



SECURITIES AND EXCHANGE COMMISSION

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Company Type: Stock Corporation

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COVER SHEET

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SEC Registration Number

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

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Company Telephone Number

Material Related Party Transactions Policy

1	2
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Month
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3	1
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FORM TYPE

0	8
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Month
Annual Meeting

1	3
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Secondary License Type, If Applicable

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Dept Requiring this Doc Section

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Amended Articles Number /

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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BALAI NI FRUITAS INC.

MATERIAL RELATED PARTY TRANSACTIONS POLICY

POLICY STATEMENT

The Company shall conduct all Material Related Party Transactions (MRPT) on an arm's length basis, on fair and reasonable terms and conditions to unrelated third parties under the same or similar circumstances.

The purpose of this policy is to protect the Company from conflict of interest by instituting the proper review, approval and reporting of transactions which may be entered in to between or among the Company or any of its subsidiaries, associates, affiliates, directors and officers.

This policy shall cover the review, approval and reporting of transactions which may be entered into between or among the Company or any of its subsidiaries, associates, affiliates, joint venture, directors and officers and the general guidelines to be observed in relation to MRPTs.

I. DEFINITION OF TERMS¹

For purposes of this Material RPT, the following definitions shall apply:

Related parties - the company's directors; officers; shareholders and related interests (DOSRI), and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, as well as corresponding persons in affiliated companies. It also covers the company's subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the company exerts direct or indirect control over or that exerts direct or indirect control over the company.

Affiliate - a company that (a) is controlled by or is under common control with the reporting PLC or (b) owns, controls, or holds the power to vote 20 percent (20%) or more of a class of voting securities in the reporting PLC.

Control - the power to determine the financial and operating policies of an entity in order to benefit from its activities. It is presumed to exist when the parent entity owns, directly or through subsidiaries and/or associates, more than fifty percent (50%) of the voting power of an entity. It also exists when the parent entity owns fifty percent (50%) or less of the voting power of an entity, but has any of the following powers:

- More than fifty percent (50%) of the voting rights by virtue of an agreement with other investors;
- To govern the financial and operating policies of the entity under a statute or agreement;
- To appoint or remove the majority of the members of the board of directors or equivalent governing body; or

- To cast the majority of votes at meetings of the board of directors or equivalent governing body.

Related party transactions - a transfer of resources, services or obligations between a reporting PLC 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.

Material Related Party Transactions – Any related party transaction/s, either individually or over a twelve (12)-month period, amounting to ten percent (10%) or higher of a company’s total assets.

Materiality Threshold – The level of transaction that could post significant risk to the company and could influence the economic decisions of its board of directors, officers and shareholders.

Abusive Material Related Party Transaction (Abusive MRPT) – refer to MRPT that are not entered at arm’s length and unduly favor a related party.

II. DUTIES AND RESPONSIBILITIES

A. Board of Directors

The board of directors shall have the overall responsibility in ensuring that transactions with related parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interest of the company’s shareholders and other stakeholders. Towards this end, the board of directors shall carry out the following duties and responsibilities:

1. To institutionalize an overarching policy on the management of material RPTs to ensure effective compliance with existing laws, rules and regulations at all times and that material RPTs are conducted on an arm’s length basis, and that no shareholder or stakeholder is unduly disadvantaged.
2. To approve all material RPTs that cross the materiality threshold and write-off of material exposures to related parties, as well as any renewal or material changes in the terms and conditions of material RPTs previously approved. The same shall then be submitted for approval by majority vote of the stockholders in a meeting duly called for the purpose.
3. To establish an effective system to:
 - Determine, identify and monitor related parties and material RPTs;
 - Continuously review and evaluate existing relationships between and among businesses and counterparties; and
 - Identify, measure, monitor and control risks arising from material RPTs.

¹THE COMPANY ADOPTED THE RELEVANT PROVISIONS CITED BY THE SECURITIES AND EXCHANGE COMMISSION IN ITS MEMORANDUM CIRCULAR NO. 10, SERIES OF 2019.

