

## **Related Party Transactions (RPTs)**

### Policy and Disclosure

We disclose, review, and approve related party transactions, in accordance with the principles of transparency and fairness, to ensure that they are at arm's length, the terms are fair, and they will inure to the best interest of the Globe, its subsidiaries or affiliates and all shareholders.

The RPTs are disclosed in our financial statement (page 244), annual reports, and other applicable filings in accordance with the relevant rules and issuance of the SEC and other applicable regulatory bodies. The disclosure includes, but is not limited to, the name of the related party, relationship with Globe for each RPT, the nature and value for each RPT. Such disclosure is also made publicly available, for the benefit of all shareholders and other stakeholders, through our company website and such other media channels as applicable.

Under our RPT policy, shareholders, including minority shareholders, and other stakeholders, are provided with proper guidelines and procedures for right of action and remedies that are readily accessible in order to redress corporate conduct in case of abuse on such transactions (e.g. Facebook page, Twitter account, e-mail account, and hotline numbers), as necessary. The policy contains a whistle-blowing mechanism, provides for the creation of a dedicated committee for review of material RPTs and also identifies materiality thresholds of such transactions.

The independent directors form the independent committee that is tasked to review and monitor material RPTs, among others, to ensure our best interest, our shareholders', and all other stakeholders', and that the RPTs are executed with fair and transparent terms prior to endorsement to our Board of Directors for approval.

Non-compliance with any of the provisions of the policy on RPT shall result in the nullification of any agreement or contract involved in the execution of the RPT. A director, officer, employee, or related party is subject to the corresponding procedures and penalties under our Code of Conduct and relevant laws, as applicable.

Our independent directors met in 2016 to review and discuss RPTs stated in our Annual and Sustainability Report.

[Source: *Globe Telecom 2016 Annual and Sustainability Report (ASR)*, pp. 120-121]

Our Policy on RPTs and disclosures thereof are also posted on our company website: <http://corporate-governance.globe.com.ph/related-party-transactions.html>.

## H. Transactions with Related Parties

The Globe Group, in their regular conduct of business, enter into transactions with their major stockholders, AC and Singtel, associates, joint ventures, and certain related parties. These transactions include the following:

### Entities with joint control over Globe Group – AC and Singtel

- Globe Telecom has interconnection agreements with Singtel. The related net traffic settlements receivable (included in “Receivables” account in the consolidated statements of financial position) and the interconnection revenues earned (included in “Service revenues” account in the consolidated statements of comprehensive income) are as follows:

(In Thousand Pesos)	2016	2015	2014
Traffic settlements receivable – net	<b>₱70,141</b>	₱22,824	₱79,191
Interconnection revenues	<b>755,514</b>	725,635	784,965
Interconnection costs	<b>85,148</b>	50,346	112,976

- Globe Telecom and Singtel have a technical assistance agreement whereby Singtel will provide consultancy and advisory services, including those with respect to the construction and operation of Globe Telecom’s networks and communication, equipment procurement and personnel services. In addition, Globe Telecom has software development, supply, license and support arrangements, lease of cable facilities, maintenance and restoration costs and other transactions with Singtel.
- The details of fees (included in repairs and maintenance under the “General, selling and administrative expenses” account in the consolidated statements of comprehensive income) incurred under these agreements are as follows:

(In Thousand Pesos)	2016	2015	2014
Technical assistance fee	<b>₱89,400</b>	₱67,907	₱160,534
Maintenance and restoration costs and other transactions	<b>126,148</b>	57,551	63,695
Software development, supply, license and support	<b>28,342</b>	7,069	19,642

The outstanding balances due to Singtel (included in the “Accounts payable and accrued expenses” account in the consolidated statements of financial position) arising from these transactions are as follows:

(In Thousand Pesos)	2016	2015	2014
Technical assistance fee	<b>₱63,510</b>	₱57,967	₱135,877
Maintenance and restoration costs and other transactions	<b>22,695</b>	8,985	10,882
Software development, supply, license and support	<b>17,974</b>	-	-

- Globe Telecom, Innove, and BTI earn subscriber revenues from AC. The outstanding subscribers receivable from AC (included in “Receivables” account in the consolidated statements of financial position) and the amount earned as service revenue (included in the “Service revenues” account in the consolidated statements of comprehensive income) are as follows:

