

BKR Material Related Party Transactions Policy¹

In compliance with Securities and Exchange Commission (“SEC”) Memorandum Circular No. 10, Series of 2019, Bright Kindle Resources & Investments, Inc. (“BKR” or the “Company”) adopts this Material Related Party Transactions Policy (the “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. Rationale and Purpose

The Company, being part of an economic controlling group, inevitably conducts some of its business activities with Related Parties in the Group. This Policy sets out the guidelines, categories and thresholds requiring review, approval and ratification by the Company’s Board of Directors or shareholders, and disclosure requirements for Material Related Party Transactions (MRPTs). As such, this Policy aims to promote good corporate governance, the protection of minority investors, and ensure the integrity of material transactions.

It is the Company’s policy that any transaction with a Related Party, especially those that exceed ten percent (10%) of the Company’s total assets, will be at arm’s length and on terms generally available to an unaffiliated third party under the same or similar circumstances. There must be a compelling business reason to enter into such a related party transaction, taking into account such factors as expertise of related party, cost efficiency, among others. The Audit Risk Oversight and Related Party Transactions Committee is tasked to oversee and review the propriety of RPTs and their required reporting disclosures.

II. Definitions

Related Party – covers the following:

1. 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.
2. 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.
 - **Control** (including, with correlative meanings, the term “controlled by”) – A person or an entity controls the Company if and only if the person or entity has all of the following:
 - Power over the Company

¹ As approved in the Board of Directors meeting on 21 October 2019.

- Exposure, or rights, to variable returns from its involvement with the Company; and
- The ability to use its power over the Company to effect the amount of the Company's returns.
- **Significant influence** – the power to participate in the financial and operating policy decisions of the Company or its Subsidiary, but has no control over those policies. This may be gained by share ownership, statute or agreement.

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

Affiliate - refers to an entity linked directly or indirectly to the Company through any one or a combination of any of the following:

- 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;
- Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
- Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Company and the entity;
- Management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the entity, or vice-versa;

Associate - refers to an entity over which the Company holds twenty percent (20%) or more of the voting power, directly or indirectly, or which the Company has significant influence.

Related Party Transaction ("RPT") is a transfer of resources, services or obligations between the Company and any 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 and/or Significant RPT is defined as those transactions with a Related Party:

- (a) Amounting to ten percent (10%) or higher of the Company's total assets based on its latest audited financial statement; 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 the Company's total assets based on its latest audited financial statement.

Materiality Threshold – ten percent (10%) of the Company's total assets.

III. Exclusions

The following are excluded from the coverage of this policy:

- (a) All other transactions of the Company with related parties that do not meet the ten percent (10%) threshold provided above are excluded from the coverage of this policy, except as otherwise indicated.
- (b) Transactions amounting to ten percent (10%) or higher of the Company's total assets based on its latest audited financial statement that were entered into with an unrelated party that subsequently becomes a related party are excluded from the limits and approval process stated in this policy.

Provided, however, that 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 related party transactions to the requirements of this Policy and the Rules on Material Related Party Transactions Policy.

Provided, further, that the prospective treatment shall 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. Actual and Potential Conflict of Interest

1. Disclosure of Conflict of Interest

Directors and officers with personal interest in the transaction or engaged in self-dealing shall fully and timely disclose any and all material facts, including their respective interests in the MRPT 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 purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.

Self-dealing will be given a broad interpretation and shall include acquiring any personal interest in conflict with their duty as directors or trustees. Such interest may be pecuniary or non-pecuniary, or tangible or intangible.

As much as possible, a disclosure shall be made by the concerned director or officer as soon as their respective interest in the MRPT becomes apparent. The disclosure of the officer or director concerned shall be in writing to be addressed to the Board with a copy furnished to the Compliance Officer.

2. Identification of Potential or Actual Conflict of Interest

If a potential transaction will meet the threshold under the definition of a Material MRPT, the Compliance Officer shall actively investigate and determine whether the transaction will involve a Related Party and whether the transaction may give rise to a potential conflict of interest on the part of a director or officer. In case of a positive finding, the Compliance Officer shall report the same to the Audit, Risk Oversight and Related Party

Transactions Committee and subsequently to the Board in case the same will be submitted for approval.

