

RELATED PARTY TRANSACTION POLICY

Policies and Procedures

Review, Approval or Ratification, Monitoring and Recording of Related Party Transactions

Related Party Transactions	Policies and Procedures
(1) Parent Company	
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/children/ siblings/parents	
(7) Directors including spouse/children/siblings/parents	
(8) Interlocking director relationship of Board of Directors	

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party making financial and operating decisions. Such relationship also exists between and/or among the entities, which are under common control with the reporting enterprise, or between and/or among the reporting entities and key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of relationship and not merely the legal form. For financial statements disclosure purposes, an affiliate is an entity under common control of the Parent Company's stockholders.

The independent directors and/or audit committee play an important role in reviewing significant related party transactions. The Audit Committee has prior-approval authority for related party transactions.

The Company and its subsidiaries and certain affiliates, in the ordinary course of business have entered into transactions with each other principally consisting of reimbursement of expenses and management agreements. All transactions should be done on commercial terms and arms-length basis.

Disclosure of Related Party Transactions

All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed such information including related party transactions.

The related party transactions shall be disclosed in the notes to the financial statements (Note 21 of the 2012 and Note 20 of the 2013 Audited Consolidated Financial Statements) and SEC Form 17-A (Annual Report). The practice of full and timely disclosure to shareholders of all material transactions with affiliates of the controlling shareholders, directors or management is enjoined.

Process of Safeguarding the Interest of the Company, Minority Shareholders and Other Stakeholders

The company, being a parent company, in its course of trade or business, enters into transactions with its subsidiaries consisting of reimbursement of expenses, purchase of other assets, construction and development contracts, management, marketing and service agreements. Sales and purchases of goods and services to and from related parties should be made at arms-length transaction.

When related party transactions are involved, directors who have direct or indirect material interest will inhibit themselves in the approval of the transaction. The two independent directors should be present together with other directors who have no direct or indirect interest to approve the related party transaction. The Audit Committee will review and have prior-approval authority for related party transactions.

The Revised Manual on Corporate Governance provides that one of the duties and responsibilities of the director is to conduct fair business transactions with the Corporation and to ensure that personal interest does not (bias Board decisions) conflict with the interests of the Corporation. The director should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of the director, he should fully and immediately disclose it and should not participate in the decision-making process.

All significant related party transactions shall be disclosed to the public through SEC Form 17-C and SEC Form 17-A as well as in the notes to the financial statements.

ANNEX A: IAS 24 – RELATED PARTY DISCLOSURES - SUMMARY

(The objective of the Standard, the definition, disclosure requirements and examples of Related Party Transactions)

OBJECTIVE

The objective of this Standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

DEFINITION

A related party is:

- a. A person or a close member of that person's family is related to a reporting entity if that person:
 - i.) has control or joint control over the reporting entity;*
 - ii.) has significant influence over the reporting entity; or*
 - iii.) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.**
- b. An entity is related to a reporting entity 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 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 person defined in (a).*
 - vii.) A person identified in (a) (i) 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).**

Close members of the family of a person include:

- a.) that person's children and spouse or domestic partner;*
- b.) children of that person's spouse or domestic partner; and*
- c.) dependents of that person or that person's spouse or domestic partner.*

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

DISCLOSURE REQUIREMENTS

***Relationships between parents and subsidiaries.** Regardless of whether there have been transactions between a parent and a subsidiary, an entity must disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so must also be disclosed.*

***Management compensation.** Disclose key management personnel compensation in total and for each of the following categories:*

- short-term employee benefits*
- post-employment benefits*

- *other long-term benefits*
- *termination benefits*
- *share-based payment benefits*

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity.

If an entity obtains key management personnel services from a management entity, the entity is not required to disclose the compensation paid or payable by the management entity to the management entity's employees or directors. Instead the entity discloses the amounts incurred by the entity for the provision of key management personnel services that are provided by the separate management entity.

Related party transactions. *If there have been transactions between related parties, disclose the nature of the related party relationship as well as information about the transactions and outstanding balances necessary for an understanding of the potential effect of the relationship on the financial statements. These disclosures would be made separately for each category of related parties and would include:*

- *the amount of the transactions*
- *the amount of outstanding balances, including terms and conditions and guarantees*
- *provisions for doubtful debts related to the amount of outstanding balances*
- *expense recognised during the period in respect of bad or doubtful debts due from related parties*

*The following are considered as **related party transactions** when performed with a Related Party:*

- a.) Purchases or sales of goods*
- b.) Purchases or sales of property and other assets*
- c.) Rendering or receiving of services*
- d.) Leases*
- e.) Transfers of research and development*
- f.) Transfers under license agreements*
- g.) Transfers under finance arrangements (including loans and equity contributions in cash or in kind)*
- h.) Provisions of guarantees or collateral*
- i.) Commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (recognised and unrecognised)*
- i.) Settlement of liabilities on behalf of the entity or by the entity on behalf of that related party*