



## **CHARTER OF THE BOARD OF DIRECTORS** **Globe Telecom, Inc.**

In accordance with Globe Telecom, Inc.'s ("Globe" or "the Corporation") thrust to strengthen its corporate governance ("CG") culture, the Board of Directors ("Board") hereby adopts this Charter of the Board of Directors ("Board Charter").

### **Purpose of the Board Charter**

The Board Charter shall formalize and clearly state the Board's roles, responsibilities and accountabilities in carrying out its fiduciary duties and serve as a guide to the directors in the performance of their functions.

The Board Charter shall supplement the Corporation's By-Laws, Manual of Corporate Governance and Code of Conduct in upholding good CG within Globe's corporate culture, which begins at the Board level. The adoption of this Charter also reinforces the Corporation's strict adherence to applicable rules and regulations of the Philippine Securities and Exchange Commission ("SEC" or the "Commission") and the Philippine Stock Exchange ("PSE"), among other regulatory bodies and relevant laws.

The Board Charter shall be made publicly available and posted on the Globe website. It shall be subject to review and be updated as necessary.

## **ARTICLE I – Membership**

### **1.1 Composition**

The Board of Directors is the supreme authority in matters of governance and managing the regular and ordinary business of the Corporation. Within their chartered authority, the directors acting as a Board have the fullest powers to regulate the concerns of the Corporation according to their best judgment.

The Board of Directors shall set qualification standards for its members to facilitate the selection of potential nominees for board seats, and to serve as a benchmark for the evaluation of its performance. Therefore, the Board of Directors shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the telecommunications industry. It shall always ensure that it has an appropriate mix of competence and expertise to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on evolving business environment and strategic direction. The Board shall likewise determine the qualifications of the independent directors to enable them to effectively participate in the deliberations of the Board and carry out their roles and responsibilities.

The Board shall be composed of such number of members as required by the Corporation's By-Laws, the majority of which are non-executive directors who possess the necessary qualifications, and elected by the Corporation's shareholders entitled to vote at the annual meeting, and shall hold office for one year and until their successors are elected and qualified in accordance with the By-Laws of the Corporation.

Following the Corporation's Policy on Board Diversity and adhering to the Code of Corporate Governance for Publicly-Listed Companies ("PLC Code of CG"), Globe shall have at least three (3) independent directors with at least one (1) female independent director. The Board shall appoint a lead independent director, among the independent directors, with responsibilities identified in Section 1.7.2 of this Charter. The independent directors shall also be identified in relevant Globe annual reports.

## 1.2 Qualifications of Directors

A director of the Corporation shall have the following qualifications:

- a) Ownership of at least one (1) share of the capital stock of the Corporation;
- b) A college degree or its equivalent or adequate understanding of the telecommunication industry or sufficient experience and competence in managing a business to substitute for such formal education;
- c) Relevant qualification, such as previous business experience, membership in good standing in the relevant industry, and membership in business and professional organizations;
- d) Possess integrity, probity and shall be diligent and assiduous in the performance of his functions.

## 1.3 Disqualifications of Directors

1.3.1 The following persons are disqualified from being a director of the Corporation:

- a) Any person who has been finally convicted by a competent judicial or administrative body of the following: (i) any crime involving the purchase or sale of securities as defined in the Securities and Regulation Code; (ii) any crime arising out of the person's conduct as an underwriter, broker, dealer, investment corporation, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, floor broker; and (iii) any crime arising out of his relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;
- b) Any person who, by reason of any misconduct, after hearing or trial, is permanently or temporarily enjoined by order, judgment or decree of the SEC, Bangko Sentral ng Pilipinas (BSP), or any court or other administrative body of competent jurisdiction from: (i) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or a floor broker; (ii) acting as a director or officer of a bank, quasi-bank, trust corporation, investment house, investment corporation or an affiliated person of any of them; (iii) engaging in or continuing any conduct or practice in connection with any such activity or willfully violating laws governing securities, and banking activities. Such disqualification shall also apply when such person is currently subject to an effective order of the SEC BSP or any court or other administrative body refusing, revoking or suspending any registration, license or permit issued under the Corporation Code, Securities Regulation Code, or any other law administered by the, or under any rule or regulation promulgated by the SEC or BSP, or otherwise restrained to engage in any activity involving securities and banking. Such person is also disqualified when he is currently subject to an effective order of a self-regulatory organization suspending or expelling him from membership or participation or from association with a member or participant of the organization;
- c) Any person finally convicted judicially of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false oath, perjury or other fraudulent acts or transgressions;
- d) Any person finally found by the SEC, BSP or a court or other administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code of the Philippines, or any other law administered by the SEC, or any rule, regulation or order of the SEC or BSP or who has filed a materially false or misleading application, report or registration statement required by the SEC, or any rule, regulation or order of the SEC;
- e) Any person judicially declared to be insolvent;

- f) Any person finally found guilty by final judgment or order by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated previously;
- g) Any person convicted by final and executory judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment;
- h) Any person convicted by final and executory judgment by an appropriate court or body of a violation of the Public Service Act (CA 146) or under any law administered by the National Telecommunications Commission; and
- i) No person shall qualify or be eligible for nomination or election to the Board of Directors if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:
  - i. If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business in the Philippines which the Board, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation, or
  - ii. If he is an officer, manager or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity in the Philippines engaged in any line of business of the Corporation, when in the judgment of the Board, by at least three-fourths (3/4) vote, the laws against combinations in restraint of trade shall be violated by such persons membership in the Board of Directors; or
  - iii. In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board may take into account such factors as business and family relations.

**1.3.2** The following are grounds for temporary disqualification of incumbent directors:

- a) Refusal to fully disclose the extent of his business interest as required under the Securities Regulation Code and its Implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists.
- b) Absence or non-participation for whatever reason(s) for more than Fifty Percent (50%) of all meetings, both regular and special, of the Board of Directors during his incumbency, or any twelve (12) month period during the said incumbency. This disqualification applies for purposes of the succeeding election.
- c) Dismissal/termination for cause from directorship in another listed corporation, public company, registered issuer of securities and holder of a secondary license from the SEC. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity.
- d) Being under preventive suspension by the Corporation for any reason.
- e) If the beneficial equity ownership of an independent director in the corporation or its subsidiaries and affiliates exceeds two percent (2%) of its subscribed capital stock. The disqualification from being elected as an independent director is lifted if the limit is later complied with.
- f) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Temporary disqualification shall be at the discretion of the Board and shall require a resolution of a majority of the Board.

A temporarily disqualified director shall, within sixty (60) business days from such disqualification take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent. The Board shall consider a director's illness, death in the immediate family, or serious accident in determining whether absence from meetings shall or shall not be a ground for temporary disqualification under this Section.

#### **1.4 Qualifications of Independent Directors**

The Board shall ensure that its independent directors possess the necessary qualifications and none of the disqualifications for an independent director to hold the position and stature that would enable them to effectively and objectively participate in the deliberations of the Board. Independent directors need to possess a good general understanding of the industry they are in. As such, independence and competence should go hand-in-hand.