(In Thousand Pesos)	2016	2015	2014
Subscriber receivables	<b>₱11,463</b>	₱12,215	₱9,662
Service revenues	<b>24,112</b>	19,338	18,990

- Globe Telecom reimburses AC for certain operating expenses. The net outstanding liabilities

to (included in "Accounts payable and accrued expenses" account in the consolidated statement of financial position) and the amount of expenses incurred (included in the "General, selling and administrative expenses" account in the consolidated statements of comprehensive income) are as follows:

(In Thousand Pesos)	2016	2015	2014
General, selling and administrative expenses	<b>₱95,717</b>	₱48,743	₱37,135
Accounts payable and accrued expenses	<b>24,653</b>	50	755

#### Joint Ventures in which the Globe Group is a Venturer

- Globe Telecom has preferred roaming service contract with BMPL. Under this contract, Globe Telecom will pay BMPL for services rendered by the latter which include, among others, coordination and facilitation of preferred roaming arrangement among JV partners, and procurement and maintenance of telecommunications equipment necessary for delivery of seamless roaming experience to customers. Globe Telecom also earns or incurs commission from BMPL for regional top-up service provided by the JV partners. The net outstanding liabilities to BMPL related to these transactions amounted to ₱92.86 million and ₱3.11 million as of December 31, 2016 and 2015, respectively. Balances related to these transactions (included in "General, selling and administrative expenses" account in the consolidated statements of comprehensive income) amounted to ₱19.42 million, ₱18.68 million and ₱23.76 million, for the years ended December 31, 2016, 2015, and 2014, respectively.
- In October 2009, the Globe Group entered into an agreement with BPI Globe BankO for the pursuit of services that will expand the usage of GCash technology. As a result, the Globe Group recognized revenue amounting to ₱7.46 million, ₱8.96 million and ₱6.13 million in 2016, 2015 and 2014, respectively. The related receivables amounted to ₱16.3 million and ₱7.47 million as of December 31, 2016 and 2015, respectively.

#### Transactions with the Globe Group Retirement Plan (GGRP)

- In 2007, Globe Telecom, Innove and GXI pooled its plan assets for single administration by the GGRP, which was created for the management of the retirement fund. The decisions of the GGRP are made through collective decision of the Board of Trustees.

The plan is funded by contributions as recommended by the independent actuary on the basis of reasonable actuarial assumptions. These assumptions and the funded status of the pension plan are disclosed in Note 18.2 of the audited financial statements.

The funded status for the pension plan of Globe Group as of December 31, 2016 and 2015 amounted to ₱3,101.55 million and ₱3,217.78 million, respectively (see Notes 15 and 18.2 of the audited financial statements).

The fair value of plan assets by each class held by the retirement fund, on a pooled basis follows:

	2015	2014
	<i>(In Thousand Pesos)</i>	
Cash and cash equivalents	<b>₱192,982</b>	₱143,746
Investment in fixed income securities	<b>1,199,764</b>	1,129,892
Investment in equity securities	<b>1,755,411</b>	1,636,204
Loans and receivables	<b>968,782</b>	968,000
Liabilities	<b>(968,782)</b>	(968,000)
<b>Balance at end of year</b>	<b>₱3,418,157</b>	₱2,909,842

All equity and debt instruments held, except for investment in preferred shares of HALO Group, debt securities issued by private corporations and long-term negotiable certificates of deposit, have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

Loans and receivables consist of interest and dividend receivables, receivable on securities sold to brokers and loan granted by the plan to BHI.

Liabilities pertain to interest and trust fee payables, accrued professional fees and loan granted to the plan by Globe Telecom.

- As of December 31, 2016 and 2015, the pension plan assets of the retirement plan include shares of stock of Globe Telecom with total fair value of ₱32.18 million and ₱31.20 million, and shares of stock of other related parties with total fair value of ₱107.23 million and ₱144.07 million, respectively. Gains arising from these investments amounted to ₱7.55 million, ₱11.75 million and ₱12.91 million in 2016, 2015 and 2014, respectively.
- In 2008, the Globe Group granted a short-term loan to the GGRP amounting to ₱800.00 million with interest at 6.20%. Upon maturity in 2009, the loan was rolled over until September 2014 with interest at 7.75%. Further, in 2009, the Globe Group granted an additional loan to the retirement fund amounting to ₱168.00 million which bears interest at 7.75% and is due also in September 2014.

