**Transpacific Broadband Group Inc.**
*A leading Philippine commercial teleport services company*

## GROUPWIDE POLICY

### A. GENERAL PRACTICE

The Chief Executive of a holding company takes overall responsibility for the organisation and strategic coordination within a group through the dissemination, implementation, and monitoring of the global strategy and basic management guidelines established by the Board.

The Board shall establish the group's policies, basic guidelines for the management of affiliated and subsidiary companies as well as the general supervision of the development of these guidelines and decisions on strategic issues at the company group level.

Control of a subsidiary is achieved through:

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| Control Measures | requiring shareholder vote or consent rights for specific matters; |
| | the establishment and clear communication of a group's general strategy; |
| | establishing corporate policies and procedures for key matters (i.e. branding, environmental and social concerns, internal controls, compliance and accounting); |
| | having regular monitoring meetings among representatives from holding company and from its subsidiary to follow-up on the implementation of directives and performance; |
| | setting a corporate-wide independent internal audit function with a direct reporting line to the parent company's Board and appointment of an external auditor; |
| | implementing risk management practices |
| | establishing efficient management information system to monitor key strategic indicators |

### B. WHOLLY-OWNED SUBSIDIARIES

1. Incorporation or acquisition

   Incorporating or acquiring a subsidiary requires from Board approval in the event it is material such as strategic acquisitions or the entry into a new business line. When these types of investments are immaterial, respective approval process is handled at managerial level. The involvement of corporate bodies or functions is set in accordance with the materiality of the transaction, typically setting approval instances and procedures for this type of transactions in accordance with investment thresholds.

2. Control

The company maintain an adequate level of control over its wholly-owned subsidiaries.

a) Reporting Framework

Adequate information reporting framework is set up to ensure that communication is permanent and provided in an organized manner to ensure timely and accurate disclosure of the corporate holding company.

b) Appointment of Directors

Wholly owned subsidiary is controlled via the appointment of directors from the holding company at the subsidiary's Board and appointment of senior management members from the parent company as Board members of the subsidiary or to executive positions at the subsidiary. Appointing non-executive or independent Board members at a wholly-owned subsidiary can add professional skills suitable for the specific business in which the subsidiary is engaged in and may provide an external perspective.

c) Internal Controls

Group-wide internal control system is set to control its subsidiary's financial and business operations. The holding company's executives are responsible for ensuring that the guidelines and controls (in particular limits of authority) established by its Board are properly implemented, including internal controls and procedures.

Guidelines are provided to implement an independent internal audit function with a reporting line to the parent company's Board or its audit committee. These internal audit responsibilities should include overseeing a subsidiary's activities. The Board approves group-wide corporate policies on limits to the selling of fixed assets, limits of indebtedness, rules for related party transactions, fixed and variable compensation, managerial evaluation, environmental commitments, social responsibility and ethical conduct. The corporate policies should apply for all subsidiaries with eventual necessary adjustments as approved by the holding's Board of Directors, including group-wide risk oversight parent company

## C. PARTIALLY-OWNED SUBSIDIARIES

1. Incorporation or Acquisition

Participation in a partially-owned subsidiary requires diligent analysis; an approval process (based on investment thresholds) is followed at the parent company level in order to decide whether to participate in a partially-owned subsidiary.

a) Due diligence review process (particularly with respect to compliance matters of the potential business partner) is required when acquiring a stake in an existing company to mitigate reputational risks to the group.

b) A shareholders agreement ensures the governance of the subsidiary. Shareholders agreements help prevent or solve conflicts between shareholders, protect certain rights and give transparency to the roles of a partially-owned subsidiary's Board of Directors and managers. The shareholders agreement includes detailed provisions of applicable corporate law, including provisions for

- shareholders' consent rights or qualified voting requirements for shareholder meetings;
- Board composition, authority, procedures and voting requirements on specific subjects (election of senior management, veto or golden shares);
- procedures to solve voting deadlocks (tie-breaking vote or requiring a binding external expert opinion);
- exit rules (tag along, drag along, put options and call options);
- investment rules and limits for indebtedness;
- reporting procedures and information disclosure;
- procedures to follow in case of conflict of interests;
- approval procedures to enter into related-party transactions;
- the adoption of minimum compliance standards by the subsidiary; and
- applicable compensation for the rendering of shared services (in the event a contracting shareholder provides services).

c) Shareholder Activism

The company can exercise active or passive role in partially owned subsidiary depending on its scope of influence. The company should be mindful of respecting minority shareholder rights and interests, avoiding the creation of conflict situations.

- SHARE VOTING

A share voting policy is exercised in partially-owned subsidiaries. Co-investors should be reminded of appropriate share voting policy based on applicable domestic laws, governance arrangements and business-specific considerations.

- APPOINTMENT OF DIRECTORS

Nominee directors are appointed at the Board of subsidiaries to provide industry knowledge and experience. To ensure an external perspective from co-controlling shareholders and management at a subsidiary's Board level, a non-executive or independent director is appointed. Nominee directors owe their duties to the company in whose Board they serve and are required to act in the best interests of all of its shareholders, i.e., not solely for the benefit of their nominating constituency.

- REPORTING

For efficient monitoring by co-investors of a partially-owned subsidiary, shareholders agree on the minimum information requirements and the frequency of reporting from a partially-owned subsidiary. All shareholders are provided with the same disclosure, reporting and access to information from a subsidiary so as to ensure an equal treatment among shareholders and avoid selective disclosure. Key points for reporting are defined by all shareholders, identifying material information to be obtained from the subsidiary.

The Board of Directors of each co-investing shareholder should be informed on the financial performance on a monthly basis and quarterly performance should be presented at Board meetings, emphasizing budget gaps and the actions to perform. Permanent monitoring and evaluation is achieved via reporting from the subsidiaries Board.