An independent director shall, within ten (10) days from the time of his election or appointment and/or re-election/re-appointment as a director, submit to the Corporate Secretary a letter of confirmation stating that he holds no interests affiliated with the Corporation, Management or controlling shareholder. Moreover, an independent director refers to a person who, ideally:

- a) Is not, or has not been a senior officer or employee of the covered Corporation unless there has been a change in the controlling ownership of the Corporation;
- b) Is not, and has not been in the three years immediately preceding the election, a director of the covered Corporation; a director, officer, employee of the covered Corporation's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the covered Corporation's substantial shareholders and its related companies;
- c) Has not been appointed in the covered Corporation, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus," "Ex-Officio" Directors/Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
- d) Is not an owner of more than two percent (2%) of the outstanding shares of the covered Corporation, its subsidiaries, associates, affiliates or related companies;
- e) Is not a relative of a director, officer, or substantial shareholder of the covered Corporation or any of its related companies or of any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister and the spouse of such child, brother or sister;
- f) Is not acting as a nominee or representative of any director of the covered Corporation or any of its related companies;
- g) Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal shareholder, nominee of the firm to the Exchange, an associated person or salesman, and an authorized clerk of the broker or dealer;
- h) Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the covered Corporation, any of its related companies or substantial shareholder, or is otherwise independent of Management and free from any business or other relationship within the three years immediately preceding the date of his election;

- i) Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the covered Corporation or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
- j) Is not affiliated with any non-profit organization that receives significant funding from the covered Corporation or any of its related companies or substantial shareholders; and
- k) Is not employed as an executive officer of another Corporation where any of the covered Corporation's executives serve as directors.
- l) Related companies, as used in this section, refer to (a) the covered entity's holding/parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/parent company.

To further promote full disclosure of the qualifications of independent directors, independent directors shall disclose through a Certification their affiliation in another company or organization, any pending criminal or administrative investigation or proceedings, positions held in government-owned and controlled corporations with the required written permission or consent from the head of the department or agency for those in government service, as applicable. The independent directors must certify their qualifications and commitment to function as such. The said Certification shall be submitted to the Office of the Chief Compliance Officer for disclosure to relevant regulatory bodies with the Corporation's Information Statement, before the election of the independent director(s) during the Globe ASM.

**1.5** In addition to the qualifications and disqualifications stated in this Charter, the Corporation's Manual of Corporate Governance and in the Corporation's By-Laws, the Board shall also consider such other factors in the review and evaluation of nominees to the Board for election at the ASM in accordance with the good CG principles and standards identified in Section 6.3 of the Nomination and Governance Committee Charter.

### **1.6 Nomination and Election<sup>1</sup>**

In accordance with the By-Laws of the Corporation, any shareholder, including minority shareholders, may submit to the Nomination and Governance Committee the names of the nominees to the Board of Directors including the independent directors. The Corporate Secretary presents all nominations to the Nomination and Governance Committee. Copies of the profiles of the nominees to the Board of Directors will be provided in the Corporation's Information Statement and in the Globe website for examination by the shareholders as well as other reports required to be submitted to the Commission.

#### **1.6.1** The Nominations shall be conducted as follows:

- i) Nomination of director/s, including independent directors, shall be conducted by the Nomination and Committee prior to a shareholders meeting. All recommendations shall be signed by the nominating shareholders together with the acceptance and conformity by the would-be nominees.
- ii) The Committee shall pre-screen the qualification and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees including independent director/s.
- iii) After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for directors including independent

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<sup>1</sup> Details and more information on the Corporation's Board Nomination and Election Policy is posted on the Globe website under 'Company Policies' (<http://corporate-governance.globe.com.ph/company-policies.html>). The same shall be reflected in relevant reports.

directors, as required under Part IV (A) of Annex “C” of SRC Rule 12, which list, shall be made available to the Commission and to all shareholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Corporation is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the directors, including independent directors, shall be identified in such report including any relationship with the nominee.

- iv) Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders'/memberships' meeting.
- v) The election of independent director/s shall be as follows:
  - a. The conduct of the election of independent director/s shall be made in accordance with the standard election procedures of the Corporation or its By-Laws.
  - b. It shall be the responsibility of the Chairman of the Meeting to inform all shareholders in attendance of the mandatory requirement of electing independent director/s. He shall ensure that independent director/s are elected during the stockholders' meeting.
  - c. Specific slot/s for independent directors shall not be filled-up by unqualified nominees.

**1.6.2** The Election and Voting Procedures shall be conducted as follows at the stockholders' meeting where a shareholder may opt for manual voting or electronic voting:

- i) For manual voting, each shareholder will be given a ballot upon registration to enable the shareholder to vote in writing per item in the agenda, which includes, among others, the election of directors including independent directors. The shareholder may drop his ballot in ballot boxes placed at the registration area and inside the Ballroom;
- ii) For electronic voting, there will be computer stations placed outside the Ballroom where shareholders may cast their votes;
- iii) Both ballot and website platform will state the proposed resolutions for consideration by the shareholders and each proposed resolution will be shown on the screen as the same will be taken up at the meeting;
- iv) Election of directors will be by plurality of votes, and every shareholder will be entitled to cumulate his votes. Each outstanding share of stock entitles the registered shareholder to one vote;
- v) As the shareholders take up an item in the agenda, including the election of all directors, the Corporate Secretary will report on the votes received and tabulated by his office at that point in time; and

An independent external auditor will validate the voting results and the final tally of the votes will be reflected in the minutes of the meeting. The minutes of the meeting will be made publicly available within five (5) business days from the date of the meeting through the Globe website.

**1.6.3** All directors are subject to re-election annually, except where the term limit of independent directors applies as stated in the Corporation's Manual of Corporate Governance and Article II, Section 1.3 of this Charter.

The Corporation may use professional search firms or external sources (such as director databases set-up by director or shareholder bodies) when searching for candidates to the Board, as necessary.

## **1.7 Vacancy**

In case of resignation, disqualification or cessation of directorship and only after notice has been made with the SEC within five (5) days from such resignation, disqualification or cessation, the vacancy shall be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum, upon the nomination and endorsement of the Nomination and Governance Committee. Otherwise, said vacancy shall be filled by the shareholders in a regular or special meeting called for that purpose. A director so elected to fill a vacancy shall serve only for the unexpired term of his predecessor in office.

## **1.8 Roles and Responsibilities of the Board**

### **1.8.1 General Responsibilities**

The Board shall:

- i) Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Corporation and all shareholders in a manner characterized by transparency, accountability and fairness. The Board shall exercise leadership, prudence and integrity in directing the Corporation towards sustained progress over the long term.
- ii) Oversee the development of, and approve, the Corporation's vision, mission, values, corporate strategies and objectives and monitor implementation in order to sustain the Corporation's long-term viability and strength. It is the Board's responsibility to foster the long-term success of the Corporation and the corporate objectives and to sustain its competitiveness and profitability in a manner consistent with the corporate objectives and the best interest of its shareholders and other stakeholders. It shall set forth policies that shall guide its activities, including the means to effectively monitor Management's performance. The vision, mission, values and strategic objectives, are subject to review by the Board, at least once every five (5) years, if not sooner as deemed necessary.
- iii) Create and sustain a corporate culture where employees are actively involved in the realization of the Corporation's vision, mission, goals and corporate governance such that employees experience a sense of accountability and inspiration in the workplace. This may translate to programs for employees' training and development and health, safety and welfare.
- iv) Ensure that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy shall include, among others, the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions and encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.
- v) Approve the selection of and assess the performance of the Management led by the President and Chief Executive Officer (CEO), and control functions led by their respective heads including the Chief Risk Officer (CRO), Chief Compliance Officer, and Chief Audit Executive (CAE).
- vi) Establish an effective performance management framework that will ensure that the Management, including the CEO, and personnel's performance are at par with the standards set by the Board where due consideration on competency, integrity, technical expertise and experience in the Corporation's business, either current or planned, is applied, among other considerations.
- vii) Ensure the presence and adequacy of internal control mechanisms and systems for good governance. The minimum internal control mechanisms for the Board's oversight responsibility include, but shall not be limited to:

