

COVER SHEET

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S.E.C. Registration Number

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V I V A N T C O R P O R A T I O N

(Company's Full Name)

U n i t 9 0 7 - 9 0 8 A y a l a L i f e F G U C e n t e r , C e b u B u s i n e s s P a r k , C e b u C i t y

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

Atty. Jess Anthony N. Garcia Contact Persons

(032) 232-0283, 234-2256 and 234-2285 Telephone Number of the Contact Person

1 2 3 1 Month Day Fiscal Year

SEC FORM Related Party Transaction Policy

Month Day

Secondary license Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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October 24, 2019

Atty. Marylou Duka-Castillo
Acting Head
Securities and Exchange Commission
Englis V. Rama Avenue, Cebu City

Subject: Related Party Transaction Policy

We are submitting the attached Policy on Material Related Party Transactions, as approved by the Board of Directors of Vivant Corporation on October 16, 2019. This is in compliance with the SEC Memorandum Circular No. 10, Series of 2019.

The Policy will shall also be posted in the Company's corporate website at this link:

<http://vivant.com.ph/sec-filings/board-policies/>

Very truly yours,



ATTY. JESS ANTHONY N. GARCIA
Corporate Secretary



POLICY ON RELATED PARTY TRANSACTIONS



1. Policy Statement

Related Party Transactions cannot altogether be avoided. To minimize, if not, eliminate the inherent conflict-of-interest attendant therein, Vivant Corporation ("Vivant") lays down this Policy on Related Party Transactions (the "Policy") to set the guidelines, categories and thresholds to govern the review, approval and reporting of transactions which may be entered into between or among Vivant or any of its subsidiaries, affiliates, directors and officers.

2. Applicability

This Policy applies to all employees (regardless of employment status), officers, and members of the Board of Directors of Vivant, its Subsidiaries and Affiliates, and Third Parties and other stakeholders (the "Reporting Persons"), in their dealings with Vivant.

3. Definition of Terms

"Affiliate" shall refer to an entity linked directly or indirectly to Vivant through any one or a combination of the following:

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

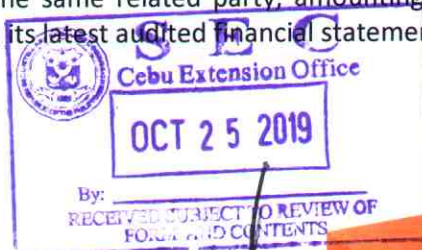
"Associate" shall refer to an entity over which Vivant holds twenty percent (20%) or more of the voting power, directly or indirectly, or which Vivant has significant influence.

"Control" as to Vivant shall be deemed to be present if a person or an entity has all of the following:

- Power over Vivant;
- Exposure, or rights, to variable returns from its involvement with Vivant; and
- The ability to use its powers over Vivant to affect the amount of Vivant's returns.

"Material Related Party Transactions" shall mean 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 a Vivant's total assets based on its latest audited financial statement.

Headquarters Cebu office
9th floor | Ayala Life-FGU center | Mindanao Avenue Corner Biliran Road
Cebu Business Par | Cebu City | Philippines 6000 | T: +63 (32) 2342256



“Materiality Threshold” shall mean ten percent (10%) of Vivant’s total assets based on its latest audited financial statement. Consistent with Securities and Exchange Commission Memorandum Circular No. 10, the total assets shall pertain to Vivant’s total consolidated assets.

“Related Party” or “Related Parties” in regard to Vivant include any of the following:

- a. Vivant’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;
- b. Vivant’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 Vivant.

“Related Party Transaction” refers to a transfer of resources, services, or obligations between Vivant and its Related Parties, regardless of whether a price is charged. It should be interpreted broadly to include not only transactions that are entered into with Related Parties and Related Interest, but also outstanding transactions entered into with an unrelated party that subsequently becomes a Related Party or Related Interest.

“RPT” refers to Related Party Transaction.

“RPT Committee” refers to Vivant’s Related Party Transaction Committee.

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

4. General Principles

4.1 All RPTs shall be evaluated by the RPT Committee. The RPT Committee shall initially evaluate and recommend the approval or disapproval of a Material RPT to the Board of Directors.

4.2 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 and conditions, or increase in exposure level, related to these transactions after the non-related party becomes a related party shall subject the material RPT to the requirements of this policy.

4.2 Evaluating a RPT must consider the requirements of the Corporation Code, its Amended Articles of Incorporation and Amended By Laws, regulations and circulars by the Securities and Exchange Commission (“SEC”), the Philippine Stock Exchange, Inc. (“PSE”), and other applicable laws, rules and regulations. This shall include an effective price discovery mechanism to ensure the transactions are engaged in terms and conditions that promote the best interest of Vivant and its stakeholders. 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.

