

SFA SEMICONDUCTOR PHILIPPINES CORPORATION

BENEFICIAL OWNERSHIP POLICY

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Beneficial Ownership Policy

I. INTRODUCTION

In compliance to Securities and Exchange Commission (SEC) Memorandum Circular No. 15, Series of 2019 (SEC MC No. 15, s.2019) regarding the inclusion of the Beneficial Ownership Information in the General Information Sheet (GIS), the Board of Directors of SFA Semicon Philippines Corporation (SSP or “the Company”) hereby adopts the following policy on beneficial ownership.

This policy provides the guidelines and processes that will govern the identification of the beneficial owner of the Company whenever it submits its updated GIS to the SEC or whenever such information is required to be disclosed by any government agency or by law.

II. DEFINITIONS

a. Beneficial Owner refers to any natural person(s) who ultimately own(s) or control(s) or exercise(s) ultimate effective control over the corporation. This definition covers the natural person(s) who actually own or control the corporation as distinguished from the legal owners as defined herein. Such beneficial ownership may be determined on the basis of the following:

CATEGORY	DESCRIPTION
A	natural person(s) owning, directly or indirectly or through a chain of ownership, at least twenty-five percent (25%) of the voting shares or capital of SSP.
B	natural person(s) who exercise control over SSP, alone or together with others, through any contract, understanding, relationship, intermediary or tiered entity.
C	natural person(s) having the ability to elect a majority of the Board of Directors, or any similar body, of SSP.
D	natural person(s) having the ability to exert a dominant influence over the management or policies of SSP.
E	natural person(s) whose directions, instructions or wishes in conducting the affairs of SSP are carried out by majority of the members of the Board of Directors of SSP who are accustomed or under an obligation to act in accordance with such person's directions, instructions or wishes.
F	Natural person(s) acting as stewards of the properties of SSP, where such properties are under the care or administration of said natural persons.
G	Natural person(s) who actually own or control SSP through nominee shareholders or nominee directors acting for or on behalf of such natural persons.
H	Natural person(s) ultimately owning or controlling or exercising

	ultimate effective control over SSP through other means not falling under any of the foregoing categories.
I	Natural person(s) exercising control through positions held within a corporation (i.e., responsible for strategic decisions that fundamentally affect the business practices or general direction of the corporation such as the members of the board of directors or trustees or similar body within the corporation; or exercising executive control over the daily or regular affairs of the corporation through a senior management position). This category is only applicable in exceptional cases where no natural person is identifiable who ultimately owns or exerts control over the corporation, the Company having exhausted all reasonable means of identification and provided there are no grounds for suspicion.

b. Beneficial Ownership Information refers to the identification documents or information on the beneficial owner of the corporation as required by the SEC MC No. 15, s. 2019.

c. Direct Ownership refers to ownership of shares in SSP and not through ownership of shares in a corporate shareholder or any intermediate layers of corporate shareholders.

d. Dominant Influence refers to a situation in which the instruction or directions given by any natural person, who may or may not be a stockholder of SSP, on the management or policies of the corporation, are always or almost always followed or carried out.

e. Grandfather Rule refers to the method of computing the percentage of indirect ownership in determining the beneficial owner of SSP by attributing the ownership percentage of the second or even subsequent tier of ownership.

g. Indirect Ownership refers to the type of ownership through one's percentage of ownership in a corporate shareholder of a corporation or through layers of corporate shareholders.

h. Legal Owner means the natural or juridical person who, in accordance with the pertinent provisions of Philippine law, owns or has the controlling ownership interest over the corporation or has the ability of taking relevant decisions within the corporation and impose those resolutions.

i. Multiple Layers refers to the layers of corporations comprising the ownership structure of SSP.

j. Senior Managing Official refers to the natural person who exercises executive control over the daily or regular affairs of the corporation through a senior management position, such as a chief executive officer (CEO), chief financial officer (CFO), managing or executive director, or president.

k. Ultimate Effective Control refers to any situation in which ownership/control is exercised through actual or a chain of ownership or by means other than direct control. This may be achieved through, but not limited to, any of the following situations:

(1) direct or indirect ownership of at least twenty-five percent (25%) of the voting shares or capital of a corporation or otherwise has or shares voting power, which includes the power to vote, or to direct the voting of, such security; and/or investment returns or power, which includes the power to dispose of, or to direct, the disposition of such security;

(2) the ability to elect a majority of the board of directors or any similar body, of a legal person or arrangement; or

(3) any situation in which:

(a) a person has the ability in fact to exert dominant influence over the management or policies of a legal person or arrangement; or

(b) a majority of the members of the board of directors of such legal person or arrangement, or any equivalent body, are accustomed or under an obligation, whether formal or informal, to act in accordance with a given person's directions, instructions or wishes in conducting the affairs of the legal person or arrangement.