- i. Ensuring the presence of organizational and procedural controls supported by an effective management information system and risk management reporting system;
  - ii. Reviewing conflict-of-interest situations and providing appropriate remedial measures for the same as applicable to Management, Board members, and shareholders;
  - iii. Appointing a CEO with the appropriate ability, integrity, and experience to fill the role; and defining the duties and responsibilities of the CEO;
  - iv. Ensuring the review of the Corporation's personnel and human resources policies, compensation plan and the management succession;
  - v. Institutionalizing the internal audit function as well as overseeing key control functions such as, but not limited to, risk management, compliance and audit, human resource policies, conflict of interest situations, compensation program for employees and management's succession plan; and
  - vi. Ensuring the presence of, and regularly reviewing, the performance and quality of independent audit.
- viii) Encourage environmental concern, sustainability and social responsibility among shareholders, stakeholders and employees. The CG proactive culture begins at the Board level.
- ix) Motivate the Corporation to participate in domestic or regional corporate governance forums, conferences, fellowships, initiatives, such as, CG Scorecards, as an instrument to raise CG policies and practices and ensure that these remain relevant and updated;
- x) To the extent set forth above, orient all its activities towards three general guidelines:
- i. All actions taken by the Board are subject to the principle of legal permissibility. They must therefore not infringe on the appropriate provisions of Philippine law and the Corporation's constitutive documents, including this Charter.
  - ii. All actions taken by the Board are subject to the principle of economic usefulness. They should accordingly contribute to increasing the value of the Corporation in a sustainably progressive manner that benefits the Corporation, its stakeholders and the communities it operates in.
  - iii. The Board should, when carrying out its duties, be aware of its duty as the governing body of a public utility rendering public service.

### **1.8.2 Specific Responsibilities**

The Board shall exert its best effort to ensure a high standard of best practice for the Corporation, its shareholders and other stakeholders. The Board shall conduct itself with honesty and integrity in the performance of its duties in accordance with the Corporation's By-Laws and the following duties and functions:

- a) Implement a process for the selection of directors who can add value and contribute independent judgment to the formulation of sound corporate strategies and policies;
- b) Adopt an effective succession planning program for directors, which includes a policy on the retirement age, to ensure growth and a continued increase in the shareholders' value;
- c) Align the remuneration of Board members with the long-term interests of the Corporation. As such, it shall formulate and adopt a policy specifying the relationship between remuneration

and performance of directors. No director shall participate in discussions or deliberations involving his own remuneration;

- d) Properly discharge Board functions by meeting at such times or frequency as may be needed. Independent views during Board meetings should be given due consideration and all such meetings should be minuted;
- e) Oversee that an appropriate internal control system is in place, including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, board members and shareholders. It shall approve the Internal Audit charter in concurrence with the Audit and RPT Committee;
- f) Oversee that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess and manage key business risks. The risk management framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies;
- g) Adopt a succession planning and professional development program for employees and Management; and formulate and adopt a remuneration policy specifying the relationship between remuneration and performance of employees and Management that consider, among others, the level of remuneration as commensurate to the responsibilities of the role;
- h) Adopt a transparent framework and process that allow stakeholder engagement such that all stakeholders are able to communicate with the Corporation and obtain redress for violation of stakeholder/shareholder rights, which may include, among others, social media channels, the Investor Relations Office and Corporate Communications group;
- i) Review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans, set performance objectives, monitor implementation and corporate performance, and oversee major capital expenditures, acquisitions and divestitures;
- j) Provide sound written policies and strategic guidelines on key capital expenditures, and periodically evaluate and monitor implementation of such strategies;
- k) Ensure that the Corporation complies with all relevant laws, regulations and as far as possible best business and CG practices;
- l) Identify the Corporation's stakeholders in the community in which it operates or are directly affected by its operations, and formulate a clear policy of accurate, timely and effective communication with them;
- m) Adopt a system of checks and balances, which may be applied in the first instance to the Board. Such systems shall be regularly reviewed and updated to ensure effectiveness and the integrity of the decision-making and reporting process at all times. There should be a continuing review of the Corporation's internal control system in order to maintain its adequacy and effectiveness;
- n) Identify and monitor, and endeavor to provide appropriate technology and systems for the identification and monitoring of key risks and key performance areas with due diligence to enable the Corporation to anticipate and prepare for possible threats to its operational and financial viability;
- o) Formulate and implement policies and procedures, including appropriate review and approval, that would ensure the fairness, integrity and transparency of material or significant related party transactions (RPTs) between and among the Corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major shareholders, officers and directors, including their spouses, children and dependent siblings and parents, and that of interlocking

director relationships by members of the Board. The policy may include, among others, materiality thresholds, whistle-blowing mechanism, remedies for abuse of such transactions and the creation of a committee dedicated to the review of all RPTs. Such policy shall also ensure that RPTs are at arm's length, the terms are fair, and they will inure to the best interest of the Corporation and its subsidiaries or affiliates and all shareholders;

- p) Establish and maintain an alternative dispute resolution system in the Corporation that can amicably settle conflicts or differences between the Corporation and its shareholders, and the Corporation and third parties, which may involve the submission of such conflict to mediation pursuant to the Alternative Dispute Resolution Act of the Philippines and to arbitration in accordance with the Philippine Arbitration Law (Article VI, Section 13.3 of the Manual of Corporate Governance);
- q) Be primarily responsible to the shareholders for financial reporting and control, and should:
- i. Provide to all shareholders relevant and timely information about the Corporation, including but not limited to a semestral report and an annual report of the Corporation's performance position and prospects through publicly available reports submitted to the Securities and Exchange Commission;
  - ii. Present a balance and understandable assessment of the Corporation's position and prospects. This extends to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by statutory requirements;
  - iii. Explain their responsibility for preparing the accounts, for which there should be a statement by the auditors about their reporting responsibilities;
  - iv. Report that the business is going concern, with supporting assumptions or qualifications, if necessary;
  - v. Maintain a sound system of internal control to safeguard stakeholders' investment and the Corporation's assets;
  - vi. Based on the approved audit plans, scope and frequency of audits, ensure that internal audit examinations cover, at least the evaluation of adequacy and effectiveness of controls encompassing the Corporation's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts; and
  - vii. Require the CAE to render to the Audit Committee an annual report on the internal audit department's activity, purpose, authority, responsibility and performance relative to the audit plans and strategies approved by the Audit and RPT Committee. Such annual report should include significant risk exposures and control issues, CG issues, and other matters needed or requested by the Board;
- r) Recommend to the shareholders the appointment of Independent Auditors, in accordance with the recommendation of the Audit and RPT Committee; and
- s) Create a procedure for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Corporation's expense, which expense shall be reasonable;
- t) Establish Board committees that focus on specific Board functions to aid in the optimal performance of its roles and responsibilities, in accordance with the By-Laws of the Corporation and to aid in good governance;

- u) Appoint a lead independent director among the independent directors who shall, among others:
  - i. Serve as intermediary between the Chairman of the Board and the other directors, as necessary;
  - ii. Convene and chair periodic meetings held separately by the non-executive directors; and,
  - iii. Contribute to the performance evaluation of the Chairman of the Board, as required; and,
- v) Create a Board charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties as well as maintain the relevance of the same.

