



BOARD POLICY

Related-Party Transactions



**TO: ALL MEMBERS OF THE BOARD OF DIRECTORS, OFFICERS
AND TEAM MEMBERS OF ABOITIZ EQUITY VENTURES, INC.**

FROM: BOARD CORPORATE GOVERNANCE COMMITTEE

DATE: MAY 11, 2012

RE: POLICY ON RELATED-PARTY TRANSACTIONS

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A. INTRODUCTION

It is the policy of Aboitiz Equity Ventures, Inc.’s (hereinafter referred to as “AEV” or “the Company”) that related party transactions are conducted at arm’s length with consideration paid or received by the Company or any of its subsidiaries and on terms no less favorable than any such terms available to unconnected third party under the same or similar circumstances. The purpose of this policy is to set out the procedures by which the Company or any of its subsidiaries, affiliates including directors and officers, may enter into a related party transaction as herein defined.

B. APPLICATION OF THIS POLICY

This policy applies to the Company’s directors and senior managers, and transactions between the Company and its subsidiaries and affiliates. Related party transactions constitute a conflict of interest within the meaning of the Company’s code of corporate governance. This policy is not intended to be in conflict with any applicable laws or regulations and if any such conflict occurs, the requirements of the law or regulation shall prevail.

C. REVIEW AND APPROVAL PROCEDURES

The Board Audit Committee shall clearly define the thresholds for disclosure and approval for related party transactions and categorize such transactions that need not be reported or announced, those that need to be disclosed and those that need prior approval.

The Board Audit Committee may promulgate, as it may deem fit, a voting system whereby non – related party shareholders may approve specific types of related party transactions in shareholders meetings.

D. DISCLOSURE POLICY

Directors shall disclose to the Board, through the Company's Corporate Secretary, details of all their other directorships and any shareholdings owned by them or members of their family. Any changes to these notifications must be communicated promptly to the Board of Directors through the Company's Corporate Secretary.

It is the responsibility of each director and senior manager to promptly notify the Board, through the Company's Corporate Secretary, of any proposed related-party transaction as soon as they become aware of it. It is the responsibility of a director or senior manager who is involved in a proposed related-party transaction to inform the Board, through the Company's Corporate Secretary, and obtain approval prior to entering into the transaction.

Conflicted board members shall not participate in discussions on transactions in which they are a conflicted party and shall abstain from voting on such issues.

The Board shall decide whether or not to approve the related party transaction involving a director in the absence of that director.

E. IDENTIFICATION OF RELATED PARTY TRANSACTIONS

For purposes of this policy, a "related party transaction" is a transaction between the Company or any of its subsidiaries and any "related party".

"Related Party" includes the following:³

- a. The board members of the Company, its parent company, affiliated or sister companies and associates.
- b. A parent company and any subsidiary or affiliated company that is not wholly owned.
- c. The CEO or General Manager, and key officers, including anyone who directly reports to the Board or the CEO.
- d. Any significant shareholder having the ability to control, or exercise a significant influence on, the outcome of resolutions voted on by shareholders or directors of the Company, its parent company, affiliated or associated companies.
- e. The father, mother, sons, daughters, husband or wife of any of the natural persons listed in clauses (a, b and c).
- f. Any business, and the directors, CEO and key officers of any business, in which the natural persons listed in paragraphs (a) to (e) own jointly or severally at least 20% of the voting rights.
- g. Any person whose judgment or decisions could be influenced as consequence of an arrangement or relationship between or involving themselves and any of the persons in paragraphs (a) to (f).

POLICY ON RELATED-PARTY TRANSACTIONS

A “significant shareholder” of the Company is one who owns, or controls, or has the ability to exercise or influence the voting rights of, 5% or more of the shares of that company. “Immediate family” includes a person’s parent, grandparent, child, brother, sister, aunt, uncle, cousin, nephew, niece, spouse, widow or in-law.”

D. DISCLOSURE

The Company shall report to its shareholders in its annual report and accounts on all related party transactions to the extent required by applicable laws or regulations. If the law so requires, the prior approval of shareholders will be sought for any proposed related-party transaction.

E. POLICY REVIEW

The Board Audit Committee shall review and assess the adequacy of this policy at least annually and recommend for approval by the Board any changes it considers are needed.

³ This definition of related parties is intended to be consistent with the definition in IAS 24. In paragraph (d), the Company will generally interpret a significant influence as meaning owning or controlling more than 10% of the voting rights. Ownership or control of more than 20% of the voting rights is definitely a significant influence. In paragraph (f) “business” includes joint ventures.