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SECURITIES AND EXCHANGE COMMISSION

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C O R P O R A T I O N

(Company's Full Name)

3 0 8 S E N . G I L P U Y A T A V E N U E

M A K A T I C I T Y

(Business address: No. Street City / Town / Province)

Omar C. Taccad

Contact Person

8772-1891

Company Telephone Number

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Annual Meeting

Secondary License Type, If Applicable

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Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

LCU

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October 22, 2019

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City

Attention: Atty. Rachel Esther J. Gumtang-Remalante
OIC, Corporate Governance and Finance Department

Gentlemen:

We hereby submit the revised Policy on Related Party Transactions of Concepcion Industrial Corporation ("CIC") as approved by CIC's Board of Directors during its meeting held on October 14, 2019, to comply with Memorandum Circular No. 10 Series of 2019 of the Securities and Exchange Commission.

Very truly yours,



Omar C. Taccad
Vice President
Head of Legal, Governance and Compliance



POLICY ON RELATED PARTY TRANSACTIONS

CHANGE / AMENDMENTS / MODIFICATION HISTORY

Version No.	Date	Change		Author	Approved by
		Section	Particular		
1		NA	NA	Omar C. Taccad and Ma. Victoria A. Betita	Audit and Risk Oversight Committee of the Board and the Board of Directors

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1. PURPOSE/OBJECTIVES

The Board of Directors of Concepcion Industrial Corporation (“CIC”) recognizes that Related Party Transactions (RPTs) present heightened risks of conflict of interest and/or improper valuation (or the perception or appearance thereof), and therefore has adopted this Policy on Related Party Transactions (the “Policy”) to ensure that RPTs are done “at arms-length” terms and in the best interest of CIC and its shareholders. Transactions between related parties and CIC or its subsidiaries/affiliates may occur in the ordinary course of business. This Policy is not designed to prohibit such RPTs; rather, its intent is to mandate the proper approval and timely disclosure of such transactions in order to maintain the integrity and transparency of CIC RPTs.

2. SCOPE

This Policy provides the general guidelines to be observed in relation to RPTs.

3. DEFINITION OF TERMS

“*Abusive RPT*” refers to RPT that is not entered at arms-length and unduly favors a Related Party.

“*Articles*” means the Articles of Incorporation of CIC, as amended from time to time.

“*Audit and Risk Oversight Committee*” shall refer to the Audit and Risk Oversight Committee of the Board of Directors of CIC.

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

“*By Laws*” means the By Laws of CIC, as amended from time to time.

“*CIC Group*” means the CIC group of companies which include CIC, its affiliates and subsidiaries as well as their respective affiliates and subsidiaries;

“*Control*” means the power to influence and/or direct the financial and operating policies of a Legal Entity so as to obtain benefits from its activities.

“*Directors*” shall mean the duly elected members of the Board.

“*Key Management Personnel*” shall mean any individual having authority or responsibility for the planning, directing or controlling the activities of a Legal Entity in the CIC Group or a Strategic Business Unit, directly or indirectly,

including all members of the board of directors, executive officers or stockholders of such Legal Entity in the CIC Group.

"Finance Head" refers to the head of finance of a Strategic Business Unit or someone performing a similar function in a Strategic Business Unit.

"Legal Entity" – shall mean any juridical person, corporation, business trust, joint venture, association, company, firm, partnership or other similar entity.

"Material RPTs" refers to RPTs either individually, or in aggregate over a twelve (12) month period with the same Related Party, amounting to at least Php500,000,000.00 or at least five percent (5%) of CIC's total assets based on the latest consolidated audited financial statements, whichever is lower, regardless of how the payment terms of the transaction are structured.

"Materiality Threshold" – Php500,000,000.00 or five percent (5%) of CIC's total assets based on its latest audited consolidated financial statements, whichever is lower.

"Minimal RPT" refers to any RPT either individually, or with an aggregate transactional value during the preceding 12-month period, of less than Php20,000,000.00

"Related Interest" – refers to:

- a.) any natural person related to a party within the fourth degree of consanguinity or affinity, whether legitimate or common-law;
- b.) any Legal Entity which a party Controls whether directly or indirectly.

