

**ALLIANCE SELECT INTERNATIONAL FOODS, INC.**  
**POLICY ON RELATED PARTY TRANSACTIONS**

This Policy on Related Party Transactions (RPT) Policy was adopted by the Board of Directors of **Alliance Select Foods International, Inc.** (the “Company”) to ensure that transactions between the Company and Related Parties are properly reviewed, approved and reported consistent with the Corporation Code, the Securities Regulations Code and such other laws and issuances, applicable accounting standards, disclosure requirements and principles of good corporate governance.

Ensuring the integrity of related party transactions is an important fiduciary duty of Directors of the Company. The Board recognizes its role to initiate policies and measures geared towards the prevention of abuse and the promotion of transparency, and in compliance with applicable laws and regulations to protect the interest of all shareholders

**A. DEFINITIONS**

Related Parties, Related Party Transactions and other relevant concepts are defined in Annex “1” of this Policy

**B. GENERAL PRINCIPLES**

1. The Company shall at all times observe and adhere to the provisions of the Corporation Code, its Articles of Incorporation and By-laws, and all other relevant laws, rules and regulations, as may be applicable in the review, approval and disclosure of Related Party Transactions (“**RPT**”). The Company shall observe, uphold and respect the rights of its shareholders, minority and majority alike, through this RPT Policy.
2. In the review and approval of RPTs, the Company shall at all times abide by the following standards:
  - 2.1. That the RPT is “fair and at arm’s length”<sup>1</sup>;
  - 2.2. That the RPT is in the best interest of the Company and its stockholders, based on relevant circumstances which include:
    - a. Basic terms of the transaction;
    - b. Related party’s interest in the transaction;
    - c. Purpose and timing of the transaction;

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<sup>1</sup> Please see Annex “1” for definition of “Fair & at Arm’s Length” transactions

- d. Nature of the Company's participation in the transaction;
- e. Cost basis and other relevant information if involving sale of assets;
- f. Information on potential counterparties in the transaction including market prices for similar products and services;
- g. Description of any provisions or limitations that may be imposed as a result of the transaction; and
- h. Any potential reputational risk issues that may arise as a result of or in connection with the transaction.

## **B. COVERAGE**

1. For purposes of this Policy, a Material and/or Significant RPT is defined as those transactions with a Related Party which involve an aggregate amount or value equal to or greater than Fifty Million Pesos (P50Million) over a twelve (12) month calendar year period ("Material and/or Significant RPT").
2. The transactions enumerated in Annex "2" of this Policy on Related Transactions are Exempt Transactions.
3. As matter of policy and procedure Material and/or Significant RPT shall be subject to review and endorsement by the Related Party Transaction Committee ("RPT Committee") and are subject to approval by the Board of Directors. The concurrence of all Independent Directors shall be obtained as practicable prior to approval of the transaction by the Board.
4. The following Material and/or Significant RPT may, in addition to the approval of the Board of Directors, as the Board deems necessary consistent with law, be further submitted to the stockholders for ratification and final approval:
  - 4.1. Contract between an officer under the By-Laws and the Company;
  - 4.2. Contract between a director and the Company when the presence of such director in the Board meeting in which the contract was approved was necessary to constitute a quorum and the vote of such director was necessary for the approval of the contract, approval by the Company's stockholders is required;
  - 4.3. Contract between the Company and another corporation with interlocking directors, if the interest of the interlocking director in the Company is nominal<sup>2</sup> and his interest in the other corporation is substantial<sup>3</sup>, and such director's presence in the Company's Board meeting in which the contract was approved was necessary to constitute a quorum and the vote of such director was necessary for the approval of the contract, approval by the Company's stockholders is also required; and,

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<sup>2</sup> Pursuant to Section 33 of the Corporation Code, nominal interest exists when the stockholdings of the director is twenty percent (20%) or below of the outstanding capital stock.

<sup>3</sup> A director has a substantial interest if his stockholdings exceeds twenty percent (20%) of the outstanding capital stock.

- 4.4. Management contract where the Company undertakes to manage or operate all or substantially all of the business of another corporation or vice versa.

**C. RPT COMMITTEE**

Further to the duties and responsibilities of the Related Party Transactions Committee contained in the Company's 2017 Corporate Governance Manual and the Charter of the Related Party Transactions Committee, said Committee shall adopt guidelines in ensuring arm's-length terms; identification and prevention or management of potential or actual conflicts of interest which arise; and internal limits for individual and aggregate exposures.

