



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

## RELATED PARTY TRANSACTION POLICY

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This Policy supplements the TBGI Manual on Corporate Governance concerning potential conflict of interest situations. With respect to persons and transactions described in this Policy, the procedures for reporting, review, oversight and public disclosure of this Policy shall apply.

**Persons Covered.** For purposes hereof, a "Related Party" is:

- Each director and executive officer of the Company
- Any nominee for election as a director of the Company;
- Any security holder who, at the time of the occurrence of the transaction, owned beneficially or of record more than 5% of any class of the Company's voting securities; and
- Any immediate family member of any of the foregoing persons. "Immediate family member" includes the spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and any person sharing the household of a director, executive officer, director nominee or greater than 5% security holder of the Company.

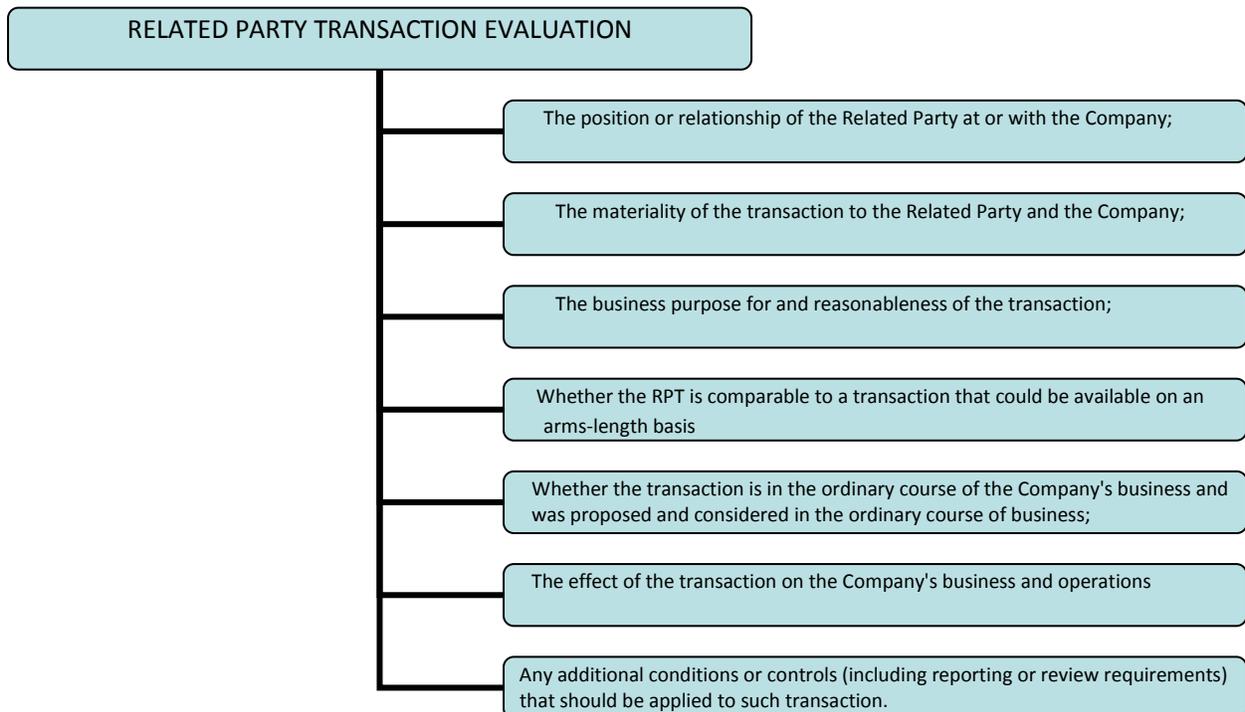
**Related Party Transactions.** For purposes of this Policy, a "related party transaction" or "RPT" is any transaction or series of transactions in which the Company participates and a Related Party has a direct or indirect material interest. Examples of related party transactions include sales, purchases, and transfers of real or personal property, use of property and equipment by lease or otherwise, services received or furnished (including but not limited to employment) and borrowings and lending, including guarantees.

**Transactions to Be Reported to the Audit Committee.** Transparency is key. