

COVER SHEET

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F E R R O N O U X H O L D I N G S , I N C .

(F O R M E R L Y , A G F I N A N C E ,

I N C O R P O R A T E D)

(Company's Full Name)

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F . O R T I G A S J R . R D . O R T I G A S

C E N T E R , P A S I G C I T Y 1 6 0 5

(Business Address : No. Street/City/Province)

GWYNETH S. ONG

Contact Person

687 11 95

Company Telephone Number

Month

Day

Fiscal Year

Material Related Party
Transaction Policy

FORM TYPE

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles
Number/Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

\Remarks = pls. Use black ink for scanning purposes.

Ferronoux Holdings, Inc.

October 28, 2019

SECURITIES AND EXCHANGE COMMISSION
Securities and Exchange Commission Building
EDSA, Greenhills, Mandaluyong City

Attention: **RACHEL ESTHER J. GUMTANG-REMALANTE**
Corporate Governance and Finance Department

PHILIPPINE STOCK EXCHANGE, INC.
6th Floor PSE Tower,
28th Street cor. 5th Ave.,
BGC, Taguig City

Attention **JANET A. ENCARNACION**
Head-Disclosure Department

Gentlemen:

In compliance with SEC Memorandum Circular No. 10 series of 2019, the Board in the meeting held earlier, approved the Material Related Party Transactions Policy of Ferronoux Holdings, Inc.

A signed copy of which is attached.

Very truly yours,


Allesandra Fay Albarico
Compliance Officer

Ferronoux Holdings, Inc.

MATERIAL RELATED PARTY TRANSACTION POLICY

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Ferronoux Holdings, Inc.

MATERIAL RELATED PARTY TRANSACTION POLICY

ARTICLE I - STATEMENT OF POLICY AND COVERAGE

It is the policy of Ferronoux Holdings, Inc. ("**FERRO**" or the "**Company**") that all related party transactions ("**RPTs**") between the Company 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 TRANSACTION COMMITTEE

The Related Party Transaction Committee (the "**RPT Committee**" or the "**Committee**") shall have the primary function of reviewing all material related party transactions ("**Material Related Party Transactions**" or "**MRPT**") in order to safeguard the best interest of the Company. Consistent with the principles of fairness and transparency, the terms and conditions of the MRPTs must be equivalent to those that prevail in arm's length transactions and shall be submitted for the appropriate review and approval by the Company and the Related Parties.

The RPT Committee hereby adopts this MRPT Policy (the "**MRPT Policy**" or the "**Policy**") 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 MRPTs undertaken for the Company. Any related-party transactions entered into by the Company 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, RPT Charter and this Policy.
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. "Related Party" - means with respect to the Company: (1) 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; (2) person/s that has or have direct or indirect control or joint control over the Company; (3) person/s that has or have significant influence over the Company; (4) person/s that is or are controlled by or under common control with the Company; (5) any immediate family member of a director or executive officer or key management of the Company; and (6) the Company'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. Related

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Party shall include such other person or juridical entity whose interest may pose a potential conflict with the interest of the Company.

2. "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.
3. "Material Related Party Transactions" ("MRPT") refers to 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.
4. "Materiality Threshold" refers to ten percent (10%) of the Company's total consolidated assets based on its latest audited financial statement.
5. "Substantial Shareholder" - refers to any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any of the Company's equity security.
6. "Affiliate" - refers to an entity linked directly or indirectly to the Company through any one or a combination of any 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 Company 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 Company and the entity;
 - (d) 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.
7. "Associate" - refers to 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;
8. "Significant Influence" - refers to the power to participate in the financial and operating policy decisions of company but has no control or joint control of those policies;
9. "Control" - an entity or person has control over the Company if that entity or person has all of the following:
 - (a) Power over the Company;
 - (b) Exposure or rights to variable returns from its involvement with the Company;
 - (c) The ability to use its power over the Company to affect the amount of the Company's returns.

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10. "Related Party Registry" ("Registry") - refers to the record of the organizational and structural composition, including any change thereon, of the Company and its related parties.
11. "At Arm's Length" - refers to transactions between parties who act independently of and without regard to any relationship with the Company or any of its subsidiaries or affiliates.
12. Abusive Material Related Party Transactions ("Abusive MRPT") refer to MRPT that are not entered at arm's length and unduly favor a related party.

ARTICLE V - EVALUATION OF MATERIAL RELATED PARTY TRANSACTIONS

1. The RPT Committee must regularly evaluate existing relations between and among businesses and counterparties to ensure that all related parties are continuously identified, RPTs and MRPTs 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. For this purpose, the RPT Committee shall quarterly conduct a review of the Related Party Registry and update the same to capture organizational and structural changes in the Company and its Related Parties.
2. The RPT Committee must identify, evaluate and report all identified RPTs to determine any MRPT that meets the Materiality Threshold 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 MRPTs, the Committee takes into account, 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 MRPT, including the proposed aggregate value of such transaction;
 - c. The benefits to the corporation of the proposed MRPT;
 - d. The availability of other sources of comparable products or services; and
 - e. An assessment of whether the proposed MRPT 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 MRPTs.
3. The RPT Committee must ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the company's MRPT 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. Before the execution of the MRPT, the Board of Directors should appoint an external independent party to evaluate the fairness of the terms of the MRPTs. An external independent party may include, but is not limited to, auditing/accounting firms and third party consultants and appraisers. The Board of Directors shall further look into additional measures in order to ensure effective price discovery mechanism to ensure that the transaction are engaged into at terms that promote the best interest of the

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Company and its shareholders, which may include acquiring the services of an external expert, opening the transaction to a bidding process or publication of available property for sale.

5. The RPT Committee must 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;
6. The RPT Committee, in close coordination with the Company's Compliance Officer, shall ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
7. The Compliance Officer shall oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures. The Compliance Officer shall ensure that the Company complies with the relevant rules and regulations and is informed of regulatory developments in areas affecting the Related Parties.

ARTICLE VI -PROCEDURE ON DISCLOSURES

1. Compliance with Applicable Law, Rules and Regulations - The parties to the MRPT 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 Company must comply with all disclosure requirements of an MRPT mandated under applicable law, rules and regulations.
 - b. The Related Parties must comply with all the disclosure requirements of MRPTs 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 MRPT 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.
 - b. In dealing with the shares of the Company, 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 Company.
3. Information to be Disclosed - Disclosure of an MRPT 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 - Each director, executive officer and member of the key management may be required to complete a questionnaire that inquires about their MRPTs and those of their immediate family members.

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ARTICLE VII - GOVERNING PRINCIPLES

1. Fairness - MRPTs are generally allowed, provided, that such shall have terms and conditions that are fair and equitable to the Company and these are undertaken in a sound and prudent manner.
2. Uniformity in the Approval Process - The approval, award, processing and payment of MRPTs shall follow the same procedures as the other transactions and contracts of the Company. 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 Company and all its stakeholders.

ARTICLE VIII - APPROVAL PROCEDURE

1. After review and evaluation of the MRPTs, the RPT Committee, shall endorse the same to the Board for approval. For MRPTs not identified beforehand, they shall be submitted for ratification by majority of the Board or the same may be discontinued, rescinded or modified to make the MRPT acceptable for ratification.
2. All individual MRPTs shall be approved by at least two-thirds (2/3) of the Board of Directors, with the majority of the Company's independent directors voting to approve the MRPT. If the in the approval of the MRPT, the vote of majority of the Company's independent directors was not obtained, then the MRPT shall be ratified by 2/3 of the Company's outstanding capital stock.
3. Directors with personal interest in the transaction shall not participate in the discussions and voting on any MRPTs. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.
4. Aggregate MRPTs within a twelve (12)- month period covering the same related party, that breaches the materiality threshold of ten percent (10%) of the Company's total assets shall be approved in same manner as outlined above

ARTICLE IX - SANCTIONS

1. Effect of Non-Compliance - MRPTs that are entered into in violation of any provision of this Policy, the applicable law or the relevant rules and regulations governing MRPT or RPT may result in the invalidation of the contract or transaction subject of the MRPT.
2. Other Applicable Laws and Regulations - This Policy 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 Governance and all related and relevant policies of the Company. In particular, RPTs shall not be allowed if it would present a conflict of interest for any Related Party.
3. Whistle Blowing Mechanism - The Company encourages employees, officers and directors including stakeholders, to report any abusive, illegal, unethical or questionable transactions that would include abusive MRPT, with an assurance that such genuine concerns in good faith may be raised without fear of reprisals, even if they turn out to be mistaken. The aim is to provide an internal mechanism for reporting, investigating and

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remedying any wrongdoing in the workplace while maintaining procedural and substantive due process at all times.

Concerns may be reported in confidence, for free 24/7:

Landline: +632-5286000 local 134

Email: complaints@ferronouxholdings.com

ARTICLE IX - MISCELLANEOUS

1. Effectivity - This Policy shall take effect immediately upon approval by the Board.
2. Review - The Internal Audit shall conduct a periodic review of the Policy and the effectiveness of the Company's system and internal controls governing the MRPT to assess consistency with board-approved policies and procedures. The resulting audit reports, including exceptions and breaches in limits, shall be communicated directly to the Audit Committee.
3. Amendment - This Policy shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.


Approved by the Board of Directors on October 28, 2019.

[Signature page follows.]

Ferronoux Holdings, Inc.



MICHAEL C. COSIQUIEN
Chairman & President



ALLESANDRA FAY V. ALBARICO
Compliance Officer