### **1.9 Roles and Responsibilities of each Director**

In addition to the duties and responsibilities of a Director set forth in the Corporation's By-Laws and existing relevant statutes, a Director shall:

- a) Conduct fair business transactions with the Corporation and ensure that personal interest does not bias Board decisions. A director shall not use his position to make profit or to acquire benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. He should observe the conflict of interest policy stated in this Charter, the Corporation's Manual of Corporate Governance and Code of Conduct. He shall accomplish an annual conflict of interest disclosure and voluntarily disclose any conflict of interest that may arise within the year after the submission of the disclosure. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or he stands to acquire or gain financial advantage at the expense of the Corporation.
- b) Devote time and attention necessary to properly discharge his duties and responsibilities. A director should attend and actively participate in Board meetings.
- c) Act judiciously. Before deciding on any matter brought before the Board of Directors, every director should evaluate the issues, risks, ask questions and seek clarification as appropriate.
- d) Exercise independent judgment. A director should view each problem/situation objectively and support plans and ideas which he believes are beneficial to the Corporation.
- e) Have a working knowledge of the statutory and regulatory requirements affecting the Corporation. This would include a firm knowledge of the contents of the Articles of Incorporation and By-Laws of the Corporation and the amendments thereof, the requirements of the PSE and SEC for the conduct of the Corporation's business, and where applicable, the requirements of other regulatory agencies.
- f) Observe confidentiality. A director shall observe the confidentiality of nonpublic information acquired by reason of his position as a director. He should not disclose any information to any other person without the authority of the Board.
- g) Ensure the continuing soundness, effectiveness and adequacy of the Corporation's control environment. Each director is responsible for assuring that actions taken by the Board maintain the adequacy of the control environment within the Corporation.
- h) Prior to assuming office, attend an orientation seminar or training program on corporate governance. Existing directors shall attend corporate governance training programs, seminars or sessions for continuing professional development. These seminars, sessions and/or training

programs shall be conducted by a training provider accredited by the SEC.<sup>2</sup> If necessary, funds shall be allocated by the Corporation for this purpose.

### **1.10 Chairman of the Board**

The Board shall be headed by a competent and qualified Chairman. The Chairman of the Board shall, when present, preside at all meetings of the Board and shall render advice and counsel to the President and CEO. The Chairman of the Board and President and CEO positions shall be, as much as practicable, held by separate individuals who are not related to each other.

The Chairman shall have duties and responsibilities as stated in the Corporation's By-Laws. In the implementation of his duties and responsibilities, the Chairman of the Board shall, among others:

- a) Make certain that the meeting agenda focuses on strategic matters, including the overall risk appetite of the Corporation, considering the developments in the business and regulatory environments, key governance concerns, and contentious issues that will significantly affect operations;
- b) Guarantee that the Board receives accurate, timely, relevant, insightful, concise, and clear information to enable it to make sound decisions;
- c) Facilitate discussions on key issues by fostering an environment conducive for constructive debate and leveraging on the skills and expertise of individual directors;
- d) Ensure that the Board sufficiently challenges and inquires on reports submitted and representations made by Management;
- e) Assure the availability of proper orientation for first-time directors and continuing training opportunities for all directors; and
- f) Make sure that performance of the Board is evaluated at least once a year and discussed and/or followed up on.

The Chairman shall have such other responsibilities as the Board of Directors may impose upon him.

### **1.11 Co Vice-Chairmen of the Board**

In the absence of the Chairman of the Board, one of the Co-Vice-Chairmen shall preside at meetings of the Board.

### **1.12 Board Committees**

The Board shall establish board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities, in accordance with the By-Laws of the Corporation and to aid in good governance. The Board, through its various committees, shall also:

- a) oversee and conduct a review of the Corporation's overall risk management systems, and material controls, covering operational, financial, and compliance areas; and,
- b) approve operating expenses and capital budgets, major acquisitions and disposal of assets, major investments, and changes in authority and approval limits.

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<sup>2</sup> In accordance with SEC Memorandum Circular No. 19, Series of 2016 or the 2016 Code of Corporate Governance, orientation programs and trainings for first-time directors shall be for at least eight (8) hours, while the annual corporate governance continuing training program/s shall be for at least four (4) hours.

The Committees created by the Board shall support Board functions and serve as venues to discuss business strategies and Globe strategic direction, among other business matters, in relation to the specific responsibilities of each Committee. Management shall be entrusted with implementation and close monitoring of Board-approved business strategies, and shall likewise be tasked to conduct Globe business with the highest CG standards and conduct.

### **1.13 Meetings and Quorum**

**1.13.1** In accordance with the Corporation's By-Laws, the Board of Directors shall have the power to hold its meetings, and to have on or more offices, within or outside of the Philippine Islands, at such place or places as may be from time to time designated by it.

The Board of Directors shall meet as soon as may be practicable after the annual meeting of the stockholders and elect officers for the coming year in its organizational meeting.

Members of the Board should attend and actively participate in all regular and special meetings of the Board, Committees, and Shareholders in person or via teleconference or videoconference or by any other technological means allowed by the SEC. Board meetings shall at least be once every quarter, at such time and place as the Board of Directors may prescribe. Such meetings shall be scheduled before the start of the financial year and the schedule shall be made available through the Globe website. Board materials/papers shall be provided to each director at least seven (7) days prior to the meetings set.

In Board and Committee meetings, the director shall review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations. A director's presence in meetings is still prioritized. The absence of a director in more than fifty percent (50%) of all regular and special meetings of the Board during his/her incumbency is a ground for disqualification in the succeeding election, unless the absence is due to illness, death in the immediate family, serious accident or other unforeseen or fortuitous events

The Board may, to promote transparency, require the presence of at least one (1) independent director in all of its meetings. However, the absence of an independent director shall not affect the quorum requirements if he is duly notified of the meeting but notwithstanding such notice fails to attend.

Special meetings of the Board of Directors may be called by the President or by written request of any of two directors. Notices of all special meetings of the Board of Directors shall be mailed to each director at his last known post-office address, or delivered to him personally, or left at his office or transmitted by telegraph or telephone at least two days previous to the date fixed for meeting. No notice need be given at regular meetings of the Board of Directors held at a time and place previously fixed by the Board of Directors.

Discussions with independent views during meetings are encouraged, given due consideration and properly documented through the minutes of meetings.

**1.13.2** In accordance with the Corporation's By-Laws, the directors shall act only as a Board, and the individual directors have no power as such. A majority of the directors shall constitute a quorum for the transaction of corporate business, and every decision of a majority of the quorum duly assembled as a Board shall be valid as a corporate act. In the absence of a quorum, a majority of the directors present may adjourn the meeting from time to time until a quorum is met. Notice of any adjourned meeting need not be given.

**1.13.3** In accordance with the Corporation's By-Laws, the non-executive directors shall have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive directors present to ensure that proper checks and balances are in place within the corporation. The meetings should be chaired by the lead independent director.

### **1.14 Performance and Assessment**

Apart from compliance with internal policies and procedures, the Board of Directors shall conduct an annual self-assessment exercise of its performance as well as the Management that includes the President and CEO. The self-assessment exercise shall be done through a self-assessment questionnaire (Annex "A") given to each director to ensure the effectiveness of their governance, to reflect on the performance of Management including the President and CEO, to highlight specific strengths, and to identify areas of improvement. It shall also provide a venue for the board members to identify priorities for the Board and the Corporation for the succeeding year.

The assessment shall be comprised of appraisal of the Board, of individual directors, of the different Board Committees, as well as of the Management. The questionnaire shall cover a thorough evaluation criteria focusing on structure, efficiency, and effectiveness of the Board, participation and engagement of each Board member, contribution of each Board member to their respective Committees as well as the performance of management. The criteria shall also reflect the specific duties, responsibilities, and accountabilities of each Board member assessed according to Globe's strategic direction and business strategies as provided in the company By-Laws, Manual of Corporate Governance, this Charter and other governing policies. The self-assessment exercise shall be supported by an external facilitator every three (3) years.