**D. DISCLOSURE**

1. All Material and/or Significant RPT shall be reported by the Chief Compliance Officer to the Audit Committee to ensure full and timely disclosure in the annual and quarterly reports submitted to the Securities and Exchange Commission and in the Notes to the Financial Statements, whether on an interim or annual basis, as required under PAS 24 on Related Party Transaction Disclosures and other disclosure requirements; and,
2. The Company shall ensure that the review and approval of Material and/or Significant RPT carried out by its subsidiaries are conducted in accordance with this Policy.

**D. EFFECTIVITY**

This policy shall have immediate and prospective effect.

**Approved by the Board of Directors of Alliance Select Foods International, Inc.  
on \_\_\_\_ May 2017**

**Attest:**

**ANTONIO E. PACIS**  
Chairman of the Board

**BARBARA ANNE C. MIGALLOS**  
Corporate Secretary

**MA. KRISTINA P. AMBROCIO**  
Compliance Officer

## ANNEX “1”: DEFINITIONS

**Related Party** is any entity that falls under any of the following situations:<sup>4</sup>

- *Associate*. The party is an associate of Alliance Select Foods International, Inc. (“ASFII”).
- *Common control*. The party is, directly or indirectly, either under common control with ASFII or has significant or joint control over ASFII.
- *Family member*. The party is a close family member of a person who is part of key management personnel or who controls ASFII. A close family member is an individual's domestic partner and children, children of the domestic partner, and dependents of the individual or the individual's domestic partner.
- *Individual control*. The party is controlled or significantly influenced by a member of key management personnel or by a person who controls ASFII.
- *Joint venture*. The party is a joint venture in which ASFII is a venture partner.
- *Key management*. The party is a member of ASFII's or its parent's key management personnel.
- *Post-employment plan*. The party is a post-employment benefit plan for the ASFII employees.

**Related party transaction (RPT)** is a transfer of resources, services or obligations between ASFII and a related party, regardless of whether a price is charged. Examples of RPT as follows:

- purchases or sales of goods (finished or unfinished);
- purchases or sales of property and other assets;
- rendering or receiving of services;
- leases;
- transfers under finance arrangements (including loans and equity contributions in cash or in kind); and,
- settlement of liabilities on behalf of the entity or by the entity on behalf of that related party.

**Close members of the family of a person** are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- a) that person's children and spouse or domestic partner;
- b) children of that person's spouse or domestic partner; and
- c) dependents of that person or that person's spouse or domestic partner.

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<sup>4</sup> Based on International Financial Reporting Standards

**Compensation** includes all employee benefits (as defined in IAS 19 Employee Benefits) including employee benefits to which IFRS 2 Share-based Payment applies. Employee benefits are all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of the entity. Compensation includes:

- a) short-term employee benefits, such as wages, salaries and social security contributions, paid annual leave and paid sick leave, profit-sharing and bonuses (if payable within twelve months of the end of the period) and non-monetary benefits (such as medical care, housing, cars and free or subsidized goods or services) for current employees;
- b) post-employment benefits such as pensions, other retirement benefits, post-employment life insurance and post-employment medical care;
- c) other long-term employee benefits, including long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits and, if they are not payable wholly within twelve months after the end of the period, profit-sharing, bonuses and deferred compensation;
- d) termination benefits; and,
- e) share-based payment.

**Control** is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

“**Fair & at Arm’s Length**” refers to transactions in an open and unrestricted market and between willing parties who are knowledgeable, informed, and who act independently of and without regard to any relationship with each other.

**Joint control** is the contractually agreed sharing of control over an economic activity.

**Key management personnel** are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

**Significant influence** is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement.

**Government** refers to government, government agencies and similar bodies whether local, national or international.

A **government-related entity** is an entity that is controlled, jointly controlled or significantly influenced by a government.

## **ANNEX “2”: EXEMPT RPT**

The following shall be considered as “**Exempt RPT**”:

1. Any transaction involving a Related Party where the rates or charges involved are determined by competitive bids, in accordance with Vendor Relations Policy of the Company.
2. Any transaction involving a Related Party wherein Company is a customer or client in the ordinary or regular course of business of consumer goods or consumer services, or fees are based on a fixed or graduated scale which is publicly quoted or applied consistently to all customers or class of customers.
3. Subject to the policy and/or guidelines as may be issued and approved by the Compensation Committee, any transaction that involves the providing of compensation to a director or an executive officer in connection with his or her duties to Company or any of its subsidiaries or affiliates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

Exempt RPT are transactions which are no longer subject to review and/or endorsement by the CG Committee.