

COVER SHEET

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S.E.C. Registration Number

S C L A R P H I L I P P I N E S N U E V A E C I J A
 C O R P O R A T I O N

(Company's Full Name)

2 0 t h F l o o r , P h i l a m l i f e T o w e r

8 7 6 7 P a s e o d e R o x a s , 1 2 2 6

M a k a t i C i t y

(Principal Address of the Company)

Hazel Iris P. Lafuente
 Contact Person

0 2 8 8 1 7 - 2 5 8 5
 Company Telephone Number

0 6 3 0
 Month Day
 Fiscal Year

Material Related Party Transactions Policy
 Form Type

1st Monday of May each year
 Regular Meeting

Certificate of Permit to Offer Securities for Sale (Pursuant to SEC MSRD Order No.
 87 Series of 2021)
 Secondary License type, if applicable

CGFD
 Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total amount of Borrowings

Domestic Foreign

To be Accomplished by SEC Personnel concerned

File Number

 LCU

Document I.D.

 Cashier

Remarks = Pls. use black ink for scanning purposes.

SOLAR PHILIPPINES NUEVA ECIJA CORPORATION
(the “Company”)

MATERIAL RELATED PARTY TRANSACTIONS POLICY

This Material Related Party Transactions Policy (the “**RPT Policy**”) is adopted pursuant to Securities and Exchange Commission (“**SEC**”) Memorandum Circular No. 10, series of 2019, which requires publicly listed companies to adopt a group-wide material related party transactions policy encompassing all entities within the conglomerate.

Article 1. Statement of Policy and Objectives

It is the duty of the Board of Directors to formulate, adopt, and implement policies and measures geared towards prevention of abuse and promotion of transparency, and in compliance with applicable laws and regulations, to protect the interests of all shareholders. One such measure is the adoption of a robust RPT Policy to ensure that Related Party Transactions (“**RPTs**”) occur at market prices, at arm’s length basis, under fair terms, and will inure to the best interests of the Company and its stakeholders. To aid in the performance of this duty, this RPT Policy is adopted to:

- Define related party relationships and transactions;
- Provide guidance in the review, approval, and disclosure of RPTs;
- Institutionalize mechanisms to improve the implementation of this policy; and
- Lay down remedies to address abusive RPTs.

The Board of Directors, through its Related Party Transactions Committee, is tasked with overseeing the implementation of the RPT Policy.

Article 2. Definition of Terms

Unless otherwise indicated, the following definitions shall apply to terms capitalized in this RPT Policy:

Abusive RPT - Refers to RPTs that are not entered at Arm’s Length.

Affiliate – Refers to an entity linked directly or indirectly to the Company through any one (1) 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 an entity that owns 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.

Arm’s Length – Refers to the principle that requires that a transaction with a related party be made under comparable conditions and circumstances as a transaction with an independent

party.

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.

Board of Directors – The governing body elected by the shareholders that exercises the corporate powers of the Company, conducts all its business, and controls its properties.

Committee – Refers to the Related Party Transactions Committee of the Company.

Company – Refers to Solar Philippines Nueva Ecija Corporation.

Control – A person or an entity controls a 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 company; and
- The ability to use its power over the company to affect the amount of the company's returns.

Material Change – This includes, but is not limited to, changes in the price, interest rate, maturity date, payment terms, commissions, fees, tenor, and collateral requirements of a Material RPT.

Material Related Party Transaction or Material RPT — Any RPT/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 the Company's total consolidated assets based on its latest audited financial statements.

Materiality Threshold — Ten percent (10%) of the Company's total consolidated assets based on its latest audited financial statements.

Related Party – Covers 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. It also covers the Company'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 – A record of the organizational and structural composition, including any change thereon, of the Company and its Related Parties.

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.

RPT Policy – Refers to this Material Related Party Transactions Policy.

SEC – Refers to the Philippine Securities and Exchange Commission.

Significant Influence – The power to participate in the financial and operating policy decisions of a company but has no control or joint control of those policies.

Subsidiary – A corporation more than fifty percent (50%) of the voting stock of which is owned or controlled, directly or indirectly, through one or more intermediaries, by the Company.

Substantial Shareholder – Any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of a company's equity security.

Article 3. Coverage

This RPT Policy covers Material RPTs between the Company and Related Parties. If the Company's Affiliate, Associate, or Subsidiary has not adopted its own policy on RPTs, this RPT Policy shall also cover the Material RPTs of such Affiliate, Associate, or Subsidiary.

Article 4. Duties and Responsibilities

A. Board of Directors

The Board of Directors shall formulate and implement policies and procedures that would ensure the integrity and transparency of RPTs between and among the Company and Related Parties.

Further, it shall approve all Material RPTs that cross the Materiality Threshold as well as any renewal or Material Changes in the terms and conditions of Material RPTs previously approved in accordance with this RPT Policy.

Finally, it shall oversee the independence and effectiveness of policies on RPTs.

B. Related Party Transactions Committee

The Committee shall be responsible for proposing policies for RPTs to the Board of Directors. It shall also be responsible for checking compliance with existing RPT policies.

Moreover, the Committee shall be responsible for reviewing all Material RPTs of the Company and making recommendations to the Board of Directors in relation to thereto.

Finally, it shall ensure that senior management keeps an updated Related Party Registry and properly addresses legitimate issues on RPTs that are raised.

C. Senior Management

Senior management shall implement appropriate controls to effectively manage and monitor Material RPTs on a per transaction and aggregate basis. Exposures to Related Parties shall also be monitored on an ongoing basis to ensure compliance with the Company's RPT Policy and relevant rules and regulations of the SEC.