On September 16, 2014, the maturity of the outstanding balance of loan receivable from GGRP amounting to ₱968.00 million was extended to September 11, 2017 and the interest rate was reduced to 5% per annum effective on September 11, 2014. Interest income amounted to ₱44.33 million, ₱49.07 million and ₱68.02 million in 2016, 2015 and 2014, respectively (see Note 19 of the audited financial statements).

The retirement plan utilized the loan to fund its investments in BHI, a domestic corporation organized to invest in media ventures. BHI has controlling interest in Altimax Broadcasting Co., Inc. (Altimax) and Broadcast Enterprises and Affiliated Media Inc. (BEAM), respectively.

As of December 31, 2016 and 2015, the outstanding balance of loan receivable from GGRP presented in the "Prepayment and other current assets" of consolidated statements of financial position amounted to ₱788.00 million (see Note 6) and ₱968.00 million presented in the "Other Noncurrent Assets" (see Note 11 of the audited financial statements), respectively.

- On August 13 and December 21, 2009, the Globe Group granted five-year loans amounting to ₱250.00 million and ₱45.00 million, respectively, to BHI at 8.275% interest. The ₱250.00 million loan is covered by a pledge agreement whereby in the event of default, the Globe Group shall be entitled to offset whatever amount is due to BHI from any unpaid fees to BEAM from the Globe Group. The ₱45.00 million loan is fully secured by a chattel mortgage agreement dated December 21, 2009 between Globe Group and BEAM. Interest income amounted to ₱8.06 million, ₱8.04 million and ₱11.30 million in 2016, 2015 and 2014, respectively (see Note 19 of the audited financial statements).

On August 13, 2014, the maturity of the outstanding balance of loan receivable from BHI amounting to ₱158.62 million was extended to August 13, 2017 and the interest rate was reduced to 5% per annum effective August 14, 2014 (see Note 6 of the audited financial statements)

- On February 1, 2009, the Globe Group entered into a memorandum of agreement (MOA) with BEAM for the latter to render mobile television broadcast service to Globe subscribers using the mobile TV service. As a result, the Globe Group recognized an expense (included in "Professional and other contracted services") amounting to ₱190.00 million, ₱190.00 million and ₱155.00 million in 2016, 2015 and 2014, respectively. Effective January 1, 2015, BEAM charged an increased service fee rate to Globe Group as a result of an amendment to the MOA.
- On October 1, 2009, the Globe Group entered into a MOA with Altimax for the Globe Group's co-use of specific frequencies of Altimax's for the rollout of broadband wireless access to the Globe Group's subscribers. As a result, the Globe Group recognized an expense (included in "General, selling and administrative expenses" account in the consolidated statements of comprehensive income) amounting to ₱32.49 million, ₱24.85 million and ₱40.88 million in 2016, 2015 and 2014, respectively.

### Transactions with Yondu

As a result of Globe Telecom's sale of its controlling stake in Yondu, transactions are recognized in the consolidated statement of financial position starting September 16, 2015.

The Globe Group has a VAS sharing agreement with Yondu. Under the agreement, Yondu is entitled to a 30% share on revenue (included in the "Service revenues" account of the parent company statements of comprehensive income) for providing mobile contents to Globe and TM subscribers. The Globe Group's payout to Yondu on mobile content transactions in 2016 and 2015 amounted to ₱264.30 million and ₱78.85 million, respectively.

Yondu also provides various enterprise solutions-based services to the Globe Group for network, platform and applications development under its Business Process Outsourcing Unit (BPO) and mobile content. The Globe Group's related expenses in 2016 and 2015 amounted to ₱240.21 million and ₱39.32 million, out of which ₱102.32 million and ₱1.42 million were capitalized under "Asset Under Construction", respectively.

