

# COVER SHEET

A S 9 2 0 0 6 4 4 1  
SEC Registration Number

S O C R e s o u r c e s , I n c .  
(Company's Full Name)

4 t h F l r . E N Z O B l d g . 3 9 9 S e n .  
G i l P u y a t A v e M a k a t i C i t y  
(Business Address: No., Street City / Town / Province)

Ronna C. De Leon  
Contact Person

TEL:8804-1978/TFAX:8804-1977  
Company Telephone Number

## MATERIAL RELATED TRANSACTION POLICY

1 2 3 1  
Month Day  
Fiscal Year

FORM TYPE (last Friday of May, Rescheduled)

0 6 2 6  
Month Day  
Annual Meeting

Not Applicable

0Secondary License Type, If Applicable

Dept Requiring this Doc

Amended Articles Number / Section

359  
Total No. of Stockholders

Total Amount of Borrowings  
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes



SOCResources, Inc.

## MATERIAL RELATED PARTY TRANSACTION POLICY

### POLICY STATEMENT

This policy on Material Related Party Transactions (the "Policy") shall govern material related party transactions ("RPTs") of SOCResources, Inc. (the "Company"), including its subsidiaries and affiliates, in accordance with the Revised Corporation Code and Securities and Exchange Commission ("SEC") Memorandum Circular No. 10, Series of 2019.

### SECTION 1. DEFINITION OF TERMS

For purposes of this Policy, the following definitions shall apply:

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

- Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a corporation 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.

**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.

**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 reporting Company; and
- The ability to use its power to affect the amount of Company's returns.

## SECTION 2. 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 Company'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 Section 3 (f) of these Policy.

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 the:
  - Determination, identification and monitoring of Related Parties and material RPTs;
  - Continuous review and evaluation of existing relationships between and among businesses and counterparties; and
  - Identification, measurement, monitoring and controlling of risks arising from material RPTs.

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. Any change in the policy and procedure shall be approved by majority of the Board of Directors 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 whistleblowing mechanism shall be covered by the Whistleblowing Policy of the Company. The Board shall ensure that senior management addresses legitimate issues on material RPTs that are raised. The Board shall take responsibility for ensuring that stakeholders who raise concerns are protected from detrimental treatment or reprisals.



### SECTION 3. MATERIAL RELATED TRANSACTIONS POLICY

a. **Review of the Related Party Registry.** The Management/Board of Directors shall review quarterly and update the Related Party Registry to capture organizational and structural changes in the Company and its related parties.

b. **Coverage of Material RPT policy.** The material RPT policy shall cover all transactions meeting the materiality threshold.

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.

c. **Adjusted Thresholds** Company shall be allowed to set a threshold lower than the materiality threshold provided under these Policy upon determination by the Board of Directors of the risk of the RPT to cause damage to the Company and its shareholders. In such case, the adjusted threshold shall be contained in this Policy.

d. **Identification and prevention or management of potential or actual conflicts of interest which may arise out of or in connection with material RPTs.** Any determination of actual or potential conflicts of interest shall be done in accordance with the Company Conflict of Interest Policy.

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

e. **Guidelines in ensuring arm's length terms.** No preferential treatment shall be given to Related Parties that are not extended to non-related parties under similar circumstances.

Before the execution of the material RPT, the Board of Directors should appoint an external independent party to evaluate the fairness of the terms of the material RPTs. An external independent party may include, but is not limited to, auditing/accounting firms and third party consultants and appraisers. The independent evaluation of the fairness of the transparent price ensures the protection of the rights of shareholders and other stakeholders.

In order to ensure an effective price discovery mechanism, the services of an external expert, the bidding process, or the publication of available property for sale, as the case may be, may be resorted to.

f. **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 Company'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. The determination of whether a Director has personal interest in the transaction shall be in accordance with the Company's Conflict of Interest Policy.

g. **Self-assessment and periodic review of policy** - The internal audit shall conduct a periodic review of the effectiveness of the Company's system and internal controls governing material RPTs to assess consistency with the Board-approved policies and procedures. The resulting audit reports, including exceptions or breaches in limits, shall be communicated directly to the Audit Committee.

The Company's Compliance Officer shall ensure that the Company complies with relevant rules and regulations and is informed of regulatory developments in areas affecting Related Parties. The Compliance Officer shall aid in the review of the Company's transactions and identify any potential material RPT that would require review by the Board of Directors. The Compliance Officer shall ensure that the Company's material RPT policy is kept updated and is properly implemented throughout the Company.

h. **Disclosure requirement of material RPTs.** The members of the Board, substantial shareholders, and officers shall fully disclose to the Board of Directors all material facts related to material RPTs 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 Board meeting where the material RPT will be presented for approval and before the completion or execution of the material RPT.

i. **Whistle blowing mechanisms.** The Company has an existing whistleblowing mechanism consistent with the corporate values and codes of conduct set by the Board of Directors. The policy encourages all stakeholders to communicate, confidentially and without



**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 a company's total assets based on its latest audited financial statement.

**Materiality Threshold** - Ten percent (10%) of the company's total assets based on its latest audited financial statement. Total assets shall pertain to the Company's total consolidated assets.

**Related Parties** – Shall refer to the Company's Subsidiaries, Associates, Affiliates, joint venture or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party. It shall likewise refer to 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 Company.

**Related Party Registry**-A record of the organizational and structural composition, including any change thereon, of the Company and its related parties.

**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.

This includes any transaction directly or indirectly involving a person and associates owning, directly or indirectly through one or more intermediaries, control, or is controlled by, or under common control with, the Company.

**Significant Influence** - The power to participate in the financial and operating policy decisions of the Company but has no control or joint control of those policies.

**Subsidiary** – An entity to which the Company holds controlling interest;

**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.

the risk of reprisal, legitimate concerns about illegal, unethical and questionable material RPTs. The current whistleblowing policy includes guidance on how legitimate material concerns should be reported, investigated and addressed by an objective independent internal or external body, senior management and/or Board itself.

j. **Remedies for abusive material RPTs.** Abusive material RPTs refer to material RPTs that are not entered at arm's length and unduly favor a Related Party.

The Board shall appoint persons or Company officers which will be responsible for the following:

- a) Investigate any Abusive Material RPT reported through the Company's Whistle-Blowing Policy, or through any other method;
- b) Determine whether the Company incurred losses or opportunity costs in entering into the Abusive Material RPT;
- c) Recommend measures that would cut such losses, and allow recovery of such losses or opportunity costs; and
- d) Recommend a course of action to the Board based on the results of the investigation.

The Management or the Board of Directors shall determine whether penalties are warranted and the manner of imposing the same on the personnel, officers or directors, who have been remiss in their duties in handling material RPTs in accordance with Company policies.

## SECTION 5. POLICY REVIEW

This Policy may be reviewed at any time by the Committee in its discretion or amended from time to time to be consistent with the Company's Manual on Corporate Governance, SEC Memoranda, Philippine Stock Exchange directives and other relevant issuances by competent authority. This Policy is intended as a component of the framework within which the Board, assisted by its committees, directs the affairs of the Company.

## SECTION 6. EFFECTIVITY

This Policy shall take effect immediately.

**SOCRESOURCES, INC.**

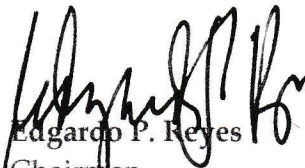
**Material Related Party Transactions Policy**

**October 2019**



**David R. Baladad**

Compliance Officer & Vice-President for Operations

  
Edgardo P. Reyes  
Chairman