The system shall be able to define the related parties' extent of relationship with the company; assess situations in which a non-related party (with whom a company has entered into a transaction) subsequently becomes a related party and vice versa; and generate information on the nature and number of exposures of the company to a particular related party. The said system will facilitate submission of accurate reports to the regulators/supervisors. The system as well as the overarching policies shall be subject to periodic assessment by the internal audit and compliance officers and shall be updated regularly for their sound implementation. The overarching policy and the system shall be made available to the SEC and audit functions for review. Any changes in the policies and procedures shall be approved by majority of the board of directors and approved by the stockholder's representing majority of the outstanding capital stock.

4. To oversee the integrity, independence, and effectiveness of the policies and procedures for whistleblowing. The board should ensure that senior management addresses legitimate issues on material RPTs that are raised. The board should take responsibility for ensuring that stakeholders who raise concerns are protected from detrimental treatment or reprisals.

B. Senior Management

Senior management shall implement appropriate controls to effectively manage and monitor material RPTs on a per transaction and aggregate basis. Exposures to related parties shall also be monitored on an ongoing basis to ensure compliance with the company's policy and SEC's regulations.

III. MATERIAL RELATED PARTY TRANSACTIONS POLICY

The board of directors shall adopt a group-wide material RPT policy encompassing all entities within the conglomerate, taking into account its size, structure, risk profile and complexity of operations. At a minimum, material RPT policies shall include, but not be limited to the following:

- a. Identification of related parties. The policy shall clearly identify persons and companies that are considered as the company's related parties. The policy shall require Management/Board of Directors to quarterly review and update the related party registry to capture organizational and structural changes in the company and its related parties.
- b. Coverage of Material RPT policy. The material RPT policy shall cover all transactions meeting the materiality threshold. Transactions amounting to ten percent (10%) or more of the total assets 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

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- and conditions, or increase in exposure level, related to these transactions after the nonrelated party becomes a related party shall subject the material RPT to the requirements of this Material RPT Rules. The prospective treatment should, however, be without prejudice to regulatory actions that may be enforced for transactions noted to have not been conducted on an arm's length basis.
- c. Materiality thresholds. The policy shall include a materiality threshold that shall in no case exceed ten percent (10%) of the company's total assets. Companies may set a lower materiality threshold, if desired.
 - d. Identification and prevention or management of potential or actual conflicts of interest which may arise out of or in connection with material RPTs. The policy shall cover the identification and prevention or management of potential or actual conflicts of interest which may arise out of or in connection with the material RPTs. Directors and officers with personal interest in the transaction shall fully and timely disclose any and all material facts, including their respective interests in the material RPT 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 the purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.
 - e. Guidelines in ensuring arm's length terms. The policy shall have clear guidelines in ensuring that no preferential treatment shall be given to related parties that are not extended to non-related parties under similar circumstances. The Board of Directors should appoint an independent party to evaluate the fairness of the terms of the material RPTs. The independent evaluation of the fairness of the transparent price ensures the protection of the rights of shareholders and other stakeholders. The policy shall also include guidance for an effective price discovery mechanism to ensure that transactions are engaged into at terms that promote the best interest of the company and its shareholders. The 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.
 - f. Approval of material RPTs. All individual material RPTs shall be approved by the majority vote of the board of directors and shareholders. For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the company's total assets, board and shareholders' approval would be required for the transaction/s that meets and exceeds the materiality threshold. Directors and/or shareholders with personal interest in the transaction should abstain from 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 majority approval.
 - g. Self-assessment and periodic review of policy - The 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

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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. It shall aid in the review of the company's transactions and identify any potential material RPT that would require review by the Board. It shall ensure that the company's material RPT policy is kept updated and is properly implemented throughout the company.

