

**Alsons Consolidated Resources, Inc.**

(Listed in the Philippine Stock Exchange Trading Symbol "ACR")

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October 7, 2019

*via electronic mail*

**Philippine Dealing & Exchange Corp.**

Attn.: Atty. Joseph B. Evangelista  
Head-Issuer Compliance and Disclosures Dept.  
Market Regulatory Services Group  
37/F, Tower 1, The Enterprise Center  
6766 Ayala Avenue cor Paseo de Roxas, Makati City

Re : **Material Related Party Transaction Policy**

Gentlemen:

In compliance with the SEC Memorandum Circular No. 10, Series of 2019, we are submitting herewith the **Material Related Party Transactions (RPT) Policy** of Alsons Consolidated Resources, Inc. (ACR) duly received by the Securities and Exchange Commissions' office dated October 4, 2019.

For your information and reference..

Very truly yours,

**ALSONS CONSOLIDATED RESOURCES, INC.**

By:

  
**ANGEL M. ESGUERRA, III**  
Assistant Corporate Secretary and  
Corporate Compliance Officer



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## SECURITIES AND EXCHANGE COMMISSION

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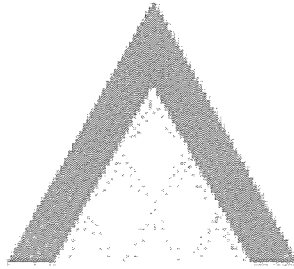
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**Alsons Consolidated Resources, Inc.**  
**ACR**

**PSE Disclosure Form 17-18 - Other SEC Forms/Reports/Requirements**

<b>Form/Report Type</b>	MATERIAL RELATED PARTY TRANSACTION POLICY
<b>Report Period/Report Date</b>	Sep 24, 2019

<b>Description of the Disclosure</b>
ALSONS CONSOLIDATED RESOURCES, INC. - MATERIAL RELATED PARTY TRANSACTION POLICY

**Filed on behalf by:**

<b>Name</b>	Jose Saldivar, Jr.
<b>Designation</b>	Finance Manager

## MATERIAL RELATED PARTY TRANSACTIONS POLICY

### Policy Statement

Pursuant to Securities & Exchange Commission (“S.E.C.” or the “Commission”) Memorandum Circular No. 10, Series of 2019 (the “Circular”), and the Rules on Material Related Party Transactions for Publicly-Listed Companies attached to the Circular (the “Rules”), the Board of Directors of Alsons Consolidated Resources, Inc. (“ACR” or the “Company”) hereby adopts this group-wide Material Related Party Transaction Policy (this “Policy”) encompassing all corporations that are wholly-owned, or majority-owned, directly or indirectly, by the Company.

### Section 1. Definition of Terms

For the purposes of this Policy, the following definitions shall apply:

“**Abusive Material Related Party Transactions**” shall mean Material Related Party Transactions that are not entered at arm’s length and unduly favor a Related Party.

“**Advisement Report**” shall mean the report described in this Policy, Section 4.1 (b), the Rules, and the Circular.

“**Affiliate**” shall mean an entity linked directly or indirectly to the Company through any one or a combination of any of the following: (i) 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; (ii) interlocking directorship or officers, except in cases involving independent Directors as defined under existing regulations; (iii) common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Company and the entity; or (iv) 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**” shall mean 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.

“**Audit, Risk and Compliance System**” shall mean the system that is able to: (i) define the Related Parties’ extent of relationship with the Company; (ii) assess situations in which a non-Related Party (with whom a Company has entered into a transaction) subsequently becomes a Related Party and vice versa; (iii) generate information on the nature and amount of exposures of the Company to a particular Related Party; (iv) facilitate submission of accurate reports to the regulators/supervisors.

“**Board**” shall mean the Board of Directors of the Company.

“**Control**” shall mean having all of the following: (i) power over the Company; (ii) exposure, or rights, to variable returns from involvement with the Company; and the ability to use such power over the Company to affect the amount of the Company’s returns.