V. Guidelines

1. In the review and approval of a MRPT, the Company shall, at all times, abide by the following standards:
 - i. That the MRPT is “fair and at arm’s length”. A MRPT 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.
 - ii. That the MRPT is in the best interests of the Company and its stockholders, under relevant circumstances. All MRPTs shall be accounted for at market prices normally charged to non-related parties for similar transactions and/or under similar circumstances.
 - iii. That reasonable guidance was adopted by the Compliance Officer for an effective price discovery mechanism to ensure that the subject MRPT is engaged into at terms that promote the best interest of the Company and its shareholders. Acceptable price discovery mechanism may include, but is not limited to, acquiring the services of an external expert, opening the transaction to a bidding process, or publication of available property for sale.
2. As matter of policy and procedure, before the execution of all Material and/or Significant RPTs, the Board of Directors shall appoint an external independent third party to evaluate the fairness of the terms of the MRPT. Further, the approval of a MRPT shall be subject to review and endorsement by all the Independent Directors prior to approval by the Board.
3. In approving all MRPT, the following criteria shall be considered:
 - a. Material facts of the transaction;
 - b. Aggregate value ;
 - c. Favorability or unfavourability of the terms and conditions as generally available to non-related parties under the same or similar circumstances;
 - d. Nature and extent of Related Party’s interest, control, or influence;
 - e. Purpose, duration, and necessity for the transaction;
 - f. Benefit to the Company;
 - g. Availability of other sources of the comparable products or services from non-related party sources; and
 - h. All other factors deemed essential and important by the Company.
4. All MRPT shall be reported by the Compliance Officer to the Audit, Risk Oversight and Related Party Transactions Committee to ensure full and timely disclosure in the annual and quarterly reports 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.

VI. Approvals

All material related party transactions shall be approved by at least two thirds (2/3) vote of the Board of Directors constituting a quorum, with at least a majority of the² independent directors voting to approve the transaction.

In case the two thirds (2/3) vote of the Board of Directors is not secured due to the abstention of more than one third (1/3) of its members because of actual/potential conflict of interest, the material related party transaction shall be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock in a regular or special meeting called for the purpose.

In case the vote of at least one (1) independent director is not secured, the MRPT shall be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock in a regular or special meeting called for the purpose.

Any material change in the transaction shall be subject to the same approval as stated above.

Material changes shall include but not limited to the changes in:

- Price
- Interest Rate
- Maturity Date
- Payment Terms
- Commissions
- Fees
- Collateral Requirement

Directors and officers with actual or potential personal interest in the material related party transaction shall abstain from the discussion, approval, and management of such transaction or matter affecting the Company. In case of their refusal to abstain, their attendance shall not be counted for purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.

VII. Disclosure

The members of the Board of Directors, substantial shareholders, and officers shall fully disclose to the Board of Directors all material facts related to the MRPTs 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 meeting where the material related party transaction will be presented for approval and before the completion or execution of the material related party transaction.

² As revised in the Board of Directors meeting on 11 May 2021.

The Company 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 Company's Corporate Secretary or authorized representative as well as the related party or the authorized representative of the related party.

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

VIII. Review

The Internal Audit shall conduct a periodic review of the effectiveness of the Company's system and internal controls governing material related party transactions 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, Risk Oversight, and Related Party Transactions Committee.

The Compliance Officer shall aid the Internal Audit in the review of the Company's transactions and identify any potential MRPT that would require review by the Board. He/she shall ensure that this policy is kept updated and is properly implemented throughout the Company.

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.

The Company shall prepare and keep a Related Party Registry, which is a record of the organizational and structural composition of the Company and its related parties, including any change thereon.

The Board of Directors shall quarterly review and/or update the Related Party Registry to capture organizational and structural changes in the Company and its related parties.

IX. Remedies for Abusive MPRT

A MRPT 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 Company.

Should the material related party transaction be found abusive, the Company, 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 receipt of the Board of Directors' assessment that the transaction is abusive. The Company shall likewise demand from the related party the restitution of losses or opportunity costs that the Company incurred from such MRPT.

A director, officer, or personnel who has been found to be remiss in handling MRPTs, whether deliberate or through gross negligence, shall be suspended or removed from his/her 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.

X. Review of Existing MRPT

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

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.

