

HPI Related Party Transactions (RPT) Policy

1. Statement of Policy

This Policy of the Board sets out the Company's approach to Related Party Transactions (RPT). Definitions used in this Policy in Section 4 of this Document.

The Company and its Subsidiaries may enter into RPTs from time to time when these are in the best interests of the Company or its Subsidiaries. When the Company enters into RPTs, they should be:

- on an arm's length basis, at normal prices and on terms no less favourable than any such terms offered by unrelated third parties, and will inure to the best interest of the Corporation, its subsidiaries or affiliates and not prejudice the minority shareholders and the government;
- with sufficient documentation; and
- subject to the provisions of this policy.

Any RPTs entered into by the Company or its Subsidiaries must at all times comply with this policy, the requirements of the Corporation Code, its Articles of Incorporation and By-laws, Manual of Corporate Governance, Committee Charter, Securities and Exchange Commission (SEC) Memorandum No. 10, Series of 2019 and other applicable laws, rules and regulations and this Policy.

2. Objectives of this Policy

The objectives of this Policy are:

- Provide general guidelines on what constitutes RPTs and identify the Company's related parties;
- Manage Conflict of Interest situations and comply with Philippines regulatory and good governance practices; and
- Ensure that the appropriate process for approval of the transaction has been observed.

3. Scope of Policy

This Policy covers all RPTs as defined in this document in connection with the Company and its Related Parties. When a provision in this policy makes specific reference to a Material RPT, such provision will only apply to Material RPTs.

4. Definition of Terms

For purposes of this Policy :

- **“Affiliate”** refers to an entity linked directly or indirectly to the Corporation through anyone 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 10% or more of the outstanding voting stock of the publicly listed company or vice-versa;
 - b. Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
 - c. Common stockholders owning at least 10% of the outstanding capital stock of the Corporation; or
 - d. Management contract or any arrangement granting power to the Corporation to direct or cause the direction of management and policies of the entity or vice versa.
- **“Associate”** refers to an entity over which the Corporation holds 20% or more of the voting power, directly or indirectly, or which the Corporation has Significant Influence.
- **“Control”** refers to a person or entity controls another entity (“A controlled entity”) if and only if the former has all of the following:
 - a. Power over the controlled entity;
 - b. Exposure or rights, to variable returns from its involvement with the controlled entity; and
 - c. The ability to use its power over the controlled person to affect the amount of the controlled entity’s returns.
- **“Exempt Related Party Transactions or Exempt RPT”** refers to RPT transactions of a non-material nature meeting the criteria set forth in Section 5. Exempt RPTs are by nature, normal transactions in the ordinary course of business, and are covered by separate board approvals, and will not prejudice third parties.
- **“Material Related Party Transaction or Material RPT”** refers to any RPT, either individually, or in aggregate over a twelve (12) -month period with the same related party, amounting to ten percent (10%) or higher of the Corporation’s total consolidated assets based on its latest audited financial statements.
- **“Materiality Threshold”** refers to ten percent (10%) of the Company’s total consolidated assets based on its latest audited financial statement.
- **“Other Related Party Transactions or Other RPT”** are non-material RPTs which are not otherwise an Exempt RPT as defined in Section 7 of this Policy
- **“Prohibited Related Party Transaction or Prohibited RPT”** – refer to the following:
 - a. RPTs that are not entered at arm’s length and unduly favor a related party, regardless of the amount;
 - b. loans and/or financial assistance to any Director, regardless of the

amounts; or

- c. loans and/or financial assistance to any employee (including the Management Committee), except when allowed pursuant to an established Company policy and under the supervision and according to the rules set by the Corporate Governance Committee of the Board.
- **“Related Parties”** cover the following:
 - a. The Corporation’s directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law; and
 - b. Any other person who has control, joint control or significant influence over the Corporation or who is an officer of the Corporation’s parent company and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law; and
 - c. Any entity that meets any of the following conditions:
 - 1) The entity and the covered entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - 2) One entity is an associate or joint venture of the other entity (or associate or joint venture of a member of a group of which the other entity is a member).
 - 3) Both entities are joint ventures of the same third party.
 - 4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity
 - 5) The entity is a post-employment benefit plan for the benefit of employees of either the covered entity or an entity related to the covered entity. If the covered entity is itself such a plan, the sponsoring employers are also related to the covered entity.
 - 6) The entity is controlled or jointly controlled by a person identified in (i) and (ii)
 - 7) A person who has control or joint control over the reporting entity has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)
 - 8) The entity, or any member of a group of which is a part, provides key management personnel service to the covered entity or to the parent of the covered entity.
 - **“Related Party Transaction or RPT”** refers to a transfer of resources, services or obligations between the Corporation and a Related Party, regardless of whether a price is charged.
 - **“Related Party Registry”** refers to a record of the organizational and structural composition, including any change thereon, of the Corporation and its related parties, which record shall be in the Custody of the Chief Finance Officer in coordination with the Compliance Officer. The Related Party Registry should be regularly updated by the Chief Finance Officer in cooperation with the Compliance Officer/ General Counsel on a calendar year basis, or as necessary when transactions/events will result to a previously unrelated party being a related party.
- “Significant Influence”** refers to the power to participate in the financial and operating policy decisions of the company but has no control or joint control of those policies.

