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Premiere Horizon Alliance Corporation PHA

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

Form/Report Type	Material Related Party Transactions Policy
Report Period/Report Date	Oct 25, 2019

Description of the Disclosure

In compliance with the SEC Memorandum Circular No. 10, Series of 2019, we hereby submit the Material Related Party Transactions Policy of Premiere Horizon Alliance Corporation. Approved of the Board of Directors on October 24, 2019 during its Board of Director's Meeting.

Filed on behalf by:

Name	Raul Ma. Anonas
Designation	Executive Vice President, CIO/ COO



**Premiere
Horizon**

Invigorating the Countryside

Securities and Exchange Commission

Secretariat Building
PICC Complex, Roxas Boulevard
Pasay City, 1307

Attention: **Atty. Rachel Esther J. Gumtang-Remalante**
Officer - in - charge
Corporate Governance and Finance

The Philippine Stock Exchange, Inc.

6th Floor, Philippine Stock Exchange Tower
5th Avenue corner 28th Street
Bonifacio Global City
Taguig City

Attention: **Ms. Janet Encarnacion**
Disclosure Department

Subject : Submission of Material Related Party Transactions
Policy

Gentlemen:

In compliance with the SEC Memorandum Circular No. 10, Series of 2019, we hereby submitted the Material Related Party Transactions Policy of Premiere Horizon Alliance Corporation. Approved by unanimous vote of the members of the Board of Directors on October 24, 2019 during its Board of Directors Meeting.

Thank you.

Very truly yours,

RAUL MA. F. ANONAS
Chief Operating Officer / Corp. Info. Officer



MATERIAL RELATED PARTY TRANSACTIONS POLICY of PREMIERE HORIZON ALLIANCE CORPORATION

In compliance with the Securities and Exchange Commission (SEC) Memorandum Circular No. 10 Series of 2019, Premiere Horizon Alliance Corporation (PHA or the Company or the Corporation) hereby adopts this Material Related Party Transactions Policy, subject to the provisions of the Revised Corporation Code, Securities Regulations Code, Philippine Stock Exchange Disclosure Rules, Code of Corporate Governance for Publicly-Listed Companies, and all other applicable laws, rules, and regulations of the Philippines.

I. OBJECTIVES

This Material Related Party Transactions policy applies to the Company, its subsidiaries and affiliates, as applicable and intended to:

- Ensure that every Related Party Transaction especially Material Related Party Transaction is conducted in a manner that will protect the Company and its stakeholders from conflict of interest which may arise between the Company and its Related Parties;
- Ensure that every Related Party Transaction is at arms's length, the terms are fair, and they will inure to the best interest of the Company, its stakeholders, subsidiaries and affiliates; and
- Ensure proper review, evaluation, approval, ratification, disclosure and implementation of transactions between the Company and any of its Related Party/ies as required in compliance with legal and regulatory requirements

II. DEFINITION OF TERMS

For purposes of this Material RPT Rules, the following definitions shall apply:

Related parties - covers the company's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the company exerts direct or indirect control over or that exerts direct or indirect control over the company; the company's directors; officers; shareholders and related interests (DOSRI), and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, as well as corresponding persons in affiliated companies.

Affiliate - a company that (a) is controlled by or is under common control with the reporting PLC or (b) owns, controls, or holds the power to vote 20 percent (20%) or more of a class of voting securities in the reporting PLC.

Control - the power to determine the financial and operating policies of an entity in order to benefit from its activities. It is presumed to exist when the parent entity owns, directly or through subsidiaries and/or associates, more than fifty percent (50%) of the voting power of an entity. It also exists when the parent entity owns fifty percent (50%) or less of the voting power of an entity, but has any of the following powers:

- More than fifty percent (50%) of the voting rights by virtue of an agreement with other investors;
- To govern the financial and operating policies of the entity under a statute or agreement;
- To appoint or remove the majority of the members of the board of directors or equivalent governing body; or
- To cast the majority of votes at meetings of the board of directors or equivalent governing body.

Related party transactions - a transfer of resources, services or obligations between a reporting PLC 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.

Material Related Party Transactions – Any related party transaction/s, either individually or in aggregate of over a twelve (12)-month period based on a company’s latest audited consolidated financial statements, with the same related party, amounting to ten percent (10%) or higher of a company’s total consolidated assets.

Materiality Threshold – The level of transaction that could post significant risk to the company and could influence the economic decisions of its board of directors, officers and shareholders.

III. COVERAGE

This Policy covers all the Company’s material related party transactions, defined as:

- a. A single transaction with a related party amounting to 10 percent (10%) or higher of PHA’s total consolidated assets based on its latest audited financial statements; or
- b. Several transactions or a series of transactions over a twelve (12) month period with the same related party amounting to ten percent (10%) or higher of PHA’s total consolidated assets based on its latest audited financial statement.

