regardless of whether a price is charged. These transactions

shall be interpreted broadly to include not only transactions that are entered into with related parties, but also outstanding transactions that are entered into with a non-related party that subsequently becomes a related party.

“SEC” refers to the Securities and Exchange Commission.

“**Significant influence**” means the power to participate in the financial and operating policy decisions of the company but has no control or joint control of those policies.

“**Substantial shareholder**” means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

4. RELATED PARTY TRANSACTIONS COMMITTEE

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

The Related Party Transactions Committee shall have the following specific functions:

- 4.1 Review proposed related party transactions before such transactions are submitted for the approval of the Board of Directors. The Committee shall assess the information provided and evaluate the proposed transaction to determine whether the same is beneficial and in the interest of the Corporation.
- 4.2 Evaluate reports of abusive MRPTs and determine the sanctions to be imposed on the personnel, officers or directors who have been found to be remiss in their duties in handling MRPTs

5. ADJUSTMENT OF THE THRESHOLD

The Board of Directors may, at its option, set a threshold lower than the ten percent (10%) materiality threshold upon the approval of a majority of the members of the Board. This Policy shall be amended to reflect the adjusted threshold within five (5) days from such approval.

6. IDENTIFICATION OF RELATED PARTIES

The Board of Directors and Senior Management are responsible for identifying related parties by instituting and updating the Related Party Registry. The Related Party Registry shall contain a record of the organizational and structural composition, including any change thereon, of the Corporation and its related parties. The Board of Directors and Senior Management shall conduct review and update the Related Party Registry every quarter.

The following shall be considered related parties of the Corporation:

- Directors of the Corporation;
- Officers of the Corporation;
- Substantial shareholders or any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security;
- The spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, of the foregoing directors, officers or substantial shareholders if these persons have control, joint control or significant influence of the Corporation; and
- The Corporation's parent company, 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.

7. MANAGEMENT OF POTENTIAL OR ACTUAL CONFLICTS OF INTEREST

7.1 Identification of Potential Conflicts of Interest

All potential or actual conflicts of interests relating to related party transactions shall be reported, identified, prevented and managed. The members of the board, stockholders, and management shall disclose to the Board whether they directly, indirectly or on behalf of third parties, have a financial interest in any transaction or matter affecting the Corporation.

Directors, substantial shareholders and officers shall fully disclose to the Board of Directors 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 Corporation. Such disclosure shall be made at the board meeting where the MRPT will be presented for approval and before the completion or execution of the MRPT.

7.2 Reporting and Evaluation by the Related Party Transactions Committee

Management shall report to the Related Party Transactions Committee proposed related party transactions before such transactions are submitted for the approval of the Board of Directors. The report shall include information on the name of the related party, business purpose of the transaction, benefit to the Corporation, extent of the related party's interest in the RPT, and material terms and conditions of the transaction.

The Related Party Transactions Committee shall evaluate MRPTs to determine whether the same is beneficial and in the interest of the Corporation. Before endorsing MRPTs to the Board, the Related Party Transactions Committee may, as it may deem necessary:

1. Secure the appointment of an external independent party to evaluate the fairness of the terms of the MRPTs, which may include but is not limited to, auditing/accounting firms and third party consultants and appraisers
2. Engage the services of an external expert as a price discovery mechanism, to ensure that the MRPTs are conducted at arm's length basis and in the ordinary course of business.

7.3 Abstention of Directors and Officers from the Approval and Management of MRPTs

Directors and officers with personal interest in a transaction shall fully and timely disclose any and all material facts, including their respective interests in the MRPT and abstain from the discussion, approval and management of such transaction or matter affecting the Corporation.

Should the director or officer refuse to abstain, their attendance shall not be counted for purposes of determining the quorum and their votes shall not be counted for purposes of determining the majority approval.

8. APPROVAL OF MRPTS

After the review and evaluation of the MRPTs, the Related Party Transactions Committee shall endorse the same to the Board of Directors for approval. For MRPTs not identified beforehand, they shall be submitted for ratification in accordance with this Policy, or the same may be discontinued, rescinded or modified.

All individual MRPTs 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 MRPT. In case that a majority of the independent directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation.

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 foregoing requirements shall be required when the aggregate RPT transactions meets and exceeds the materiality threshold covering the same related party.

9. DISCLOSURES AND REGULATORY REPORTING

A summary of MRPTs entered into during the reporting year shall be disclosed in the Corporation's Integrated Annual Corporate Governance Report (I-ACGR).

An Advisement Report of any MRPT shall be filed with the Securities and Exchange Commission ("SEC") within three (3) calendar days from the execution date of the

transaction. The report shall be signed by the Corporate Secretary or authorized representative.

10. SELF-ASSESSMENT AND PERIOD REVIEW OF THIS POLICY

The internal auditor shall conduct a periodic review of the effectiveness of the Corporation's system and internal controls governing MRPTs to assess consistency with the board-approved policies and procedures. The audit reports, including exceptions or breaches in limits, shall be committed directly to the Audit Committee.

The Chief Compliance Officer shall ensure that the Corporation complies with the relevant rules and regulations and is informed of regulatory developments in areas involving related parties. He shall ensure that this Policy is kept updated and is properly implemented by the Corporation.

11. WHISTLE BLOWING MECHANISMS

All stakeholders are encouraged to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable MRPTs, with an assurance that such genuine concerns in good faith may be raised without fear of reprisal, even if they turn out to be mistaken.

Concerns may be reported in confidence to the following:

Landline: +632-8681-7332 loc 130

Email: whistleblower@stalucialand.com.ph

12. ABUSIVE MRPTS

Whenever applicable, the Corporation shall discontinue a related party transaction if found abusive and demand restitution of losses or opportunity costs it incurred from such related party transaction.

The Related Party Transactions Committee shall evaluate reports of abusive MRPTs and determine the sanctions to be imposed on the personnel, officers or directors who have been found to be remiss in their duties in handling MRPTs in accordance with this Policy, without prejudice to the applicable legal remedies which the Corporation may adopt. The sanction shall be recommended by the Related Party Transactions Committee and approved by the Board.

13. AMENDMENT

Upon the recommendation of Audit Committee, any changes to this Policy shall be approved by a majority of the Board of Directors.

Signed:



Vicente R. Santos
Chairman of the Board



Jeremiah T. Pampolina
Chief Compliance Officer