

## **TBGI ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY**

Transpacific Broadband Group Int'l (TBGI) acknowledges that the Company and its stakeholders have a key role in the economy, environment, and good social development. Integrating ESG Principles in TBGI operations is a work in progress, but it is a necessary step in creating a more sustainable environment. As part of nation building, it is our responsibility to contribute to national development by providing connectivity solutions and content nationwide in fast and reliable way. Corporate responsibility and sustainability is important in undertaking corporate activities to add value in TBGI services. TBGI aspires to conduct all of its business activities in a sustainable and responsible manner in creating value for all concerned stakeholders. TBGI believes in providing connectivity and content everywhere to achieve its corporate mission of contributing to national development. TBGI is committed to maintaining investment and operating policy that considers environmental, social, and corporate governance (ESG) risks and opportunities.

The TBGI ESG policy aims to attain the following general objectives:

- Compliance of environment, public health, safety, governance and social issues
- Compliance with all applicable laws and regulations in the Philippines
- Human rights of those impacted by TBGI's investment and operations are respected and labor policies are followed as provided by law.
- Value creation through investments and production operations, human capital development, mitigation of adverse impacts of TBGI's operations, and exploring opportunities in ESG practice.
- Timely disclosure of TBGI's financial and non-financial reports in ESG.

The specific TBGI ESG policy are as follows:

- Cloud-enabled, satellite based connectivity for education, disaster recovery missions, connecting people to benefit on e-health, e-inclusion
- Bring content and connectivity to people and societies in unserved and underserved areas and achieve customer satisfaction and contribute to their success
- Minimize carbon footprint through responsible resource management, minimize the environmental impact of earth stations and sites
- Ensure that the amount of radiation emitted from earth stations complies with international and local standards
- Human capital development, health and safety improvements, reduce inequalities

TBGI aspires to satisfy and protect the interests of its stakeholders and to reduce or eliminate negative impacts on society and the environment. The company is also committed to an ongoing process of improving its approach to integrating ESG into its investment processes. As such, the current approach reflected in this policy will likely evolve over time to reflect changes in business practices, business structures, technology, regulation and the law.

### **Roles, Responsibilities, and Monitoring**

TBGI's Board of Directors is responsible for ensuring compliance of the ESG policy on issues of investment and operating decisions. The Compliance Officer is responsible for disclosing material reports on compliance of ESG. External resources providing expertise on relevant issues will be tapped when necessary. Monitoring and compliance of ESG Policy is the responsibility of top management.

### **Investment Decision**

TBGI's ESG objective is integrated in its investment decision, to create value with the improvement of ESG performance and to mitigate adverse impacts, if any, of its operations on the environment and people.

An assessment of ESG risks and value creation opportunities for potential investments will be considered through the Investment Committee evaluation and research process. When necessary, engagement of external advisors is made to provide advice with due consideration of the ESG policy.

- Red flags– ESG due diligence will focus on identifying and assessing potential ESG-related red flag issues in accordance with this policy.
- ESG role in investment decision–due diligence is conducted to quantify the effect of new investments on the current business of the holding company. TBGI will give investment preference to sectors, companies, and businesses that are ESG compliant or have acceptable ESG standards at the time of the investment decision
- Tracking performance – TBGI will appoint a person responsible for ESG issues and/or in his absence, be monitored by the Compliance Officer. A value creation action plan will be developed for each of the ESG areas.

- Oversight – ESG review will be part of regular board meetings and where management of, or performance on, a material issue is considered to need improvement, TBGI management will develop an action plan.
- ESG reporting – The Compliance Officer will report progress of TBGI ESG initiatives implemented in the current reporting period, and the ESG initiatives to its stakeholders.

## **Performance Standards**

TBGI will apply prudence in assessing risks and opportunities related to material ESG issues. In support of this effort, TBGI considers the applicability of existing voluntary performance standards as framework to achieve the ESG objectives during evaluation of investments. TBGI will continue using modern technology for real-time monitoring of environmental and health and safety data and adapt their communication to stakeholders, to report the environmental and social impacts of its earth station and remote sites, taking into account the needs of the surrounding communities.

### **PART 1: ENVIRONMENTAL**

Environmental criteria will include TBGI's performance in climate change, impact on natural resources, pollution, waste generation, and environmental opportunities. TBGI has assessed its risks of potential environmental impacts, and have concluded that the company does not need to make financial provisions or guarantees for environmental risks. As may be gleaned from the following discussions on environment.

#### **1. Climate Change**

TBGI does not consider climate change risk as a major risk in the nature of its business operations which has no significant contribution to climate change, while the company can help in adaptation efforts and disaster management by providing telecommunications connectivity and applications for weather and volcanic activity monitoring and warnings, efforts in disaster management, etc. Nonetheless, in accordance with ESG principles, TBGI observes its role in minimizing its negative impacts to the environment.

