



harnessing energy, altering lives

# Policy on Material Related Party Transactions (RPT)





harnessing energy, altering lives

Alternergy Holdings Corporation (the "Company"), pursuant to its core values to uphold investors trust and confidence through transparency and prudent management of resources, and in compliance with SEC Memorandum Circular No 10-2019, the Board of Directors adopts this group-wide material RPT policy (the "Policy") encompassing all entities within the group, taking into account its size, structure, risk profile and complexity of operations.

## I. DEFINITION OF TERMS

- i. **Related Parties** - covers the Company's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of affinity or consanguinity, legitimate or common law, if these persons have control, joint control or significant influence over the Company. It also covers the Company's parent, subsidiary, fellow subsidiary, associate, affiliate, or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a Related Party. Related Parties are listed in "Appendix A" of the Related Party Transactions Committee Charter, which may be updated from time to time.
- ii. **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. **Affiliate** - refers to any entity linked directly or indirectly to the Company through any one or a combination of any of the following:
  - a) Ownership, Control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by another company of at least ten percent (10%) or more of the outstanding voting stock of the Company, 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 Company and another company; or
  - d) 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.

- iv. **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.
- v. **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.
- vi. **Control** - A person or entity controls the Company if and only if the person or entity has all the following:
  - a) Power over the Company;
  - b) Exposure, or rights, to variable returns from its involvement with the Company; and
  - c) The ability to use its power over the Company to affect the amount of the Company's returns.
- vii. **Related Party Transaction or RPT** - 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.
- viii. **Material Related Party Transactions** - Any Related Party Transaction 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 Company's total assets based on its latest audited financial statement. The twelve-month period for the purpose of this Policy shall start on the first day of January and shall end on the last day of December of each year.
- ix. **Materiality Threshold** - Ten percent (10%) of the Company's total assets based on its latest audited financial statements.
- x. **Related Party Registry** - A record of the organizational and structural composition of the Company and its related parties.

## II. PROCEDURE

1. **Identification.** Identify Material RPTs either individually, or in aggregate over a twelve (12)-month period with the same party, amounting to ten percent (10%) or higher of Company's total assets based on its latest Audited Financial Statement (AFS).

**Exemptions.** Exempt Related Party transactions shall not require RPT review and approval but may require regular reporting to the Board of Directors. The following type of transactions are considered Exempt RPTs:

- a. Transactions between the Company and its wholly-owned subsidiaries in connection with the funding of operation of the Company's business units and projects, or other transactions with the objective of providing shared services or other services for operational efficiency.
- b. Transactions in the ordinary course of business or recurring transactions that do not exceed the threshold amount for significance and materiality.

2. **Ensuring Arms' Length Terms.** To ensure that no preferential treatment is given to related parties that are not extended to unrelated parties under similar circumstances, the following measures must be observed before the execution of Material RPTs:

- a. **Effective Price Discovery Mechanism.** To ensure that Material RPTs are entered into at terms that promote the best interest of the Company, its shareholders and other stakeholders, effective price discovery mechanism shall be resorted to, such as but not limited to, acquiring the services of an external valuation expert, opening the transaction to a bidding process, comparison the terms and conditions of a transaction with two or more suppliers, or publication of a property available for sale; and
- b. **Independent Evaluation.** To ensure fairness of the transparent price so as to protect the rights of the shareholders and other stakeholders, an external independent party may be appointed to evaluate the fairness of the terms of the MRPT. An external independent party may include, but is not limited to, auditing/ accounting firms and third party consultants and appraisers.

3. **Initial Approval.** The appropriate party shall endorse Material RPTs to the appropriate transaction approving authority for approval and thereafter, submit such to the Compliance Office, with all the supporting documents, including the results of the external independent party's evaluation, for review and confirmation prior to execution of the transaction.

- a. **Treatment for Existing Material RPTs.** Material RPTs that were previously entered into with an unrelated 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 unrelated party becomes a Related Party shall subject such Material RPTs to the requirements of this Policy. 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.

