

WILCON DEPOT, INC.

POLICY ON MATERIAL RELATED PARTY TRANSACTIONS

This policy was created and adopted to be consistent and conform with to SEC Memorandum Circular No. 10, series of 2019 on the Rules on Material Related Party Transactions for Publicly Listed Companies effective 27 April 2019.

This policy defines and sets out the roles, responsibilities and authority of the Board including the rules and procedures that shall guide the Board in the performance of its functions.

SECTION I. DEFINITION OF TERMS

Related Parties – 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 ventures or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.

Substantial Shareholders – any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security

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 company 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 – any 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.

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

Control – A person or any entity controls the Company if and only if the person or entity has all 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

Related Party Transactions – a transfer of resources, services or obligations between a 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.

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. If the Company is a parent company, the total assets shall pertain to its total consolidated assets.

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

SECTION II. DUTIES AND RESPONSIBILITIES

A. Related Party Transactions Committee

Primary function is to review all material related party transactions and recommend to the Board the approval of these transactions.

B. 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. Toward 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 no shareholder or stakeholder is unduly disadvantaged.
2. To approve all material RPT's 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 III no. 6.

Material changes in the terms and conditions of the material RPT include, but not limited to, changes in the price, interest rate, maturity date, payment terms, commissions, fees, tenor and collateral requirements of the material RPT.

3. To establish an effective audit, risk and compliance system to:
 - Determine, identify and monitor related parties and material RPTs
 - Continuously review and evaluate existing relationships between and among businesses and counterparties; and
 - Identify, measure and monitor and control risks arising from material RPTs

4. To oversee the integrity, independence and effectiveness of the policies and procedures for whistleblowing. It shall ensure that senior management addresses legitimate issues on material RPTs that are raised. It shall take responsibility for ensuring that stakeholders who raise concerns are protected from detrimental treatment or reprisals.
5. To quarterly review and update the Related Party Registry to capture organizational and structural changes in the Company and its related parties.

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 policy and SEC's regulations.

SECTION III. MATERIAL RELATED PARTY TRANSACTIONS POLICY

The Board of Directors shall adopt a group-wide material RPT policy encompassing all entities within the conglomerate, taking into account its size, structure, risk profile and complexity of operations.

1. Identification of related parties – The Finance Department of the Company shall identify persons and companies that are considered as the company's related parties. It shall prepare, update and submit the Related Party Registry to the Senior Management, Related Party Transactions Committee and Board of Directors.

The Related Party Transactions Committee and Board of Directors of the Company shall quarterly review the Related Party Registry to capture organizational and structural changes in the Company and its related parties.

2. Coverage of Material RPT - 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.

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 rules. 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.

3. Adjusted Thresholds – The Company shall be allowed to set a threshold lower than the materiality threshold provided in the SEC Memorandum Circular No. 10 series of 2019 upon determination of the majority of the Board of Directors of the risk of the RPT to cause damage to the Company and its shareholders. The adjusted threshold, when applicable, shall be contained in the company's material RPT policy.

4. Identification and prevention or management of potential or actual conflicts of interest which may arise out or in connection with material RPTs – Directors and officers with personal interest in the transaction shall fully and timely disclose any and all material facts, including their respective interest 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 the quorum and their votes shall not be counted for purposes of determining majority of approval.

5. Ensuring Arm's length transactions – Before the execution of the material RPT, the Board of Directors should appoint an external independent party to evaluate the fairness of 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.

The Company shall also prepare a price discovery mechanism to ensure that the transactions are engaged into at terms that promote the best interest of the company and its shareholders. The price discovery mechanism may include but is not limited to, acquiring the services of an external expert, opening the transaction to a bidding process, or publication of available property for sale.

6. Approval of material RPTs – The Related Party Transactions Committee shall review all material related party transactions and recommend to the Board the approval of these transactions.

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 director's 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 discussion and voting on the same. 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 majority of approval.

7. 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. He/she shall ensure that the Company's material RPT will be presented for approval and before the completion or execution of the material RPT.

