



# CHARTER

# RELATED PARTY TRANSACTION COMMITTEE

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## A. STATEMENT OF POLICY

It is the policy of the Shakey's Pizza Asia Ventures Inc. (the "**Corporation**") to ensure fairness and transparency in related party transactions ("**RPTs**") between the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, principal officers and directors, including their spouses, children, and dependent siblings and parents and of interlocking director relationships by members of the Board (the "**Policy**").

## B. PURPOSE

The purpose of the RPT Committee is to ensure that terms and conditions of all RPTs must be equivalent to those that prevail in arm's length transactions and shall be subject to appropriate corporate approvals and actions of the corporation and of related parties, with the best interest of the investing public and the Corporation in mind. 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.

## C. COMPOSITION

1. The RPT Committee will consist of at least three (3) appropriately qualified non-executive directors, majority of whom should be independent directors.
2. The Chairman of the RPT Committee must be an independent director.

## D. RELATED PARTY AND RELATED PARTY TRANSACTIONS

1. Related Party" means with respect to the Corporation:
  - (i) Person/s that has or have 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 directors and executive officers or members of the key management of the Corporation; and

- (v) Any immediate family member of a director or executive officer or key management of the Corporation.
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.

## **E. FUNCTIONS OF THE RELATED PARTY COMMITTEE**

1. 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;
2. 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 Corporation 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, among others, the following:
  - a. The related party's relationship to the Corporation 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 Corporation should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
3. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Corporation'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 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 that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
6. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.

## **F. DISCLOSURE REQUIREMENTS**

1. The Corporation must comply with all disclosure requirements of an RPT mandated under applicable law, rules and regulations.
2. 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.
3. 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, including any additional information about the transaction that may reasonably be requested by the Corporation.
4. 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.
5. 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.

## **G. GUIDELINES**

1. All RPTs shall have terms and conditions that are fair and equitable to the Corporation.
2. 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. 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 cost and benefit to the Corporation.
4. Prior to the award of any material RPT, the Corporation shall submit the same for the review of the RPT Committee to confirm that it has undergone the same process as an ordinary transaction and to determine that the material RPT under review is in the best interest of the Corporation.

## **H. SANCTIONS**

1. Non-compliance with any provision of this Policy may result in the invalidation of the contract involved in the RPT.
2. This Policy shall be without prejudice to 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 Corporation which shall be observed and shall apply to the fullest extent possible. In particular, RPTs shall not be allowed if it would present a conflict of interest for any Related Party.

## **I. EFFECTIVITY AND REVIEW**

1. This Charter shall take effect immediately upon approval by the Board.
2. 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.
3. 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.