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SECURITIES AND EXCHANGE COMMISSION

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MATERIAL RELATED PARTY TRANSACTIONS POLICY

of

SSI GROUP, INC.

1. Objective

This Material Related Party Transactions (“RPT”) Policy is made to ensure that material RPT transactions are only undertaken on an arm’s length basis for the financial, commercial, and economic benefit of SSI Group, Inc. (the “Company”) and the entire group where the Company belongs. This RPT Policy is also made to ensure that there are appropriate oversight and effective control systems for managing RPT exposures as these may potentially lead to abuses that are disadvantageous to the Company, creditors, and other stakeholders.

2. Coverage

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

3. Definition of Terms

- 3.1 “Related Party” or “Related Parties” shall cover 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 parent, subsidiary, fellow 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.
- 3.2 “Substantial Shareholder” shall mean any person who is directly or indirectly the beneficial owner of more than 10% of any class of the Company’s equity security.
- 3.3 “Control” exists when a person or entity has: (a) power over the Company; (b) exposure, or rights, to variable returns from its involvement with the Company; (c) and the ability to use its power over the Company to affect the amount of the Company’s returns.
- 3.4 “Associate” shall mean an entity over which the reporting Company holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the Company has significant influence.
- 3.5 “Affiliate” shall mean any entity linked directly or indirectly to the Company through any one or a combination of the following: (a) ownership, control or power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by a company of at least Ten Percent (10%) or more of the outstanding voting stock of the Company, or vice versa; (b) interlocking directorship or officership, except in cases involving independent directors; (c) common stockholders representing at least ten percent (10%) of the outstanding voting stock of the Company and the other entity; (d) management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the other entity, or vice-versa.

- 3.6 “Related Party Transactions” or “RPTs” shall mean 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.
- 3.7 “Material RPT” shall mean any RPT, either individually, or in the aggregate over a 12-month period with the same Related Party, amounting to at least ten percent (10%) of more of the total consolidated assets of the Company based on its latest audited financial statements.
- 3.8 “Related Party Registry” shall mean a record of the organizational and structural composition, including any change/s thereon, of the Company and its Related Parties.
- 3.9 “Group” shall mean the Company and its subsidiaries, Affiliates and Associates.

4. Identification of Related Parties

The Vice President- Finance shall be in charge of preparing and updating the Related Party Registry and must present the said Related Party Registry to the Board of Directors for approval on a quarterly basis.

5. Coverage of Material RPT Policy

The Material RPT Policy shall cover all transactions meeting the materiality threshold of ten percent (10%) or more of the total consolidated assets of the Company; provided that this Policy does not apply to transactions amounting to ten percent (10%) or more of the total consolidated assets of the Company that were entered into with an unrelated party that subsequently becomes a Related Party.

6. Identification and Prevention or Management of Potential or Actual Conflicts of Interests Which May Arise Out of or in Connection with Material RPTs

Conflict of interest is "a situation in which a relevant employee, member of the Board, or a stockholder has a private or personal interest sufficient to influence, or appear to influence, the objective exercise of his or her official duties in connection with the Company's business."

The members of the Board, substantial stockholders, and management shall disclose to the Board 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 board meeting where the material RPT will be presented for approval and in any case, before the completion and execution of the material RPT.

Directors and officers with personal interest in the transaction shall abstain from the discussion, approval and management of such transaction or matter affecting the Company.

7. Guidelines in Ensuring Arm's Length Terms

RPTs shall be conducted in the regular course of business and not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, and collateral requirement) to such Related Parties than similar transactions with non-related parties under similar circumstances.

All RPTs should be properly covered by invoices. Issuance of the invoices should be supported by sufficient documents that are able to show the agreement and rationale of the inter-company charges. This agreement shall be in the form of a written and signed agreement between the parties establishing the agreement. Any agreement reached should be fully documented.