“**Material Changes in the Terms and Conditions**” shall mean changes in the price, interest rate, maturity date, payment terms, commissions, fees, tenor, and collateral requirement of the Material Related Party Transaction.

“**Material Related Party Transaction**” shall mean any individual Related Party Transaction, or series of Related Party Transactions over twelve (12) months, and with the same Related Party, amounting to, or exceeding, individually, or in the aggregate, the Materiality Threshold.

“**Materiality Threshold**” shall mean ten percent (10%) of the total assets of any of the parties to a transaction, based on that party’s latest audited financial statements, and if the transaction is a material Related Party Transaction, and one of the Related Parties is a parent of the other, the total assets shall pertain to the parent’s total consolidated assets.

“**Related Party**” shall mean each of ACR’s directors, officers, Substantial Shareholders, and their spouses, and their relatives within the fourth civil degree of consanguinity or affinity, legitimate or “common-law”, if any of these persons have control, joint control or significant influence over the Company, or each of ACR’s parents, subsidiaries, fellow subsidiaries, Associates, Affiliates, or joint ventures, or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a Related Party.

“**Related Party Registry**” shall mean the record of the organizational and structural composition, including any change thereon, of the Company and its Related Parties.

“**Related Party Transaction**” shall mean a transfer of resources, services, or obligations between the Company and a Related Party, regardless of whether a price is charged, including, an outstanding transaction that is entered into with an unrelated party that subsequently becomes a Related Party.

“**Significant Influence**” shall mean the power to participate in the financial and operating Policy decisions of the Company, but having no control, or joint control, of those policies.

“**Substantial Shareholder**” shall any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of ACR’s equity security.

“**Summary**” shall mean the summary of Material Related Party Transactions described in this Policy, Section 4.1 (a), the Rules, and the Circular.

## Section 2. Duties and Responsibilities; Systems

### 2.1 Board of Directors

The Board shall ensure that the Company handles all Related Party Transactions 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. To this end, the Board shall –

- (a) Institutionalize an overarching Policy on the management of Material Related Party Transactions to ensure effective compliance with existing laws, rules, and regulations at all times, and that Material Related Party Transactions are conducted on an arm’s length basis, and that no shareholder or stakeholder is unduly disadvantaged;
- (b) Approve all Material Related Party Transactions that cross the Materiality Threshold, and any renewal, or Material Changes in the Terms and Conditions, of Material Related Party Transactions previously approved in accordance with the Rules, Section 3 (f);
- (c) Establish an effective Audit, Risk and Compliance System to: (a) determine, identify and monitor Related Parties, and Material Related Party Transactions; (b) continuously review and evaluate existing relationships between and among businesses and counterparties; and (c) identify, measure, monitor and control risks arising from Material Related Party Transactions;
- (d) Oversee the integrity, independence, and effectiveness of the policies and procedures for whistleblowing;
- (e) Ensure that senior management addresses legitimate issues on Material Related Party Transactions that are raised by the stockholders or stakeholders of the Company;
- (f) Be responsible for ensuring that stockholders or stakeholders who raise concerns are protected from detrimental treatment or reprisals.

### 2.2 Senior Management

Senior management shall implement appropriate controls to effectively manage and monitor Material Related Party Transactions on a per transaction and aggregate basis. Exposures to Related Parties shall also be monitored on an on-going basis to ensure compliance with the Company’s Policy and the Commission’s regulations.

### 2.3 Systems

The Audit, Risk, and Compliance System, and any overarching policy on the same, shall be subject to periodic assessment by the internal audit department, and by the compliance officers, and shall be updated regularly for sound implementation. The overarching policy and the said system shall be made available to the S.E.C. and audit functions for review. Any change in the Policy and procedure shall be approved by a majority of the Board, and by a majority of the stockholders constituting a quorum.

### Section 3. Policy Specifics

#### 3.1 *Identification of Related Parties*

- (a) As set forth in the Definition of Terms, this Policy clearly identifies the persons and companies that are considered as the Company's Related Parties.
- (b) Every quarter, the Company's Management and Board will review and update the Related Party Registry to capture organizational and structural changes in the Company and its Related Parties.