"Related Party/Parties" – refers to and includes:

- a.) any Legal Entity in the CIC Group, including CIC's parent, subsidiaries, fellow subsidiaries, affiliates, joint venture or a Legal Entity that is Controlled, jointly Controlled or Significantly Influenced or managed by a Legal Entity who is a Related Party;
- b.) Directors, Key Management Personnel, and their respective Related Interests; and
- c.) Substantial Shareholders and their Related Interests.

"Related Party Registry" – the registry of Related Parties as updated from time to time.

"Related Party Transaction or RPT" – 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.

“Reporting Entity” – means a Legal Entity in the CIC Group that is preparing its financial statement.

“SEC” – means the Securities and Exchange Commission of the Philippines.

“Substantial Shareholder” – any natural person or Legal Entity who is directly or indirectly the beneficial owner of more than ten (10%) of any class of CIC’s equity security.

“Significant Influence” – the power to participate in the financial and operating policy decisions of the Legal Entity but has no control or joint control of those policies.

“Significant RPTs” – refers to RPTs either individually, or in aggregate over a twelve (12) month period with the same Related Party, amounting to at least Php20,000,000.00 but not exceeding Php499,999,999.00 or at least five percent (5%) of CIC’s total assets based on the latest consolidated audited financial statements, whichever is lower, regardless of how the payment terms of the transaction are structured.

“Strategic Business Unit” – shall refer to a significant and sizeable organizational unit within CIC as defined based on CIC’s latest organizational structure which may change from time to time.

4. POLICY PROVISIONS

4.1 General Principles

4.1.1 CIC shall at all times comply with the requirements of the Corporation Code of the Philippines, its Articles and By Laws, regulations and circulars of the SEC, and other related relevant laws, rules and regulations, as may be applicable in the review, approval and disclosure of RPTs.

4.1.2 All RPTs shall be reviewed and coursed through all appropriate levels of approval and/or disclosure under this Policy to ensure that they are on terms and conditions that are on arm’s length, within market rates, and with sufficient documentation.

4.1.3 The principle of “arms-length” requires that transactions with a Related Party should be made under comparable conditions and circumstances as a transaction with an independent party.

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- 4.1.4 All Material RPT shall be subject to the review and endorsement of the Audit and Risk Oversight Committee for approval of 2/3 of the Board and majority of Independent Directors or 2/3 of Shareholders in accordance with Section 4.4 hereunder.
- 4.1.5 Except for RPTs falling under Section 4.5, Significant RPT with value ranging from Php200,000,000.00 to Php499,999,999.00 or at least five percent (5%) of CIC's total assets shall be subject to review and endorsement of the Audit and Risk Oversight Committee, with all Independent Directors of the Audit and Risk Oversight Committee endorsing the transaction, for approval of majority of the Board.
- 4.1.6 Except for RPTs falling under Section 4.5, significant RPT with value ranging from Php20,000,000.00 to Php199,999,999.00 shall be subject to approval of the Audit and Risk Oversight Committee, with all Independent Directors of the Audit and Risk Oversight Committee approving the transaction.

Summary of Sections 4.1.4 - 4.1.6

Type of Transaction	Value	Required Approval	Disclosure
Material RPT	at least Php500,000,000.00 or 5% of CIC total consolidated assets, whichever is lower	Review and endorsement of the Audit and Risk Oversight Committee Approval of 2/3 of the Board and majority of Independent Directors, or 2/3 of Shareholders in accordance with Section 4.4 hereunder	CIC Advisement Report Summary Report in I-ACGR
Significant RPT	Php 200,000,000.00 to Php499,999,999.00 or at least five percent (5%) of CIC's total consolidated assets	Review and endorsement of the Audit and Risk Oversight Committee, with all Independent Directors of the Audit and Risk Oversight Committee endorsing the transaction Approval of Majority of the Board	CIC Board
	PhP20,000,000.00 to PhP199,999,999.00	Review and approval of the Audit and Risk Oversight Committee, with all Independent Directors of the Audit and Risk Oversight Committee approving the transaction	
Minimal RPT		If entered into the ordinary course of business shall neither require the review nor approval of the Audit and Risk Oversight Committee	Entity Financial Disclosure

