

COVER SHEET

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S.E.C. Registration Number

P R Y C E

C O R P O R A T I O N

(Company's Full Name)

1 7 / F P R Y C E C E N T E R C H I N O

R O C E S A V E N U E M A K A T I C I T Y

(Business Address: No. Street City/ Town / Province)

Jose Ma. C. Ordenes / Earl Christian L. Lerio

Contact Person

(02) 899-4401

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

1 7 - C

FORM TYPE

0 6

Month

2 8

Day

ANNUAL MEETING

Secondary License Type, if Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number/Section

357 (as of November 30, 2019)

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17 THEREUNDER



1. **Dec. 6, 2019**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **168063**
3. BIR Tax Identification No. **000-065-142-000**
4. **PRYCE CORPORATION**
Exact name of issuer as specified in its charter
5. Province, country or other jurisdiction of incorporation **Philippines**
6. (SEC Use Only)
Industry Classification Code
7. Address of principal office:
17th Floor PRYCE CENTER, 1179 Chino Roces Avenue, corner Bagtikan Street
Makati City Zip Code: **1203**
8. Issuer's telephone number, including area code: **(+632) 899 4401**
9. Former name or former address, if changed since last report:
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA as of Dec. 6, 2019:

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	2,001,118,169
Treasury	23,381,831

11. Indicate the item numbers reported herein: Item 9.

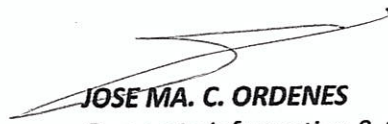
Pursuant to the Commission's Memo Circular No. 10, Series 2019, on Rules on Material Related Party ("MRPT"), we hereby submit the attached Material RPT Policy of Pryce Corporation.

SIGNATURES

Pursuant to the requirements of the Revised Securities Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PRYCE CORPORATION

By:

A handwritten signature in dark ink, appearing to read 'JOSE MA. C. ORDENES', is written over the printed name.

JOSE MA. C. ORDENES

Corporate Information & Compliance Officer



PRYCE CORPORATION

website: www.pryce.com.ph

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FINANCIAL
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High-Growth Companies
Asia-Pacific

2018

12 December 2019

Securities and Exchange Commission

Secretariat Building, PICC Complex

Roxas Boulevard

Pasay City

Attention: **HON. VICENTE GRACIANO P. FELIZMENIO, JR.**
Director, Market Regulation Department

Subject: **MATERIAL RELATED PARTY TRANSACTIONS POLICY**

Dear Mr. Felizmenio,

In compliance with SEC Memorandum Circular No. 10, Series of 2019, Pryce Corporation ("the Company") hereby submits the Related Party Transactions Policy as approved by the Company's Board of Directors on December 6, 2019.

Thank you.

Very truly yours,


JOSE MA. C. ORDENES

Corporate Information and Compliance Officer



RELATED PARTY TRANSACTIONS POLICY

POLICY STATEMENT

Pryce Corporation (the “Company”) adheres to the policy of full public disclosure of related party transactions (“RPTs”). All transactions between the Company and related parties should be at arm’s length and with terms comparable to those entered into with unrelated parties.

The objective of this Related Party Transactions Policy (the “Policy”) is to mitigate or avoid conflicts of interest and abusive related party transactions.

The Board is primarily tasked to ensure the integrity and transparency of RPTs. All RPTs not in the ordinary course of business will be subject to review and approval by the Board and fully disclosed in compliance with the requirements of regulatory bodies such as the Securities and Exchange Commission (the “SEC”).

A. DEFINITION OF TERMS

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

- Ownership, control or power to vote, whether by permanent or temporary proxy or voting trust or other similar contracts by an entity of at least 10% or more of the outstanding voting stock of the Company.
- 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 affiliate; or
- Management contract or any arrangement granting power to the Company to direct or cause the direction of management and policies of the affiliate, or vice versa.

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

- Power over the reporting PLC;
- Exposure, or rights, to variable returns from its involvement with the Company
- The ability to use its power over the Company to affect the amount of the Company’s returns.



