

GREENERGY HOLDINGS INCORPORATED

MATERIAL RELATED PARTY TRANSACTIONS POLICY

This Material Related Party Transactions Policy ("Policy") is adopted pursuant to Securities and Exchange Commission ("SEC") Memorandum Circular No. 10, Series of 2019, which prescribes the Rules on Material Related Party Transactions for Publicly-Listed Companies.

Article 1: Objective

This Policy shall provide the general guidelines to guarantee that any Related Party Transaction as defined below is conducted in a manner that will protect Greenergy Holdings Incorporated (the "Company"), its Board of Directors, Management, employees and shareholders, the capital market participants, the securities and investment instruments market, and the investing public from insider trading, and other manipulative devices and practices which create distortions in the free market.

Article 2: Definitions

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

- a. **Affiliate** - refers to an entity linked directly or indirectly to the Company through any one (1) or a combination of any of the following:
 - ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by an entity who owns at least ten percent (10%) or more of the outstanding voting stock of the Company, or vice-versa;
 - interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
 - common shareholders owning at least ten percent (10%) of the outstanding voting stock of the Company and the entity; or
 - 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.
- b. **Arm's Length Principle** - refers to the principle that requires the transaction with a Related Party be made under comparable conditions and circumstances as a transaction as if they were not related.
- c. **Associate** - 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.
- d. **Board of Directors** - the governing body elected by the shareholders that exercises the corporate powers of the Company, conducts all its business and controls its properties.

- e. **Committee** – refers to the Audit Committee of the Company.
- f. **Company** – refers to Greenergy Holdings Incorporated.
- g. **Control** - a person or an entity controls the Company if and only if the person or entity has all of the following:
- power over the Company;
 - exposure, or rights, to variable returns from its involvement with the Company; and
 - the ability to use its power over the Company to affect the amount of the Company's returns.
- h. **Material Related Party Transaction or Material RPT** - 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 the Company's total consolidated assets based on its latest audited financial statements.
- i. **Materiality Threshold** - ten percent (10%) of the Company's total consolidated assets based on its latest audited financial statements.
- j. **Policy** – refers to this Material Related Party Transactions Policy.
- k. **Related Parties** - covers 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. It also covers the Company's 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.
- l. **Related Party Registry** - a record of the organizational and structural composition, including any change thereon, of the Company and its Related Parties.
- m. **Related Party Transaction or RPT** - a transfer of resources, services or obligations between the Company 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.
- n. **SEC** – refers to the Philippine Securities and Exchange Commission.
- o. **Significant Influence** - the power to participate in the financial and operating policy decisions of the Company but has no control or joint control of those policies.
- p. **Substantial Shareholder** - any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

Article 3. Coverage

This Policy covers the identification, review, approval, monitoring and disclosure of Material RPTs between the Company and a Related Party.

Article 4: Identification of Related Parties

This Policy shall apply to Related Parties as defined under Article 2 of this Policy. The Board of Directors shall be responsible for identifying persons and companies that are considered as the Company's Related Parties by instituting and updating the Related Party Registry. The Management, in coordination with the Compliance Officer and Corporate Secretary, shall review and update the Related Party Registry every quarter to capture organizational and structural changes in the Company and its Related Parties.

Article 5: Adjusted Threshold

The Company shall be allowed to set a threshold lower than the Materiality Threshold upon determination by the Board of Directors of the risk of the RPT to cause damage to the Company and its shareholders. This Policy shall be amended accordingly to reflect the Adjusted Threshold, when applicable.

Article 6: Review and Approval of Material Related Party Transactions

In the review of the Material RPTs, the Board of Directors shall consider the following factors:

- a. the terms of the transaction;
- b. the aggregate value of the transaction;
- c. whether the terms of the transaction are no less favorable than those generally available to non-related parties under the same or similar circumstances;
- d. the extent of Related Party's interest in the transaction;
- e. purpose and timing of the transaction;
- f. whether the transaction would present a conflict of interest or special risks or contingencies for the Company or the Related Party, taking into account the size of the transaction and the overall financial position of the Related Party; and
- g. any material information or other factors the Board of Directors deems relevant.

All individual Material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with 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 shareholders representing at least two-thirds (2/3) of the outstanding capital stock. For aggregate RPT transactions within a twelve (12) month period that breaches the Materiality Threshold of ten percent (10%) of the Company's total assets, the

same Board approval would be required for the transaction/s that meets and exceeds the Materiality Threshold covering the same Related Party.

Article 7: Identification and Prevention or Management of Potential or Actual Conflict of Interest

Directors and officers with personal interest in the transaction shall fully and timely disclose any and all material facts, including their respective interests in the Material RPT and abstain from the discussion, approval and management of such transaction or matter affecting the Company. In case they refuse to abstain, their attendance shall not be counted for purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.

Article 8: Ensuring Arm's Length Terms

All Material RPTs shall be subject to review and approval of the Board of Directors to ensure that they are at arm's length, the terms and conditions are fair, and they will inure to the best interest of the Company and its subsidiaries or affiliates and their shareholders. A transaction shall be considered to be at arm's length when no preferential treatment has been given by the Company to a Related Party that would not have been extended to an unrelated party under similar circumstances.

Before the execution of the Material RPT, the Board of Directors should appoint an external independent party to evaluate the fairness of the terms of the Material RPT. 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.

The Board of Directors may, as it may deem necessary, engage the services of an external expert, open the transaction to a bidding process, or publish the available property involved for sale, among others, as a price discovery mechanism to ensure that transactions are engaged into at terms that promote the best interest of the Company and its shareholders.

Article 9: Self-assessment and Periodic Review of Policy

The Committee shall conduct a periodic review of the effectiveness of the Company's system and internal controls governing Material RPTs to assess consistency with the Board-approved policies and procedures.

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 shall aid in the review of the Company's transactions and identify any potential Material

RPT that would require review by the Board of Directors. He shall ensure that this Policy is kept updated and is properly implemented throughout the Company.

Article 10: Disclosure of Material RPTs

The members of the Board of Directors, Substantial Shareholders, and officers shall timely and fully disclose to the Board of Directors all material facts related to Material RPTs as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the Company. Such disclosure shall be made at the meeting of the Board of Directors where the Material RPT will be presented for approval and before the completion or execution of the Material RPT.

A summary of Material RPTs entered into during the reporting year shall be disclosed in the Company's Integrated Annual Corporate Governance Report ("I-ACGR") to be submitted annually with the SEC.

An Advisement Report of any Material RPT must likewise be filed with the SEC within three (3) calendar days from the execution date of the transaction. The Advisement Report shall be signed by the Company's Corporate Secretary or authorized representative.

The summary of Material RPT disclosed in the Company's I-ACGR and the Advisement Report shall include information required by SEC Memorandum Circular No. 10, Series of 2019, as may be amended from time to time.

Article 11: Whistleblowers

All stakeholders are encouraged to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable Material RPTs, with an assurance that such genuine concerns in good faith may be raised without fear of reprisal, even if they turn out to be mistaken. Concerns may be reported in confidence to the incumbent members of the Committee.

Reports received by the Committee members shall be treated confidentially and without risk of reprisal for the reporting person.

Article 12: Abusive Material Related Party Transactions

Abusive Material RPTs refer to Material RPTs that are not entered into at an arm's length and unduly favor a Related Party. The Company shall discontinue a Material Related Party Transaction if it is determined to be abusive. The Company may demand restitution from responsible persons found to be in willful violation of this Policy for the actual losses suffered or incurred by the Company directly arising from the abusive Material Related Party Transaction.

Article 13: Effectivity

This Material Related Party Transactions Policy is adopted on 28 October 2019, pursuant to SEC Memorandum Circular No. 10-2019.



MARTIN C. SUBIDO
Chairman



MARICRIS CONNIE B. PUA
Corporate Information and
Compliance Officer