A mutual consensus shall be established between the creditor (the Local Business Unit who provides services to the others) and the debtor (the Local Business Unit who receives the services). Both debtor and creditor shall agree on the terms and conditions of the services before they are provided. In addition, establishing a mutual consensus is critical for the transfer pricing process (intercompany pricing arrangements between related business entities) to determine the factual nature of the transaction(s) between parties, which can be required by local tax authorities when reviewing the Company's transfer pricing strategy.

All material RPTs, as approved by the Board of Directors, shall be subject to review by an external independent auditing firm, prior to execution, to evaluate the fairness of the terms of the material RPTs. No material RPT shall proceed without the favorable recommendation of the external independent auditing firm.

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 the Company 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.

8. Review and Approval of Material RPTs

- 8.1 The Vice President -Finance of the Company shall set up protocols and practices to ensure that the finance teams of each business unit shall monitor and report the RPTs to the Vice President - Finance. The Vice President- Finance shall be responsible for reporting the material RPTs to the Audit Committee.
- 8.2 All Material RPTs, including write-off of exposures, must be initially reviewed by the Audit Committee which must 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 Company 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 material RPTs, the Audit Committee may take into account, among others, the following:
 - a) The Related Party's relationship to the Company and interest in the transaction;
 - b) The material facts of the proposed material RPT, including the proposed aggregate value of such transaction;
 - c) The benefits to the Company of the proposed material RPT;
 - d) The availability of other sources of comparable products or services; and
 - e) An assessment of whether the proposed material RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances.

The Audit Committee must give its recommendation to the Board of Directors on whether or not to approve the material RPT, presenting to the Board of Directors, the

status and aggregate exposures to each Related Party, as well as the total amount of exposures to all Related Parties.

- 8.3 All recommendations of the Audit Committee must be presented to the Board of Directors for approval. All individual Material RPTs (including write-offs) shall be approved by at least 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 stockholders representing at least 2/3 of the outstanding capital stock. For aggregate RPT transactions within a 12-month period that breaches the materiality threshold of ten percent (10%) of the Company's total consolidated assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same Related Party.

Directors with personal interest in the transaction should abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

9. Roles of Senior Management and Self-Assessment Functions

- 9.1 The Executive Committee, through the Vice President - Finance shall implement appropriate controls to effectively manage and monitor material RPTs on a per transaction and aggregate basis. Exposures to Related Parties shall also be monitored on an ongoing basis to ensure compliance with the Company's policy.
- 9.2 The Internal Audit 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 resulting audit reports, including exceptions or breaches in limits, shall be communicated directly to the Audit Committee.
- 9.3 The 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/she 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/she shall ensure that the Company's material RPT policy is kept updated and is properly implemented throughout the company.

10. Whistle-blowing Mechanisms

Employees are encouraged to communicate, confidentially and without risk of reprisal, legitimate concerns about illegal, unethical or questionable RPTs. For concerns and complaints, employees may report on the contact details below.

Head Office Address: The Compliance Officer
SSI Group, Inc.
6/F Midland Buendia Bldg., 403 Sen. Gil Puyat Ave., Makati City

Telephone number: +63-8-896-0911

E-mail address: maatienza@rgoc.com.ph

11. Remedies for Abusive RPTs


- 11.1 Non-compliance with any provision of this Policy may result in the invalidation of the RPT contract.
- 11.2 Officers, directors, and employees who have been remiss in their duties in handling RPTs shall be subject to disciplinary measures in accordance with the Company's Code of Discipline and relevant corporate governance policies, without prejudice to the applicable legal remedies which the Company may avail.

12. Disclosure and Regulatory Reporting

The Company shall adequately the following to the Securities and Exchange Commission and the Philippine Stock Exchange:

- a) a summary of material RPT entered into during the reporting year which shall be disclosed in the listed Company's Integrated Corporate Governance Report submitted annually every May 30;
- b) The Advisement Report on Material RPTs which shall be filed within three (3) calendar days after the execution date of the material RPT. The Report shall be signed by the reporting listed Company's Corporate Secretary or authorized representative.

Signed:



Zenaida R. Tantoco
Chairman of the Board



Ma. Margarita A. Atienza
Compliance Officer