



111282019000840



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

Barcode Page

The following document has been received:

Receiving Officer/Encoder : Lourence N. Tampus
Receiving Branch : SEC Head Office
Receipt Date and Time : November 28, 2019 12:31:52 PM
Received From : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No. 0000025160
Company Name MILLENNIUM GLOBAL HOLDINGS, INC.
Industry Classification
Company Type Stock Corporation

Document Information

Document ID 111282019000840
Document Type LETTER/MISC
Document Code LTR
Period Covered November 27, 2019
No. of Days Late 0
Department CED/CFD/CRMD/MRD/NTD
Remarks MATERIAL RELATED PARTY TRANSACTIONS POLICY

MATERIAL RELATED PARTY TRANSACTIONS POLICY

OF

MILLENNIUM GLOBAL HOLDINGS, INC.

This Policy shall provide general guidelines to guarantee that any Related Party Transactions (RPT) is conducted in a manner that will protect **Millennium Global Holdings, Inc.** (the “Company”), its Board of Directors, Management, employees and shareholders, the capital market participants, the securities and investments instrument market, and the investing public from insider trading, and other manipulative devices and practices which create distortions in the free market.

COVERAGE

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, affiliates, directors and officers and the general guidelines to be observed in relation to RPT.

DEFINITION OF TERMS

1. **Related Party** – covers the Company’s subsidiaries, as well as affiliates and any party that the Company exerts direct or indirect control, directors, officers, stakeholders, and related interests (DOSRI) and their close family members as well as corresponding persons in affiliated companies.
2. **Related Party Transactions** – a transfer of resources, services or obligations between a reporting entity 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 become a related party.
3. **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 the Company’s total assets based on its latest financial statement.
4. **Materiality Threshold** – Ten percent (10%) of the Company’s total consolidated assets based on its latest audited consolidated financial statements.
5. **Substantial Shareholder** – any person who is directly the beneficial owner of more than ten percent (10%) of any class of its equity security.
6. **Board of Directors** – the governing body elected by the stockholders which exercises the corporate powers of the Company, conducts all of its business and controls its properties.

7. **Management** – group of executives given the authority by the Board of Directors to implement the policies it has laid down in the conduct of the business of the Company.
8. **Independent Director** – a person who is independent of management and the controlling shareholder, and is free from any business or other relationship which could or could reasonably be perceived to materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.
9. **Internal Control** – a process designed and effected by the Board of Directors, senior management on all levels of personnel to provide reasonable assurance of the achievement of its objectives through efficient and effective operations, reliable with applicable laws, regulations, and the policies and procedures of the Company.
10. **Stakeholders** – any individual, organization, or society at large who can either affect and/or be affected by the Company’s strategies, policies, business decisions and operations in general, such as customers, creditors, employees, suppliers, investors, as well as the government and the community in which it operates.
11. **Affiliate** – refers to an entity linked directly or indirectly to the Company 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 the company, or vice-versa;
 - Interlocking directorship, 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 the company and the entity; or
 - 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.
12. **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.
13. **Abusive Material RPTs** – refer to material RPTs that are not entered at arm’s length and unduly favor related party.
14. **Associate** – An entity over which the company holds twenty (20%) or more of the voting power, directly or indirectly, or which the company has significant influence.
15. **Control** – A person or entity controls the Company if and only if the person or entity has all the following:
 - Power over the Company;
 - Exposure, or rights, to variable returns from its involvement with the Company; and
 - The ability to use its power over the Company to affect the amount of the Company’s returns.

MATERIAL RELATED PARTY TRANSACTIONS POLICY

1. The Company recognizes that overlapping interests in the Company shall be disclosed fully to the Board and any material transaction involving such interests shall be similarly disclosed such that prior board approval shall be obtained for material related party transactions (Material RPT).
2. Material RPT shall be conducted in terms that are at least comparable to normal commercial practices to safeguard the best interest of the Company, its stockholders, creditors and other stakeholders.
3. The Company shall at all times observe and adhere to this Policy and ensure compliance with the existing laws and rules on Material RPT, as may be amended through time by law and the SEC or other appropriate government regulatory bodies.