- 4.1.7 Except for RPTs falling under Section 4.5, all RPTs involving a Director, Key Management Personnel or a Significant Shareholder, regardless of the amount, shall be reviewed by the Audit and Risk Oversight Committee and endorsed to the Board for approval as necessary. Provided that, only the approval of the majority of the Board is required if it is not a Material RPT.
- 4.1.8 Directors and Key Management Personnel shall disclose their interests in transactions, and all other conflicts of interest, including details of all their other directorships and any shareholdings owned by them. Directors and Key Management Personnel are required to inform the Board before accepting directorship in another publicly-listed corporation.
- 4.1.9 Any Director and Key Management Personnel who has an interest in a transaction under discussion shall not participate in the discussions and decision-making process. A Director who has an interest in the transaction shall abstain from voting on the approval of the transaction.
- 4.1.10 An effective price discovery mechanism shall be put in place to ensure that transactions are engaged into at terms that promote the best interest of CIC and its stakeholders. The price discovery mechanism may include, but not limited to, the validation procedures to determine the nature, components, and price of the services to be provided, acquiring the services of an external expert, and where applicable: opening the transaction to a bidding process, canvassing, or benchmarking, or any other applicable due diligence procedures.
- 4.2 Identification of RPTs
- 4.2.1 The CIC Group CFO shall identify individuals and Legal Entities that are considered as Related Parties and consolidate the same in a Related Party Registry to be approved by the Audit and Risk Oversight Committee, and subject to review from time to time. The CIC Group CFO shall set up CIC Group protocols and practices to ensure that the Finance Heads and all other employees who are responsible for identification and monitoring of existing RPTs are reporting the RPTs to the CIC Group CFO.
- 4.2.2 The Finance Head shall be responsible for identifying RPTs with the relevant Strategic Business Unit that meet the threshold for Significant RPT or the Materiality Threshold, and shall endorse the same to the CIC Group CFO, who in turn shall bring the matter to the Audit and Risk Oversight Committee for approval or endorsement to the Board, as appropriate. All endorsements

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of the Finance Head shall include the following details about the transaction:

- a) Complete name of the Related Party;
- b) Relationship of the parties;
- c) Proposed execution date of the RPT;
- d) Financial or non-financial interest of the Related Parties;
- e) Type and nature of the transaction, including a description of the assets involved;
- f) Amount or contract price;
- g) Percentage of the contract price to the total assets of CIC;
- h) Carrying amount of collateral, if any;
- i) Terms and conditions; and
- j) Rationale for entering into the transaction

4.2.3 The Finance Head shall monitor aggregate RPTs of the relevant Strategic Business Unit on an ongoing basis. For aggregate RPTs within a twelve (12) month period with the same Related Party that meet the threshold for Significant RPT or the Materiality Threshold, the Finance Head of the relevant Strategic Business Unit shall report the RPT to the CIC Group CFO for endorsement to the Audit and Risk Oversight Committee as soon as it is foreseeable that the aggregate transactions would meet any of the said thresholds.

4.2.4 It is the responsibility of each Director and Key Management Personnel to:

- a) promptly notify the CIC Group CFO as soon as such Director or Key Management Personnel becomes aware of any transaction with the CIC Group where such a Director or Key Management Personnel or their respective Related Interests are a party or stands to benefit from such transaction; and
- b) obtain approval from the proper approving body under this Policy before entering into the transaction.

4.3 Review and Approval of RPTs

4.3.1 Except for RPTs falling under Section 4.5, all RPTs involving a Director, Key Management Personnel or a Significant Shareholder, regardless of the amount, shall be reviewed by the Audit and Risk Oversight Committee and endorsed to the Board for approval as necessary. Provided that, only the approval of the majority of the Board is required if it is not a Material RPT.

