

## **EVER- GOTESCO RESOURCES AND HOLDINGS, INC.**

### **POLICY ON RELATED PARTY TRANSACTIONS**

It is the policy of the Company that transactions between the Company and/or its subsidiaries and any of its directors, officers, significant shareholders (beneficial share ownership of more than 10%), or certain entities or persons related to them ("Related Parties") will be on terms no less favorable to the Company than those entered into with unrelated parties under same or similar circumstances and will not be prejudicial to the Company and its minority shareholders.

#### **Purpose:**

This policy is to establish the procedure for the proper reporting, review and approval of transactions between the Company and/or its subsidiaries with any of its directors, officers, significant shareholders (beneficial share ownership of more than 10%), or certain entities or persons related to them ("Related Parties") with related parties to ensure that transactions entered by the Company or its subsidiaries with related parties will be on terms no less favorable to the Company and/or subsidiaries than those entered into with unrelated parties on arm's length normal commercial terms and will not be prejudicial to the Company, its subsidiaries and its minority shareholders.

#### **Coverage:**

This policy governs related party transactions between the Company and its subsidiaries (the "Group") and its related parties involving the transfer of resources, services or obligations, regardless of whether a price is charged.

#### **General Criteria for the Review of Related Party Transaction**

The following factors, among others, shall be considered in the review and evaluation of related party transactions:

1. The transaction terms should be no less favorable to the Company or Group than those entered into with unrelated parties under same or similar circumstances;
2. The transaction will not be prejudicial to the Company and its minority shareholders.
3. The Company shall endeavor to exercise due diligence in determining a fair price for the RPTs.

The internal audit group shall monitor and evaluate the related party transactions (RPTs) entered by the Group and shall report on status and aggregate exposures of each related party to the Audit, Risk Management and Related Party Transactions.

Related party transactions, either individually or part of a series of transactions, other than recurrent related party transactions of revenue or trading nature or those necessary for its day-to-day operations, which exceeds Three Million Pesos (PhP3,000,000.00) in value per year shall be subject to the review and approval of the Audit, Risk Management and Related Party Transaction

Committee. Such approval will be given if the transactions are in accordance with the Company's usual practices and policies, are on arm's length commercial terms and are at terms no less favorable than those provided by the Company to similar types of transactions with unrelated third parties.

If the related party transaction exceeds Ten Million Pesos (PhP 10,000,000.00) the same shall be further subject to the approval by the Board of Directors, in accordance with the criteria mentioned above and shall require further the approval of at least two independent directors who have no interest in the transaction.

Compensation of executives and directors will be approved by the Remuneration Committee.

## **REQUIREMENTS OF RPT**

1. Directors or Officers are required to declare and disclose any RPT and the material interest that they, or an immediate family member, may have on such RPT transaction.
2. The following information, to the extent relevant, with respect to the proposed RPT should be disclosed in the Term Sheet:
  - a. A general description of the transaction/s including the material terms and conditions.
  - b. The name of the Related Party and the basis on which such person or entity is a Related Party.
  - c. The Related Party's interest in the transaction/s including the Related Party's position or relationship with, or ownership of, any entity that is party to or has an interest in the transaction/s.
  - d. The total value of the proposed transaction and the share of the Related Party's interest in the transaction/s.
  - e. Whether the Company will be a party to the transaction and if not, the nature of its participation in the transaction/s.
  - f. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result or in connection with the proposed transaction.
  - g. Any other material information regarding the transaction/s or the Related Party's interest in the transactions.
3. The Term Sheet disclosing the RPT shall be submitted to the CFO, or the Corporate Secretary, or the RPT Committee. Such report shall then be consolidated by the secretariat designated by the RPT Committee as provided under this Policy.
4. An officer who has knowledge of an RPT shall report the same to the RPT Committee if he or she learns that such particular RPT has not been reported to the RPT Committee as required under this Policy. A person who reports an RPT under this provision shall not be subject to any liability or sanction.
5. Certification is required from all service providers, suppliers and vendors that they do not have a conflict of interest with the Company.
6. Disclaimer is required from all approving officer/s signing contracts, agreements/ work orders and purchase orders that they are not related to the counterparties of the proposed transaction.

## **DISCLOSURE AND REGULATORY REPORTING**

1. The Company shall disclose in its website this policy on RPT.
2. Material RPTs shall be reported to regulatory agencies as required. A Report on Material RPT shall be submitted to the SEC.
3. Necessary disclosures of material RPTs entered into during the reporting year shall be made in the Notes to the Company's Audited Financial Statements and referenced to the Integrated Annual Corporate Governance Report (I-ACGR) submitted to SEC.

## **REVIEW OF THE POLICY**

The RPT Committee shall annually review the threshold values and the provisions of this Policy and may recommend to the Board amendments to this Policy as it deems appropriate.

## **REVIEW AND APPROVAL PROCEDURES**

1. All RPTs with value exceeding P5 Million (in a single transaction or in aggregate transactions), (except those exempted under Part III of the Guidelines) shall be disclosed to and be evaluated and approved by the RPT Committee. A Report on Significant RPTs and Material RPTs shall be submitted to the Board of Directors.
2. Material RPTs shall be evaluated by the RPT Committee and endorsed to the Board of Directors for approval. Such RPTs shall also be guided by provisions of SEC Memorandum Circular No. 10 Series of 2019, dated April 25, 2019.
3. The RPT Committee will consider the following factors to the extent relevant to the RPT in conducting an independent review:
  - a. The identities of the parties involved in the transaction or relationship;
  - b. The terms of the transactions are fair and reasonable;
  - c. The aggregate value of the transaction;
  - d. Purpose and timing of the transaction;
  - e. The extent of Related Party's interest on the transaction; and,
  - f. Whether the RPT would present an improper conflict of interest for the Company or any of its subsidiaries or affiliates, or the Related Party taking into account the size of the transaction and the overall financial position of the Related Party.
4. RPTs involving directors and officers shall be submitted to the Board of Directors for approval. If for any reason the Board of Directors cannot approve the Material RPT involving directors or officers, such Material RPT shall be submitted to the stockholders for approval.
5. Any member of the Board or RPT Committee who has interest in the transaction must abstain from participation in the review and approval of any RPT.
6. The RPT Committee shall have the authority to inquire into and evaluate any RPT below the P5 Million threshold at its discretion. The Related Party involved in any such RPT subject to the inquiry of the RPT Committee shall cooperate and disclose the information required by the RPT Committee. The RPT Committee may advise Management to cancel, rescind or nullify any RPT that in its opinion is unfair and prejudicial to the Company (or its subsidiary or affiliate party to the RPT).

## **REGULAR INTERNAL REPORTING AND MONITORING PROCEDURES**

On a quarterly basis, the Property Controller shall prepare and submit a Summary Report of all Related Party Transactions entered into during the period to the RPT Committee.

## **POST-VERIFICATION OF RPTS**

The Internal Audit Department shall perform a periodic post verification of RPTs to ensure that the terms and conditions recommended by the RPT Committee and approved by the Board of Directors are properly and correctly implemented.