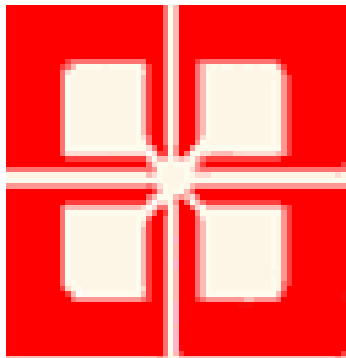


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Philippine Estates Corporation PHES

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

Form/Report Type	MATERIAL RELATED PARTY TRANSACTIONS POLICY
Report Period/Report Date	Oct 28, 2019

Description of the Disclosure

In compliance with SEC Memorandum Circular No. 10, Series of 2019, Philippine Estates Corporation submits its Material Related Party Transactions Policy.

Filed on behalf by:

Name	Mariel Francisco
Designation	Assistant Corporate Secretary



110282019001357



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

Barcode Page

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Company Representative _____

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Company Information

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Company Name PHIL. ESTATES CORP.
Industry Classification _____
Company Type Stock Corporation

Document Information

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Document Type LETTER/MISC
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No. of Days Late 0
Department CED/CFD/CRMD/MRD/NTD
Remarks Material Related Party Transactions Policy

COVER SHEET

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SEC Registration No.

P	H	I	L	I	P	P	I	N	E	E	S	T	A	T	E	S	C	O	R	P	O	R	A	T	I	O	N
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(Company's Full Name)

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

JOCELYN A. VALLE																								
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Contact Person

(632) 8637-3112									
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Contact Telephone No.

1	2	3	1
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Fiscal Year

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FORM TYPE

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Month Day
Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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Document I.D.

Cashier

STAMPS																								
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**PHILIPPINE ESTATES
CORPORATION**

**MATERIAL RELATED PARTY
TRANSACTIONS POLICY**

MATERIAL RELATED PARTY TRANSACTIONS POLICY (MRPTP)

Version 1

Approved on: 22 October 2019

INTRODUCTION

This Policy serves as the Philippine Estates Corporation (the “Company”) Code to govern the approval of related party transactions in compliance with Philippine Accounting Standards, the Revised Corporation Code, the Securities Regulations Code and other rules promulgated by the Securities and Exchange Commission regarding the matter. Amendments may be introduced by management from time to time, which shall be disclosed to the SEC and the public accordingly.

POLICY STATEMENT AND SCOPE

This Policy is applicable to any transaction between the Company and related parties, its subsidiaries, its affiliates, whether be it a single transaction or an aggregate of transactions with the same party in a calendar year, where the amount involved is ten per cent (10%) or above of the total assets of the Company, based on the latest audited financial statements. Any such transaction shall be conducted on an “arms-length” basis, at commercially fair prices, and must be to the best interest of the Company, its shareholders, its subsidiaries and its affiliates.

DEFINITIONS

1. Affiliate – refers to an entity that is directly or indirectly owned, controlled or managed by interlocking directors or common stockholders of the Company.
2. Associate – refers to an entity over which the Company holds at least twenty per cent (20%) of control or voting power, directly or indirectly.
3. Control – an entity that has a) power over the controlled entity, b) rights to a return from its involvement in the affairs of the controlled entity and c) the power to affect the amount or timing of the returns of the controlled entity.
4. Materiality Threshold – ten per cent (10%) of the Company’s consolidated total assets based on the latest financial statements.
5. Material Related Party Transaction (MRTP) – refers to any RPT that individually or in aggregate over a calendar year with the same Related Party, amounts to or has an amount higher than the Materiality Threshold.

6. Related Party – refers to Company’s directors, officers, substantial shareholders, their spouses and relatives up to the 4th civil degree of consanguinity or affinity, legitimate or common-law, if these persons have Control or Significant Influence over the Company. Also covers the Company’s parent, subsidiaries, fellow subsidiaries, associate, affiliate, joint venture or entity that is controlled or is significantly influenced by a Related Party.
7. Related Party Transaction (RPT) – refers to a transfer of resources, services or obligations between the Company and a Related party, regardless of whether a price is charged.
8. Significant Influence – refers to the power to participate in the financial and operating decisions of an entity without necessarily having Control.
9. Subsidiary – refers to an entity over which the Company holds at least fifty per cent (50%) to a hundred per cent (100%) of control or voting power, directly or indirectly.
10. Substantial Shareholder – refers to any person directly or indirectly the beneficial owner of more than ten per cent (10%) of any class of equity security.