Transactions amounting to ten percent (10%) or more of the total assets that were entered into with an unrelated party that subsequently becomes a related

party may be excluded from the limits and approval process required in the policy. However, any alteration to the terms and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the material RPT to the requirements of this Material RPT Rules. The prospective treatment should, however, be without prejudice to regulatory actions that may be enforced for transactions noted to have not been conducted on an arm's length basis.

IV. DUTIES AND RESPONSIBILITIES

A. Board of Directors

The board of directors shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of the company's shareholders and other stakeholders. Towards this end, the board of directors shall carry out the following duties and responsibilities:

1. To institutionalize an overarching policy on the management of material RPTs to ensure effective compliance with existing laws, rules and regulations at all times and that material RPTs are conducted on an arm's length basis, and that no shareholder or stakeholder is unduly disadvantaged.
2. To approve all material RPTs that cross the materiality threshold and write-off of material exposures to related parties, as well as any renewal or material changes in the terms and conditions of material RPTs previously approved. The same shall then be submitted for approval by majority vote of the stockholders in a meeting duly called for the purpose.
3. To establish and effective system to:
 - Determine, identify and monitor related parties and material RPTs;
 - Continuously review and evaluate existing relationships between and among businesses and counterparties; and
 - Identify, measure, monitor and control risks arising from material RPTs.

The system shall be able to define the related parties' extent of relationship with the company; assess situations in which a non-related party (with whom a company has entered into a transaction) subsequently becomes a related party and vice versa; and generate information on the nature and amount of exposures of the company to a particular related party. The said system will facilitate submission of accurate reports to the regulators/supervisors. The system as well as the overarching policies shall be subject to periodic assessment by the internal audit and compliance officers and shall be updated regularly for

their sound implementation. The overarching policy and the system shall be made available to the SEC and audit functions for review. Any changes in the policies and procedures shall be approved by majority of the board of directors and approved by the stockholders representing majority of the outstanding capital stock.

4. To oversee the integrity, independence, and effectiveness of the policies and procedures for whistleblowing. The board should ensure that senior management addresses legitimate issues on material RPTs that are raised. The board should take responsibility for ensuring that stakeholders who raise concerns are protected from detrimental treatment or reprisals.

B. Senior Management

Senior management 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 and SEC's regulations.

V. MATERIAL RELATED PARTY TRANSACTIONS POLICY

A. General Policy

PHAG shall at all times observe and adhere with this policy and all other relevant laws, rules and regulations, as may be applicable in the review, approval and disclosure of material RPTs.

B. Actual or Potential Conflicts of Interest

Directors and officers with personal interest in the transaction shall fully and timely disclose any and all material facts, including their respective interests in the material RPT and abstain from the discussion, approval and management of such transaction or matter affecting the company. 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 majority approval.

In both material and non-material RPTs between PHA and its wholly owned subsidiaries, interlocking directors in both companies shall not be required to abstain from the discussion, approval and management of such transaction or matter affecting the company and their votes may be counted toward the approval or disapproval of the same where the subsidiary is merely implementing and carrying out the action approved by the PHA Board of Directors.

C. Guidelines in Ensuring Arm's Length Terms

A Material RPT is on an arm's length terms if no preferential treatment is given to the related party that is not also extended to non-related party under similar

circumstances.

All Material RPTs shall be accounted for at market prices normally charged to non-related parties for similar transactions and/or under similar circumstances.

D. Approval of Material RPTs

All individual material RPTs shall be approved by the majority vote of the board of directors and shareholders. For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the company's total assets, board and shareholders' approval would be required for the transaction/s that meets and exceeds the materiality threshold.

Directors and/or shareholders with personal interest in the transaction should abstain from 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 majority approval.

Prior to the execution of the Material RPTs, the Board of Directors shall appoint an external independent third party to evaluate the fairness of the terms of the Material RPTs. An external independent third party may include, but is not limited to the an auditing firm, accounting firm, third party consultants, and third party appraisers.

E. Self-Assessment and Periodic Review of the Policy

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.

The company's Compliance Officer shall ensure that the company complies with relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. It shall aid in the review of the company's transactions and identify any potential material RPT that would require review by the Board. It shall ensure that the company's material RPT policy is kept updated and is properly implemented throughout the company.

F. Disclosure Requirement of Material RPTs

The members of the board, shareholders, and management shall fully disclose to the Board of Directors 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.

The disclosure shall be made at the meeting where the Material RPT will be presented for approval and before the completion or execution of the Material RPT.

The Corporation shall submit an Advisement Report in the form and manner prescribed by the SEC within three (3) calendar days from the execution date of the transaction. The Advisement Report shall be signed by the Corporate Secretary or authorized representative as well as the Related Party or the authorized representative of the related party.