TBGI strives to minimize CO2 emissions from

- Direct fuel consumption of car fleet
- Leakage of refrigerant in air conditioning
- Indirect Energy consumption of purchased electricity

## **2. Natural Resources**

While the TBGI impact on natural resources is very minimal, the company adopts guidance in ensuring such minimal impacts.

- **Land Use and Biodiversity**

If there are any minor changes in topography involved in the construction of VSAT earth station and remote sites, disturbance of biodiversity can be mitigated by planting of trees in disturbed areas. After useful life of the facilities, all unnecessary structures and equipment will be removed and rehabilitated areas prior to the next land use.

- **Water Stress**

TBGI does not use much water, and as such this factor is a minor issue.

## **3. Pollution and Waste**

- **Electronic Waste**

TBGI operations in transmission of broadcast signals does not generate noise and waste, except during disposal of used or obsolete electronic equipment. TBGI shall coordinate with the Environmental Management Bureau in the proper and timely disposal of electronic wastes. For its daily activities, TBGI encourages its employees to do their part in reducing waste generation in all of its facilities. These include food waste, single-use plastics, recycling of usable materials, and proper disposal of obsolete ones.

## **4. Environmental Opportunities**

- **Opportunity in Clean Technology**

TBGI can use solar power in its earth station and remote sites to minimize carbon footprint related to diesel power generation.

- **Opportunity in Green Building**

TBGI will build green buildings as and when necessary, with daylight energy to be supplied from the TBGI solar power generating plant.

## **PART 2: SOCIAL**

TBGI business in providing connectivity is in itself a social function with pervasive impact on society in distance education, distance health care, disaster monitoring and coordination, etc., especially in unserved and underserved areas of the entire Philippine archipelago.

The TBGI social contribution consists of activities and programs in:

- Assisting in the organization and strengthening of social structures that will lead to the enhancement of existing and development of knowledge, values, and skills in support of sustainable community development.
- Improving people-oriented sustainable livelihood activities for host community.
- Providing educational support programs for better access to education
- Facilitating and enhancing the delivery of health services and sanitation.
- Empowering communities and strengthen cultural structures and providing venues to promote cultural enrichment and socio-cultural undertakings.

### **1. Human Capital**

TBGI develops a culture of excellence in addressing the requirements of safety and health management in all its business activities. The company gives priority to safety and health of its employees, contractors and the stakeholders. All accidents are preventable and that each and every individual is responsible that all safety and health hazards are reported and addressed in the most appropriate manner. TBGI follows the following policies in relation to human capital:

- No business objective shall come before health and safety;

- All accidents are preventable;
- All hazards can be identified and their risks managed;
- All individuals are responsible for his/her safety and health and is a condition for employment;
- Safety and health performance can always be improved;
- Compliance to all legal obligations and other requirements to which TBGI subscribes;
- TBGI management is accountable for safety performance of the operations.

Social aspects on TBGI human capital development cover the following aspects:

- **Labor Management**

TBGI adopts as corporate policy that human rights are to be respected and that all forms of discrimination and harassment in connection to race, nationality, gender, religion, belief, birthplace, age, or disabilities are to be prevented or eliminated in all corporate activities.

TBGI aims to create a safe and healthy workplace that allows employees to feel secure while they work. The Company will provide equipment, systems, and working conditions that creates a workplace environment that is easy to work in. The company will not discriminate based on gender in hiring, promotions, or pay increases, and instead focus on actively employing human resources with highly specialized capabilities and morals.

TBGI will also conduct leadership and managerial training that welcome all genders, lectures by role models, and networking activities to help foster not only male professionals, but as well as female leaders. Efforts are made to promote local employment in the company and in top management of subsidiaries, and provide equal opportunities to large numbers of high-quality human resources going forward.

TBGI practice respect for individuals by preventing sexual harassment and power harassment. Diversity values, individuality, and privacy of individuals are

respected, and offensive language, acts of violence, sexual harassment, and power harassment in connection to race, nationality, gender, religion, belief, birthplace, age, or disabilities are prohibited.

In particular, TBGI will adopt the following standards on labor management:

- Labor standards apply to all workers, including temporary, migrant, student, contract, direct employees, and any other type of worker.
- Workers freely choose employment. Involuntary labor, and child labor are not allowed in TBGI.
- TBGI will not conduct business with supply chains that engage in any form of abuse such as child labor, forced labor, or human trafficking
- Training shall be conducted to ensure safe and efficient performance of work, and safety during night shifts and overtime.
- Compensation paid to all contractual and regular employees shall comply with the minimum rates set by applicable labor laws, including legally mandated benefits on overtime and paid vacation leaves.
- The company shall not tolerate any kind of harassment, including but not limited to sexual harassment, or unlawful discrimination.
- While the company prefers to maintain a peaceful non-union labor force, it shall conform with and respect all laws which confer to workers the right to form and join trade unions of their own choosing, to bargain collectively as well as to refrain from joining associations.