GUIDELINES

1. No preferential treatment shall be extended to Related Parties.
2. Management shall ensure that all Related Party Transactions are on terms and conditions that are on arm’s length basis, are within acceptable market rates, and are fully documented to protect all parties. The following RPT shall automatically be considered “arms-length” RPT:
 - a. An RPT where the rates/charges are determined by competitive bidding;
 - b. An RPT where rates are based on publicly quoted scale/matrix applied to all classes of customers/suppliers.
3. Management shall ensure that all pertinent information with regard to the Material Related Party Transaction is fully communicated to the Risk Management Committee during the approval process.
4. All Material Related Party Transactions shall be subject to review and endorsement by the Risk Management Committee, which shall formulate its own benchmarks and regulations for various conflict-of-interest scenarios. At its own discretion, the Risk Management Committee may require that an external independent party (e.g. audit or accounting firm, or third party fairness opinion consultant, or appraiser) be asked to evaluate the terms and conditions of the Material Related Party Transaction.
5. All Material Related Party Transactions shall thereafter be approved by at least 2/3 vote of the Board of Directors. Directors with personal interest in any Material Related Party Transaction shall abstain on participating in the discussions thereof and shall abstain on voting on the matter.

6. All Material Related Party Transactions shall be disclosed in the financial statements of the Company. The Audit Committee shall review the disclosure in coordination with the external auditors of the Company. The Audit Committee may perform post-transaction verification of MRPT to ensure that the terms and conditions of Board approvals are carried out. The Audit Committee, at its own discretion, may seek advice from independent legal counsels as it may deem fit.

WHISTLE BLOWER POLICY

A Whistle Blower is any person who reports suspected or actual occurrence of illegal, unethical and/or inappropriate practices by the Company, its directors, officers and staff in their business dealings and in Company operations. The MRPTP shall be subject to the Company's Whistle Blower Policy:

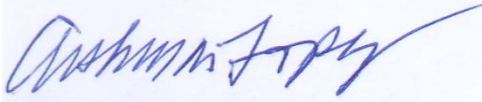
1. A Whistle Blower in good faith shall not receive any retaliation or reprisal. The identity of the Whistle Blower shall remain confidential to those persons involved in the investigation thereof, unless required by lawful government authorities.
2. Management shall evaluate the allegations of the Whistle Blower with fairness, objectivity and transparency to establish the validity of the complaint, and the investigation thereof shall be characterized by due process for all respondents. Management shall have the prerogative to file any administrative, legal or criminal actions as required under the circumstances. Management may take appropriate action to protect against Whistle Blowers in bad faith, including those found to be giving false testimonies.
3. If connected to the Company, a Whistle Blower may report the circumstances to his/her supervising officer or if he/she wishes, may provide an anonymous incident report with adequate support documents to the Chief Operating Officer of the Company. If an outsider, the Whistle Blower may report the incident directly to the Chief Operating Officer of the Company. Any supervisor, manager, officer, or director who receives a report must act on the matter immediately in order to resolve the issues in the soonest time. The Whistle Blower shall be informed of the results of the investigation within one (1) week from the finalization of the investigation report.
4. Crimes against persons and against property should be reported to local law enforcement agencies.
5. In addition to the above, Whistle Blowers reporting cases involving MRPT may choose to file an anonymous incident report with adequate support documents to the Chairman of the Audit Committee.

EFFECTIVE DATE

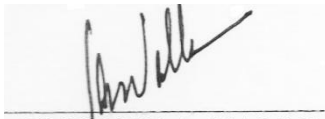
This Policy takes effect on 22 October 2019.

PHILIPPINE ESTATES CORPORATION.

By:

A handwritten signature in blue ink, appearing to read 'Arthur M. Lopez', is written over a light blue rectangular background.

ARTHUR M. LOPEZ
Chairman of the Board

A handwritten signature in black ink, appearing to read 'Jocelyn A. Valle', is written over a light grey rectangular background.

JOCELYN A. VALLE
Compliance Officer