

RELATED PARTY TRANSACTION
CHARTER

Ferronoux Holdings, Inc.

RELATED PARTY TRANSACTION CHARTER

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ARTICLE I - STATEMENT OF POLICY

It is the policy of Ferronoux Holdings, Inc. (“**FERRO**” or the “**Corporation**”) that all related party transactions (“**RPTs**”) between the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, principal officers and directors, and of interlocking director relationships by members of the Board, are undertaken subject to a review and approval mechanism in order to ensure that the integrity and fairness of such transactions are maintained.

ARTICLE II - RELATED PARTY TRANSACTIONS COMMITTEE

The Related Party Transaction Committee (the “**RPT Committee**” or the “**Committee**”) shall have the primary function of reviewing all material RPT in order to safeguard the best interest of the Corporation. Consistent with the principles of fairness and transparency, the terms and conditions of the RPTs must be equivalent to those that prevail in arm’s length transactions and shall be submitted for the appropriate review and approval by the Corporation and the Related Parties.

The RPT Committee hereby adopts this RPT Committee Charter (the “**RPT Charter**” or the “**Charter**”) for purposes of setting forth the general principles and guidelines which shall govern the RPT Committee in its exercise of its functions and in the review of all RPTs undertaken for the Corporation. Any related-party transactions entered into by the Corporation or its affiliates shall be in accordance with applicable law, rules and regulations and this Policy.

ARTICLE III - MEMBERSHIP, COMPOSITION AND TERM

1. Appointment - The Board of Directors shall have the authority to duly appoint the members of the RPT Committee in accordance with the requirements under the applicable law and this Charter.
2. Composition - The Committee shall be composed of at least three (3) non-executive directors, majority of whom should be independent directors, including the Chairman.
3. Term - The members of the Committee shall serve for a period of one (1) year from the time of their appointment, which shall be on the annual organizational meeting, and until their successors have been appointed in the following annual organizational meeting, unless removed or replaced by the Board.
4. Vacancies - The Board of Directors shall have the power to remove and replace the members of the Committee, and fill in vacancies thereto.

ARTICLE IV - DEFINITION OF TERMS

1. “Affiliate” - refers to an entity linked directly or indirectly to the Corporation through any one or a combination of the following:
 - (a) 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 Corporation, or vice-versa;
 - (b) Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
 - (c) Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Corporation and the entity; or
 - (d) Management contract or any arrangement granting power to the Corporation to direct or cause the direction of management and policies of the entity, or vice-versa.
2. “Associate” - refers to an entity over which the Corporation holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the Corporation has significant influence.
3. “Control” - means a person or an entity controlling the Corporation on the basis of:
 - (a) power over the Corporation;
 - (b) exposure, or rights, to variable returns from its involvement with the Corporation;
 - (c) the ability to use its power over the Corporation to affect the amount of the Corporation’s returns.
4. “Material Related Party Transactions” - shall mean any related party transaction/s, either individually, or in aggregate over the twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Corporation’s total assets based on its latest audited financial statement. If the Corporation is a parent company, the total assets shall pertain to its total consolidated assets.
5. “Related Party” - means with respect to the Corporation: (i) person/s that has or have direct or indirect control or joint control over the Corporation; (ii) person/s that has or have significant influence over the Corporation; (iii) person/s that is or are controlled by or under common control with the Corporation; (iv) the

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directors and executive officers or members of the key management of the Corporation; (v) the spouses or any relatives of the of (i) to (iv) within the fourth civil degree of consanguinity or affinity, legitimate or common-law. Related Party shall include the Corporation'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. It shall also include such other person or juridical entity whose interest may pose a potential conflict with the interest of the Corporation.

6. "Related Party Registry" - means a record of the organizational and structural composition including any change thereon, of the Corporation and its Related Parties.
7. "Related Party Transactions" - refers to a transfer of resources, services or obligations between a reporting entity 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.
8. "Substantial Shareholder" - means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.
9. "Significant Influence" - means the power to participate in the financial and operating policy decisions of the Corporation but has no control or joint control of those policies

ARTICLE V - DUTIES AND RESPONSIBILITIES

The RPT Committee shall have the following duties and responsibilities:

1. Evaluation of Existing Relations - 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

The RPT Committee shall conduct a quarterly review of the Related Party Registry and recommend updates of the same to the Board to capture organizational and structural changes in the Corporation and its Related Parties. Upon such recommendation, the Board shall adopt or approve the updates or changes in the Related Party Registry.

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2. Evaluation of Material RPTs and Guidelines in Ensuring Arm's Length Terms - Evaluate 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 Committee takes into account the following guidelines, among others, the following:
 - a. The related party's relationship to the company and interest in the transaction;
 - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
 - c. The benefits to the corporation of the proposed RPT;
 - d. The availability of other sources of comparable products or services; and
 - e. 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.
3. Ensure Disclosure of RPTs - 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;
4. Report to the Board - 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;
5. Ensure Periodic Review - Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process;
6. Implementation of the RPT Policies - Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures; and