#### 3.2 Coverage

- (a) This Policy shall cover all Related Party Transactions, each of which – by definition – meet the Materiality Threshold.
- (b) A transaction that meets the Materiality Threshold, but is entered into with an unrelated party, is excluded from the limits and approval process required in this Policy. If, subsequent to the transaction, the unrelated party becomes a Related Party, the same transaction may be excluded from the limits and approval process required in the Policy. However, if, after the unrelated party becomes a Related Party, the contracting Related Parties alter the terms and conditions, or increase the exposure level, in the said transaction, then the altered transaction shall be subject to this Policy, the Rules, and the Circular.
- (d) As set forth in Rules, Section 3 (b), the prospective treatment of the said transaction 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.”

#### 3.3 Adjusted Threshold

The Company may set the Materiality Threshold a threshold lower than ten percent (10%) of the total assets of any of the parties to a transaction, based on that party's latest audited financial statements, upon determination by the Board that the adjusted threshold would address the risk or risks that a Related Party Transaction would cause damage to the Company and its shareholders. The adjusted threshold, when applicable, shall be contained in the amendment of this Policy.

#### 3.4 Conflicts of Interest

- (a) This Policy seeks to identify and prevent, or management, potential or actual conflicts of interest that may arise out of or in connection with Material Related Party Transactions. Directors and/or officers with personal interest in the transaction shall: (a) fully and timely disclose to the Company any and all material facts, including their respective interests in the Material Related Party Transaction; and (b) abstain from the discussion, approval and management of such transaction or matter affecting the Company.
- (b) In case the transaction is brought to the Board for approval, and the conflicted Director refuses to abstain, his/her attendance shall not be counted for purposes of assessing the quorum, and his/her vote shall not be counted for purposes of determining approval of the Material Related Party Transaction.

#### 3.5 Guidelines to Ensure Arm's Length Terms

- (a) This Policy seeks to establish clear guidelines to ensure that the Company shall treat unrelated parties and Related Parties similarly. Therefore, Related Parties shall receive the same treatment extended by the Company to unrelated parties under similar circumstances.
- (b) Before the Company executes a Material Related Party Transaction, the Board should appoint an external independent party to evaluate the fairness of the terms of the Material Related Party Transaction. 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.
- (c) Taking into account the size, structure, risk profile, and complexity of operations of the Company, the Board shall also enact guidelines for an effective price discovery mechanism to ensure that Related Party Transactions are entered 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.

### 3.6 Approval of Material Related Party Transactions.

(a) All individual Material Related Party Transactions shall be approved by at least two-thirds ( $\frac{2}{3}$ ) vote of the Board, with at least a majority of the independent directors voting to approve the Material Related Party Transaction. In case a majority of the independent directors do not approve the Material Related Party Transaction, stockholders representing at least two-thirds ( $\frac{2}{3}$ ) of the outstanding capital stock may ratify the Material Related Party Transaction.

(b) For Related Party Transactions within a twelve-month period that, in the aggregate, breach the Materiality Threshold, the transaction that meets, and exceeds, the Materiality Threshold shall be subject to Section 3.6(a) of this Policy.

(c) Directors with personal interest in the Related Party Transaction subject to Board approval should abstain from participating in discussions and voting on the same. In case they refuse to abstain, then Section 3.4(b) of this Policy shall apply.

### 3.7 Self Assessment and Periodic Review

(a) The internal audit department shall conduct a periodic review of the effectiveness of the Company's system and internal controls governing Material Related Party Transactions 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.

(b) 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. He/she shall aid in the review of the Company's transactions and identify any potential Material Related Party Transaction that would require review by the Board. He/she shall ensure that this Policy is kept updated and is properly implemented throughout the Company.

### 3.8 Disclosure to the Board

(a) The members of the Board, substantial shareholders, and officers shall fully disclose to the Board all material facts related to Material Related Party Transactions, and their direct and/or indirect financial interest in any transaction or matter that may affect, or is affecting, the Company.