This exercise shall also provide a means to assess a director's attendance at board and committee meetings, participation in boardroom discussions and manner of voting on material issues. The external facilitator can be any independent third party such as, but not limited to, a consulting firm, academic institution or professional organization.

Results of performance evaluation shall be linked to other human resource activities such as training and development, remuneration, and succession planning. These may likewise form part of the assessment of the continuing fitness and propriety of management, including the CEO, and personnel in carrying out their respective duties and responsibilities.

An annual executive session shall also take place dedicated to evaluating and discussing matters concerning the Board, including evaluating the company's performance and an independent review of its management team.

## **ARTICLE II – Governance Policies and Principles**

### **1.1 Board-level Compliance**

The Board shall ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics ("Code of Conduct") and internal policies. The Chief Compliance Officer shall also support in ensuring the awareness and observance of all provisions in the Code among Board members.

The Board has the primary duty to make sure that the internal controls are in place to ensure the Corporation's compliance with the Code of Conduct and its internal policies and procedures. Hence, it needs to ensure the implementation of said internal controls to support, promote and guarantee compliance. This includes efficient communication channels, which aid and encourage employees, customers, suppliers and creditors to raise concerns on potential unethical/unlawful behavior without fear of retribution. A Corporation's ethics policy can be made effective and inculcated in the corporate culture through a communication and awareness campaign, continuous training to reinforce the code, strict monitoring and implementation and setting in place proper avenues where issues may be raised and addressed without fear of retribution.

### 1.2 Board Diversity Policy<sup>3</sup>

As a board diversity policy, no director or candidate for directorship shall be discriminated upon by reason of gender, age, disability, ethnicity, nationality, or political, religious or cultural backgrounds, skills, competence or knowledge. The Board, as much as practicable, shall also disclose measurable objectives for implementing its board diversity policy and report on progress in achieving these through the Corporation's relevant annual reports.

### 1.3 Tenure of Independent Directors

The Board's independent directors should serve for a maximum cumulative term of nine (9) years<sup>4</sup> to avoid impairment of their ability to act and think independently and objectively. After which, the independent director should be perpetually barred from re-election as such in the same Corporation, but may continue to qualify for nomination and election as a non-independent director or regular director.

In accordance with the Manual of Corporate Governance, in the instance that Globe wants to retain an independent director who has served for nine years, the Board should:

- a) provide meritorious justification/s; and,
- b) seek shareholders' approval during the Annual Stockholders' Meeting (ASM).

Only in such instance where the Board is able to obtain the requisites identified above can an independent director continue serving the Corporation as such beyond the supposed nine-year limit.

### 1.4 Board Succession Plan Policy<sup>5</sup>

The Board shall ensure an effective succession planning for its directors and Management to safeguard the transfer of Corporation leadership. Retirement age for directors shall be eighty (80) years old. The Board may, however, amend this policy, as it may deem appropriate, taking into consideration local and global trends and practices, stature and strong qualifications of a director.

The retirement age for Management shall follow the compulsory retirement age prescribed under the Labor Code of the Philippines.

### 1.5 Policy on Training of Directors<sup>6</sup>

The Corporation shall have trainings for directors, including an orientation program for first-time directors and relevant annual continuing training for all directors.

All directors, including key officers, shall continuously be informed of the developments in the business and regulatory environments, including emerging risks relevant to the Corporation. Training and/or seminar program shall involve courses on corporate governance matters relevant to the Corporation, including audit, internal controls, risk management, sustainability and strategy. Directors, with assistance from the Corporate Secretary and Chief Compliance Officer, shall assess their own training and development needs in determining the coverage of their continuing training and/or seminar program.

The orientation program for first-time directors and relevant annual continuing training for all directors aim to promote effective board performance and continuing qualification of the directors in carrying-out

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<sup>3</sup> Details and more information on the Corporation's Board Diversity Policy is posted on the Globe website under 'Company Policies' (<http://corporate-governance.globe.com.ph/company-policies.html>). The same shall be reflected in relevant reports.

<sup>4</sup> In accordance with the PLC Code of CG, the reckoning of the cumulative nine-year term is from 2012, in connection with SEC Memorandum Circular No. 9, Series of 2011.

<sup>5</sup> Details and more information on the Corporation's Board Succession Plan Policy is posted on the Globe website under 'Company Policies' (<http://corporate-governance.globe.com.ph/company-policies.html>). The same shall be reflected in relevant reports.

<sup>6</sup> Details and more information on the Corporation's Policy on Training of Directors is posted on the Globe website under 'Company Policies' (<http://corporate-governance.globe.com.ph/company-policies.html>). The same shall be reflected in relevant reports.

their duties and responsibilities. It is suggested that the orientation program for first-time directors, in any company, be for at least eight hours, while the annual continuing training be for at least four hours.

All directors should be properly oriented upon joining the board. This ensures that new members are appropriately apprised of their duties and responsibilities, before beginning their directorships. The orientation program covers SEC-mandated topics on corporate governance and an introduction to the company's business, Articles of Incorporation, and Code of Conduct. It should be able to meet the specific needs of the company and the individual directors and aid any new director in effectively performing his or her functions.

The annual continuing training program, on the other hand, makes certain that the directors are continuously informed of the developments in the business and regulatory environments, including emerging risks relevant to the company. It involves courses on corporate governance matters relevant to the company, including audit, internal controls, risk management, sustainability and strategy. It is encouraged that companies assess their own training and development needs in determining the coverage of their continuing training program.

### **1.6 Conflict of Interest<sup>7</sup>**

The Board or any director shall not use its/his position to make profit or to acquire benefit or advantage for itself/himself and/or its/his related interests. A director should avoid situations that may compromise his impartiality. He should observe the conflict of interest policy stated in the Manual of Corporate Governance and in this Board Charter.

The personal interest of a director should never prevail over the interest of the Corporation. Each director is required to be loyal to the Corporation so much so that no director may not directly or indirectly derive any personal profit or advantage by reason of his position in the Corporation. Each director must promote the common interest of all shareholders, including minority shareholders and other stakeholders, and the Corporation without regard to his own personal and selfish interests.

- a) A conflict of interest exists when a director of the Corporation –
  - i. supplies or is attempting or applying to supply goods or services to the Corporation;
  - ii. supplies or is attempting to supply goods, services or information to an entity in competition with the Corporation;
  - iii. by virtue of his office, acquires or is attempting to acquire for himself a business opportunity which should belong to the Corporation;
  - iv. if offered or receives consideration for delivering the Corporation's business to a third party;
  - v. is engaged or is attempting to engage in a business or activity which competes with or works contrary to the best interests of the Corporation; and
  - vi. is disqualified by virtue of Article I, Section 1.3 of this Charter.
- b) If an actual or potential conflict of interest should arise on the part of directors, it should be fully disclosed and the concerned director should not participate in the decision-making. A director who has a continuing conflict of interest of a material nature should either resign or, if the Board deems appropriate, be removed from the Board.

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<sup>7</sup> Details and more information on the Corporation's Conflict of Interest Policy is posted on the Globe website under 'Company Policies' (<http://corporate-governance.globe.com.ph/company-policies.html>). The same shall be reflected in relevant reports.

- c) A contract of the Corporation with one or more of its directors is voidable, at the option of the Corporation, unless all the following conditions are present:
- i. The presence of such director in the Board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting;
  - ii. The vote of such director was not necessary for the approval of the contract;
  - iii. The contract is fair and reasonable under the circumstances; and
  - iv. In case of an officer, the contract has been previously approved by the Board of Directors.