- **Health and Safety**

A formal system of identification of hazards, assessing and evaluating associated risks for each identified hazard and determining risk control strategies and measures shall be implemented and done on a periodic basis. The company formulated appropriate hazards and risks identification and rating matrix that are used as a basis in evaluation of hazards and risks at all the working areas. Strategies and risk control programs reflect the principle of the hierarchy of control measures by elimination of

hazards where practicable, followed in turn by risk reduction, either by reducing the likelihood of occurrence or potential severity of injury or property damage.

The Safety and Health Section headed by a full time Safety Engineer shall be reporting directly to the Resident Manager who oversees and assume over-all responsibility of ensuring that the safety and health management system is formulated, implemented, maintained and continually improved. The accountabilities and responsibilities of everyone in the organization shall clearly include the safety and health.

Managers shall demonstrate pro-active and visible commitment to safety and health through active involvement in safety and health activities, including attending/initiating safety meetings, leading/participating in scheduled and planned inspections and participates in accident investigations where appropriate.

Employees in all levels are involved in incident investigations where their knowledge and skills in the operations and maintenance are critical to a complete investigation, including the development of appropriate corrective and preventive actions. Results of the investigation shall also be presented in meetings. Corrective actions and measures are taken to eliminate the root causes of non-conformances, accidents, or incidents in order to prevent recurrence.

Positive interventions in the form of non-monetary rewards and awards shall form part of the incentive program for noteworthy safety and health performance achievements. Standards and benchmarks are developed to serve as basis for this program. Commendations are given to deserving employees and units who have shown exemplary and consistent commitment to the observance of safety and health policies.

Occupational safety hazards are to be controlled through proper design and processes, and workers shall be provided with appropriate personal protective equipment. Production and other machinery shall be evaluated for safety hazards. Procedures are to be in place to manage occupational injury and illness, including corrective action to minimize their causes.



Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures, including appropriate fire detection and suppression equipment, evacuation procedures and exit facilities.

- **Human Capital Development**

Training of employees is done by internal and/or external experts in each aspect of business operations. Training courses and materials are developed with inputs from the intended recipients of the training programs themselves and designed for their requirements, based on result of training needs analysis. Training involves identified safety and health hazards including emphasis on emergency situations and response. All inhouse employees and contractors' employees must be physically and mentally capable to safely undertake assigned work responsibilities.

Orderly and organized workplaces reduce the likelihood of accidents. Housekeeping standards are formulated to ensure that at all times workplaces are conducive to having a safe and healthy condition.

- **Supply Chain Labor Standards**

TBGI seeks to apply a high level of legal compliance and ethical practices of suppliers, consistent with its legal and social responsibilities and duty to protect the basic human and worker rights of everyone in the organization. As such, TBGI also applies the companies' Code of Business Conduct and Ethics to its suppliers providing products and services. The Code requires suppliers to adopt the same level of legal compliance and ethical practices as TBGI, and all our suppliers are asked to accept and comply with it before conducting business with TBGI. All providers of goods and services who do business with TBGI comply with this Code of Conduct. Suppliers are expected to require their next tier suppliers to acknowledge and implement this Code, and abide by all applicable rules regarding fair competition.

## **2. Product and Service Liability**

- **Service and Product Quality**

TBGI provides continuing services in delivering connectivity to its clients that complies with the legal, technical, and other standards related to quality and safety.

TBGI collects information from customers and other sources related to product and service level incidents and/or off-specifications and service levels. TBGI shall provide legally mandated reports to regulatory agencies and appropriate information to customers, and take actions regarding service and product-related issues. TBGI strives to improve product safety and quality by conducting training activities of employees.

- **Responsible Investment**

TBGI Group approach to responsible investment relates to product liability as it involves ESG practices in assessing risks, and how such risks affect its investment and operating decisions. Simultaneously, TBGI takes actions to

- reduce or eliminate any negative impacts from its products and operations
- delineate responsibilities for monitoring compliance with this policy.
- consider material ESG issues in the course of its due diligence
- improve ESG performance of service and products
- identify companies with strong, transparent governance policies and practices.

- **Health and Demographic Risk**

TBGI operations do not pose any health and demographic risk, unlike food, therapeutic drugs, soaps, or the like that people of various ages use in their daily intake or personal hygiene applications. TBGI shall ensure that radiation emitted from earth stations complies with international and local standards. TBGI internal

organization will have to contend with the impact of Covid 19 pandemic on business operations.

### **3. Stakeholder Opposition**

- **Controversial Sourcing**

Stakeholder opposition, if at all considered as such, may come from any illegal settlers if any, in TBGI's private property. As of today, there is no reporting or concern of such incident.