ARTICLE VI -PROCEDURE ON DISCLOSURES

1. Compliance with Applicable Law, Rules and Regulations - The parties to the RPT shall have the obligation to comply with the requirements of disclosure in accordance with the procedures and subject to the prescribed periods provided under the applicable law, rules and regulations -
 - a. The Corporation must comply with all disclosure requirements of an RPT mandated under applicable law, rules and regulations.
 - b. The Related Parties must comply with all the disclosure requirements of RPTs required under applicable law, rules and regulations of the Securities and Exchange Commission, Philippine Stock Exchange, the Bureau of Internal Revenue, and other relevant government agencies.
2. Notice to the RPT Committee - Each director, executive officer and members of the key management is responsible for providing written notice to the RPT Committee of any potential RPT involving him or her or his or her immediate family member, for this purpose -
 - a. Such director, executive officer and members of key management shall provide all relevant information about the transaction that will enable the RPT Committee to effectively perform its functions under this Charter and such other information as may reasonably be requested by the Committee, including his or her direct and indirect financial interest in any transaction that may affect the Corporation.
 - b. In dealing with the shares of the Corporation, the directors, executive officer and members of key management shall likewise report and disclose the same to the Board, the Committee or to the designated officer of the Corporation.
3. Information to be Disclosed - Disclosure of an RPT shall include information about the price of the transaction, outstanding balances, if any, major terms and conditions and guarantees, if any. The RPT Committee may require additional and other relevant information sufficient to enable it to determine any conflict of interest and the potential effect of the relationship.
4. Duty to Respond to Inquiry - Duty to Each director, executive officer and member of the key management may be required to complete a questionnaire that inquires about their RPTs and those of their immediate family members.

ARTICLE VII - GOVERNING PRINCIPLES

1. Fairness - RPTs are generally allowed, provided, that such shall have terms and conditions that are fair and equitable to the Corporation and these are undertaken in a sound and prudent manner.

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2. Uniformity in the Approval Process - The approval, award, processing and payment of RPTs shall follow the same procedures as the other transactions and contracts of the Corporation. No unusual privilege or special treatment shall be afforded a Related Party.
3. General Guideline - In case of doubt on the nature of a transaction subject of investigation or review pursuant to this Policy, the Committee shall determine whether the transaction or relationship constitutes a RPT, and whether the same shall be pursued taking into consideration the best interest of the Corporation and all its stakeholders.
4. Review of Material RPT - Any Related Party Transaction/s, either individually, or in aggregate over the twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Corporation's total assets based on its latest audited financial statement shall be deemed as material RPT ("Material RPT"). The Corporation shall be allowed to set a threshold lower than the materiality threshold provided in this Charter upon determination by the Board of the risk of the RPT to cause damage to the Corporation and its shareholders.

Prior to the award of such Material RPT, the Corporation shall submit the same for the review of the RPT Committee to confirm that it has undergone the review process for an ordinary transaction and to determine that the Material RPT under review is in the best interest of the Corporation.

5. Approval of Material RPT - After confirmation of the RPT Committee provided in the foregoing, all individual Material RPT shall be approved by at least a majority of the independent directors voting to approve the Material RPT. In case that a majority of the independent directors' 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 Related Party Transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the Corporation's total assets, the same Board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same Related Party.

ARTICLE VIII - SANCTIONS

1. Effect of Non-Compliance - RPTs that are entered into in violation of any provision of this Charter, the applicable law or the relevant rules and regulations governing RPT may result in the invalidation of the contract or transaction subject of the RPT.
2. Other Applicable Laws and Regulations - This Charter shall be observed and applied to the fullest extent together with the provisions of the Code of Corporate Governance for Publicly Listed Companies, the Manual of Corporate

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Governance, Rules on Material Related Party Transactions for Publicly Listed Companies and all related and relevant policies of the Corporation. In particular, RPTs shall not be allowed if it would present a conflict of interest for any Related Party.

3. Remedies for Abusive Material RPTs - Non-compliance with any of the provisions of this Charter shall result in the nullification or revocation of any agreement or contract involved in the execution of the Material RPT. A director, officer, employee, or Related Party is subject to the corresponding procedures and penalties under the Corporation's Code of Ethics, and other applicable laws.
4. Whistle-Blowing Mechanism - The Whistle-Blowing Mechanism of the Corporation as stated in its Code of Ethics shall apply to any abuse of Material RPT. Complaints for violation of policies and regulations in relation to RPTs shall be reported to the RPT Committee.

ARTICLE IX - MISCELLANEOUS

1. Effectivity - This Charter shall take effect immediately upon approval by the Board.
2. Self-assessment and Periodic Review -
 - (a) The Committee shall review the Charter as may be needed and obtain the approval of the full Board for any revisions thereto or for any case where external bodies may suggest change. Suggestions by such external bodies, however, are subject to the approval of the Committee.
 - (b) The Internal Audit shall conduct a periodic review of the effectiveness of the Corporation'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.
 - (c) The Corporation's Compliance Officer shall ensure that the Corporation's complies with the relevant rules and regulations, and is informed of the regulatory developments in areas affecting Related Parties. He/She shall aid in the review by the Board. He/She shall ensure that the Corporation's Material RPT Policy is kept updated and is properly implemented throughout the Corporation
3. 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.

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Approved by the Board of Directors on June 20, 2019.

(Original Signed)

MICHAEL C. COSIQUIEN
Chairman & President

(Original Signed)

ALLESANDRA FAY V. ALBARICO
Compliance Officer