4.3.2 The review and approval process of RPTs shall be as follows:

- a.) Material RPTs shall be reviewed by the Audit and Risk Oversight Committee and approved by the Board in accordance with Section 4.4 hereunder.
- b.) Except for RPTs falling under Section 4.5, Significant RPT with value ranging from PhP200,000,000.00 to PhP499,999,999.00 or at least five percent (5%) of CIC's total assets shall be subject to review and endorsement of the Audit and Risk Oversight Committee, with all Independent Directors of the Audit and Risk Oversight Committee endorsing the transaction for approval of majority of the Board.
- c.) Except for RPTs falling under Section 4.5, significant RPT with value ranging from PhP20,000,000.00 to PhP199,999,999.00 shall be subject to approval of the Audit and Risk Oversight Committee, with all Independent Directors of the Audit and Risk Oversight Committee approving the transaction.
- d.) Minimal RPTs that are unusual and/or non-recurring shall be reported to the Board.
- e.) RPTs shall not be deliberately split up for the purpose of avoiding the review and approval process under this Policy.
- f.) RPTs that are split up but involves the same Related Party should be aggregated to determine whether it has reached the threshold to make it a Significant RPT or Material RPT.

4.3.3 In evaluating RPT, the Audit and Risk Oversight Committee shall, in its judgment, consider the relevant facts and circumstances of the RPT and any of the following factors that are relevant:

- a.) The position or relationship of the Related Party at or with the Reporting Entity;
- b.) The business purpose for and reasonableness of the transaction;
- c.) Whether the RPT is comparable to a transaction that could be available on an arms-length basis;

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- d.) Whether the transaction is in the ordinary course of the Reporting Entity's business and was proposed and considered in the ordinary course of business;
- e.) The effect of the transaction on the Reporting Entity's business and operations, including on the Reporting Entity's internal control over financial reporting and system of disclosure controls or procedures;
- f.) Whether the RPT would cause CIC to be in violation of the listing standards of the Philippine Stock Exchange or the Securities Regulations Code; and
- g.) Any additional conditions or controls (including reporting or review requirements) that should be applied to such transaction.

4.4 Approval of Material RPTs

4.4.1 Endorsement of the Audit and Risk Oversight Committee

- a.) The CIC Group CFO shall submit all Material RPTs to the Audit and Risk Oversight Committee for review to ensure that no improper valuation of such transaction has been made, and that all information required for disclosure of the Material RPT under the rules of the SEC is fully documented. The Audit and Risk Oversight Committee may direct the conduct of further price discovery mechanisms to aid the evaluation on the fairness of the terms of the Material RPT, such as, engagement of external experts, opening the transaction to a bidding process or publication of available property for sale. The Audit and Risk Oversight Committee shall consider all available information and endorse such Material RPTs to the Board with the best interests of CIC and its shareholders in mind.
- b.) The CIC Group CFO shall notify the Compliance Officer of any Material RPT endorsed for approval and the material facts and details thereof as soon as received, for purposes of preparing the draft Advisement Report and any legal opinion, if requested, in anticipation of the Board Meeting where the Material RPT will be considered.

4.4.2 Board Approval of the Material RPT

- a.) Upon the endorsement of the Audit and Risk Oversight Committee, Material RPTs shall be approved by at least

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two-thirds (2/3) vote of the Board, with at least a majority of the independent directors voting to approve the Material RPT.

- b.) In case of approval by two-thirds (2/3) of the Board but the vote of majority of the independent directors is not secured, the approval shall be carried but the Material RPT shall be required to be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of CIC. The Corporate Secretary shall include the same in the agenda for the next special or regular stockholders' meeting.

4.4.3 Fairness Opinion

The CIC Group CFO shall secure evaluation/opinion of an external independent party confirming the fairness of the terms of the Material RPT prior to the actual execution of the Material RPT.

4.5 RPTs Not Covered

4.5.1 The following RPTs provided they do not breach the Materiality Threshold shall not require the review and approval of the Audit and Risk Oversight Committee or Board. Notwithstanding, the same should still be disclosed to the Audit and Risk Oversight Committee:

- a.) Compensation arrangements approved by the Compensation and Remuneration Committee of the Board;
- b.) Transactions with similar terms available to all employees generally;
- c.) Share transactions such as dividends, repurchase, rights offerings, available to all shareholders on a pro-rata ownership basis;
- d.) Transactions in which the Related Party's interest is derived solely from the fact that he or she serves as a director of another company or business unit that is a party to the transaction;
- e.) Any transaction with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority; or

- f.) Any transaction with a Related Party involving cost recoveries, agreements or intercompany advances in the ordinary course of business.

