

## **ALTERNATIVE DISPUTE RESOLUTION POLICY**

### **Introduction**

Chemical Industries of the Phils., Inc. (the “Company”) commits itself to an Alternative Dispute Resolution (ADR) system and a conflict resolution environment that will minimize conflicts or differences with shareholders and key stakeholders, and will encourage their fair, efficient and equitable resolution.

As provided in the Manual of Corporate Governance, it is the duty of the Board of Directors of the Company to establish and maintain an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities.

This policy aims to lay down the mechanism in the amicable settlement of future or potential conflicts involving the Company, its stockholders and third parties, including regulatory authorities and to encourage and promote the use of dispute resolution options and processes while avoiding or discouraging recourse to litigation in the settlement of corporate governance related disputes or conflict.

### **Principles in the Resolution of Disputes**

This policy promotes the following principles in the resolution of disputes:

- **Quality**  
Resolution settlements must be voluntary, fair and equitable to parties concerned.
- **Efficiency**  
Dispute resolution options will be appropriate to the dispute, cost-effective and minimize delay in reaching a resolution.
- **Enforceability**  
Resolution agreements and settlements must be made in good faith and honored by the parties. Resolutions when appropriate shall be in writing and signed by the parties who shall be duly authorized for said purpose.

### **Corporate Governance Related Disputes**

The following are categories of corporate governance related disputes. It is recognized that there are other disputes which can equally consider the use of ADR tools and processes in their resolution.

- **Annual accounts** – e.g. disputes between shareholders and the Board and/or external auditor over the (withholding of) shareholder approval;

- **Business disputes** – e.g. disputes between the Company and its suppliers, customers, contractors and/or service providers.
- **Environmental disputes** – e.g. disputes between the Company and affected communities & stakeholders regarding environmental concerns on air, noise or other pollution, depletion of natural resources.
- **Minority shareholders rights** – e.g. disputes between majority shareholders and minority shareholders in squeeze out scenarios;
- **Mismanagement** – e.g. disputes between shareholders and the Board on supposedly mismanagement of the Company;
- **Nomination/appointment of Board Directors** – e.g. disputes between shareholders and the Nomination Committee and/or the Board over nomination and/or appointment of Board Directors/executives, including over criteria for nomination or appointment;
- **Self-interested transactions** – e.g. related party transactions, insider trading, conflicts of interest by Board Directors, executives and senior management;
- **Takeover procedures** – e.g. disputes between shareholders and the Board regarding terms and conditions of a proposed takeover;
- **Workplace conflicts** – e.g. disputes between the Company and employees, and between employees.

### **General Policy for Conflicts between the Company and its Shareholders**

The Company shall receive and address the concerns of its stockholders, including any potential disputes with the Company.

The Company shall strive for the amicable resolution of any dispute which may arise through alternative dispute resolution systems provided by prevailing law.

### **General Policy for Conflicts between the Company and Third Parties**

The Company shall adopt and incorporate in its contracts, when applicable, provisions on dispute resolution methods, including local or international arbitration, mediation and other means provided under Republic Act No. 9825 of the Alternative Dispute Resolution Act of 2004.

The Company shall prioritize the amicable settlement of any and all conflicts or disputes with third parties, who may not be parties to a contract, through negotiation, compromise, arbitration, mediation and other means recognized by law.

### **General Policy for Conflicts between the Company and Regulatory Authorities**

The Company shall endeavor to comply with all directives and orders of regulatory authorities. As a matter of policy, the Company shall exhaust all possible means to amicably settle potential conflicts or disputes with regulatory authorities through prompt response to official queries and appropriate action towards official directives of regulatory authorities

### **Review and Approval**

This policy is subject to Board review and approval. This policy, when approved, shall be effective immediately.