The outstanding balances of receivable and payables resulting from transactions with Yondu in 2016 and 2015 amounted to nil and ₱345.71 million and ₱74.23 million and ₱373.54 million, respectively. Dividends receivable amounting to ₱68.74 million and ₱244.49 million was recognized in the consolidated statements of financial position as of December 31, 2016 and 2015, respectively (see Note 6 of the audited financial statements).

### Transactions with other related parties

Globe Telecom has money market placements and bank balances, and subscriber receivables (included in "Cash and cash equivalents" and "Receivables" accounts in the consolidated statements of financial position, respectively) and earns service revenues (included in the "Service revenues" account in the consolidated statements of comprehensive income) from its other related parties namely, Ayala Land, Inc., Ayala Property Management Corporation, Bank of the Philippine Islands, Manila Water Company, Inc., Integrated Microelectronics, Inc., Stream Global Services, Inc., HRMall, Inc., Honda Cars Philippines, Inc., Isuzu Automotive Dealership, Inc., Iconic Dealership, Inc., Accendo Commercial Corporation, Affinity Express Philippines, Inc., Alveo Land Corporation, Asian I-Office Properties, Inc., Avida Land Corp., Avida Sales Corporation, Ayala Hotels, Inc., Ayala Plans, Inc., Ayala Systems Technology, Inc., Cebu Holdings, Inc., Makati Development Corporation, myAyala.com, Inc., North Triangle Depot Commercial Corporation, Psi Technologies, Inc., Roxas Land Corporation., Serendra, Inc., Station Square East Commercial Corporation, Ten Knots Development, KHI ALI Manila, Inc., Lagoon Development Corporation, Subic Bay Town Center, Inc., Ayala Aviation Corporation, Laguna AAA Water Corp., Liveit Solutions, Inc., Liveit Investments, Ltd., Integreon, Inc., Arvo Commercial Corporation, Amaia Land Corporation., Michigan Power, Philippine Intergrated Energy Solutions, Inc., Southcrest Hotel Ventures, Inc., Bonifacio Hotel Ventures, Inc. and Westview Commercial Ventures Corporation.

The balances with other related parties are recorded under the following accounts:

(In Thousand Pesos)	2016	2015	2014
Cash and cash equivalents	<b>₱1,468,905</b>	₱1,621,045	₱1,385,635
General, selling and administrative expenses	<b>260,312</b>	208,351	171,873
Property and Equipment	<b>425,029</b>	59,417	64,300
Revenues	<b>601,097</b>	509,715	479,923
Accounts payable and accrued expenses	<b>35,314</b>	23,527	<b>15,454</b>
Subscriber receivables (included in "Receivables" account)	<b>192,795</b>	204,226	218,837

The balances under "General, selling and administrative expenses" and "Property and equipment" accounts consist of expenses incurred on rent, utilities, customer contract services, other miscellaneous services and purchase of vehicles, respectively.

These related parties are either controlled or significantly influenced by AC.

Transactions with Key Management Personnel of the Globe Group

The Globe Group's compensation of key management personnel by benefit type are as follows:

(In Thousand Pesos)	2016	2015
Short-term employee benefits	<b>P205,000</b>	P185,000
Share-based payments	<b>81,360</b>	31,282
Post-employment benefits	<b>14,600</b>	52,960
	<b>P300,960</b>	P269,242

There are no agreements between the Globe Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Globe Group's retirement plans.

The Globe Group has no non-interest bearing short-term loans to its key management personnel in 2016 and 2015.

The summary of balances arising from related party transactions for the relevant financial year follows (in thousands):