(b) Such disclosure shall be made at the Board meeting where the Material Related Party Transaction will be presented for approval and before the completion or execution of the Material Related Party Transaction.

### 3.9 Whistle-Blowing Mechanisms.

(a) The Company's Whistle-Blowing Policy is hereby incorporated into this Policy to enact effective whistle-blowing mechanisms consistent with the corporate values and codes of conduct set by the Board, pursuant to the Circular, and the Rules.

(b) With the Company's Whistle-Blowing Policy, all stakeholders are hereby encouraged to communicate to the appropriate officer of the Company, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable Material Related Party Transactions. The mechanisms in the Company's Whistle-Blowing Policy include guidance on how legitimate material concerns should be reported, investigated, and addressed by an objective independent internal or external body, senior management, and/or the Board.

### 3.10 Remedies for Abusive Material Related Party Transactions

(a) The relevant officers, or persons appointed by the Board (the "Investigators") shall investigate any Abusive Material Related Party Transaction reported through the Company's Whistle-Blowing Policy, or through any other method.

(b) The same Investigators shall also determine whether the Company incurred losses or opportunity costs in entering into the Abusive Material Related Party Transaction, and will recommend measures that would cut such losses, and allow recovery of such losses or opportunity costs.

(c) If, after due notice and hearing, the Investigators find that a conflicted Director or officer was directly responsible for the Company entering into Abusive Material Related Party Transaction, which made the Company incur losses or opportunity costs, then the Investigators will recommend a course of action or actions to the Board.

(d) Upon receipt of the Investigators' recommendation, the Board shall take such actions as are authorized under Sections 26 and 27 of the Revised Corporation Code.

(e) The imposition of the penalties under Sections 26 and 27 of the Revised Corporation Code shall be without prejudice to any other administrative penalties that may be imposed by the Commission, and/or civil or criminal penalties, as may be provided by the Revised Corporation Code, Securities Regulation Code, and other related laws.

#### Section 4. Disclosure and Regulatory Reporting

4.1 Within the periods set forth in the Rules, and the Circular, the Company shall submit the following to the Commission:

- (a) A summary of Material Related Party Transactions (the "Summary") entered into during the reporting year, which shall be disclosed in the Company's Integrated Annual Corporate Governance Report that is submitted annually every May 30th;
- (b) An advisement report of any Material Related Party Transaction (the "Advisement Report") filed by the Company within three (3) calendar days from the execution date of the Material Related Party Transaction. The Advisement Report shall be signed by the reporting Corporate Secretary, or by an authorized representative appointed by the Board.

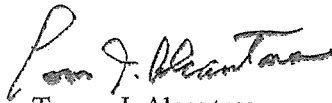
4.2 At a minimum, the Summary and the Advisement Report shall include the following information:

- (i) Complete name of the Related Party;
- (ii) Relationship of the Related Parties;
- (iii) Execution date of the Material Related Party Transaction;
- (iv) Financial or non-financial interest of the Related Parties;
- (v) Type and nature of transaction and description of the assets involved;
- (vi) Total assets (subject to rule on the definition of total assets if one Related Party is the parent of the other);
- (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 Directors present, name of Directors who approved the Material Related Party Transaction, and the corresponding voting percentage obtained).

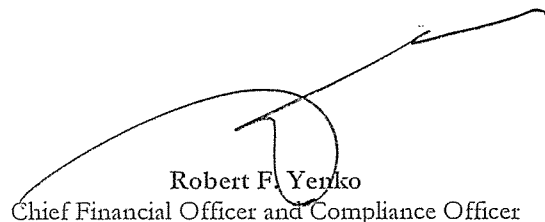
#### Effectivity

This Policy supersedes any and all previous policies concerning Related Party Transactions, and is effective upon approval.

Approved on this 12 day of October 2019



Tomas I. Alcantara  
Chairman of the Board of Directors



Robert F. Yenko  
Chief Financial Officer and Compliance Officer