III. DISCLOSURE OF BENEFICIAL OWNERSHIP INFORMATION

As required by SEC MC No. 15, s.2019, the following information on the beneficial owner shall be provided, to wit:

- a. Complete name which shall include the surname, given name, middle name and name extensions (i.e., Jr., Sr., III);
- b. Specific residential address;
- c. Date of Birth;
- d. Nationality
- e. Tax identification number; and
- f. Percentage of ownership, if applicable.

Such information, however, shall not be uploaded to the SEC's publicly accessible electronic database. Said information shall, nonetheless, be made accessible or available on a timely manner to competent authorities for law enforcement and other lawful purposes.

The abovementioned information may be reduced or increased if the law, rules and regulations will so require.

IV. IDENTIFICATION OF BENEFICIAL OWNER

Beneficial ownership shall be determined as follows:

- i. The identity of the natural person(s) who ultimately has controlling ownership interest in the corporation.*

For purposes of determining beneficial ownership, any natural person directly or indirectly, or through a chain of ownership, owning at least twenty-five percent (25%) of the voting shares or capital therein, as may be applicable, shall be considered as a beneficial owner.

In the event that the entity owning at least twenty five percent (25%) of SSP is an estate, trust or partnership shall be disclosed as beneficial owner.

- ii. *The Identity of the natural persons (if any) exercising control of the corporation through other means.*
- iii. *The identity of natural persons composing the Board of Directors or any similar body and/ or the senior managing official of SSP.*

This is only in exceptional circumstances where no natural person can be identified as ultimately owning or controlling or exercising ultimate effective control over the corporation through controlling ownership interest, controlling voting shares, or through other means. SSP must be able to show that it has exhausted all other means of identifying beneficial owner.

V. DETERMINATION OF NATURAL PERSON WHO ULTIMATELY OWNS THE CORPORATION THROUGH INDIRECT OWNERSHIP

In determining the natural person(s) who ultimately owns the corporation, the percentage of ownership shall be computed using the methodology applied in the "Grandfather Rule". The natural person(s) who ultimately owns at-least twenty-five (25%) of the voting shares or the capital of SSP through ownership of shares in a corporate stockholder or through multiple layers of corporate stockholders shall be considered as Beneficial Owner. To arrive at the actual percentage of beneficial ownership in SSP, both the direct and indirect shareholdings in the corporation shall be considered.

The computation applying the Grandfather Rule shall be documented as support/evidence to the disclosed beneficial owner in the GIS.

VI. MEMBERS OF THE BOARD OF DIRECTORS OR ANY SIMILAR BODY AND/OR SENIOR MANAGING OFFICIAL AS BENEFICIAL OWNER/S IN EXCEPTIONAL CASES

In exceptional cases where no natural person is identifiable who ultimately owns or exerts control over the corporation, SSP having exhausted all means of identification and provided there are no grounds for suspicion, may consider the natural persons composing the Board of Directors or any similar body and/or the senior managing official of SSP to be the beneficial owner(s).

In the event that another corporation and not another person ultimately owns at least twenty-five percent (25%) of the voting shares or capital of SSP computed in accordance with the methodology used in the Grandfather Rule, the members of the Board of Directors or any similar body and/or senior managing official of such corporation may be considered as beneficial owner(s) of SSP.

VII. UPDATING OF BENEFICIAL OWNERSHIP INFORMATION

The SEC shall be timely apprised of relevant changes in the submitted beneficial ownership information as they arise. An updated GIS shall be submitted to the SEC within seven (7) working days after such change occurred or became effective.

Should there be multiple layers of corporate stockholders, an updated GIS shall be submitted within the same seven-day period. In the event that SSP fails to do so, it shall submit the updated GIS within thirty (30) working days from the time such change occurred or became effective with an explanation for the failure to submit the same within the prescribed period.

VIII. OBLIGATION OF DIRECTORS AND OFFICERS

The Directors and Officers of SSP shall exercise the due diligence required in ensuring that the requirement to disclose its beneficial owner in the GIS is complied with. This due diligence requirement is deemed complied with if reasonable measures are undertaken to obtain and hold updated information on the beneficial owner(s) of the corporation as defined herein and to ensure that such information is timely disclosed in the GIS. Such reasonable measures include the adoption of written procedures¹ for obtaining, updating and recording beneficial ownership information and in timely disclosing the same in the GIS submitted to the Commission by the Corporate Secretary. Board and Senior Management oversight in ensuring that such procedures are observed shall likewise be required as part of the due diligence measures.

IX. 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 the changes it considers are needed.

¹ Attached as Annex A is the Step-by-step Procedure in obtaining, updating and recording beneficial ownership information.