XI. Approval Disclosures and Effective Date

This Policy shall be approved by the affirmative vote of majority of the Board of Directors in a regular or special meeting called for the purpose.

Any change in this policy shall be approved by the affirmative vote of a majority of the Board of Directors in a regular or special meeting called for the purpose and by the affirmative vote of a majority of the stockholders constituting a quorum in a regular or special meeting called for the purpose.

The Company shall disclose to the Philippine Stock Exchange ("PSE") this Policy immediately upon approval of the same.

A copy of this Policy shall be submitted to the SEC within five (5) days from its approval.

The Company shall post this Policy in its website within five (5) days from its submission to the SEC.

This Policy shall be effective immediately upon its approval and disclosure to the PSE.

Approved by the unanimous vote of the members of the Board of Directors on 21 October 2019.

XII. Whistleblowing mechanisms

The Company's Whistleblower Policy is herein provided to encourage all stakeholders to communicate, confidentially and without the risk of appraisal, legitimate concerns about illegal, unethical or questionable MRPTs:

Rationale

As a publicly listed company, (the "Company") intends to promote integrity, transparency and accountability in the conduct of its operations by providing for a mechanism (the "Whistleblower Policy") that is available to all individuals to raise concerns which they perceive as wrong, irregular and illegal within the organization.

The Policy encourages and allows any individual ("Whistleblower") to promptly report any observed risk, danger, malpractice, wrong doing or any questionable business practice that may affect others, the Company or the Public without fear of discrimination, harassment and/or retaliation as a result of the disclosure, provided it is made in good faith and without malice.

Definitions

Whistleblowing is the confidential disclosure by any individual of any concern in the workplace about perceived danger or wrongdoing.

Wrongdoing includes but not limited to any of the following:

- a. malpractice such as immoral, illegal or unethical conduct, gross misconduct;
- b. possible violation of the Manual of Corporate Governance, policies and audit regulations;
- c. moonlighting and/or acquiring for him/herself a business opportunity which should belong to the Company;
- d. inadequate accounting controls, questionable accounting practices, misleading or coercion of auditors;
- e. instances of corporate fraud;
- f. activities in violation of anti-corruption laws and governmental laws.

Reprisal means any adverse employment action taken against an employee who seeks advice on making a disclosure, or makes a disclosure or cooperates in an investigation of wrongdoing, or declines to participate in a wrongdoing. Examples of reprisal include dismissal, layoff, demotion or transfer, change of job location, wage reduction or reprimand.

Whistleblower is the individual who exposes or discloses any kind of information or activity that is deemed improper, illegal, dishonest, unethical or irregular within the organization.

Guidelines

1. Any individual may raise a concern internally either orally or in writing to any of the various channels: (i) Immediate

Supervisor (ii) HR (iii) Legal Department or (iv) Audit/ Internal Risk Audit Officer.

2. The individual should declare that he/she is making the disclosure within the term of the Whistleblowing Policy in order that the recipient of the disclosure shall treat the information in confidence and take the necessary action to investigate the disclosure and protect the Whistleblower's identity.
3. In instances where an unsatisfactory response is not received, any senior officer of the Company may be approached. Senior Officer includes the managers, Assistant VPs, and VPs.
4. In instances where an unsatisfactory response is not received from the senior officer, the Chairman of the Audit Committee of the Board of Directors of the Company may be contacted by mail, telephone, fax or email.
5. The Whistleblower is protected from reprisal or disciplinary action provided the disclosure is done in good faith and not made maliciously.
6. All information obtained from the Whistleblower shall be treated with utmost confidentiality including the identity of the Whistleblower.
7. While the Company encourages Whistleblower to identify themselves, anonymous calls, letters, emails or text messages will nevertheless be taken seriously and investigated fully.
8. The Whistleblower does not have the obligation to substantiate his observation. It is enough that he/she has a reasonable and honest belief that the information is substantially true.
9. There is no adverse consequence for anyone who reports in good faith however any individual found responsible for making allegations maliciously or in bad faith may be subject to disciplinary action.
10. The Company reserves the right to discipline any individual who makes an accusation without reasonable, good faith belief in the truth and accuracy of the information or knowingly provides false information or makes false accusations. All disclosures shall be investigated fully."