



## **RELATED PARTY TRANSACTION COMMITTEE CHARTER**

This Related Party Transaction Committee Charter (this “Charter”) sets out the purpose, membership and qualifications, structure and operations, duties and responsibilities of the Related Party Transaction Committee (the “Committee”) of Top Frontier Investment Holdings, Inc. (the “Company”), and the procedures which guide the conduct of its functions.

### **1. PURPOSE**

Pursuant to the Company’s Amended By-laws and Amended Manual on Corporate Governance (the “Amended Manual”), the Board of Directors of the Company (the “Board”) constituted the Committee which will be tasked with reviewing all material related party transactions (“RPTs”) of the Company. The Committee is accountable to the Board for its performance.

### **2. MEMBERSHIP AND QUALIFICATIONS**

#### **2.1 Composition**

The Committee shall be composed of at least three (3) non-executive members of the Board, two (2) of whom shall be Independent Directors. The Chairperson of the Committee shall be an Independent Director.

#### **2.2 Qualification**

Each member of the Committee shall have the qualifications and none of the disqualifications of a Director, as set out in the Amended Manual. The Chairperson and the members of the Committee are appointed by the Board.

#### **2.3 Appointment**

The Chairperson and the members of the Committee shall be appointed by a majority vote of the members of the Board present either during the Organizational Board Meeting of the Company or, if there is a vacancy, during any meeting of the

Board. Membership shall be reviewed every year after election of the Board by the Company's stockholders at their annual meeting, or earlier if the Board deems necessary.

#### **2.4 Resignation / Removal**

In the event that the Chairperson or any member of the Committee tenders his/her resignation from the Committee, such resignation shall become effective upon acceptance by the Board.

The Chairperson of the Committee or any of its members may be removed from office only by action of the Board.

### **3. STRUCTURE AND OPERATIONS**

#### **3.1 Meetings**

The Committee shall meet at such times and places as it considers appropriate and as designated in the notice. The Chairperson of the Committee, any Committee member, or the Corporate Secretary of the Company may call a meeting of the Committee.

#### **3.2 Quorum**

Attendance of at least a majority of all the members of the Committee shall constitute a quorum for the Committee to transact business in a meeting to be convened. The Committee shall act only on the affirmative vote of at least a majority of the members present at a meeting at which there is a quorum.

#### **3.3 Chairperson**

The Chairperson of the Committee shall preside in all meetings of the Committee. In the absence of the Chairperson, the Committee members present shall elect one of their members as chairperson of the meeting.

#### **3.4 Secretary of the Meeting**

The Company's Corporate Secretary shall be the secretary of the Committee.

### **3.5 Notice of the Meeting**

A notice of each meeting setting out the date, time, venue, and agenda shall be sent to each member of the Committee at least two (2) working days prior to the date of the meeting.

### **3.6 Record of Meetings**

Full minutes of the proceedings of, and resolutions made during, Committee meetings, shall be kept by the Corporate Secretary. Notices, minutes, agenda and materials presented during meetings will be made available to any Committee member upon request to the Corporate Secretary.

### **3.7 Other Attendees**

As the Committee deems necessary, the Committee may invite members of management and the organizational staff to attend the Committee meetings to provide relevant information or data necessary for the matters for discussion during the Committee meeting. At the discretion of the Committee, separate meetings with any member of the Company's management may be held, whenever it is deemed appropriate by the Committee for the exercise of its functions.

### **3.8 Access to Resources**

The Committee shall have full access to management, personnel and records for the purpose of performance of its duties and responsibilities hereunder. The Committee may also obtain external legal counsel or independent professional advice if it considers it necessary in the performance of its functions. The Committee shall be provided with sufficient resources by the Company to discharge its duties.

## **4. DUTIES AND RESPONSIBILITIES**

The Committee shall have the following duties and responsibilities, namely:

- a. evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;

- b. evaluates all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the RPT Committee takes into account, among others, the following:
  - (i) the related party's relationship to the Company and interest in the transaction;
  - (ii) the material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  - (iii) the benefits to the Company of the proposed RPT;
  - (iv) the availability of other sources of comparable products or services; and
  - (v) an assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs;
- c. ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;
- d. report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
- e. ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;
- f. oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures; and
- g. perform other activities which the Committee deems appropriate as necessary and desirable for the performance of its duties and function under this Charter, as well such other responsibilities which the Board may assign to the Committee from time to time.

## **5. REPORTING PROCESS**

### **5.1 Report of Meetings Convened**

The Chairperson of the Committee, or in his absence, the chairperson of the meeting, shall report to the Board on the decisions and recommendations made by the Committee during the meeting it has convened in the next scheduled Board meeting.

### **5.2 Other Reports**

The Committee shall prepare such reports as may be necessary to document the activities of the Committee in the performance of its functions and duties. Such reports shall be included in the Company's annual report and other corporate disclosures as may be required by the Securities and Exchange Commission and/or the Philippine Stock Exchange, Inc.

## **6. PERFORMANCE EVALUATION**

### **6.1 Periodic Assessment**

The Committee shall assess its effectiveness periodically, with the end in view of ensuring that its performance accords with best practice. Such assessment must compare its performance with the requirements of this Charter and the Amended Manual, which shall be the basis of its formulation of objectives and plans to improve its performance, including any recommendations for amendments to this Charter for approval by the Board.

### **6.2 Annual Review**

This Charter shall be reviewed annually, updated as required, and copies of this Charter shall be made available to any requesting party upon written request to the Corporate Secretary.

## **7. AMENDMENT**

This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.

***Adopted by the Board of Directors on July 12, 2017.***