4. **Review and Approval of Material RPTs.** In approving Material RPTs, the following procedures shall be observed:

- a. **Valuation & Endorsement.** The Compliance Office shall evaluate and endorse for approval of the Board of Directors all Material RPTs.
- b. **Final Approval.** All individual Material RPTs shall be approved by at least two-thirds (2/3) vote of the Board, with at least majority of the Independent Directors voting to approve the Material RPT.
- c. In case 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) the Company's outstanding common capital stock in a special or regular stockholders' meeting.
- d. **Aggregated Transactions with a Related Party.** For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the total assets based on its latest Audited Financial Statements, the same Board approval and stockholders' confirmation/ratification as provided above shall be required for the transaction that meets and exceeds the materiality threshold covering the same Related Party.

5. **Independence and Inhibition of Directors and Officers Involved in Material RPTs.** To prevent and/or manage potential or actual conflict of interest situations which may arise out of or in connection with Material RPTs, directors and officers with personal interest in the transaction shall abstain from the discussion, approval and management of such transaction. No director or officer shall participate in the Board discussion of a Material RPT for which he/she or any member of his/her close family or related interest is involved, including transactions of subordinates, except in order to provide material information on the Material RPT to the Board. In case they refuse to abstain, their attendance shall not be counted for purposes of assessing the quorum and their votes shall not be counted for purposes of determining if the required approval is secured.

6. **Self-Declaration and Disclosure.** Directors, Substantial Shareholders and officers, as herein defined, shall fully and timely disclose to the Board any and all material facts related to the 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.

### III. SELF-ASSESSMENT AND PERIODIC REVIEW POLICY

1. **Internal Audit.** 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 to the Board Audit Committee.
2. **Compliance Officer.** The Compliance Officer shall ensure that the Company complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. He/she shall ensure that the Company's Material RPT policy is kept updated and is properly implemented throughout the Company. He/she shall likewise review and update the Related Party Registry periodically to capture organizational and structural changes in the Company and its related parties.

### IV. REPORTING AND COMPLIANCE

1. **Summary of MRPTs.** A summary of MRPTs entered introducing the reporting year which shall be disclosed in the Company's Integrated Annual Corporate Report (I-ACGR) to be submitted annually not later than May 30 of each year.

The signatories of the I-ACGR are the Chairman of the Board, President, all Independent Directors, Corporate Secretary and the Chief Compliance Officer.

2. **Advisement Report on MRPTs.** An Advisement Report, in accordance with the SEC- prescribed format, shall be filed within three (3) calendar days after the execution date of the transaction. The Advisement Report shall be signed by the Company's Corporate Secretary or authorized representative and the related party or authorized representative.
3. **Summary of MRPTs.** A summary of MRPTs entered introducing the reporting year which shall be disclosed in the Company's Integrated Annual Corporate Report (I-ACGR) to be submitted annually not Later than May 30 of each year. The signatories of the I-ACGR are the Chairman of the Board, President, all Independent Directors, Corporate Secretary and the Chief Compliance Officer.
4. **Remedies for abusive material RPTs.** In cases where the material RPT is abusive, that is, not entered at arm's length and unduly favor a related party, the Company shall recover from the concerned Directors, substantial shareholders and officers, all opportunity costs incurred by the Company arising out or in connection with the abusive material RPTs. Further, personnel, officers or Directors, who have been remiss in their duties in handling material RPTs shall be subject to disciplinary action.

**V. EFFECTIVITY**

This Policy on Material Related Party Transaction is hereby revised and approved for implementation by the Board of Directors of the Company on September 25, 2024 in Makati City.

[signed]  
VICENTE S. PEREZ, JR.  
Chairman of the Board  
TIN 156-263-802

[signed]  
JANINA C. ARRIOLA  
Compliance Officer  
TIN 912-161-336