



## **Policy on Related Party Transactions (RPT)<sup>1</sup>**

### **I. Definition of Related Parties**

Related Parties shall mean the Corporation and its controlling shareholders, joint ventures, subsidiaries, associates, affiliates, officers and directors, including their spouses, children and dependent siblings and parents, and that of interlocking director relationships by members of the Board.

Parties are considered to be related to the Corporation if it has the ability, directly or indirectly, to control the Corporation or exercise significant influence over the Corporation in making financial and operating decisions, or vice versa, or where the Corporation and the party are subject to common control or common significant influence.

### **II. Coverage and Materiality Threshold**

This Policy on Related Party Transactions (“RPT Policy”) shall cover the following material RPTs only:

- i) Mergers and acquisitions between Related Parties;
- ii) Loans or advances to and from a Related Party exceeding Philippine Pesos: One Billion (Php1,000,000,000.00) per transaction or series of transactions, provided that loans or advances to and from individual directors, including their spouses, children and dependent siblings and parents, at whatever amount, which shall be conducted at arm’s length and at market rate, shall be covered by this Policy;
- iii) Engagement of services of a Related Party outside of the ordinary course of business with fees exceeding Philippine Pesos: Two Hundred Fifty Million (Php250,000,000.00) per engagement or series of engagements, provided that engagement of services of individual directors, including their spouses, children and dependent siblings and parents, at whatever amount, which shall be conducted at arm’s length and at market rate, shall be covered by this Policy.

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<sup>1</sup> ASEAN Corporate Governance Scorecard (ACGS) Item B.4.4 and the Securities and Exchange Commission Code of Corporate Governance for Publicly-Listed Companies (SEC MC No. 19, Series of 2016).

## Policy on Related Party Transactions

For purposes hereof, any RPT not expressly provided herein shall not be covered by this RPT Policy and therefore shall not be subject of the Audit and RPT Committee (“Committee”) review.

For the avoidance of doubt, the following transactions are expressly excluded from this RPT Policy and therefore shall not be subject of the Committee review:

- i) Compensation of directors and employment of executive officers.
- ii) Transactions with similar terms available to all employees generally.
- iii) Banking, treasury and foreign exchange transactions, finance or insurance-related services and transactions with a Related Party, if the terms are generally the same as or similar to offers of other banks or insurance companies in the ordinary course of business.
- iv) Share transactions such as dividends, repurchase, rights offerings, available to all shareholders on a pro-rata ownership basis.
- v) Any transaction with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with rules, law or governmental authority.
- vi) Transfer of resources between parent company and subsidiaries, and between wholly-owned subsidiaries of a common parent company.

### III. Guidelines to Ensure Arm’s Length Terms

RPTs shall be accounted for at market prices normally charged to unaffiliated customers or parties for similar goods, services or transaction.

In the review of the RPTs, the Committee shall consider the following factors:

- i) the terms of the transaction.
- ii) the aggregate value of the transaction.
- iii) whether the terms of the transaction are no less favorable than those generally available to non-related parties under the same or similar circumstances.
- iv) the extent of Related Party’s interest in the transaction.

## Policy on Related Party Transactions

- v) purpose and timing of the transaction.
  - vi) whether the transaction would present an improper conflict of interests or special risks or contingencies for the Corporation or any of its subsidiaries or affiliates, or the Related Party taking into account the size of the transaction and the overall financial position of the Related Party; and
  - vii) any material information or other factors the Committee deems relevant.
- IV. Identification and Prevention or Management of Potential or Actual Conflicts of Interest

The identification, prevention and management of any conflict of interest are covered by the Corporation's Policy on Conflict of Interest and the Code of Conduct.

One way to identify, prevent or manage potential or actual conflict of interest as stated in our Code of Conduct and Policy on Conflict of Interest is the obligation of every director and employee, including officers, to declare and divulge in writing to the Corporation his own involvement in any conflict of interest with the Corporation. A Related Party Disclosure Form is accomplished and submitted on an annual basis.

V. Review by the Audit and RPT Committee

The Committee shall review and approve all covered RPTs as provided in Section II above in accordance with the principles of transparency, integrity 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 Corporation and its subsidiaries or affiliates and their shareholders, including minority shareholders.

If a transaction passes the review of the Committee, the Committee shall endorse the same to the Board of Directors for final approval.

Any member of the Committee or Board of Directors who has an interest in the RPT under review shall immediately inform the Committee or Board of Directors of the circumstance and abstain from participating in the discussion and from voting thereon. However, the presence of such member may be counted in determining the presence of a quorum at the meeting of the Committee or Board of Directors.

## VI. Whistle-Blowing Mechanism

The Policy of the Corporation on Whistle-Blowing as stated in the Code of Conduct shall apply to any abuse of RPT. Whistleblowing in relation to RPTs shall be reported to the Committee.

In addition to whistle-blowing made available to shareholders, including minority shareholders and other stakeholders, they are provided with proper guidelines and procedures for right of action and remedies that are readily accessible in order to redress the conduct of the company (e.g., Facebook page, Twitter account, E-mail account, and Hotline numbers), as necessary.

## VII. Restitution of Losses and other remedies for abusive RPTs

Rights of minority shareholders are protected at all times, especially from abusive actions by, or in the interest of controlling shareholders. Globe ensures that its policies and processes cater to the best interest of all its shareholders, including minority shareholders, and other stakeholders. As such, all transactions including RPTs that require shareholders' approval, as determined by the Committee, are submitted to all shareholders, including minority shareholders, for approval. The Corporation shall encourage disinterested shareholders to decide on the matter.

Non-compliance with any of the provisions of this Policy shall result in the nullification or revocation 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 the Corporation's Code of Conduct and relevant laws, as applicable.

## VIII. Disclosure of RPTs

RPTs are disclosed in the company's financial statements, annual reports, and other applicable filings in accordance with the relevant rules and issuance of the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE) and other applicable regulatory bodies. The disclosure includes, but is not limited to, the name of the related party, relationship with the company for each RPT, the nature, and value for each RPT. Such disclosure is also made publicly-available by the company, for the benefit of all shareholders and other stakeholders, through the company website and such other media channels as applicable.