	RELATED PARTY TRANSACTION POLICY	
	Policy No.: PS-LRA-003-2025	Effective Date: March 12, 2025 Revision No.: 0

I. PURPOSE AND SCOPE

Business transactions between related parties may serve legitimate business purposes and may bring about important economic benefits to Maynilad and to its affiliates. Hence, Related Party Transactions or RPTs, as defined below, are generally allowed, provided that there are safeguards and controls in place that are designed to address any potential conflict of interest.

This Policy upholds Maynilad's commitment to implement good corporate governance in the conduct of its business transactions with related parties. It seeks to (i) provide guidelines to ensure that RPTs are, at all times, transparent, fair, arms-length, and promote the best interests of Maynilad; (ii) address concerns that may be raised by potential conflicts of interest, or to the extent possible, avoid such potential conflicts of interest; and (iii) ensure compliance with the requirements and procedures for the approval and disclosure of RPTs.


II. LINKAGE TO MAYNILAD'S CORE VALUES

This Policy adheres to Maynilad's core values of honesty and integrity. Maynilad ensures that transparency, truthfulness and fairness are strictly observed in all its business transactions involving related parties.

III. DEFINITION OF TERMS¹

1. **Affiliate** – refers to an entity linked directly or indirectly to the Company through any one or a combination of any of the following:
 - (i) Ownership, control, power to vote, whether by permanent or temporary proxy or voting trust, or other similar contracts, by an entity of at least 10% or more of the outstanding voting stock of the Company, or vice versa;
 - (ii) Interlocking directorship or officership, except in cases involving independent directors as defined under existing regulations;
 - (iii) Common stockholders owning at least 10% of the outstanding voting stock of the Company and the entity; or
 - (iv) 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.
2. **Arm's Length Transaction** – refers to transactions in an open and unrestricted market, between two independent and willing parties, each party knowledgeable, informed and acted in their own self-interest and without regard to relationship with one another, if any.
3. **Associate** – an entity over which the Company holds 20% or more of the voting power directly or indirectly, or which the Company has significant influence.
4. **Audit Committee** – refers to Audit, Risk Oversight, and Related Party Transactions Committee.
5. **Board** – refers to the Board of Directors of Maynilad.


¹ Definitions are based on or guided by the definitions set out in the Material RPT Rules, Philippine Accounting Standards 24 and 28, Philippine Financial Reporting Standards, and other relevant laws and regulations.

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6. **Close Member of the Family of a Person** – family members who may be expected to influence, or be influenced by, that person in his/her dealings with the entity and include: (i) that person's children, and spouse or domestic partner, (ii) children of the person's spouse, and (iii) dependents of that person or dependents of that person's spouse or domestic partner.
7. **Company or Maynilad** - refers to Maynilad Water Services, Inc.
8. **Control** – a person or an entity controls a reporting entity if and only if the person or entity has all of the following:
 - (i) Power over the reporting entity;
 - (ii) Exposure, or rights, to variable returns from its involvement with the reporting entity; and
 - (iii) The ability to use its power over the reporting entity to affect the amount of the reporting entity's returns.
9. **Joint control** – the contractually agreed sharing of control over an economic activity.
10. **Key Management Personnel** – persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.
11. **Material Related Party Transaction ("Material RPT")** – RPT/s, either individually, or in aggregate over a 12-month period with the same Related Party, amounting to at least 10% of Maynilad's total consolidated assets, based on its latest audited financial statements.
12. **Materiality Threshold** – 10% of the Company's total consolidated assets, based on its latest audited financial statements.
13. **Parent** – an entity that controls one or more entities.
14. **Related Party** – a person or entity that is related to the reporting entity². Related Parties include the reporting entity'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 the reporting entity. It also covers the reporting entity's parent, 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.
15. **Related Party Registry** – a record of the organizational and structural composition, including a change thereon, of the Company and its Related Parties. The Company's Related Party Registry shall be composed of: (i) Registry of Related Parties; and (ii) Registry of Related Party Transactions. The Related Party Registry shall be updated by the Finance Division ('**Finance**') as often as necessary, and shall be reviewed periodically by the Audit Committee.
16. **Related Party Transaction ("RPT")** – a transfer of resources, services or goods between a reporting entity and a Related Party, regardless of whether a price is charged³.

² For purposes of this Policy, the entity that is preparing the financial statements is referred to as the "reporting entity", the "Company" or "Maynilad".

³ RPT as defined in Philippine Accounting Standards 24 – Related Party Disclosures.