- h. Disclosure requirement of material RPTs. The members of the board, shareholders, and management shall fully disclose to the Board of Directors all material facts related to material RPTs as well as their direct and indirect financial interest in any transaction or matter that may affect or is affecting the company.
- i. Whistle blowing mechanisms. The policy shall include effective whistleblowing mechanisms consistent with the corporate values and codes of conduct set by the board of directors. The policy shall encourage all stakeholders to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable material RPTs. It shall include guidance on how and to whom legitimate material concerns should be reported, investigated and addressed by an objective independent internal or external body, senior management and/or the board itself.
- j. Remedies for abusive RPTs. The policy shall include measures that would cut losses and allow recovery of losses or opportunity costs incurred by the company arising out of or in connection with abusive material RPTs. The policy shall also include the penalties and the manner of imposing the same on personnel, officers or directors, who have been remiss in their duties in handling material RPTs in accordance with company policies.

ANNEX A. RELATED PARTY DISCLOSURE FORM

RELATED PARTY DISCLOSURE FORM

Name: _____

Date: _____

Position: _____

*Article I of the MRPT Policy defines **Related parties** as the company’s directors; officers; shareholders and related interests (DOSRI), and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, as well as corresponding persons in affiliated companies. It also covers the company’s subsidiaries, as well as affiliates and any party (including their subsidiaries, affiliates and special purpose entities), that the company exerts direct or indirect control over or that exerts direct or indirect control over the company.*

A. Individual Related Party

Please provide the requested information and its affiliation in the company or put N/A (or tick the box) if not applicable

Spouse Name:	Janet Yu
Relative’s name	Marvin Yu
Affiliation	Sibling
Relative’s name	
Affiliation	
<input type="radio"/> No related parties connected in the company	

B. Other Directorship/s and Officership /s

Please provide the requested information or put N/A if not applicable.

Company (e.g., Corp. name, Partnership name)	Listed / Non listed	Type of Directorship / Officership (e.g., Independent Director, Non-Executive Director, Executive Director, Chairman, President, CEO, COO, CFO)

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C. Entities that are controlled or jointly-controlled by you and/or your Related Parties

Control - the power to determine the financial and operating policies of an entity in order to benefit from its activities. See Article I. of the Material Related Party Policy for other examples.

Please provide the requested information or put N/A if not applicable.

Company <i>(e.g., Corp. name, Partnership name)</i>	Relationship to the Company	Type of Industry/Line of Business

I hereby certify that all information provided and any attached documents are true, complete, and correct to the best of my knowledge.

Signature above printed name / date

BALAI NI FRUITAS INC. PRIVACY CONSENT NOTICE

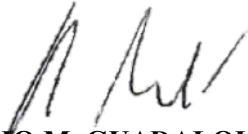
Balai ni Fruitas, Inc., its subsidiaries and affiliates (collectively, the “Company”) values the confidentiality of information that can be used to identify an individual, such as stockholder’s name, age, address, contact of information, government-issued identification (IDs), and votes cast by participating stockholders (the “Personal Data”).

This Data Privacy Statement shall apply specifically to all participants, including stockholders, their representatives or proxies, brokers, investors, and the Company’s directors, officers, employees, agents and all persons of the Company.

The processing of your Personal Information will continue as may be necessary (i) for the purposes stated herein, (ii) for the establishment, exercise or defense of legal claims, (iii) to fulfill requirements under the law, regulation or court order. If you request that you should not be able to access our services (i.e. self-exclude), we will retain this information for a minimum of 5 years, from request, before permanent deletion.

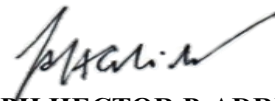
¹THE COMPANY ADOPTED THE RELEVANT PROVISIONS CITED BY THE SECURITIES AND EXCHANGE COMMISSION IN ITS MEMORANDUM CIRCULAR NO. 10, SERIES OF 2019.

This Policy on Material Related Party Transactions is hereby approved on _____
in Quezon City.

A handwritten signature in black ink, appearing to read "R. M. Guadalquiver".

ROGELIO M. GUADALQUIVER

Chairman

A handwritten signature in black ink, appearing to read "R. H. Adricula".

RALPH HECTOR P. ADRICULA

Compliance Officer