Article 5. Review and Approval of Related Party Transactions

A. Material Related Party Transactions

All Material RPTs must be reviewed by the Committee and approved by the Board of Directors or ratified by the stockholders of the Company in case the required vote of the Board of Directors is not secured prior to commencement; otherwise, the transaction may be discontinued, rescinded, or modified.

In the review of the Material RPT, the Committee shall consider the following factors:

- The terms of the transaction;
- The aggregate value of the transaction;
- Whether the transaction is Arm's Length;
- The extent of the Related Party's interest in the transaction;
- Purpose and timing of the transaction;
- Whether the transaction will benefit the Company or expose it to unwarranted risks or contingencies, taking into account the size of the transaction and the overall financial position of the Related Party;
- Whether the transaction is properly supported and documented through transfer pricing documentation; and
- Other factors the Committee deems relevant.

The Committee is entitled to request for documentation and information it deems necessary to complete its review.

In the event of a favorable recommendation, the Committee shall endorse the Material RPT to the Board of Directors for approval. The Board of Directors may appoint an external independent party to evaluate the fairness of the terms of the Material RPT. An external independent party may be an auditing/accounting firm, third-party consultant, or appraisers.

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 the vote of the majority of the independent directors is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the Company's outstanding capital stock. Aggregate RPTs with the same Related Party within a twelve (12)-month period shall be subject to the same approval process upon breach of the Materiality Threshold.

Committee members and directors with personal interest in the Material RPT should abstain from participating in discussions and voting on the same. In case of refusal to abstain, the attendance of the interested Committee member or director will not be counted for purposes of quorum and his/her vote will not be considered.

Any Material Changes in the terms and conditions of any previously approved Material RPT shall subject said Material RPT to the review and approval process under this Article anew.

Transactions amounting to ten percent (10%) or more of the total consolidated assets of the Company that were entered into with an unrelated party that subsequently becomes a Related Party may be excluded from the review and approval process under this Article. 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 review and approval process herein.

B. Non-Material Related Party Transactions

The review and approval of non-Material RPTs shall be delegated to Management. For purposes of this RPT Policy, the following are examples of transactions that are considered non-Material RPTs as long as they do not breach the Materiality Threshold:

- Transactions in the ordinary course of business;
- Any payment of the Company to its employees and management for services actually rendered;
- 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, financial institutions, insurance companies, or similar providers in the ordinary course of business;
- Share transactions such as, but not limited to, dividends declaration and distribution, repurchase, and rights offering, available to all shareholders on a pro-rata basis;
- Any transaction with a Related Party involving the rendering of services at rates or charges fixed in conformity with law or governmental authority;
- Any transaction with a Related Party involving system cost recoveries, agreements, or intercompany advances in exchange for the rendering of services such as, but not limited to, construction, construction management, procurement, engineering, property management, technical services, and other services in the ordinary course of doing business;
- Transactions between the Company and its wholly owned Subsidiaries or in connection with: (i) the funding of operations of the Company's business units and projects, (ii) other transactions with the objective of providing shared services and facilities, including, but not limited to, information technology, back office support, business service centers, finance, and accounting and related reconciliation services, or (iii) other commercial services designed to maximize operational efficiency; and
- Transactions between the Company and a joint venture company where both the Company and its joint venture partner have approved the transaction.

Notwithstanding the delegation of the review and approval of non-Material RPTs to management, they must still be fully supported by relevant documentation.

Each non-Material RPT must be reported to the Committee, the Chief Executive Officer, Treasurer, and the Chief Financial Officer.

Article 6. Disclosure Requirements for Related Party Transactions

The members of the Board of Directors, Substantial Shareholders, and officers shall fully disclose to the Board of Directors, through the Committee, and Management, through the Chief Financial Officer, all material facts related to 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 must be made before the execution of the RPT.

The Chief Financial Officer and Treasurer shall keep a Related Party Registry and shall ensure that the same is regularly reviewed and updated.

Article 7. Non-Compliance and Sanctions

Non-compliance with the provisions of this RPT Policy may result in the invalidation of the relevant RPT contract. The Committee has the authority to recommend to the Board of Directors the invalidation of any RPT entered into by the Company in violation of this RPT Policy.

Directors or officers who are found guilty of bad faith in entering into Abusive RPTs shall be jointly and severally liable for all damages resulting therefrom and must account for profits which otherwise would have accrued to the Company.

The foregoing sanctions shall be without prejudice to applicable sanctions under the Company's Manual on Corporate Governance, Employee Code of Conduct Policy, and other relevant corporate policies, as well as those under relevant Philippine laws, rules, and regulations.

Article 8. Review of the Policy

The Committee shall conduct a periodic review of the effectiveness of the Company's system and internal controls governing RPTs to assess consistency with board-approved policies and procedures.

The Company's Chief Financial 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 aid in the review of the Company's transactions and identify any potential Material RPTs. He/She shall ensure that the Company's RPT Policy is kept updated and is properly implemented throughout the Company.

Article 9. Whistle Blowing Mechanism

The Company's existing Whistle Blowing Policy extends to concerns regarding illegal, unethical, or questionable RPTs. Directors, officers, employees, and stakeholders are encouraged to communicate any legitimate concerns.

The Company's Whistleblowing Policy can be accessed at <https://solarnuevaecija.ph/wp-content/uploads/2021/04/FINAL-SPNEC-Complaints-Management-Policy.pdf>.

Article 10. Effectivity

This RPT Policy becomes effective upon approval by the Company's Board of Directors.

Approved on this 15th day of June 2022.



LEANDRO ANTONIO L. LEVISTE
Chairman of the Board of Directors



HAZEL IRIS P. LAFUENTE
Treasurer, Assistant Corporate Secretary,
and Chief Information Officer