

Policy and System Governing Related Party Transactions

I. Policy Statement

It is the policy of **Nickel Asia Corporation** (the "Company") that transactions between the Company or any of its Subsidiaries and a Related Party as defined herein shall be subject to review and approval to assure that these transactions are (1) at arms-length basis; (2) occur at market prices; and (3) under terms and conditions that are fair and will redound to the best interest of the Company, its Subsidiaries, and shareholders.

Related Party Transactions (RPTs) shall be reviewed, approved, reported, and disclosed in accordance with this Policy and consistent with the principles of transparency and fairness, all applicable accounting standards, disclosure requirements, and principles of good corporate governance.

The Company shall at all times observe and adhere to the provisions of the Revised Corporation Code, its Articles of Incorporation and By-Laws, and other relevant laws, rules, and regulations as may be applicable in the review, approval, and disclosure of RPTs, and shall observe, uphold, and respect the rights of the shareholders as a whole.

The Company recognizes that RPTs are not per se prohibited. They can serve important business purposes and offer legitimate advantages. Transactions between and among Related Parties may create financial, commercial, and economic benefits to individual institutions and the entire group where said institutions belong. However, in recognition of potential conflicts of interest, such transactions must be done fairly and at arms-length terms for the benefit of the Company and its stockholders as a whole, considering the relevant circumstances. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

II. Coverage

This Policy covers Related Party transactions between the Company and a Related Party as defined below, or between a Subsidiary or Affiliate of the Company and a Related Party as defined below. The Company shall ensure that its Subsidiaries shall carry out the review and approval of RPTs in accordance with this Policy.

III. Definitions

1. **Affiliate** refers to an 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 stock of the 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 ten percent (10%) of the outstanding voting stock of the Company and the entity; or
 - (d) Management contract or arrangement granting power to the Company to direct or cause the direction or management and policies of the entity or

vice-versa.

2. **Associate** means an entity over which the Company holds twenty percent (20%) or more of the voting power, directly or indirectly, or in which the Company has Significant Influence;
3. A **Related Party** is a director, officer, Substantial Shareholder of a Covered Entity including 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 Covered Entity. A Related Party also covers the Covered Entity's parent, Subsidiary, fellow subsidiary, Associate, Affiliate, joint venture¹, or an entity that is controlled, jointly controlled, or Significantly Influenced or managed by a person who is a Related Party.
4. A **Related Party Transaction (RPT)** is a transfer of resources, services, or obligations between a Covered Entity and a Related Party regardless of whether a price is charged. This includes outstanding transactions that are entered into with an unrelated party that subsequently becomes a Related Party.

Please see **Annex "A"** for a list of who are not deemed Related Parties within the context of this Policy and what are considered RPTs when performed with a Related Party.

Please see **Annex "B"** on RPTs that are not covered.

5. **Control** is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity.

A person or an entity controls the Company if, and only if, the person or entity has all of the following:

- (a) Power over the Company;
- (b) Exposure or rights to variable returns from its involvement with the Company; and
- (c) The ability to use its power over the Company to affect the amount of the Company's returns.

6. **Covered Entity** refers to all or each of the Company, its Subsidiaries and/or its Affiliates as the context requires
7. **Senior Management** refers to those persons having authority and responsibility for planning, directing, and controlling the activities of the Covered Entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.
8. **Material RPTs** are RPTs of a Covered Entity with a Related Party, which involve an aggregate amount or value equal to or greater than the Materiality Threshold.
9. **Materiality Threshold** means ten percent (10%) of a Covered Entity's total assets based on its latest audited financial statement. If the Reporting Entity is the Company, the total assets shall pertain to its total consolidated assets.
10. **Officers** refer to the officers of a Covered Entity as defined in its By-Laws;
11. **Related Party Registry** is the record of the organizational and structural composition, including any change thereon, of the Company and its Related Parties.

¹ As defined in PAS 31, a joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

12. Reporting Entity means a Covered Entity reporting an RPT.

13. Significant RPTs are RPTs which involve an aggregate amount or value equal to or greater than Fifty Million Pesos (Php 50,000,000.00) but less than the Materiality Threshold over a twelve (12) month calendar year period or such amount as may be recommended by the RPT Committee and approved by the Board of Directors of the Company.

14. Significant Influence is the power to participate in the financial and operating policy decisions of an entity, but has no control or joint control of those policies. Significant Influence may be gained by share ownership, statute, or agreement.