In the case of a contract with a director, such contract may be ratified by the vote of shareholders representing two-thirds (2/3) of the outstanding capital stock in a meeting called for that purpose; provided that full disclosure of the adverse interest of the director involved is made at such meeting; and provided further that the contract is fair and reasonable under the circumstances.

- d) Where a director, by virtue of his office, acquires for himself a business opportunity which should belong to the Corporation, thereby obtaining profits to the prejudice of the Corporation, the director must account to the latter for all such profits by refunding the same, unless his act has been ratified by a vote of the shareholders owning or representing at least two-thirds (2/3) of the outstanding capital stock. This provision shall be applicable notwithstanding the fact that the director risked his own funds in the venture.

The foregoing is without prejudice to the Corporation's existing Rules on Conflict of Interest for its directors, officers and employees.

Each director shall accomplish an annual conflict of interest disclosure and voluntarily disclose any conflict of interest that may arise within the year after the submission of the disclosure. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or he stands to acquire or gain financial advantage at the expense of the Corporation.

### **1.7 Dealings in Securities<sup>8</sup>**

In line with the Corporation's Manual of Corporate Governance, all directors are required, within three (3) trading days upon change in their ownership of securities, to submit the statement of changes of ownership in securities (SEC Form 23-B) in relation to their trades to the Compliance Officer for immediate submission and disclosure to the SEC and the PSE, among other regulatory bodies.

Once submission and disclosure to pertinent regulatory agencies are completed, the information shall be reflected in the Corporation's relevant reports and the Globe website.

### **1.8 Board-level Transparency**

In line with the Corporation's Manual of Corporate Governance, the Board of Directors shall fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.

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<sup>8</sup> Details and more information on the Corporation's Policy on Dealings in Securities by Directors is posted on the Globe website under 'Company Policies' (<http://corporate-governance.globe.com.ph/company-policies.html>). The same shall be reflected in relevant reports.

The Corporation's annual reports including, but not limited to, the Annual and Sustainability Report and the Annual Corporate Governance Report, shall contain directors' and key officers' qualifications, share ownership in the Corporation, membership in other boards, other executive positions, continuous trainings attended and identification of independent directors.

### **1.9 Multiple Board Seats<sup>9</sup>**

In line with the Corporation's Manual of Corporate Governance, directors must remain committed to their powers, duties and responsibilities as such. The Board shall ensure that its members are able to effectively commit themselves to perform their roles and responsibilities, regularly update their knowledge and enhance their skills.

As such, the Board shall consider the adoption of guidelines on the number of directorships that its members can hold in publicly-listed companies. The optimum number should take into consideration the capacity of a director to diligently and efficiently perform his duties and responsibilities.

- a) The non-executive directors of the Board may concurrently serve as directors to a maximum of five (5) publicly-listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management's proposals or views, and oversee the long-term strategy of the Corporation.
- b) The President and CEO and other executive directors may be covered by a lower indicative limit for membership in other boards, but in no case shall any executive director serve as such on more than two (2) boards of publicly-listed companies outside the group. A similar limit may apply to independent or non-executive directors who, at the same time serve as full-time executives in other corporations. In any case the capacity of directors to diligently and efficiently perform their duties and responsibilities to the boards they serve should not be compromised.
- c) Any limitation in the number of directorships outside of Globe shall not include directorships in the Corporation's subsidiaries, affiliates, parent corporation, and affiliates and subsidiaries of the parent corporation.

A director shall notify the Board where he/she is an incumbent director before accepting a directorship in another corporation. This is for the Corporation to be able to assess if his/her present responsibilities and commitment to the Corporation will be affected and if the director can still adequately provide what is expected of him/her in his/her function as director.

### **1.10 Promoting Equitable Treatment of Shareholders**

The Board of Directors shall ensure to make all shareholders informed of all their rights. In addition to the notices and communication sent to shareholders for the conduct of their regular annual meetings, the Board will, at all times, encourage its management to utilize efficient and effective communication channels, including social media, such that shareholders remain well-informed and advised of any material and relevant announcement and/or disclosure of the Corporation.

The Board, in its function as the highest governing body of the Corporation, shall ensure that each member decides and acts in the interest of the Corporation, its shareholders including minority shareholders and all stakeholders.

The Board shall strictly adopt the rights of the shareholders as stated in this Charter, the Corporation's Articles of Incorporation, By-Laws, Manual of Corporate Governance and applicable rules and regulations.

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<sup>9</sup> Details and more information on the Corporation's Policy on Multiple Board Seats is posted on the Globe website under 'Company Policies' (<http://corporate-governance.globe.com.ph/company-policies.html>). The same shall be reflected in relevant reports.

### **1.11 Stakeholder Engagement**

The Board shall identify the Corporation's various stakeholders and promote cooperation between them and the Corporation in creating wealth, growth and sustainability.

In line with the Corporation's Manual of Corporate Governance, it is the duty of the Board to promote shareholders rights, remove impediments to the exercise of shareholders rights and allow possibilities to seek redress for violation of their rights. The Board shall encourage the exercise of shareholders' rights and the solution of collective action problems through appropriate mechanisms as well as awareness of the same to all shareholders and stakeholders as espoused in the whistleblowing policy in the Corporation's Code of Conduct.

The Board of Directors shall be instrumental in removing excessive costs and other administrative or practical impediments to shareholders participating in meetings and/or voting in person. The directors shall pave the way for the electronic filing and distribution of shareholder information necessary to make informed decisions subject to legal constraints.

The Corporation shall provide an open line of communication with its stakeholders to communicate with the Corporation and obtain redress for the violation of their rights, as applicable. Whistle-blowing channels and other convenient social channels shall be provided to stakeholders.

The Board shall encourage the Corporation's employees to actively participate in the realization of the Corporation's goals and in its governance. At the minimum, the Board shall provide opportunities for training and development for employees and policies and activities relating to health, safety and welfare of all employees. Employees must also have access to a feedback mechanism in case of violation of their rights or such other unethical concerns they may want to report such as the whistleblowing policy in the Corporation's Code of Conduct.

The Board shall set the tone and make a stand against corrupt practices reflected through the anti-corruption policy and program in the Corporation's Code of Conduct. The Board shall also enforce the dissemination of the policy and program to employees across the Corporation through trainings to embed them in the Corporation's culture.

The Board shall be instrumental in encouraging sustainable development and empower the Corporation's President and CEO and Chief Sustainability Officer in observance of responsible business operations and working alongside local government and other institutional partners to contribute to solving complex global challenges that may directly or indirectly affect the Corporation. The Corporation shall not only comply with existing regulations, but also voluntarily employ value chain processes that take into consideration economic, environmental, social and governance issues and concerns in accordance with its own sustainability framework and its adopted global reporting standard.

### **1.12 Alternative Dispute Resolution**

To resolve intra-corporate disputes, a shareholder, at his option, may file for mediation under the Alternative Dispute Resolution Act of 2004. If the intra-corporate dispute is not resolved by mediation, the parties may bring the matter to arbitration in accordance with the Philippine Arbitration Law, then in force. The seat of arbitration shall be the Philippines. The language of arbitration shall be English.

## **ARTICLE III – Others**

### **1.1 Board Assistance**

The Board of Directors has access to the Corporate Secretary who acts as adviser to directors regarding their responsibilities and obligations, and oversees the flow of information prior to meetings. Meanwhile, the Compliance Officer shall assist the Board in upholding its compliance and governance responsibilities.

When necessary, the Corporation may seek external technical support from third party experts to aid the Board in the performance of their duties and responsibilities including risk management. The Board may also invite members of management and other resource persons to its meetings and may secure independent and/or professional consultation as appropriate. All resources necessary for the Board of Directors to perform its duties and functions shall be provided by the Corporation.