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17. **Significant influence** – the power to participate in the financial and operating policy decisions of an investee company but has no control or joint control over those policies.
18. **Subsidiary** – an entity that is controlled by another entity.
19. **Substantial Shareholder** – any person or entity who is directly or indirectly the beneficial owner of more than 10% of any class of equity security of a corporation.

IV. GENERAL POLICY STATEMENT

The Company shall, at all times, adhere to the provisions of, and comply with, the requirements provided under, the Revised Corporation Code of the Philippines and other relevant laws, its Articles of Incorporation and By-Laws, all other rules and regulations, and corporate governance policies applicable in the review, approval and disclosure of RPTs, taking into consideration the rights and interests of the Company, its shareholders and other stakeholders.

Integrity, transparency, prudence and objectivity shall be observed in the handling of all RPTs. The Board shall have the overall responsibility of ensuring that the terms of the RPTs are arm's length and that no shareholder or stakeholder is unduly disadvantaged.

An effective audit, risk and compliance system shall be established to identify and monitor RPTs and Material RPTs, and to measure and control the risks and potential concerns that may arise therefrom.

Appropriate controls should be implemented to effectively manage and monitor the RPTs, both on a per transaction and on an aggregate basis. The Audit Committee shall oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs.


V. DISTRIBUTION

This Policy shall apply to all RPTs of the Company. Directors, officers and employees of the Company shall have direct access to this document.

VI. IMPLEMENTING GUIDELINES

A. GUIDELINES IN ENSURING ARM'S-LENGTH TERMS

1. Maynilad shall ensure that all RPTs are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances, and that no corporate or business resources of the Company are misappropriated or misapplied, and determine any potential reputational risk issues that may arise as a result of or in connection with the transactions.
2. In handling RPTs, Maynilad shall comply with sound transfer pricing principles and applicable laws and regulations.
3. Maynilad shall ensure that the appropriate disclosure is made, and/or information is provided to the regulators relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties.


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4. The Audit Committee shall ensure that transactions with Related Parties, including write-off of exposures, are subject to a periodic independent review or audit process.
5. The Audit Committee shall report to the Board periodically the status and aggregate exposures to each Related Party, as well as the total amount of exposures to all Related Parties.

B. REVIEW AND APPROVAL OF THE RPTS

1. An RPT shall be evaluated to determine whether its terms and conditions are arm's length, and are in the best interest of Maynilad and its shareholders. To facilitate the review, the following shall be considered:
 - (i) The Related Party's relationship to Maynilad and its interest in the transaction;
 - (ii) The material facts of the proposed RPT, including the proposed aggregate value of the transaction;
 - (iii) The purpose and timing of the RPT;
 - (iv) The benefits to the Company of the proposed RPT;
 - (v) The availability of other sources of comparable products or services;
 - (vi) An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The assessment may include the use of a price discovery system and the conduct of due diligence activities; and
 - (vii) The need to appoint an external independent party to evaluate the fairness of the terms of the Material RPTs.
2. Directors with personal interest in the RPT should abstain from participating in discussions and voting on the same.
3. All Material RPTs shall require the approval of both the Finance and Audit Committees and at least 2/3 of the Board which should include at least a majority of the independent directors.
4. The following are the classification of the RPTs, the applicable thresholds and the approvals required:

Transaction	Approvals Required
Transactions between Maynilad and a Related Party with an amount less than Php50 Million	President and CEO after review and approval of the Contracts and Awards Committee.
Transactions between Maynilad and a Related Party with an amount ranging from Php50 Million to less than Php250 Million	Finance Committee The Finance Committee may, in its discretion, endorse the transaction to the Audit Committee for review and approval.
Transactions between Maynilad and a Related Party with an amount of at least Php250 Million but less than 10% of Maynilad's total consolidated assets (aggregate transaction value in a 12-month period)	Majority of the Board after review and approval by the Finance Committee and/or the Audit Committee, as the case may be.
Transactions between Maynilad and a	Approval by at least 2/3 of the Board, with