2016

	Amount		Outstanding Balance				Terms	Conditions
	Revenue and other income	Cost and Expenses	Property and Equipment (Note 7)	Cash and Cash Equivalents (Note 30)	Amounts Owed by Related Parties	Amounts Owed to Related Parties		
<b>Entities with joint control over the Company</b>								
Singtel	<b>₱755,514</b>	<b>₱329,038</b>	<b>₱-</b>	<b>₱-</b>	<b>₱70,141</b>	<b>₱104,179</b>	Interest-free, settlement in cash	Unsecured, no impairment
AC	<b>24,112</b>	<b>95,717</b>	<b>-</b>	<b>-</b>	<b>11,463</b>	<b>24,653</b>	Interest-free, settlement in cash	Unsecured, no impairment
<b>Jointly controlled entities</b>								
BPI Globe BankKO	<b>7,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,300</b>	<b>-</b>	Interest-free, settlement in cash	Unsecured, no impairment
BMPL	<b>-</b>	<b>19,420</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>92,860</b>	Interest-free, settlement in cash	Unsecured, no impairment
<b>Associate</b>								
Yondu	<b>-</b>	<b>504,505</b>	<b>102,321</b>	<b>-</b>	<b>68,740</b>	<b>345,713</b>	Interest-free, settlement in cash	Unsecured, no impairment
<b>Other related parties</b>								
GGRP	<b>44,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>788,000</b>	<b>-</b>	3 years, 5%, settlement in cash	Unsecured, no impairment
BHI	<b>8,063</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158,620</b>	<b>-</b>	3 years, 5%, settlement in cash	The ₱250.00 million is covered by a pledge agreement while the ₱ 45.00 million is fully secured by chattel mortgage agreement
BEAM	<b>-</b>	<b>190,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	Interest-free, settlement in cash	-
Altimax	<b>-</b>	<b>32,490</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	Interest-free, settlement in cash	-
Key management personnel	<b>-</b>	<b>300,960</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		Unsecured, no impairment
Others	<b>601,097</b>	<b>260,312</b>	<b>425,029</b>	<b>1,468,905</b>	<b>192,795</b>	<b>35,314</b>	Interest-free, excluding cash and cash equivalents, settlement in cash	Unsecured, no impairment
<b>Total</b>	<b>₱1,440,576</b>	<b>₱1,732,442</b>	<b>₱527,350</b>	<b>₱1,468,905</b>	<b>₱1,306,059</b>	<b>₱602,719</b>		

2015

	Amount/		Outstanding Balance				Terms	Conditions
	Revenue and other income	Cost and Expenses	Property and Equipment (Note 7)	Cash and Cash Equivalents (Note 30)	Amounts Owed by Related Parties	Amounts Owed to Related Parties		
<b>Entities with joint control over Globe Group</b>								
Singtel	<b>₱725,635</b>	<b>₱182,873</b>	<b>₱-</b>	<b>₱-</b>	<b>₱22,824</b>	<b>₱66,952</b>	Interest-free, settlement in cash	Unsecured, no impairment
AC	<b>19,338</b>	<b>48,743</b>	-	-	<b>12,215</b>	<b>50</b>	Interest-free, settlement in cash	Unsecured, no impairment
<b>Jointly controlled entities</b>								
BPI Globe BankKO	<b>8,965</b>	-	-	-	<b>7,468</b>	-	Interest-free, settlement in cash	Unsecured, no impairment
BMPL	-	<b>18,681</b>	-	-	-	<b>3,113</b>	Interest-free, settlement in cash	Unsecured, no impairment
<b>Associate</b>								
Yondu	-	<b>118,170</b>	<b>1,420</b>	-	<b>318,711</b>	<b>373,538</b>	Interest-free, settlement in cash	Unsecured, no impairment
<b>Other related parties</b>								
GGRP	<b>49,071</b>	-	-	-	<b>968,000</b>	-	3 years, 5%, settlement in cash	Unsecured, no impairment
BHI	<b>8,041</b>	-	-	-	<b>158,620</b>	-	3 years, 5%, settlement in cash	The ₱250.00 million is covered by a pledge agreement while the ₱ 45.00 million is fully secured by chattel mortgage agreement
BEAM	-	<b>190,000</b>	-	-	-	-	Interest-free, settlement in cash	-
Altimax	-	<b>24,847</b>	-	-	-	-	Interest-free, settlement in cash	-
Key management personnel	-	<b>269,242</b>	-	-	-	-		Unsecured, no impairment
Others	<b>509,715</b>	<b>208,351</b>	<b>59,417</b>	<b>1,621,045</b>	<b>204,226</b>	<b>23,527</b>	Interest-free, excluding cash and cash equivalents, settlement in cash	Unsecured, no impairment
<b>Total</b>	<b>₱1,320,765</b>	<b>₱1,060,907</b>	<b>₱60,837</b>	<b>₱1,621,045</b>	<b>₱1,692,064</b>	<b>₱467,180</b>		