### **1.2 Remuneration of Directors<sup>10</sup>**

Globe directors, including the independent, non-executive directors, shall not receive options, performance shares or bonuses other than their per diem remuneration approved by the Corporation's shareholders. This is the primary policy and procedure for setting Board remuneration. In accordance with the Corporation's By-Laws, directors as such may receive, pursuant to a resolution of the stockholders, fees and other compensation for their services as directors, including, without limitation, their services as members of committees of the Board of Directors. The directors shall not receive options, performance shares or bonuses other than their per diem remuneration.

The executive director of the Corporation shall not receive per diem remuneration in addition to his remuneration as part of the Globe senior management in his role as the Corporation's President and CEO.

The per diem remuneration received by the non-executive directors shall be properly disclosed in pertinent annual reports and posted on the website of the Corporation.

### **ARTICLE IV – Adoption and Effectivity**

This Charter shall take effect immediately after Board approval. Amendments to comply with regulatory issuances of the SEC shall be deemed adopted and effective upon the effectivity of the regulatory issuance.

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<sup>10</sup> Details and more information on the Corporation's Policy on Remuneration of Board is posted on the Globe website under 'Company Policies' (<http://corporate-governance.globe.com.ph/company-policies.html>). The same shall be reflected in relevant reports.



## **BOARD PERFORMANCE ASSESSMENT Policy and Procedures**

The Company recognizes that in order to sustain good corporate governance within the organization, the same sound culture must be cultivated and sustained from the top. Monitoring of the governance structure and performance of the Board and top management according to their roles is crucial.<sup>1</sup>

As Company policy and practice, the Board of Directors (“Board”) conducts an annual self-assessment exercise through a self-assessment questionnaire given to each director to ensure the effectiveness of their governance, to reflect on the performance of top management including the President and CEO, to highlight specific strengths and to identify areas of improvement. The assessment covers appraisal of the Board as a governing unit, of individual directors, of the different Board Committees, as well as of the Management including the President and CEO.

### Criteria and Process

The assessment criteria include the structure, efficiency, and effectiveness of the Board, participation and engagement of each member of the Board, contribution of each member director to their respective Committees, and performance of management. The criteria also reflect the specific duties, responsibilities and accountabilities of each party assessed as provided in the Company By-Laws, Manuals, Charters and governing policies.

Each director shall follow the rating system used in the self-assessment forms:

- E – Excellent
- G – Good
- VS – Very Satisfactory
- S – Satisfactory
- NI – Needs Improvement

A portion of the form is also dedicated to the remarks, additional comments and suggestions that each director is encouraged to fill-up to further enrich the assessment process. For further clarification on this policy and the self-assessment exercise, the Board may address their queries to the Compliance Officer.

Facilitated by the Compliance Officer, the annual self-assessment form shall be accomplished and signed by each individual director. The Compliance Officer shall collate the accomplished forms thereafter.

The Compliance Officer may amend the self-assessment form as deemed necessary, provided that the same shall be compliant with sound corporate governance standards and practices and applicable law.

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<sup>1</sup> OECD Principle 1(D)(2). 2015 ASEAN Corporate Governance Scorecard.

**BOARD SELF-ASSESSMENT FORM  
Globe Telecom, Inc.**

Please accomplish this form by checking the item that corresponds to your answer. Each item represents the following:

- E – Excellent
- G – Good
- VS – Very Satisfactory
- S – Satisfactory
- NI – Needs Improvement

**Name** : \_\_\_\_\_

**Signature** : \_\_\_\_\_

**Date** : \_\_\_\_\_

**PART 1  
BOARD APPRAISAL**

1. The Board has the right size and composition to bring the requisite knowledge, abilities, diversity and skills to the table. Comments: \_\_\_\_\_

E     G     VS     S     NI

\_\_\_\_\_

\_\_\_\_\_

2. The Board, as a whole, possessed the right skills and background for the current issues facing the company. Comments: \_\_\_\_\_

E     G     VS     S     NI

\_\_\_\_\_

\_\_\_\_\_

3. The Board has sufficient diversity and independence among its directors, allowing it to constructively challenge one another and management in carrying out respective functions and duties aligned with the Company's strategic directions. Comments: \_\_\_\_\_

E     G     VS     S     NI

\_\_\_\_\_

\_\_\_\_\_

4. The Board receives ongoing education, allowing directors to stay up to date with developments and to understand their impact. Comments: \_\_\_\_\_

E     G     VS     S     NI

\_\_\_\_\_

\_\_\_\_\_

5. The frequency, duration and scheduling of Board meetings per year were adequate to ensure proper coverage of the Board's responsibilities. Comments: \_\_\_\_\_

E     G     VS     S     NI

\_\_\_\_\_

\_\_\_\_\_

## ANNEX A

6. Directors receive adequate materials before the Board meeting.

E  G  VS  S  NI

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. Meetings are effective with sufficient materials, limited presentation, and an atmosphere that encourages open dialogue.

E  G  VS  S  NI

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. The Board has regular executive or private sessions to allow directors to discuss sensitive topics.

E  G  VS  S  NI

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9. The Board receives appropriate information on industry trends and business environment to enable it to have sufficient insight when considering management's proposed plan/strategy.

E  G  VS  S  NI

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10. The Board evaluates the proposed plan/strategy including key assumptions, major risks, and required resources, and addresses critical issues.

E  G  VS  S  NI

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

11. The Board constructively debates proposed plan/strategy before granting approval.

E  G  VS  S  NI

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

12. The Board monitors the continued viability of the plan/strategy ensuring that it is adjusted as needed to respond to the evolving environment.

E  G  VS  S  NI

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

13. The Board thoroughly reviews major capital expenditures before approval and evaluates ultimate outcomes.

E  G  VS  S  NI

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

14. Directors strengthen the tone at the top by clearly demonstrating the required ethical values.

E  G  VS  S  NI

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

15. The Board regularly reviews the Company's By-laws and Manual of Corporate Governance.

E  G  VS  S  NI

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## ANNEX A

16. The Board regularly reviews and approves the Company's vision, mission and value statements to ensure continued relevance and applicability thereof.

E  G  VS  S  NI

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

17. The Board demonstrates commitment to good corporate governance practices and provides oversight to ensure that the Company is operated in a moral, legal, and ethical manner.

E  G  VS  S  NI

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

18. The Board regularly and consistently considers the interest of minority shareholders to ensure their equitable treatment in the decision making process.

E  G  VS  S  NI

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

19. The Board ensures that the Company has a sound and effective internal control system in place, and understands Management's role implementing such system.

E  G  VS  S  NI

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

20. There are sound policies, procedures and a system in place for related party transactions, which a dedicated Committee effectively implements.

E  G  VS  S  NI

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

21. There is a clear distinction in the roles and responsibilities between the Chairman and CEO.

E  G  VS  S  NI

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

### PART II

#### COMMITTEE APPRAISAL

1. The Board has an effective committee structure.

E  G  VS  S  NI

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

2. The delegation of power from the Board to its Committees is appropriate with their relevant corresponding Charters.

E  G  VS  S  NI

Comments: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

3. The Committees regularly provide a report to the full Board and sufficiently update the Board on recent developments or such other matters that may require the Board action.

( ) E ( ) G ( ) VS ( ) S ( ) NI

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4. The frequency of meetings for each Committee is sufficient, allowing its members to perform their responsibilities according to the functions of the Committee.

( ) E ( ) G ( ) VS ( ) S ( ) NI

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**PART III  
INDIVIDUAL DIRECTOR  
APPRAISAL**

1. I understand and faithfully uphold the vision, mission, values and strategies of the Company.

( ) E ( ) G ( ) VS ( ) S ( ) NI

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. I keep myself updated on the latest best practices in corporate governance and ensure I abide by them.

