

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-C

### CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)  
Aug 13, 2019
2. SEC Identification Number  
AS095002283
3. BIR Tax Identification No.  
004-703-376-000
4. Exact name of issuer as specified in its charter  
DMCI Holdings Inc.
5. Province, country or other jurisdiction of incorporation  
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
3/F Dacon Bldg. 2281 Chino Roces Avenue, Makati City  
Postal Code  
1231
8. Issuer's telephone number, including area code  
(632) 8883000
9. Former name or former address, if changed since last report  
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding	
Common	13,277,470,000	
Preferred	960	

11. Indicate the item numbers reported herein  
Item no. 9

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



# DMCI Holdings, Inc.

## DMC

**PSE Disclosure Form 4-30 - Material Information/Transactions**  
**References: SRC Rule 17 (SEC Form 17-C) and**  
**Sections 4.1 and 4.4 of the Revised Disclosure Rules**

**Subject of the Disclosure**

Results of Board of Directors' Meeting

**Background/Description of the Disclosure**

This is to inform the investing public that at the meeting of the Board of Directors held today, August 13, 2019, the Board approved the Consolidated Financial Statements for the period ending June 30, 2019 (details as attached).

Likewise, the Board approved the Related Party Transactions Policy in compliance with the SEC Memorandum Circular No. 10, Series of 2019 (as attached).

**Other Relevant Information**

None

**Filed on behalf by:**

<b>Name</b>	Brian Lim
<b>Designation</b>	Vice President & Senior Finance Officer

## CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

<b>(in Php Millions)</b>	For the Period		Variance	
	2019	2018 <sup>1</sup>	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P3,648	P4,948	(P1,300)	-26%
DMCI HOMES	1,189	1,129	60	5%
MAYNILAD	1,112	1,020	92	9%
D.M. CONSUNJI, INC.	440	676	(236)	-35%
DMCI POWER (SPUG)	233	214	19	9%
DMCI MINING	173	221	(48)	-22%
PARENT & OTHERS	126	88	38	43%
<b>CORE NET INCOME</b>	<b>6,921</b>	<b>8,296</b>	<b>(1,375)</b>	<b>-17%</b>
NON-RECURRING ITEMS	(248)	311	(559)	-180%
<b>REPORTED NET INCOME</b>	<b>P6,673</b>	<b>P8,607</b>	<b>(P1,934)</b>	<b>-22%</b>

<sup>1</sup>DMCI Homes was restated using PFRS 15



## **Related Party Transactions Policy**

*(Amended August 2019)*

### **1. Objective**

DMCI Holdings, Inc. (the “Parent Company” or “DMCI HI”) and its subsidiaries, whether owned directly or indirectly, being part of an economic controlling group, inevitably conduct some of its business activities with Related Parties in the Group. This Policy sets out the guidelines, categories and thresholds requiring review, approval and ratification by the Board of Directors, and disclosure requirements for Related Party Transactions (RPTs).

### **2. Policy**

The Policy requires that any transactions with related parties are made on terms equivalent to those that prevail in arm’s length transactions.

The **Audit and RPT Committee** as per its Board-approved Charter shall be responsible to oversee and review the propriety of RPTs and their required reporting disclosures. In its review, it shall take into account, among other factors it deems appropriate, whether the Related Party Transaction is entered into on terms no less favorable to the concerned company than terms generally available to an unaffiliated third-party under the same or similar circumstances; and the extent of the Related Parties’ interest in the transaction.

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:

- 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.
- 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.

Material changes in the terms and conditions of the material RPT include, but are not limited to, changes in the price, interest rate, maturity date, payment terms, commissions, fees, tenor and collateral requirement of the material RPT.

- To establish an effective audit, risk and compliance 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.

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 amount 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 Company's Compliance Officer shall ensure that the Company complies with the relevant rules and regulations and is informed of regulatory developments in areas affecting related parties. He shall aid in the review of the Company's transactions and identify any potential material RPT that would require review by the Board. He shall ensure that the Company's material RPT policy is kept updated and is properly implemented throughout the Company.

Any change in the policy and procedure shall be approved by vote of at least two-thirds of the members of the board of directors.

- 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.

### **3. Definitions**

**3.1 Related parties** - covers DMCI HI'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 DMCI HI. It also covers DMCI HI'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.

**3.2 Substantial Shareholder** - any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.

**3.3 Affiliate** - refers to an entity linked directly or indirectly to DMCI HI through any one or a combination of any of the following:

- 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 DMCI HI, 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 DMCI HI and the entity; or
- Management contract or any arrangement granting power to DMCI HI to direct or cause the direction of management and policies of the entity, or vice-versa.

**3.4 Associate** - An entity over which DMCI HI holds twenty percent (20%) or more of the voting power, directly or indirectly, or which DMCI HI has significant influence.

**3.5 Significant Influence** - The power to participate in the financial and operating policy decisions of the company but has no control or joint control of those policies.

**3.6 Control** - A person or an entity controls DMCI HI if and only if the person or entity has all of the following:

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

**3.7 Related party transactions** - a transfer of resources, services or obligations between DMCI HI 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.

**3.8 Material Related Party Transactions** - 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 company's consolidated total assets based on its latest audited consolidated financial statement.

**3.9 Materiality Threshold** - Ten percent (10%) of the company's consolidated total assets based on its latest audited consolidated financial statement.

**3.10 Related Party Registry** -A record of the organizational and structural composition, including any change thereon, of the company and its related parties.