5. Exempt RPTs

- 5.1. Exempt RPTs are RPT transactions of a non-material nature and are by nature, normal transactions in the ordinary course of business, and are covered by separate board approvals. The review of these transactions is delegated to the Management provided these transactions do not exceed One Hundred Million Pesos (Php 100 Million) per transaction and in aggregate within a 12-month period ("Exemption Threshold").

The following types of transactions are considered Exempt RPTs:

- a. Transactions in the ordinary course of business (whether individually or recurring transactions) that do not exceed the Exemption Threshold of One Hundred Million Pesos per transaction or in aggregate in any given year.
 - b. Any payment of the company to its directors, employees and management by way of per diem, salaries, benefits or other established company policy duly approved by the Corporate Governance Committee.
 - c. Transactions like loans, advances and other benefits with similar terms available to all employees, generally.
 - d. Transactions between the Company and its wholly owned Subsidiaries or Holcim Group that do not exceed the Exemption threshold in connection with:
 - 1) the funding of operations of the Company's business units and projects,
 - 2) other transactions with the objective of providing shared services and facilities (including IT, back office support, business service centers, finance, accounting and related reconciliation services or similar),
 - 3) purchase of electricity, clinker, raw materials, and any energy related products/services including those purchased from Holcim Group companies and Affiliates.
 - 4) any transaction with a related party involving management fees, system cost recoveries, agreements or intercompany advances in exchange for rendering of services such as procurement, personnel services, administrative or back office services, property management, technical services, leases and other services in the ordinary course of doing business.
 - 5) other commercial services designed to maximise operational efficiency,
 - 6) share transactions such as dividends, repurchases or redemptions, right offerings available to all shareholders on a pro-rata ownership basis.
 - 7) Infusion of capital between wholly owned subsidiaries of an ultimate common parent company or between wholly owned subsidiaries and its parent.
- 5.2. Each Exempt RPT must be duly recorded by the Chief Financial Officer and may then be executed provided that such transactions are subsequently reported to the Audit Committee in the regular meeting immediately preceding the date when the transaction was implemented.

6. Material RPT

Material RPT is a transaction among Related Parties and the Company (or its Subsidiaries), either individually, or in aggregate over a twelve (12) -month period with the same related party, amounting to at least ten percent (10%) or higher of the Corporation's total consolidated assets based on its latest audited financial statements regardless of how the payment terms of the contract are structured (one-off, recurring, phased).

Prior Review and Approval of all Material RPTs

- 6.1. All Material RPTs shall be reviewed by the Audit Committee acting as the RPT Review Committee (who shall endorse the RPT to the Board for approval) and

approved by at least 2/3 vote of the Board of Directors, with one (1) independent director voting to approve the same. In case that the vote of the independent director is not secured, the Material RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock. For aggregate RPTs within a twelve (12)-month period, the same Board approval would be required for the transaction that meets and exceeds the Materiality Threshold covering the same related party.

- 6.2. Directors with personal interest in the transaction shall timely and fully disclose all material facts and their respective interest in the proposed Material RPT. They shall abstain from participating in discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purpose of assessing the quorum and their votes shall not be counted for purposes of determining approval. In the event that the exclusion of the interested director results to a failure to obtain the needed quorum or votes for approval, the discussion on the proposed Material RPT shall be deferred until the following meeting when the necessary quorum will be achieved.
- 6.3. Before the execution of any Material RPT that would breach the Materiality Threshold, the Board should appoint an external independent party to evaluate the fairness of the terms of the Material RPT. The Board may delegate the obligation to appoint such external independent party to the Audit Committee or the Executive Committee.
- 6.4. Material changes in the terms and conditions (including without limitation changes in the amount, currency, interest rate, maturity date, payment terms, and fees) of any previously approved Material RPT shall again require the approval requirement set forth under this Section before implementation of such material changes.
- 6.5. Transactions amounting to ten percent (10%) or more of the total assets of the Company 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 approval process under this section.
- 6.6. For aggregate RPT transactions within a twelve (12) month period that breaches the Materiality Threshold, the same board approval in 6.4 above shall be required for the transaction/s that meets and exceeds the Materiality Threshold covering the same related party.