15. Subsidiary is a corporation more than fifty percent (50%) of the voting stock of which is owned or controlled, directly or indirectly, through one or more intermediaries, by another corporation, which thereby becomes the parent corporation.

16. Substantial Shareholder means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

IV. Identification of Related Parties

The Company shall establish and maintain a Related Party Registry. The Related Party Registry shall be reviewed and updated by the Board of Directors on a quarterly basis to capture organizational and structural changes in the Company and its Related Parties.

V. Review and Approval of Related Party Transactions

1. For purposes of the review and approval of RPTs, RPTs of a Covered Entity shall be reviewed and approved as follows:

Type of RPT	Reviewing Authority	Approving Authority
Material RPT	Related Party Transactions Committee of the Company ("RPT Committee")	Board of Directors
Significant RPT	RPT Committee	RPT Committee
RPT that is not a Significant RPT nor a Material RPT	Senior Management of the Reporting Entity	RPT Committee

Provided that:

- (a) Significant RPTs shall be reviewed and approved by the RPT Committee and reported to the Board of Directors of the Reporting Entity.
- (b) Material RPTs of the Company shall be reviewed by the RPT

Committee, and if endorsed to the Board of Directors for approval, the required votes to approve such Material RPT shall be at least two-thirds (2/3) vote, 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 stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

- (c) For aggregate RPT transactions by a Reporting Entity with the same Related Party, within a twelve (12)-month period that breaches the Materiality Threshold, the board approval specified in item (b) above will be required for RPT that meets and exceeds the Materiality Threshold.
2. Significant RPTs and Material RPTs shall be subject to review by the RPT Committee to determine whether they are in the best interests of the Reporting Entity and shareholders, except transactions not covered as set forth in Annex "B" of this Policy.
3. In the review of RPTs, the following shall be considered:
 - a) The terms of the transaction which shall be fair and arms-length;
 - b) The aggregate value of the transaction;
 - c) The purpose and timing of the transaction;
 - d) The benefits to the Company of entering into the transaction;
 - e) The extent of the Related Party's interest in the transaction;
 - f) Whether the terms of the transaction are no less favorable than those generally available to non-related parties under the same or similar circumstances; and
 - g) Any material information or other factors as may be deemed relevant.
4. The RPT Committee may establish guidelines for the adoption of appropriate price discovery mechanisms to ensure that RPTs are engaged into at terms that promote the best interest of the Covered Entity and to manage potential, and monitor actual conflicts of interest of Management, Board Directors and shareholders, including misuse of corporate assets and abuse in RPTs.
5. For Material RPTs, in addition to the foregoing and to assist the RPT Committee in its review, there shall be appointed an external independent party to evaluate the fairness of the terms of a Material RPT. An external independent party may include, but is not limited to, auditing/accounting firms and third-party consultants and appraisers. The independent evaluation of the fairness of the transparent price ensures the protection of the rights of shareholders and other stakeholders.

VI. Approval of RPTs

1. Directors and Officers of the Reporting Entity with a personal interest in the RPT shall fully and timely disclose any and all material facts, including their respective interests in the RPT and abstain from the discussion, approval, and management of such RPT or matter affecting such Reporting Entity.

In case of Material RPTs, such disclosure shall be made by the relevant Director and Officer at the board meeting where the Material RPT will be presented for

approval and before the completion or execution of the Material RPT.

In case a director and/or Officer of the Reporting Entity with personal interest in the RPT sought to be approved refuses to abstain from the discussion, approval and management of such transaction or matter affecting the Reporting Entity, his attendance shall not be counted for purposes of assessing the quorum and his vote shall not be counted for purposes of determining majority approval.

2. An approved RPT is voidable, at the option of the Reporting Entity, unless:
 - (a) The presence of the director or officer with a personal interest in and to the RPT in the board meeting in which the RPT was approved was not necessary to constitute a quorum for such meeting;
 - (b) The vote of such director was not necessary for the approval of the RPT;
 - (c) The RPT is fair and reasonable under the circumstances;
 - (d) In the case of an approved Material RPT of the Company, approval by at least two-thirds (2/3) of the entire membership of the Board, with at least a majority of the independent directors voting to approve the Material RPT; and
 - (e) In the case of an Officer, the RPT has been previously authorized by the Board of Directors of the Reporting Entity

Where any of the conditions specified in item VI.2.(a) to (c), inclusive, is absent, such RPT may be ratified by the vote of stockholders representing at least two thirds (2/3) of the outstanding capital stock in a meeting called for the purpose provided that full disclosure of the adverse interest of the director involved is made at such meeting and the RPT is fair and reasonable under the circumstance.

