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## SECURITIES AND EXCHANGE COMMISSION

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### Company Information

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**Company Type** Stock Corporation

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**Remarks** MATERIAL RELATED PARTY TRANSACTIONS POLICY

DA VINCI CAPITAL HOLDINGS, INC.  
No. 900 Romualdez St., Paco, Manila

October 28, 2019

**Securities and Exchange Commission**  
G/F Secretariat Building, PICC Complex  
Roxas Boulevard, Pasay City

Attention: **Mr. Vicente Graciano P. Felizmenio, Jr.**  
Director – Market and Securities Regulation Division

**Philippine Stock Exchange**  
6/F PSE Tower  
5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
Bonifacio Global City, Taguig City 1634

Attention: **Ms. Janet Encarnacion**  
Head – Disclosure Department

Subject: **Material Related Party Transaction Policy of Da Vinci  
Capital Holdings, Inc.**

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Gentlemen:

For submission is the Material Related Party Transaction Policy of Da Vinci Capital Holdings, Inc.

Thank you,

  
Atty. Candy H. Dacanay - Datuon  
Corporate Secretary

# COVER SHEET

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SEC Registration Number

DA VINCI CAPITAL HOLDINGS, INC.

(Company's Full Name)

NO. 900 ROMUALDEZ ST., PACO,

MANILA

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

CANDY H. DACANAY-DATUON

(Contact Person)

(02) 523-3055

(Company Telephone Number)

1 2

Month

3 1

Day

ADVISEMENT REPORT ON MATERIAL  
RELATED PARTY TRANSACTIONS

(Form Type)

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowing

Domestic

Foreign

SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

## **Material Related Party Transaction Policy of Da Vinci Capital Holdings, Inc.**

### **A. Policy**

Da Vinci Capital Holdings, Inc. (the “Company”) strongly adheres to the principles of sound and responsible business ethics and legal standards.

The Company, through its Board of Directors (the “Board”), recognizes that transactions between and among related parties create strategic financial, commercial, and economic benefits to the Company and its stakeholders. In this regard, related party transactions (“RPT”) are generally allowed provided that when RPTs amount to ten per cent (10%) or higher of the Company’s total assets, it shall be considered as Material Related Party Transactions (“material - RPT”) and shall be subject to arms-length principle and board approval as herein provided.

### **B. Purpose**

This Material - RPT Policy (herein referred to as “the Policy”) sets forth the rules and guidelines to ensure that material - RPTs involving the Company and its related parties are: (a) handled in a sound and prudent manner, with integrity and in compliance with applicable laws and regulations; (b) done on arm’s-length basis and; (c) approved in accordance with the Policy and without the participation of the concerned directors, officers or related parties.

### **C. Application**

#### **1. Scope**

This Policy shall apply to all transactions of the Company with related parties that meet the materiality threshold as herein defined.

#### **2. Definitions**

a. **Related party** covers the following individuals:

<b>Director</b>	All members of the Board of Directors including consultants and advisers
<b>Officer</b>	Including but not limited to the following: Chairman, President, Vice-President, Chief Finance Officer, Senior Accounting Managers, Compliance Officer, Corporate Secretary, Legal Counsel, Internal Auditors, Department Managers, Treasurer and all other officers having a rank of a Manager.
<b>Substantial Shareholder</b>	Any person who is directly or indirectly the beneficial owner of more than 10% of the Company’s equity.
<b>Indirect Beneficial Owner</b>	A person shall be deemed to have an indirect beneficial ownership interest in any security which is: (1) held by members of his immediate family sharing the same household; (2) held by a partnership in which he is a general partner; (3) held by a corporation in which he is controlling shareholder;

	(4) subject to any contract, arrangement or understanding which gives him voting power or investment power with respect to such securities.
<b>Spouses and Relatives</b>	Spouses and relatives of the Director, Officer, Substantial Shareholder, Indirect Beneficial Owner within the 4 <sup>th</sup> civil degree of consanguinity or affinity, legitimate or common-law.

b. **Related party** also covers the following entities:

<b>Parent Company</b>	An entity that controls the Company.
<b>Subsidiaries or Fellow subsidiaries</b>	An entity controlled, directly or indirectly, by the Company
<b>Associate, Affiliate, Joint Venture or controlled entity</b>	<p>(1) An entity which the Company has significant influence. Where the Company holds 20% or more of the voting power of an entity, it will be presumed that the Company has significant influence unless it can be clearly demonstrated that this is not the case.</p> <p>(2) An entity linked directly or indirectly to the Company through any one or a combination of any of the following:</p> <p>(1) 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;</p> <p>(2) Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;</p> <p>(3) Common stockholders owning at least ten percent (10%) of the outstanding voting stock of the Company and the entity; or</p> <p>(4) 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.</p>

c. **Related Party Transaction (“RPT”)** – is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. These shall include, but not limited to the following:

- Merger, acquisition, consolidation and other related business combination involving the parent company and its subsidiaries;
- Sale, purchase or supply of any goods, merchandise, materials or supplies;
- Lease arrangements/contracts;
- Purchases and sales of assets, including transfer of technology and intangible items (e.g., research and development, trademarks and license agreements);
- Investments and/or subscriptions for debt/equity issuances;
- Borrowings, commitments, fund transfers and guarantees;
- On- and off-balance sheet credit exposures and claims and write-offs;
- Consulting, professional, agency and other service arrangements/contracts;

- Construction arrangements/contracts;
- Establishment of joint venture entities; and
- Settlement of liabilities on behalf of the entity or by the entity on behalf of that related party

It includes outstanding transactions with an unrelated party that subsequently becomes a related party.