4.2 A RPT must be on terms and conditions that are arm's length and within market rates, with sufficient documentation, and coursed through all appropriate levels of approval as provided in this Policy.

4.3 The Compliance Officer shall ensure compliance with necessary disclosures of approved RPTs to the SEC and PSE.

4.4 If an actual or potential conflict of interest arises on the part of an Officer or Employee relative to a transaction of Vivant, such Director, Officer, or Employee is mandated to fully and immediately disclose the same and should not participate in the decision-making process relating thereto. Any member of the Board of Directors who has an interest in the transaction under consideration shall not participate in the discussions and shall abstain from voting on the approval of the transaction.

4.5 Before the execution of a Material RPT, the Board of Directors shall appoint an external independent party to evaluate the fairness of the terms of the Material RPT. An external independent party may include, but is not limited to, auditing/accounting firms and third party consultants and appraisers.

5. Approval of Material RPT

5.1 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 approved 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 shareholders representing at least two-thirds (2/3) of the outstanding capital stock.

5.2 For aggregate RPT transactions within a twelve (12) month period that breaches the materiality threshold of ten percent (10%) of Vivant's total assets, the same board approval would be required for the transaction/s that meets and exceeds the materiality threshold covering the same Related Party.

5.3 Directors with personal interest in the transaction should abstain from participating in discussions voting 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.

6. The Principle of an Arm's-Length Transaction

The principle of "arm's length" requires that a transaction with a Related Party or Related Interest be made under comparable conditions and circumstances as a transaction with a non-Related Party or non-Related Interest. It is founded on the premise that if market forces drive the terms and conditions agreed upon in an independent party transaction, the price of the transaction would reflect the true economic value of the contribution made by each entity in that transaction.

7. Identification of Related Parties

Management shall identify the persons and companies that are considered Vivant's Related Parties and record the same through a Related Party Registry as defined above. Management shall review and update the Related Party Registry quarterly to capture the organizational and structural changes in Vivant and its related parties.

8. Disclosure of Related Party Transactions with the RPT Committee

7.1 All Directors, Officers, and Employees, regardless of the amount of the transaction or contract, shall disclose to the RPT Committee as follows:

7.1.1 Immediately notify the RPT Committee as soon as he becomes aware of any transaction with Vivant or other Related Parties or Related Interest where such a Director, Officer, or Employee is a party to or stands to benefit from such transaction, and

6.1.2 Obtain approval from the RPT Committee (for Material RPT) prior to entering into the RPT. A Director shall not participate in the discussions and approval process of transactions where he/she or his/her Related Party or Related Interest is a party to or stand to benefit from the transaction.

6.1.3 In general, contracts or transactions involving a Director shall be voidable at the option of Vivant, unless the following conditions are present:

(a) The presence of the Director in the board meeting in which the contract or transaction was approved was not necessary to constitute a quorum for such meeting;

(b) The vote of such Director was not necessary for the approval of the contract.

(c) The contract is fair and reasonable under the circumstances; and

(d) In the case of a Corporate Officer, the contract has been previously authorized by the Board of Directors.

If the conditions referred to in (a) and (b) above are absent, such contract or transaction may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock of Vivant.

9. Disclosure of Related Party Transactions with the SEC

All Material RPTs shall be disclosed with the SEC within three (3) calendar days after the execution date of the transaction.

10. Whistleblowing Mechanism

All stakeholders are encouraged to communicate, confidently and without risk of reprisal, legitimate concerns about illegal, unethical or questionable Material RPTs. The reporting and investigation of improper, illegal, unethical or questionable conduct, incident or transactions relative to Material RPTs shall be subject to the Whistleblowing Policy of Vivant.

11. Remedies for Abusive Material RPTs

Whenever applicable, Vivant shall discontinue a RPT if found abusive and demand restitution of losses or opportunity costs it incurred from such RPT.

12. Penalties

The following penalties shall be imposed, after notice and hearing, on Vivant's directors, officers, personnel, subsidiaries and affiliates, and their respective officers, directors and employees, in case of any violation of this Policy:

- a. For the first violation, reprimand.
- b. For the 2nd violation, suspension from office. The duration of suspension shall depend on the gravity of the violation.
- c. For the third violation, removal from office. As regards directors, the provision of Section 27 of the Revised Corporation Code shall be observed.

13. Policy Review

The RPT Committee shall review and assess the adequacy of this Policy every two (2) years and recommend any modification for approval by the Board.

RELATED PARTY TRANSACTION COMMITTEE CHARTER

Approved this 16th day of October, 2019.



MR. ROGELIO Q. LIM
Chairman— Related Party Transaction Committee



CHARLES SYLVESTRE A. GARCIA
Member



ATTY. JESUS B. GARCIA, JR.
Member



DENNIS N.A. GARCIA
Chairman of the Board



MINUEL CARMELA N. FRANCO
Compliance Officer