VII. Disclosure and Regulatory Reporting

1. The Company shall provide a mechanism for the proper and timely disclosure of all RPTs consistent with the rules of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), and shall comply with the disclosure requirements under PAS No. 24.
2. Further, for Material RPTs, the Company shall file the following with the SEC:
 - (a) A summary of Material RPTs entered into during the reporting years which shall be disclosed in the Company's Integrated Annual Corporate Governance Report (I-ACGR) to be submitted annually every May 30;
 - (b) Advisement Report of any Material RPT within three (3) calendar days from the execution date of the transaction. The Advisement Report shall be signed by the Company's Corporate Secretary or authorized representative.
3. The Chief Compliance Officer shall be responsible for the full and timely disclosure of all RPTs in the annual and quarterly reports to the SEC and in the Notes to the Financial Statements (annual and quarterly) as required under PAS 24 and, where appropriate, in a current report or such other report as may be required under SEC and PSE rules.

VIII. Notification and Dissemination

The Chief Compliance Officer shall give notice of and disseminate this Policy to each of the Company's Subsidiaries and Affiliates. The Company shall work with its Subsidiaries and Affiliates to implement this Policy and to adopt its own policy on related party transactions consistent with this Policy.

IX. Whistleblowing Mechanism

The Company has an existing whistleblowing mechanism that allows employees to freely communicate confidentially and without fear of retaliation, legitimate concerns about illegal, unethical or questionable transactions that would include Significant RPTs and Material RPTs. The Board shall supervise and ensure its enforcement.

X. Restitution for Losses and Other Remedies for Abusive RPTs

Whenever applicable, the Company shall discontinue a RPT if found abusive and demand restitution of losses or opportunity costs it incurred from such RPT. Officers, directors, and personnel, who have been found to have been remiss in their duties in handling RPTs shall be subject to appropriate sanctions under the Company's Code of Conduct without prejudice to such other actions the Company may take to protect its interests.

XI. Self-Assessment and Periodic Review of Policy

The Company's internal audit shall conduct a periodic review of the effectiveness of the Company's system and internal controls governing 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 Company's Audit Committee.

XII. Effectivity

This Policy on Related Party Transactions was approved by the Board of Directors at its meeting held on 6 August 2019 and shall take effect immediately.

This Policy supersedes policies, systems or related guidelines previously adopted by the Company that are inconsistent with this Policy and System Governing Related Party Transactions.

Attest:

GERARD H. BRIMO
Chairman of the Board

BARBARA ANNE C. MIGALLOS
Corporate Secretary

GEORGINA CAROLINA Y. MARTINEZ
Chief Compliance Officer

Annex A of Policy on Related Party Transactions

I. Who are not related parties in the context of this Policy

- (1) Two ventures simply because they share joint control over a joint venture;
- (2) Providers of finance;
- (3) Trade unions;
- (4) Public utilities and departments and agencies of a government that does not control, jointly control or significantly influence the reporting entity, simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process).
- (5) A customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, simply by virtue of the resulting economic dependence.

II. Transactions that are considered as RPTs when performed with a Related Party:

- (1) Purchases or sale of goods
- (2) Purchases or sale of properties or other assets
- (3) Rendering or receiving of services
- (4) Lease
- (5) Transfers of research and development
- (6) Transfers under license agreements
- (7) Transfers under finance agreements (including loans and equity contributions in cash or in-kind)
- (8) Provisions of advances, donations, guarantees or collateral
- (9) Settlement of liabilities on behalf of the entity or by the entity on behalf of that related party

Annex B of Policy on Related Party Transactions
Transactions that are not covered

- I. The following transactions shall not be covered by RPT Review:
 - (1) The acquisition as consumer or realization in the ordinary and usual course of business of consumer goods or consumer services from or to a Related Party on normal commercial terms.
 - (2) Any transaction involving a Related Party where the rates or charges involved are determined by competitive bids
 - (3) Any transaction with a Related Party for the provision of goods, products or services where the prices or rates are based on a publicly quoted index or system that is consistently applied.
 - (4) The sharing of administrative services between the Company and a Related Party, where the cost of the service is identifiable and allocated to the parties on a fair and equitable basis.
 - (5) Other transactions that are similar to the foregoing.

- II. Transactions not covered by RPT review shall not be subject to review by the Independent Directors or by the Audit Committee but should be reported to the Audit Committee for purposes of monitoring.