

JOLLIBEE FOODS CORPORATION

MATERIAL RELATED PARTY TRANSACTIONS POLICY

I. GENERAL STATEMENT OF POLICY

It is the policy of Jollibee Foods Corporation (the “Company”) to uphold the integrity and transparency of related party transactions.¹ The Company shall conduct all material related party transactions, as defined under this Policy, on an arm’s length basis, in such manner that will inure to the best interest of the Company and its stakeholders and in compliance with existing laws, rules and regulations. Related party transactions shall be disclosed, reviewed and approved in accordance with this Policy, and any amendments thereto, consistent with the principles of transparency and fairness.

II. DEFINITION OF TERMS

1. Abusive material related party transactions – refers to material related party transactions that are not entered at arm’s length and unduly favor a related party.
2. Affiliate - refers to an entity linked directly or indirectly to the Company through any one or a combination of any 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 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 any arrangement granting power to the Company to direct or cause the direction of management and policies of the entity; or vice versa.
3. Associate – 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.
4. Control – a person or any 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.
5. Materiality Threshold – ten percent (10%) of the Company’s total consolidated assets based on its latest audited financial statements.
6. Material Related Party Transactions – any related party transaction/s, 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 Company’s total consolidated assets based on its latest audited financial statements.

¹ JFC Manual on Corporate Governance Article IV.5.b.

7. Related Party or Related Parties –
 - a. covers the Company’s subsidiaries, associates, affiliates, joint ventures or an entity that is controlled, jointly controlled or significantly influenced or managed by a person who is a related party.
 - b. covers 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.
8. Related Party Registry – a record of the organizational and structural composition, including any change thereon, of the Company and its related parties.
9. Related Party Transactions – 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.
10. Relatives within the Fourth Civil Degree of Consanguinity – refer to those with whom one is related to by blood and shall include the following: parents, children, siblings, grandparents, cousins, first cousins, nephews and nieces.
11. Relatives within the Fourth Civil Degree of Affinity – refers to civil relationship arising from marriage i.e. in-laws.
12. Significant influence – the power to participate in the financial and operating policy decisions of the Company but has no control or joint control of those policies.
13. Subsidiary – an affiliate controlled by another corporation directly or indirectly through one or more intermediaries.
14. Substantial Shareholder – any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of the Company’s equity security.

III. SCOPE

This Policy on Material Related Party Transactions (RPT) shall cover the identification, review, approval, monitoring and reporting of transactions which may be entered into by and between the Company and its Related Parties in compliance with laws, rules and regulations in relation to RPTs.

IV. GENERAL PRINCIPLES

1. The Company shall adhere to the provisions of the Revised Corporation Code, its Articles of Incorporation and By-laws, and existing laws, rules and regulations in relation to RPTs to ensure the integrity and transparency of these transactions.
2. The Company shall ensure that related party transactions are conducted at an arm's length basis, made at market prices and terms that promote the best interest of the Company and that no stakeholder shall be unduly advantaged by such transaction.
3. The Company shall adopt applicable audit and accounting standards for the identification, review, approval, monitoring and reporting/disclosure of related party relationships and transactions; including engaging the services of external independent parties/experts for purposes of the independent evaluation of the fairness and transparency of the transaction.
4. The Company requires full disclosure of all interests, relationships, transactions or activities that could be potential sources of conflict of interest, including but not limited to, business dealings with the Company, relationship with a competitor of the Company, personal dealings and personal relationships.² Completion of the Conflict of Interest Disclosure Form is mandatory. The Company mandates its employees to exercise prudence and sound judgment in disclosing actual or potential conflicts of interest.³
5. The Corporate Governance Committee shall assist the Board of Directors in reviewing all material RPTs of the Company which include the following:
 - (i) Evaluate on an ongoing basis the Company's Related Party Registry to ensure that all related parties are continuously identified and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs and changes in relationships should be reflected in the relevant reports to the Board and regulators/supervisors;
 - (ii) Evaluate and monitor 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 nonrelated 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 RPTs, the Committee takes 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 RPT, including the proposed aggregate value of such transaction;
 - c. The benefits to the Company of the proposed RPT;
 - d. The availability of other sources of comparable products or services;and

² JFC Policy on Conflict of Interest, Section 4.2.

³ JFC Policy on Conflict of Interest, Section 4.3.

- e. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
- (iii) Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;
 - (iv) Report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
 - (v) Ensure that transactions with related parties, including write-off of exposures are subject to a periodic independent review or audit process; and
 - (vi) Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of this Policy and its related procedures.
6. The Company upholds the rights of its employees, officers and stakeholders to freely communicate their concerns about illegal or unethical or questionable material RPTs, without fear of retaliation, and to have direct access to an independent member of the Board or to the Corporate Ethics Department which is the unit that may be directly contacted for the handling of whistleblowing concerns.

V. Review and Approval of Material Related Party Transactions

1. Material RPTs shall be reviewed by the Corporate Governance Committee and endorsed to the Board of Directors for approval. The Board shall approve a material RPT before its commencement. If not identified beforehand, the material RPT must be subsequently reviewed by the Corporate Governance Committee and ratified by the Board of Directors or the same may be discontinued, rescinded or modified to make it acceptable for ratification.
2. All individual material RPTs shall be approved by at least two-thirds (2/3) vote of the Board of Directors, with at least a majority of the independent directors voting to approve the material RPT.
3. Directors with personal interest in the transaction 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 purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

4. The members of the Board of Directors, substantial shareholders and officers shall fully disclose to the Board of Directors all material facts related to material RPTs as well as their direct and indirect financial interest, including potential or actual conflicts of 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 before the completion or execution of the material RPT.

VI. Exempt Related Party Transactions

The following transactions are considered Exempt Related Party Transactions (“Exempt RPTs”) which shall not require RPT review and approval but may require regular reporting to the Board of Directors:

1. Transactions in the ordinary course of business or recurring transactions that do not exceed the materiality threshold per contract or transaction.
2. Transactions by and between or among the Company’s Related Party(ies) in connection with the funding of operation of the Company’s business units and projects, or other transactions with the objective of providing shared services or other services for operational efficiency.
3. Transactions between the Company and a joint venture company where both the Company and its joint venture partner have approved the transaction.
4. Transactions available to all employees generally.
5. Compensation arrangements approved by the Company’s Compensation Committee.
6. Share transactions such as dividends, repurchase, rights offerings, that are available to all shareholders on a pro-rata ownership basis.
7. Banking, finance or insurance-related services and transactions with a Related Party, if the terms are generally the same as or similar to offers of other banks in the ordinary course of business.
8. Transactions in which the Related Party’s interest is derived solely from the fact that he or she serves as a director of another company or business unit that is a party to the transaction.

VII. SANCTIONS FOR POLICY VIOLATIONS AND ABUSIVE MATERIAL RELATED PARTY TRANSACTIONS

Any violation of this Policy, including abusive material RPTs, may result in disciplinary action in accordance with the Company’s Code of Discipline, without prejudice to the Company’s other legal remedies, as appropriate.

VIII. EFFECTIVITY

This Policy shall take effect upon approval and shall continue to be in full force and effect unless superseded or revoked.

This Policy on Material Related Party Transactions is hereby approved on
OCT 22 2019 in Pasig City.



TONY TAN CAKTIONG
Chairman of the Board



YSMAEL V. BAYSA
Compliance Officer