4. Exempt RPTs

Exempt related party transactions (Exempt RPTs) shall not require the review and approval imposed on Material RPT but may require regular reporting to the Board of Directors. The following types of transactions are considered Exempt RPTs:

- i. Transactions below the threshold amounts for materiality;
- ii. Compensation arrangements approved by the committee or Board of Directors; and
- iii. Transactions in the ordinary course of business or which are generally available to all employees.

5. Conflict of Interest

A Director or Corporate Officer with an actual or potential conflict shall fully and immediately disclose the same and shall not participate in the discussion and decision-making process. A Director with actual or potential conflict shall abstain from voting on the approval of the transaction.

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

Regardless of the amount of the transaction or contract, it is the responsibility of each Director and Corporate Officer to:

- i. Promptly notify the Corporate Secretary as soon as he/she becomes aware of any transaction with the Company or other Related Parties where such a director or corporate officer or their respective related interests are a party to or stands to benefit from such transition; and
- ii. Obtain approval from the Board of Directors prior to entering into the transaction. For the avoidance of doubt, RPTs involving a Director of Corporate Officer shall be approved by the Board of Directors regardless of amount.

Transactions involving Directors or Corporate Officers on actual or potential conflict of interest shall be voidable at the option of the Company, or the relevant business unit, unless the following conditions are present:

- i. The presence of the Director in the board meeting in which the contract/transaction was approved was not necessary to constitute a quorum for such meeting;
- ii. The vote of such Director was not necessary in the approval of the contract/transaction;
- iii. The transaction/contract is fair and reasonable under the circumstances; and
- iv. In case of a Corporate Officer, the contract has been previously authorized by the Board of Directors

6. Approval of Material RPTs

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 voting to approve 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 twelve (12)-month period that breaches the materiality threshold of ten percent (10%) of the Company'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.

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.

DISCLOSURE AND REGULATORY REPORTING

A Summary of the Material RPT entered into during the reporting year shall be disclosed in the Company's Integrated Annual Corporate Governance Report (I-ACGR).

An advisement Report of any Material RPT shall be filed within three (3) calendar days from the execution of the transaction. The Advisement Report shall be signed by the Company's Corporate Secretary or authorized representative and observe the requirements of the existing laws and rules.

The members of the board, substantial shareholders, and officers 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. Such disclosure shall be made at the board meeting where the Material RPT will be presented for approval and before the completion or execution of the Material RPT.

Material RPTs shall also be reported in the Company's Audited Financial Statements and other Financial Reports.

WHISTLE BLOWING MECHANISMS

All stakeholders are encouraged to communicate confidentially and without the risk of reprisal, legitimate concerns about illegal, unethical or questionable Material RPTs, with an assurance that such genuine concerns in good faith may be raised without fear or reprisal, even if they turn out to be mistaken. Concerns may be reported in confidence to the incumbent members of the Committee.

Reports received by the Committee members shall be treated confidentially and without risk of reprisal for the reporting person.

REMEDIES FOR ABUSIVE MATERIAL RPTs

Pursuant to Sections 26 and 27 of the Revised Corporation Code, an interested director or officer of the Company shall be disqualified from being a director, trustee or officer of any other corporation on the basis of final judgment rendered by a court of competent jurisdiction against the interested director or officer for abusive Material RPTs. The disqualification shall be for a period of at least one (1) year or more or as may be determined by the Commission.

POLICY REVIEW AND IMPLEMENTATION

The Compliance Officer shall aid in the review of the Company's transactions and identify any potential Material RPT that would require review by the Board. He/She shall ensure that the Company's Material RPT policy is kept updated and is properly implemented throughout the Company.

EFFECTIVITY

This Material Related Party Transactions Policy is adopted on
NOV 27 2019 pursuant to SEC Memorandum Circular
No. 10-2019.



YANG CHI JEN
Chairman



JANINE G. MANZANO
Compliance Officer