8. 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 RPTs will be presented for approval and before the completion or execution of the material RPT.
9. Whistleblowing Mechanisms – The Company has a Whistleblowing Policy that encourages all stakeholders to communicate confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable material RPTs. This policy sets how the Company handles, processes and resolves legitimate material concerns.
10. Remedies for abusive material RPTs – In case of abusive material RPTs, the Company may recover losses or opportunity costs incurred by the Company. Personnel, officers or directors found guilty of engaging or allowing abusive material RPTs shall be sanctioned accordingly.

Abusive material RPTs refer to material RPTs that are not entered at arm's length and unduly favor a related party.

SECTION IV. DISCLOSURE AND REGULATORY REPORTING

The Company shall submit the following to the SEC:

1. A summary of material related party transactions entered into during the reporting year which shall be disclosed in the Company's I-ACGR to be submitted annually every May 30.
2. Advisement Report (attached as Annex A) of any material RPT filed within three (3) calendar days from the execution date of the transaction. The Advisement Report shall be signed by the Company's Corporate Secretary or authorized representative and related party's authorized representative.

At a minimum, the disclosures in both 1 and 2 above shall include the following information:

- i. complete name of related party
- ii. relationship of parties
- iii. execution date of material RPT
- iv. financial or non-financial interest of the related parties
- v. type and nature of transaction as well as description of the assets involved
- vi. total assets of the Company

- vii. amount or contract price
 - viii. percentage of the contract price to the total assets of the Company
 - ix. carrying amount of collateral, if any
 - x. terms and conditions
 - xi. rationale for entering into the transaction; and
 - xii. the approval obtained (i.e names of the directors present, name of directors who approved the material RPT and the corresponding voting percentage obtained)
3. This policy shall be submitted to the SEC on or before October 28, 2019
 4. This shall also be posted on the Company's website.

SECTION V. PENALTIES

Pursuant to SEC Memorandum Circular No. 10 series of 2019, the following penalties shall be imposed:

- A. Non/Late Filing or Incomplete/Incorrect Signature in the Material Related Party Transaction Policy

Basic Penalty	PhP 10,000.00
Monthly Penalty	PhP1,000.00

The monthly penalty will continue to accrue until the Material RPT policy is submitted to the SEC

Violation	First Offense	Second Offense		Third Offense	
Non/Late Filing of Advisement Report	Reprimand	Basic Penalty	Daily Penalty	Basic Penalty	Daily Penalty
		PhP30,000.00	PhP200.00	PhP40,000.00	PhP400.00
Incomplete/Incorrect Advisement Report	Reprimand	PhP10,000.00	PhP200.00	PhP20,000.00	PhP400.00

- B. Non/Late Filing of or Incomplete/Incorrect Advisement Report

Continued non-payment of the assessed fine and/or failure to comply with the requirement within a period of fifteen (15) days after notice and hearing shall be a sufficient ground for the SEC to take other appropriate action of remedies available under Section 158 of the Revised Corporation Code of the Philippines.

Further, the SEC on a fourth offense for the same violation is a ground for the suspension/revocation of the erring Company's registration or secondary license, which shall be made after notice and hearing, in accordance with the abovementioned procedures.

This is without prejudice to the administrative penalties that may be imposed by the SEC pursuant to the provisions of the Revised Corporation Code of the Philippines, Securities and Regulation Code and other related laws.

- C. Abusive Material Related Party Transactions

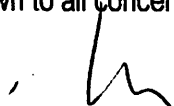
Pursuant to Sections 26 and 27 of the Revised Corporation Code of the Philippines, an interested director or officer of a Corporation shall be disqualified from being a director, trustee

of officer of any other corporation on the basis of a final judgment rendered by a court of competent jurisdiction against the interested director or officer for abusive material RPTs. The disqualification shall be for a period of at least one (1) year or more, as may be determined by the SEC.

The imposition of the foregoing penalties shall be without prejudice to any other administrative penalties that may be imposed by the SEC, and/or civil or criminal penalties, as may be provided by the Revised Corporation Code of the Philippines Securities and Regulation Code and other related laws.

SECTION VI. EFFECTIVITY

This Material Related Party Transactions Policy shall take effect on 7 August 2019 and shall be made known to all concerned.



BERTRAM B. LIM
Chairman of the Board



GRACE A. TIONG
Compliance Officer



RICARDO S. PASCUA
RPT Committee Chairman