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1. Purpose

The Company hereby adopts this RELATED PARTY TRANSACTIONS POLICY to ensure that all transactions between the Company and Related Parties are conducted in accordance with the principles of transparency and fairness, and in this regard shall be properly accounted for and disclosed.

2. Objective


The Company's Revised Manual on Corporate Governance requires that all material information about the Company which could adversely affect its viability or the interests of the stockholders shall be publicly and timely disclosed. Among such information required to be disclosed are related party transactions.

Under this Policy, all related party transactions between the Company, its affiliates, subsidiaries, and other related entities or persons (as defined herein) are fair and made on an arm's length basis. Pursuant to the foregoing, the Audit Committee is constituted as the Committee responsible to oversee and review the propriety of related party transactions and their required reporting disclosures.

3. Definitions

Related party – a person or entity that is related to the Company.

- a. A person or a close member of that person's family is related to the Company if that person:
 - i. has control or joint control over the Company;
 - ii. has significant influence over the Company; or
 - iii. is a member of the key management personnel of the Company or its parent company.
- b. An entity is related to the Company if any of the following conditions applies:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity 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

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- is a member).
- iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled or jointly controlled by a Related Party as defined in this Policy. The person identified 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).
 - vii. The entity, or any member of a group of which it is a part, provides key management personnel service to the Company or to its parent company.

Related party transaction – a transfer of resources, services or obligations between the Company and a related party regardless of whether a price is charged.

Close members of the family of a person – family members who may be expected to influence, or be influenced by that person with the entity, include:


- i. that person's children and spouse or domestic partner;
- ii. children of that person's spouse or domestic partner; and
- iii. dependents of that person or that person's spouse or domestic partner

Significant influence - the power to participate in the financial and operating policy decisions of an entity, but has no control over those policies. Significant influence may be gained by share ownership, statute or agreement.

4. Disclosure of Related Party Transactions by Directors and Employees

All directors and employees of the Company and its subsidiaries are required to promptly disclose any business-and family-related transactions to the Company and/or its subsidiaries to ensure that potential conflicts of interest are surfaced and brought to the attention of management.

All employees of the Corporation are also required to complete the mandatory form on

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“Business Interest/Related Party Disclosure” in the month of January of each year. This is duly noted by the employee’s strategic business unit or group head, and submitted to the Human Resource Group.

The Company shall likewise ensure that its independent directors hold no conflict of interest with the Company. 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 Company and its management or controlling shareholders at the time of their election or appointment and/or re- election as director as independent directors.


The Company 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.

5. Review and Approval of Related Party Transactions

Before commencement of the related party transaction, Management shall report to the Audit Committee each new or proposed related party transaction for review and approval. The report should cover the following:

- i. The terms, business purpose, benefits and other details of the related party transaction.
- ii. The nature of the relationship of the party or parties involved in the transaction in relation to the Company
- iii. The description of the transaction, including the affected periods 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, and the terms and manner of settlement.

The Audit Committee shall review all the information reported by Management and shall consider all of the relevant facts and circumstances available. In case the Audit Committee approves the proposed related party transaction, the material or significant related party transactions shall be endorsed by the Audit Committee to the Board for approval. Materiality thresholds applicable to related party transactions are to be defined and endorsed by the Audit Committee to the Board. The Board may, at its option, require that a related party transaction that it has approved, be also submitted to the stockholders for consideration and ratification.

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6. Pre-approved Related Party Transactions

The Related Party Transactions listed below, which are in the nature of normal transactions in the ordinary course of business, and are covered by separate board approvals shall be deemed to be pre-approved or ratified and shall not require review and approval of the Audit Committee and the Board:

- i. Compensation and employment of executive officers and directors approved by the Compensation Committee.
- ii. Transactions like loans, advances and other benefits with similar terms available to all employees generally.
- iii. 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.
- iv. 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.
- v. Any transaction with a Related Party involving management fees, system cost recoveries, agreements or intercompany advances in exchange for rendering of services such as construction, construction management, procurement, engineering, property management, technical services, and other services in the ordinary course of doing business.

7. Disclosure

Related party transactions will be disclosed in the relevant financial reports of the Company as required under International Accounting Standard 24 on Related Party Disclosures and other applicable disclosure requirements.

8. Effectivity

This Policy shall take effect on the date indicated above and shall supersede any and all previous practices contrary to the provisions herein. It shall remain in full force and effect until amended in writing with the approval of authorized signatories.