4.5.2 Notwithstanding any provisions of this Policy, all RPTs involving a Legal Entity in the CIC Group with the exception of those provided under 4.5.1 shall be approved by the board of directors or managing board of the relevant Legal Entity.

4.6 Disclosure and Regular Reporting

4.6.1 Disclosures of Material RPTs

a.) Advisement Report

- 1.) The CIC Group CFO shall immediately notify the Compliance Officer of all the Material RPTs duly approved by the Board including any changes in the details and the intended date of execution of the Material RPT.
- 2.) The Finance Head shall be responsible for giving notice to the Compliance Officer of the actual date of execution of the Material RPT not later than such actual date of execution.
- 3.) Upon notice of the actual execution, the Compliance Officer shall finalize the Advisement Report, duly signed by the Corporate Secretary or authorized representative, and file the same with the SEC within three (3) calendar days from the actual execution date.

b.) Summary Report in the I-ACGR

- 1.) The Compliance Officer shall ensure that a summary of all Material RPTs entered into during the reporting year is included in the Integrated Annual Corporate Governance Report (I-ACGR).
- 2.) This obligations of responsible parties under this Policy are in addition to all disclosure requirements for RPTs under related policies.

4.6.2 The RPTs shall be disclosed in CIC's financial statements, and other applicable filings in accordance with the relevant rules and issuances of the SEC and other regulatory bodies.

4.7 Self-assessment and periodic review of policy

The Audit and Risk Oversight Committee may direct the Corporate Risk Management and Assurance of CIC ("CRMA") to conduct a periodic review of the effectiveness of this Policy and consistency of compliance therewith, including post-verification of RPTs to ensure that the terms and conditions recommended by the Audit and Risk Oversight Committee and approved by the Board are properly implemented. The results of the review, including the exceptions or breaches, shall be reported to the Audit and Risk Oversight Committee.

4.8 Remedies for Abusive RPT

Whenever applicable CIC shall discontinue a transaction that is determined as an Abusive RPT and demand restitution of losses or opportunity costs it incurred from such Abusive RPT.

5 NON-CONFORMANCE

5.1 Any non-conformance with this Policy shall be dealt in accordance with the applicable provisions of the Employee Code of Discipline. CIC or any of its subsidiaries and affiliates have the right to seek legal action against any Director or Key Management Personnel whom has exposed CIC to reputational, financial and legal risks.

5.2 Non-compliance with any provision of this Policy, in particular, the reporting, disclosure and approval requirements, may result in the invalidation of the RPT contract.

5.3 Any officer or employee of the CIC Group shall report a violation of this Policy to the Compliance Officer or Corporate Secretary, who must in turn report such violations to the Audit and Risk Oversight Committee.

5.4 The Audit and Risk Oversight Committee shall have the authority to recommend to the Board the invalidation of any contract or transaction in violation of this Policy.

5.5 This Policy shall be without prejudice to the provisions of the CIC Code of Ethics, the CIC Corporate Governance Manual, and all related and relevant policies as well as all applicable laws and regulations in the Philippines which shall be observed and applied to the fullest extent possible.

6 WHISTLEBLOWING MECHANISM

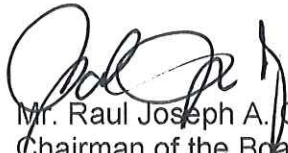
The reporting mechanism under the Policy on Whistleblowing shall be available to all stakeholders to communicate confidentially, and without risk of reprisals, legitimate concerns about illegal, unethical or questionable RPTs.

Any stakeholder may send or communicate any such legitimate concerns through the following channels:

Website/Dialog	https://proactivehotline.punongbayan-arraulo.com/report/concepcion
Face-to-Face	Ethics and Compliance Officer
Email	celeste.lambo@cic.ph legalandgovernance@cbsi.ph
Telephone	(0998) 968 – 3529

APPROVED BY:

On behalf of the Board of Directors



Mr. Raul Joseph A. Concepcion
Chairman of the Board

NOTED BY:



Ma. Victoria A. Betita
Chief Finance Officer



Atty. Omar C. Taccad
Vice President
Head – Legal, Governance & Compliance