Related Party Transactions – a transfer of resources, services or obligations between the Company and its related parties, regardless of whether a price is charged and those outstanding transactions which 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 over a twelve (12) - month period, with the same related party, amounting to ten (10%) or higher of the Company's total assets based on the Company's latest Audited Financial Statements.

Materiality threshold – Ten percent (10%) of the Company's total consolidated assets based on its latest Audited Financial Statements.

Related Party Registry – refers to a record of the organizational and structural composition of the Company and its related parties, including any change thereon.

Abusive Material RPT – refers to a Material RPT not entered into an arm's length basis and unduly favors a related party.

External Independent Party – this includes but not limited to, auditing/accounting firms and third party consultants and appraisers.

Related Parties – this covers Companies that the Company exerts direct or indirect control over or exerts direct or indirect control over the Company such as the following:

1. Company's subsidiaries;
2. Company's affiliates and any party (including their subsidiaries and affiliates);
3. Company's directors, officers, shareholders and related interest (DOSRI); and
4. spouses and relatives of DOSRI within the *fourth civil degree of consanguinity or affinity*, legitimate or common-law as well as corresponding persons in affiliated companies.

B. COVERAGE OF AND THRESHOLD OF MATERIAL RPT POLICY

1. RPT Transactions either individually or in aggregate over a twelve (12)-month period from the first transaction, with the same Related Party, amounting to **at least ten (10%)** of the Company's **total consolidated assets** based on its latest audited financial statements;
2. outstanding transactions amounting to at least **ten percent (10%) of the total consolidated assets of the Company** that were entered into with an unrelated party that



subsequently becomes a Related Party, in case of any alteration to the terms and conditions or an increase in the exposure level pertaining to such transactions after the unrelated party becomes a related party;

3. write-off of material exposures to a related party amounting to at least ten percent (10%) of the Company's total consolidated assets based on its latest audited financial statements; and
4. a renewal of, or a material change in, the terms and conditions of a material RPT previously approved, which material change includes, but is not limited to, ***a change in the price, maturity date, payment terms, commissions, fees, tenor and collateral requirement of the Material RPT.***

An RPT, if qualifying as a Material RPT pursuant to this section, shall be subject to the review and endorsement by the Related Party Transactions Committee (the "RPT Committee") and the approval of the Board of Directors.

Any RPT not considered material as expressly provided herein shall not be covered by this Policy and therefore, shall not be subject to the review by the RPT Committee and the approval by the Board of Directors.

C. IDENTIFICATION OF CONFLICTS OF INTEREST

A director is mandated to conduct fair business transactions with the Company, including full disclosure of actual or potential conflicts of interest, and to ensure that personal interests do not bias Board decisions.

The Compensation and Remuneration Committee is tasked to develop a form on **Full Business Interest Disclosure** as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.

Executives and employees are mandated to always act in the best interest of the Company. Every officer or employee should avoid any interests, activities or relationships that conflict with the Company's interests or that interfere with his independent judgment in performing his functions.



In this light, the following situations or activities are strictly prohibited:

- Placement of business with a firm owned or controlled by the officer or his/her relatives up to the **4th degree of consanguinity or affinity** (up to first cousin) ;
- Tie up with, ownership of, or significant interest in, an entity that is a competitor, supplier, or providing services to the Company;
- Providing/recommending business or award of contract to any entity that is patently disadvantageous to, or that might be opposed to, the interest of the Company;
- Other engagement, employment or sideline that reduces the time devoted to the Company or that distracts the officer from performing his duties full time.

Offenses involving conflict of interest or non-disclosure thereof may be penalized by up to **removal from office** in the case of a director or **termination from employment** in the case of an officer or employee.

D. GUIDELINES FOR ENSURING ARMS LENGTH TERMS

All RPTs shall be entered into on an arm's length basis and thus accounted for at **market prices** normally charged to unaffiliated customers or parties for equivalent or similar goods or services.