( ) E ( ) G ( ) VS ( ) S ( ) NI

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3. I avoid entering into situations where I may be placed in a conflict of interest with that of the Company and I promptly disclose any conflict, which may occur.

( ) E ( ) G ( ) VS ( ) S ( ) NI

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4. I have a good record of Board and Committee meeting attendance.

( ) E ( ) G ( ) VS ( ) S ( ) NI

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5. I come to Board/Committee meetings on time, prepared and knowledgeable about the topics to be discussed.

( ) E ( ) G ( ) VS ( ) S ( ) NI

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

6. I actively participate in Board/Committee discussions with a sense of independence and objectivity.

( ) E ( ) G ( ) VS ( ) S ( ) NI

Comments: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

7. I am aware of all policies and

( ) E ( ) G ( ) VS ( ) S ( ) NI

Comments: \_\_\_\_\_

procedures the Board is subjected to and actively adopt these in my function as a member of the Board.

\_\_\_\_\_  
\_\_\_\_\_

8. I am committed to accomplish all duties and responsibilities of a director and member of my Committee/s, and will perform in the best interest of the Company.

E     G     VS     S     NI

Comments: \_\_\_\_\_

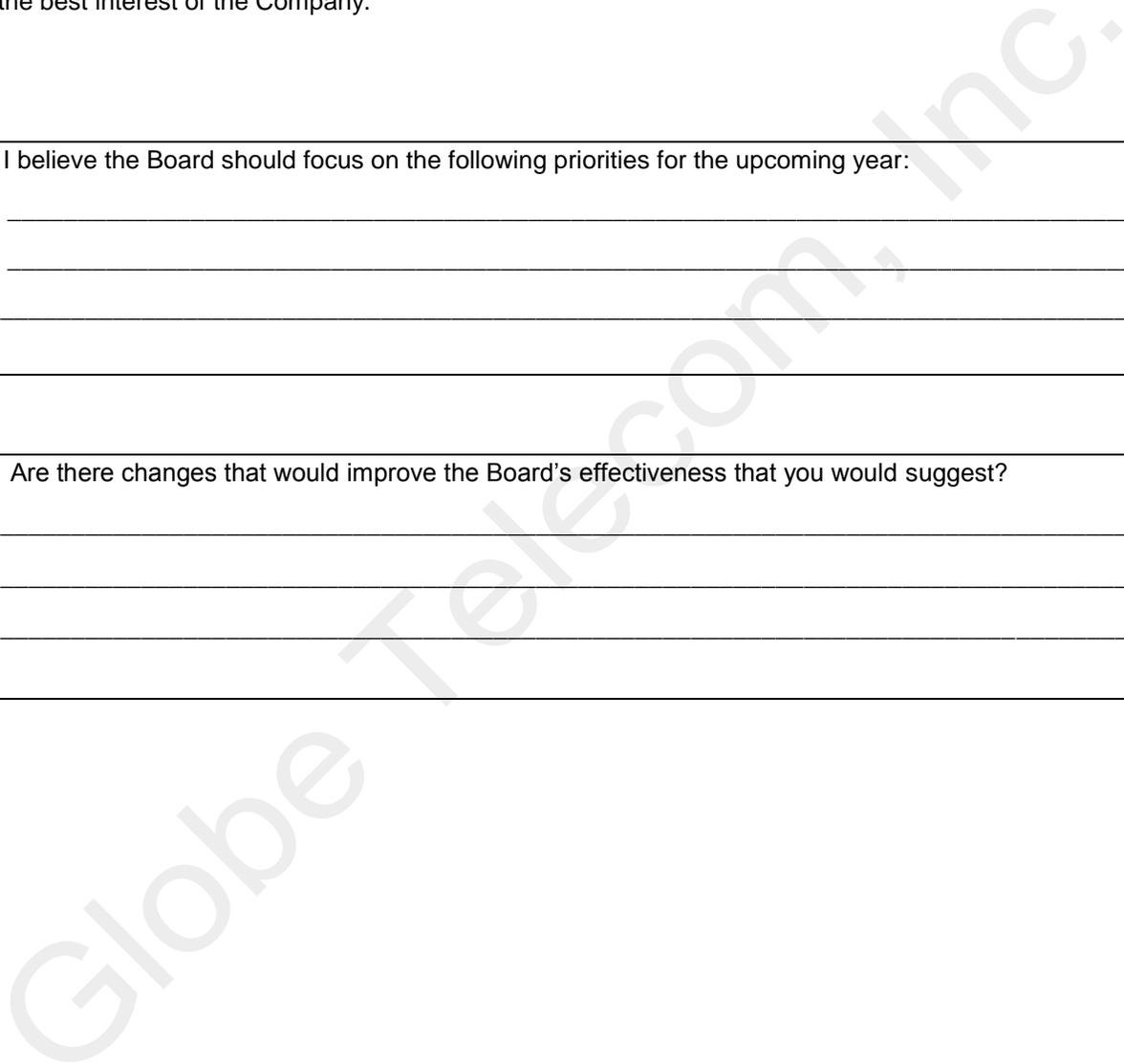
\_\_\_\_\_  
\_\_\_\_\_

A. I believe the Board should focus on the following priorities for the upcoming year:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

B. Are there changes that would improve the Board's effectiveness that you would suggest?

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_



**PART IV  
BOARD AND MANAGEMENT  
APPRAISAL**

- |   |  |  |
|---|--|--|
| <p>1. The Board is comfortable with Management's (i.e., including Pres. &amp; CEO) plans to implement the approved strategy, goals and targets and is confident and satisfied in Management's ability to carry out its responsibilities in the interest of the Company.</p> | <p>( ) E   ( ) G   ( ) VS   ( ) S   ( ) NI</p> | <p>Comments: _____<br/>_____<br/>_____</p> |
| <p>2. Management has in place an effective process to identify risks and assess their potential impact.</p>   | <p>( ) E   ( ) G   ( ) VS   ( ) S   ( ) NI</p> | <p>Comments: _____<br/>_____<br/>_____</p> |
| <p>3. Management informs the Board of all key risks and the Board is confident management addresses them appropriately.</p>   | <p>( ) E   ( ) G   ( ) VS   ( ) S   ( ) NI</p> | <p>Comments: _____<br/>_____<br/>_____</p> |
| <p>4. The Board sufficiently challenges and supports Management.</p>  | <p>( ) E   ( ) G   ( ) VS   ( ) S   ( ) NI</p> | <p>Comments: _____<br/>_____<br/>_____</p> |
| <p>5. The Board is effective in monitoring Management's implementation of the Company's strategy.</p>   | <p>( ) E   ( ) G   ( ) VS   ( ) S   ( ) NI</p> | <p>Comments: _____<br/>_____<br/>_____</p> |
| <p>6. The Board devotes sufficient time and effort to meeting key company executives.</p>   | <p>( ) E   ( ) G   ( ) VS   ( ) S   ( ) NI</p> | <p>Comments: _____<br/>_____<br/>_____</p> |
| <p>7. There is open-line of communication and constructive interaction between Directors and Management.</p>  | <p>( ) E   ( ) G   ( ) VS   ( ) S   ( ) NI</p> | <p>Comments: _____<br/>_____<br/>_____</p> |
| <p>8. The Board continually monitors Management's performance against clear and measurable objectives, providing constructive feedback and reinforces Management's role in setting the tone at the top.</p>   | <p>( ) E   ( ) G   ( ) VS   ( ) S   ( ) NI</p> | <p>Comments: _____<br/>_____<br/>_____</p> |