A summary of Material RPTs entered into during the reporting year shall be disclosed in the Corporation's Integrated Annual Corporate Governance Report to be submitted annually every 30th of May. This shall include the information stated in the Advisement Reports.

G. Whistle Blowing Mechanisms

The Corporation adopts its existing whistle blowing policy as a means to communicate confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical, or questionable material related party transactions.

In addition to the said policy, the Corporation hereby adopts the following whistle blowing process:

1. All concerns about illegal, unethical, or questionable material RPTs shall be addressed to the Audit, Risk Oversight, and Related Party Transactions Committee (RPTC). The complaint or concern may be in any form and may not disclose the name of the complaining person; provided that the Corporation will entertain anonymous complaints only if the complaint is found by the Board of Directors to be sufficient in form and in substance.
2. Within five (5) days from receipt of a complaint or concern, the RPTC shall inform the Board of Directors and the Compliance Officer of the existence of such complaint or concerns.
3. Within fifteen (15) days from receipt of notice of a complaint or concern, the Board of Directors shall form an investigating committee to investigate and verify the complaint or concern. The investigating committee shall be composed of the following:
 - A member of the RPTC
 - A member of the Nominations, Remunerations and Corporate Governance Committee
 - A member of the Internal Audit Team
4. The investigating committee shall conduct an investigation within thirty (30) days from its appointment by the Board of Directors. Should the investigating committee need more time to investigate, it may request for an additional fifteen (15) days, which may be granted by the Board of Directors upon good cause shown. The investigating committee may

seek the aid of the Compliance Officer and/or the Company's Legal Counsel.

5. Within ten (10) days from conclusion of its investigation, the investigating committee shall submit a report to the RPTC, copy furnished the Compliance Officer.
6. Within ten (10) days from receipt of the investigating committee's report, the RPTC shall submit to the Board of Directors, copy furnished the Compliance Officer, the results of the investigation together with its recommendation as to the dismissal of the complaint/concern or the appropriate sanctions that may be imposed by the Corporation. The Compliance Officer may also submit to the Board of Directors his/her recommendation as to the dismissal of the complaint/concern or the proper sanction that may be imposed.
7. The Board of Directors shall, within ten (10) days from receipt of the results of the investigation and the recommendation of the RPTC, review the same and submit its Decision as well as impose the proper sanction, copy furnished the Compliance Officer.
8. The sanctions that may be imposed on the transaction itself and on the erring officers are those provided under the Revised Corporation Code, the Securities Regulation Code and its implementing Rules, the Code of Corporate Governance for Publicly Listed Companies, the Amended Manual on Corporate Governance of the Corporation, the penalties provided in the next section of this policy and other existing laws, rules, and policies of the Corporation.
9. The Compliance Officer shall ensure that the dismissal of the complaint/concern or the imposition of sanction is in accordance with the laws, regulations, and existing policies of the Corporation.

H. Remedies for Abusive Material RPTs

1. A Material RPT shall be considered abusive if the same is not entered at arm's length and unduly favors a related party to the undue prejudice and substantial disadvantage of the Corporation
2. Should the Material RPT be found abusive, the Corporation, through its management, shall discontinue such transaction by serving a written notice to the related party within five (5) days from receipt of the decision of the Board of Directors as stated above or from the receipt of the Board of Directors' assessment that the transaction is abusive.
3. The Corporation shall likewise demand from the related party the restitution of losses or opportunity costs that PHA incurred from such material RPT.

4. A director, officer, or personnel who has been found to be remiss in handling Material RPT, whether deliberate or through gross negligence, shall be suspended or removed from his position, depending on the gravity of the offense, as the case may be, and as allowed under existing laws, rules, regulations, and company policies. Provided, however that such director, officer, or personnel shall be solidarily liable with the related party from whom the restitution of losses or opportunity costs are demanded.

I. Review of All Existing Related Party Transactions of the Corporation

Within thirty (30) days from approval of this policy, the Board of Directors shall review all existing related party transactions or contracts of the Corporation.

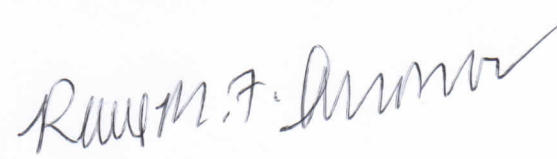
Upon determination that a related party transaction or contract meets the materiality threshold set forth in this policy, an Advisement Report shall be submitted within three (3) days from such determination.

VI. EFFECTIVITY

This Policy shall immediately take effect upon approval of the Board.

Approved by unanimous vote of the members of the Board of Directors on 24 October 2019 during its Board of Directors meeting.


AUGUSTO ANTONIO C. SERAFICA, JR.
Chairman of the Board of Directors


RAUL MA. F. ANONAS
Compliance Officer