The following factors/guidelines shall be considered to ensure that no preferential treatment will be given to Related Parties that are not extended to non-related parties under similar circumstances:

1. Terms of the transaction shall be no less favorable than those generally available to unrelated parties under the same or similar circumstances;
2. The Related Parties relationship to the Company and the extent of the related parties' transactions;
3. Purpose, timing and extent of the transaction;
4. Any material information or other factors the RPT Committee deems relevant, including but not limited to:
 - a. The benefits of the proposed RPT
 - b. The availability of other sources of comparable products or service.



5. In addition to the above factors, the following measures may be availed of by the Company to ensure that Material RPTs are entered into at the terms that promote the best interest of the Company and its shareholders:
 - a. Opening the transaction to a bidding process
 - b. Publication of available property for sale, if applicable; or
 - c. Such other effective price discovery mechanism

E. REVIEW AND APPROVAL OF MATERIAL RPTs

1. The Company's management (the "Management") shall implement appropriate controls to effectively manage and monitor material RPTs on a per transaction and aggregate basis.
2. The Management and/or Board of Directors shall maintain a Related Party Registry and, on a quarterly basis, shall review all identified Related Parties with whom the Company has any outstanding transactions and update the Related Party Registry to capture organizational and structural changes in the Company and its Related Parties.
3. Before execution of the material RPT, the board of directors shall appoint an external independent party to evaluate the fairness of terms of material RPTs.
4. The Management shall implement measures to identify potential Material RPTs, which if identified shall be endorsed to the RPT Committee for evaluation.
5. The RPT Committee shall review all material RPTs to ensure that such transactions are at arm's length and will inure to the best interest of the Company and its Subsidiaries, Affiliates and their shareholders including its minority shareholders.

If a material RPT passes the review of the RPT Committee, it shall be endorsed by the RPT Committee to the Board of Directors for final approval.

6. Directors and officers who has an interest in the Material RPT under review shall **fully and timely disclose any and all material facts**, including his or her direct and indirect financial and other interest in the material RPT, and abstain from the discussion, approval and management of such transaction or matter affecting the Company.

Such disclosure shall be made at the board meeting during which the material RPT will be presented for approval and before the execution of the material RPT. In case he/she refuses to abstain, his/her attendance **shall not be counted** for purposes of assessing the quorum and determining the required approval.



7. All 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.*** In case the vote of the majority of the independent directors is not secured, the material RPT may be ratified by the stockholders representing the ***at least two-thirds (2/3) of the outstanding capital stock.***
8. For aggregate RPTs with the same related party that breach the materiality threshold of ten percent (10%) of the Company's total consolidated assets within a twelve(12)-month period, the board approval will be required for the specific transaction that will cause such RPT with the same Related Party to meet and exceed the materiality threshold.

Further, the director, officer or employee of the Company who fails to comply with this Policy shall be subject to the corresponding procedures and penalties under the Company's manual on Corporate Governance, Code of Conduct and Ethical Business Policy, other pertinent policies, rules and regulations, and all relevant laws and regulations.

F. SELF-ASSESSMENT AND PERIODIC REVIEW OF POLICY

The Internal Audit Department of the Company shall conduct a periodic review of the effectiveness of the Company's system and internal controls governing material RPTs to assess their consistency with this Policy and other 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. The Compliance officer shall aid in the review of the Company's transactions and identify any potential material RPT that would require the review by the RPT Committee and the approval by the BOD. The Compliance officer shall ensure that this Policy is properly implemented throughout the Company.

This policy shall be updated regularly for their sound implementation, as well as to conform to the requirements of the applicable law, rules and regulations. This Policy and the system and procedures provided herein shall be made available for review pursuant to applicable regulations. Any changes shall be approved by the majority of the Board of Directors and approved by majority of stockholders constituting a quorum.



G. DISCLOSURE OF RELATED PARTY TRANSACTIONS

RPTs are disclosed in the Company's financial statements, annual reports, and other applicable filings pursuant to the relevant rules and issuances of the SEC, the Philippine Stock Exchange and other relevant regulatory bodies.

In this regard, the Company shall submit the following to SEC:

A. Advisement Report

1. The Advisement Report (attached as "Annex A") of any material RPT shall be filed within three (3) calendar days from the execution date of the transaction.
2. The Advisement Report shall be signed by the Company's Corporate Secretary or authorized representative.