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Transaction	Approvals Required
Related Party with an amount of at least 10% of Maynilad's total consolidated assets (either individually or aggregate transaction value in a 12-month period)	at least a majority of the independent directors, after review and approval of the Audit Committee and the Finance Committee. In case a majority of the independent directors' vote is not obtained, the RPT may be ratified by a vote of stockholders representing at least 2/3 of the outstanding capital stock entitled to vote.
Contract between Maynilad and a Maynilad director or officer	Majority of the Board
Contract between Maynilad and a director, officer, or their spouses or relatives within the fourth level of consanguinity or affinity, when the presence of such director in the Board meeting in which the contract was approved was necessary to constitute a quorum and the vote of such director was necessary for the approval of the contract	Majority of the Board and stockholders representing at least 2/3 of outstanding capital stock entitled to vote.
Contract between Maynilad and another corporation with interlocking directors, if (i) the interest of the interlocking director in Maynilad is nominal; (ii) his/her interest in the other corporation is substantial; (iii) such director's presence in the Board meeting in which the contract was approved was necessary to constitute a quorum; and (iv) the vote of such director was necessary for the approval of the contract.	Majority of the Board and stockholders representing at least 2/3 of outstanding capital stock entitled to vote, of the corporation where the interest of the interlocking director is nominal.
Management contract where Maynilad undertakes to manage or operate all or substantially all of the business of another corporation or vice versa	Majority of the Board and majority of the shareholders of both the managing and the managed corporation.

5. The Company may set a threshold lower than the Materiality Threshold upon determination by the Board that there is a risk that the RPT may cause imminent damage to the Company and to its shareholders. The adjusted threshold shall be contained in a resolution duly passed by the Board.

C. DISCLOSURE AND REPORTING OF RPTS

1. Maynilad shall ensure that all Related Parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related, and vice versa) are captured. A Related Party Registry shall be maintained for this purpose.
2. The Chief Financial Officer shall be responsible for the disclosure of the RPTs in the relevant reports of Maynilad, as may be required by applicable disclosure rules.
3. The disclosures shall include the following, as applicable:

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- (i) Complete name of the Related Party;
- (ii) Relationship of the Parties;
- (iii) Execution date of the RPT;
- (iv) Financial or non-financial interest of the Related Parties;
- (v) Type and nature of transactions;
- (vi) Description of assets involved;
- (vii) Total Consolidated Assets of Maynilad;
- (viii) Contract Price;
- (ix) Percentage of contract price to the total assets of Maynilad;
- (x) Carrying amount of the collateral, if any;
- (xi) Outstanding Receivables and Payables at year-end;
- (xii) Terms and conditions;
- (xiii) Rationale for entering into the transaction; and
- (xiv) Approval obtained from the Board.

4. All RPTs shall be reported, and the Related Party Registry shall be provided, to the Audit Committee not later than the fifteenth day of the month immediately following the close of each quarter.

D. CONFLICT OF INTEREST


1. RPTs involving Maynilad's directors, officers and employees within the 12-month period shall be disclosed in the Conflict of Interest Form and submitted to the Corporate Governance Officer, not later than 31 January of every year.
2. Directors, officers and employees shall (i) fully and timely disclose any potential or actual conflict of interest which may arise from or in connection with RPTs, including all material facts and their respective personal or financial interests, direct or indirect, in the RPTs; and (ii) abstain from participating in the discussion, approval and management of such RPT.
3. The disclosure, handling and management of such conflict of interest shall be in accordance with Maynilad's Conflict of Interest Policy and other relevant policies of the Company.

E. REMEDIES FOR ABUSIVE RPT

1. Whenever applicable, Maynilad shall discontinue an RPT that has been found abusive, and/or file appropriate cases in the court of competent jurisdiction or other appropriate forum. In addition, Maynilad may demand, from the Related Party involved, the restitution of losses or reasonable opportunity costs it incurred from such RPT.
2. Directors, officers and employees who, after due process, are found to have willfully or negligently failed to properly handle the RPT shall be subject to penalties provided under the relevant Maynilad company policies, including the Maynilad Standards of Discipline and Conflict of Interest Policy.

F. WHISTLEBLOWING MECHANISM

Any violation of this Policy and relevant laws on RPTs shall be immediately reported to the Corporate Governance Officer pursuant to the Maynilad Whistle-Blowing Policy. Any person reporting such violations shall be entitled to protection as a whistle-blower.

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VII. MONITORING AND REVIEW

The Committee shall ensure the proper implementation of this Policy and conduct a regular review for its applicability and shall also initiate revisions/updates, as necessary.

Periodically, the Enterprise Risk Management and Internal Audit Division shall review the implementation of this Policy, and make the appropriate recommendations for its continual improvement, amendment, or revocation.

VIII. VIOLATION OF THIS POLICY

Any violation of this Policy will merit the imposition of appropriate disciplinary action, in accordance with the Maynilad Employee Handbook and the Standards of Discipline.

Failure of a director, officer or employee to report violations of this Policy despite knowledge of the same shall likewise be subject to appropriate action.

IX. EFFECTIVITY

This Policy shall take effect immediately after its approval by the Board. All existing Company policies, rules and guidelines, or parts thereof inconsistent with the provisions of this Policy are deemed superseded and modified accordingly.