- d. **Material Related Party Transactions** (“material - RPT”) – 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 more of the Company’s total assets based on its latest audited financial statements.

### 3. Approval of Material Related Party Transactions –

All material - RPT shall be approved by the Audit Committee before endorsing to the Board of Directors for final approval. The following factors shall be considered by the Committee in reviewing material – RPTs:

- terms of the transaction
- aggregate value of the transaction
- whether the terms of the transaction are no less favorable than those generally available to non-related parties under the similar circumstances
- extent of related party’s interest in the transaction
- purpose and timing of the transaction
- whether the transaction would present at an improper conflict of interests or special risks or contingencies for the Company or any of its subsidiaries or affiliates, or the related party taking into account the size of the transaction and the overall financial position of the related party
- material information or other factors the Committee deems relevant

Upon affirmative endorsement of the Audit Committee, the material - RPT shall also be approved by at least two-thirds (2/3) of the vote of the Board of Directors, 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 the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of the Company.

For the aggregate RPT within twelve (12) – month period that breaches the materiality threshold of ten per cent (10%) of the Company’s total assets, the same committee and board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same related party.

### 4. Ensuring Arm’s length terms

The Audit Committee and the Board of Directors shall ensure that all material – RPTs follow the arms-length principle and shall not unduly favor any related party to the detriment of the interests of the Company and its stakeholders.



If necessary, the Audit Committee and/or the Board of Directors may appoint an external independent party to evaluate the fairness of the terms of the material-RPT.

## **5. Duties and Responsibilities**

### **a. Audit Committee**

1. Evaluate the material-RPT whether or not it is fair and for the best interest of the Company and its stakeholders.
2. Recommend to the Board explaining the grounds for approving or denying the proposed material-RPT.

### **b. Board of Directors**

1. Institutionalize a policy framework on the management, approval and disclosure of material-RPTs
2. Approve all material-RPTs that cross the materiality threshold
3. Approve all write-off of material exposures to related parties
4. Establish an effective audit, risk and compliance system
5. Oversee the integrity, independence, and effectiveness of the policies and procedures for whistleblowing
6. Identify persons and companies that are considered as the Company's related parties
7. Quarterly review and update the Related Party Registry to capture organizational and structural changes in the Company and its related parties

### **c. Senior Management**

The Chief Finance Officer (CFO), or any equivalent position, shall maintain a Related Party Registry and formulate a necessary mechanism and system of monitoring RPT within the Company. The CFO shall report to the Audit Committee significant update on RPT and any proposed material-RPT on a quarterly basis.

The President and all heads of various business units/subsidiaries shall implement appropriate controls to effectively manage and monitor 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 existing policies and regulations.

The Senior Management shall fully disclose to the Audit Committee and the Board of Directors all significant facts related to material-RPT as well as the direct or indirect financial interest of any related party in the transaction or any matter that may affect or

is affecting the Company. Such disclosure shall be made at the committee and board meeting where the material-RPT will be presented for approval and before the completion or execution of the material-RPT.

**d. Internal Audit Division**

It shall conduct a periodic formal 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 Audit Committee and the Board of Directors.

**e. Compliance Division**

It 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 RPT that would require review by the Audit Committee or the Board. It shall ensure that the RPT policy is kept updated and is properly implemented throughout the Company.

**6. Disclosure**

The Company shall submit the following documents to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE):

- a. A summary of material-RPT entered into during the reporting year in the Company's Integrated Annual Corporate Governance Report to be submitted annually every May 30.
- b. Advisement Report, in accordance with the form prescribed by the SEC, of any material-RPT to be filed within three (3) days from the execution date of the material-RPT. The report shall be signed by the Corporate Secretary and the Chairman or President.

**7. Conflict of Interest**

Directors and officers with personal interest in any material-RPT 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 purposes of assessing the quorum and their votes shall not be counted for purposes of determining majority approval.

**8. Report of violation**

The Company encourages any one to report any deviation or non-compliance with the material-RPT Policy. Reports may be submitted thru any of the following:



- a. Postal Mail: Office of the Compliance Officer  
No.900 Romualdez St., Paco, Manila 1007
- b. Call: (02) 523-3055

The whistle-blower's identity will be kept in strictest confidentiality, if so requested. The report will be investigated with due diligence and fairness by the Legal Department.

The Legal Department shall determine whether or not there is a violation of the material-RPT Policy. And if there is a violation, the same shall be reported to the Audit Committee and the Board for final determination of violation of material-RPT and the appropriate penalty therefor.

### **9. Compliance and Communication**

The Company shall ensure that this Policy, or any of its amendments, will be properly communicated to its directors, officers, employees, third party and other stakeholders for their awareness and compliance.

Monitoring of compliance to this Policy must be conducted regularly by the Office of the Compliance Officer.

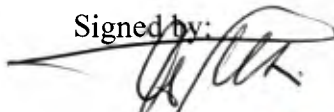
### **10. Policy Review**

This Policy shall be reviewed annually or as deemed necessary.

#### **D. Effective Date**

This Policy shall take effect on September 1, 2019.

Signed by:

  
Lucio L. Co  
Chairman

  
Candy H. Dacanay - Datuon  
Compliance Officer