### **4. Social Opportunities**

- **Access to Communications**

As a listed company in the Philippine Stock Exchange, TBGI has a formal channel to access communications towards the investing public. The disclosure requirement of the PSE ensures that relevant issues are published for investors' information, in particular the health of the company, its prospect for growth, and practice of ESG. Disclosures will provide following key information to the investors:

- Low leverage strategy, complemented by issuance of green bond or sustainability bonds if found necessary
- Disclosure of company's CSR or Social Development Report
- Disclosure of corporate decisions in accordance with ESG investment criteria
- Transparency on important issues from the investors' viewpoint, accompanied by audited financial reports compliant with accounting rules as specified by PSE

- **Access to Finance**

The listing in PSE gives TBGI access primarily but not limited to the equity market. Bonds may likewise be listed as part of the corporate finance package. The availability of audited financial statements that pass the scrutiny of regulators SEC

and PSE gives creditor banks confidence in their evaluation of TBGI corporate creditworthiness.

- **Opportunities in Health Care and Nutrition**

The focus of TBGI CSR includes its contribution to health care and nutrition of communities in its area of operation.

## **PART 3: GOVERNANCE**

### **Corporate Governance**

#### **1. Board**

The Board is responsible for oversight and influence for management in the implementation of corporate strategy to enhance the long-term value of the corporation. Board influence on Management actions include ethical practices with positive business performance and organizational impact.

Core responsibilities of the Board:

- Steer organizational direction and ensure compliance of governance policies
- Set manageable risks and material tolerance
- Approve policies to operationalize strategies and corporate direction
- Ensure accountability in the implementation and execution of strategies
- Uphold corporate transparency thru proper and timely disclosures

Guideline on Board membership

- Board members should possess the right qualifications and reputation
- Better representation of women on corporate boards and in executive ranks

#### **2. Work Compensation**

TBGI practice on compensation of employees:

- Compliance to minimum wage law set by the government
- Curb excessively high executive salaries in holding company and subsidiaries

- Set compensation structures for long-term interest of shareholders
- Equal compensation and career promotion access for women

### **3. Ownership**

TBGI policy on corporate ownership:

- Listing in PSE results in diversity of shareholders
- Protection of minority shareholders to attract investors
- Employment policies to benefit both the business and the families
- Clear family shareholding, succession

### **Corporate Behavior**

TBGI practices business ethics and comply with all applicable laws, and to uphold high standards of ethics. TBGI corporate behavior cover the following aspects:

#### **1. Business Ethics**

- **Business Integrity**

TBGI shall not engage nor tolerate any form of extortion and embezzlement. Likewise, TBGI suppliers shall abide by all applicable rules on fair competition. All business dealings shall be transparently performed and accurately reflected in TBGI's books.

- **Anti-Corruption, Gifts and Entertainment**

TBGI requires employees and suppliers are made aware to comply fully and in all transactions with all business partners with the applicable laws and regulations of anti-corruption and anti-bribery, or other means of obtaining undue or improper advantage. This prohibition covers promising, offering, authorizing, giving or accepting anything of value, through a third party to obtain or otherwise gain an improper advantage.

- **Employee Whistle Blowing**

Employee whistleblowing and consultation system is encouraged as part of internal control. Whistleblowers are protected when they volunteer information that there have been violations of laws and regulations made within the organization.

## **2. Anti-competitive practices**

TBGI is committed to applicable privacy and data protection laws, and exercise the responsibility on Confidentiality and Intellectual Property. Any information TBGI collects will be treated with care, protected, and used lawfully and properly.

## **3. Tax Transparency**

As a listed company in the Philippine Stock Exchange, TBGI regularly disclose tax compliance with rules and legislation, for information of the relevant tax authorities and the investing public in general. The company follows principles in the computation, disclosure and payment of taxes:

- Payment of proper amount of taxes is a social responsibility of the company
- Legal avoidance of taxes shall be monitored and the level of tax avoidance is controlled to the extent that the company shall ultimately share with the government a fair economic return for government public service.
- As much as possible, computation of tax shall be on cash basis
- Company shall not engage in unfair transfer pricing for tax avoidance

## **4. Corruption and Instability**

TBGI shall not have any relationship with anti-social forces that show the involvement or any kind of cooperation with or funding of Anti-Social-Forces like the NPA or ISIS, or organizations that are socially condemnable. TBGI shall terminate any agreement with suppliers who do not operate in accordance with anti-social standards.

## **5. Financial System Instability**

TBGI shall be vigilant of its corporate actions to minimize the impression or the entanglement in financial system instability by adopting the following guidelines:

- Financial reports shall be consistent and comparable for each reporting period to minimize the impression of financial system instability and fraudulent transactions
- Use positive screens for making investment in selected companies or projects.
- Avoidance of excessive debt to maintain financial stability and liquidity