#### **4. Identification, Review and Approval of Related Party Transactions**

**4.1** Generally, Management promptly reports to the Board of Directors (Board) on the terms, business purpose, benefits and other details of each new, existing or proposed RPT for review and approval. The Board shall approve any RPT before its commencement. However, if the same is not identified beforehand, it must be subsequently reviewed and ratified by the Board.

**4.2 (a)** The Audit Committee shall assist the Board in its review of RPT. The Board shall consider whether the terms of the RPT are on arms' length and fair to the Company and such factors as the following:

- Materiality
- The purpose and timing of the transactions
- Extent of the Related Party's interest in the RPT; and
- Conflict of interest, actual or apparent, of the Related Party participating in the transaction.
- Any other relevant information regarding the transaction



**4.2 (b)** Before the Audit Committee undertakes the review, all independent directors shall review and recommend to the Audit Committee the merits of any material RPTs with respect to the Company's best interest.

**4.3** The Audit Committee may establish guidelines to manage and monitor conflicts of interest of Management, Board Directors and shareholders, including misuse of corporate assets and abuse in RPTs.

**4.4** A Director, officer or key management personnel shall promptly notify the Audit Committee or the Company's Compliance Officer of any interest he or his immediate family member had, has or may have in a RPT. He shall disclose all material information concerning the RPT. Directors with personal interests in transactions should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purpose of assessing the quorum and their votes shall not be counted for purposes of determining board approval of the transaction.

**4.5** The Company prohibits the grant of personal loans, advances, guarantees and securities, in any manner, to its Directors, including their spouses and other dependents.

#### **4.6 Approval of Related Party Transactions**

- ✓ 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 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. For aggregate RPT transactions within a twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the Company's consolidated 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.

Directors with personal interest in the transaction should abstain from participating in 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 approval.

- ✓ Related party transactions that are less than ten percent (10%) of Consolidated Total Assets of the latest Audited Consolidated Financial Statements requires approval of the President.
- ✓ The material related party transaction may be presented to the shareholders for approval, if required under the Company's By-Laws, the Revised Corporation Code and other applicable laws, rules and regulations.

#### **4.7 Exception:**

- Sale or purchase of goods and services in the ordinary course of business amongst Parent Company and its Subsidiaries at arm's length terms. To ensure fairness and transparency, this exception is still subject to compliance with applicable SEC disclosure requirements and the Transfer Pricing guidelines issued by BIR (RR 02-2013).
- Transactions of Parent Company and its Subsidiaries involving the exercise of corporate powers such as investments, subscriptions, equity restructuring, dividend declarations, and corporate guarantees to subsidiaries.

#### **4.8 Pre-Approved RPTs**

The following shall be deemed to be pre-approved by the Board in accordance with the Company's Table of Authorities:

- a. Compensation and employment of executive officers and directors approved by the Compensation & Remuneration Committee;
- b. Transactions with similar terms available to all employees generally;
- c. Charitable contributions by the Company where the Related Party is an employee or director, if the aggregate amount involved does not exceed P5M;

- d. Banking-related services and transactions with a Related Party, if the terms are generally the same as or similar to offers of other banks in the ordinary course of business;
- e. Share transactions such as dividends, repurchase, rights offerings, available to all shareholders on a pro-rata ownership basis.
- f. Any transaction with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.

## **5. Disclosure and Regulatory Reporting**

The Company shall submit the following to the SEC:

- a. A summary of material related party transactions entered into during the reporting year, which shall be disclosed in the company's Integrated Annual Corporate Governance Report (1-ACGR) to be submitted annually every May 30;
- b. Advisement Report (attached as Annex "A") of any material RPT filed within three (3) calendar days from the execution date of the transaction. The Advisement Report shall be signed by the reporting PLC's Corporate Secretary or authorized representative.

At a minimum, the disclosures in both (1) and (2) above shall include the following information:

- i. complete name of the related party;
- ii. relationship of the parties;
- iii. execution date of the material RPT;
- iv. financial or non-financial interest of the related parties;
- v. type and nature of transaction as well as a description of the assets involved;
- vi. consolidated total assets
- vii. amount or contract price;
- viii. percentage of the contract price to the consolidated total assets of the Company;

- ix. carrying amount of collateral, if any;
- x. terms and conditions;
- xi. rationale for entering into the transaction; and
- xii. the approval obtained (i.e., names of directors present, name of directors who approved the material RPT and the corresponding voting percentage obtained).

The Material RPT Policy with accessible link shall be posted on the Company's website within five days (5) from its submission to the SEC.

All RPTs shall be disclosed to the Audit Committee and any material RPT shall be disclosed to the Board.

#### **6. Whistleblowing mechanism**

The Company has an existing Whistleblowing Policy consistent with the Corporate Values and Code of Business Conduct and Ethics. The policy encourages all stakeholders to communicate, confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable material RPTs. The Company's whistleblowing policy includes guidance on reporting channel, investigation process, safeguarding the whistleblower from harassment or retaliation.

#### **7. Remedies for abusive material RPTs**

The Company shall discontinue the related party transaction if found abusive and shall require restitution of losses incurred by the company arising out of or in connection with abusive material RPTs.

The Company shall impose disciplinary actions and penalties to officers, employees who have been remiss in their duties in handling material RPTs in accordance with company policies.

In accordance with Sections 26 and 27 of the Revised Corporation Code, an interested director or officer of the Company shall be disqualified from being a director or officer if found guilty of abusive material RPTs by final judgment of a court of competent jurisdiction. The disqualification shall be for a period of at least one year or more, as may be determined by the SEC.

## **8. Review**

**8.1** The Related Party Policy may be amended from time to time and is subject to further guidance from the SEC and/or actions taken by the Parent Company's Board of Directors.