B. A summary of material RPTs entered into during the reporting year, which shall be disclosed in the Company's Integrated Annual Corporate Governance Report (I-ACGR) to be submitted annually every May 30 or as prescribed by the SEC; and

C. Such other reports as may be required by the SEC.

At the minimum, the disclosures in both (A) and (B) above shall include the following information:

1. complete name of the related party;
2. relationship of the parties;
3. execution date of the material RPT;
4. financial or non-financial interest of the Related Parties;
5. type and nature of transaction as well as a description of the assets involved;
6. total consolidated assets;
7. amount or contract price;
8. percentage of the contract price to the total assets of the Company
9. carrying amount of collateral, if any;
10. terms and conditions;
11. rationale for entering into the transaction; and



12. approval obtained (i.e., the names of the directors present, names of directors who approved the material RPT and the corresponding voting percentage obtained).

The foregoing disclosures shall also be made publicly-available by the Company for the benefit of all shareholders and other stakeholders through the Company website and such other media channels as the Company may deem appropriate.

H. WHISTLE-BLOWING MECHANISMS

Effective whistleblowing mechanisms shall be implemented with respect to the reporting of illegal, unethical or questionable Material RPTs. The whistleblowing mechanisms shall include the following (subject to subsequent amendments and additions):

1. The whistleblower complaint, as well as the identity of the whistleblower, witnesses and employees named in the whistleblower complaint, will be treated in a confidential manner, unless the Company is otherwise required or compelled by law or judicial order to release information.
2. An anonymous complaint may be filed by the whistleblower. An anonymous whistleblower may choose to provide means by which he can be contacted to protect his anonymity.
3. Retaliation against any whistleblower or witness is prohibited and will be dealt with in accordance with the Company's policies and rules, and applicable laws. The protection from retaliation shall only apply and can only be given to whistleblowers or witnesses who will identify themselves.
4. If the whistleblower complaint has been determined, after investigation, that the whistleblower and/or witness has made baseless, untruthful, fabricated, malicious, or vexatious allegations, and particularly if he/they persist(s) in making them, appropriate action may be taken against the whistleblower and/or witness in accordance with pertinent Company policies and rules, and applicable laws in order to protect the good name of persons that may have been unjustly accused or implicated.

Stakeholders are encouraged to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable Material RPTs. Such legitimate concerns:

- a. may be reported by stakeholders to the Corporate Secretary, the Management, or the Board; and



- b. shall be investigated and addressed by the Board or as the Board may authorize, by Senior Management, or by an objective independent internal or external body.

I. REMEDIES FOR ABUSIVE RELATED PARTY TRANSACTIONS

The Compliance officer shall report to the RPT Committee all violations of this Policy and sanctions imposed in accordance with the Company's rules and regulations, Code of Conduct and Ethical Business Policy, and other applicable policies of the Company.

The RPT Committee shall have the authority to recommend to the Board of Directors for appropriate action, the invalidation of any transaction, including measures that will cut losses and allow recover of losses or opportunity cost incurred by the Company, arising out of or in connection with abusive material RPTs, and other penalties that may be imposed on interested directors, officers and employees who have been remiss in their duties in handling Material RPTs in accordance with this Policy, and other company policies, rules and regulations, and applicable laws, rules and regulations.

An interested director or officer of the Company shall be disqualified from being a director or officer of any other corporation on the basis of a **final judgment rendered** by a court of competent jurisdiction against the interested director or officer for abusive material RPTs.

The disqualification shall be for a period of at **least one year or more**, as may be determined by SEC. This shall be without prejudice to any other administrative penalties that may be imposed by the SEC and/or civil or criminal penalties, as may be provided by the Revised Corporation Code, the Securities Regulation Code and other relevant laws, rules and regulations, as each may be amended from time to time.



J. EFFECTIVITY OF THE POLICY

This Policy has been approved by the Board of Directors on December 6, 2019, and shall be effective immediately.

Certified correct:

SALVADOR P. ESCAÑO

Chairman

JOSE MA. C. ORDENES

Corporate Information & Compliance Officer