7. Non-Material RPT Not Otherwise Exempt RPT

- 7.1. Non- Material RPTs not otherwise an Exempt RPT or Other RPTs under this policy are RPTs between the Company and a Related Party with an amount greater than Php 100 Million but less than 10% of the Company's total consolidated assets in the aggregate within a 12 month period.
- 7.2. Prior Review and Approval of all Non-material RPT not otherwise Exempt RPT
 - The Audit Committee shall review the proposed Other RPTs amounting to more than Php 100 Million to not more than 10% of the Total Consolidated Assets of the Company.
 - If the Audit Committee finds that the requirements of this Policy are satisfied, the Audit Committee shall recommend the proposed Other RPT to the Board for approval. No Other RPTs may be executed without the approval of at least a majority of the Board of Directors. In case that the majority vote of the Board is not secured, such Other RPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

- The submission for review by the Audit Committee may be done through an actual meeting of the Audit Committee or through a memo, with supporting documents circulated to the members thereof. The Committee is entitled to reasonably request any further supporting documentation in order to determine whether the RPT in review is in the best interests of the Company and complies with the relevant sections of this policy.
- When Other RPT is submitted to the Audit Committee for review and approval pursuant to this Section, the presence of one (1) independent director is necessary to constitute a quorum. In case that any member of the Committee is interested in the RPT to be considered, the proposed RPT shall then be submitted to the Board for approval following the approval procedure set forth in Section 6 of this policy.

8. Prohibited RPTs

Notwithstanding any provision of this Policy to the contrary, the following RPTs are prohibited and must not be entered into by the Company or its Subsidiaries:

- a. Material RPTs that are not entered at arm's length and unduly favor a related party, regardless of the amount;
- b. loans and/or financial assistance to any Director, regardless of the amounts; or
- c. loans and/or financial assistance to any employee (including the Management Committee), except when allowed pursuant to an established Company policy and under the supervision and according to the rules set by the Corporate Governance Committee of the Board.

9. Disclosure Requirements for RPTs and Conflict of Interest

The Management shall identify, manage and report all potential or actual conflict of interests relating to RPTs

- 9.1. Each Director and member of the Executive Committee is responsible for providing written notice to the Chief Financial Officer (CFO) of any potential RPT involving him or her or her Family Member, including any additional information about the transaction that may reasonably be requested by the Company.
- 9.2. All Directors, Officers and Employees are required to complete annually a Conflict of Interest/ RPT Questionnaire to be supervised by the Local Compliance Officer and collated in file by Organization and Human Resources. The Organization and Human Resources shall be responsible for monitoring compliance of employees with this requirement.
- 9.3. Independent Directors shall be required to submit to the Corporate Secretary a certification stating that they hold no interest in companies affiliated with the Company, the controlling shareholders of the Company, the Company's customers and the Company's suppliers at the time of their election or appointment as Independent Directors.
- 9.4. The CFO and the General Counsel/ Compliance Officer, will determine whether the notified transaction does, in fact, constitute RPT requiring compliance with this Policy. If there is still any doubt, the matter should be referred to the Committee.
- 9.5. Any officer or employee of the Company who has knowledge of any violation of this Policy must report this to the General Counsel/Compliance Officer who must in turn report all violations of this Policy to the Audit Committee.
- 9.6. The CFO, in consultation with the General Counsel/Compliance Officer, shall keep a Related Party Registry and shall ensure that the same is regularly reviewed and updated.

- 9.7. All RPTs shall be indicated in the relevant financial reports of the Corporation as required under the applicable International Accounting Standards and other applicable disclosure requirements.
- 9.8. An Advisement Report shall be submitted to the Securities and Exchange Commission within three days after the execution date of a Material RPT transaction.

10. Non-compliance and Sanctions

- 10.1. Non-compliance with any provision of this Policy, in particular, the reporting, approval and disclosure requirements, may result in the discontinuation and/or invalidation of an RPT, upon recommendation by the Audit Committee. Upon resolution of the Board, the Company may demand for restitution of losses or reasonable opportunity costs it incurred from such RPT.
- 10.2. The Audit Committee has the authority to recommend to the Board the invalidation of any transaction which was entered into by the Company in violation of this Policy.
- 10.3. This Policy shall be without prejudice to the provisions of the Code, the Revised Manual of Corporate Governance and all related and relevant policies of the Company as well as applicable law and regulations in the Philippines which shall be observed and shall apply to the fullest extent possible.

11. Review of the Policy and Post Verification of RPTs

- 11.1. 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.
- 11.2. Internal Audit shall perform a periodic post verification of RPTs to ensure that the terms and conditions approved and/or recommended by the Audit Committee and the Board are properly implemented.
- 11.3. 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 under this Policy. He/she shall ensure that the Company's Material RPT Policy is kept updated and is properly implemented throughout the Company.
- 11.4. This Policy must be regularly reviewed by the Board through the Audit Committee and the General Counsel/ Compliance Officer from time to time in order to reflect the requirements of applicable law, rules and regulations in the Philippines.

12. Whistle Blowing Mechanism

The Company encourages all its stakeholders to immediately communicate/report, confidentially and without risk of reprisal, legitimate concerns about illegal, unethical or questionable Related Party Transactions directly to the General Counsel who must in turn report all violations to the Committee. Any violations may also be reported through the Company's Integrity Line.

13. Effectivity

This policy shall take effect immediately upon its approval by the Board. All existing policy, company rules and regulations concerning the same matters covered by the policy are deemed superseded.

14. Amendment

This policy shall not be amended, altered or varied unless such amendment, alteration or variation shall have been endorsed by the Audit Committee and approved by the Board of Directors.

This Policy was approved by the Board on December 3, 2024 and will come into force immediately.

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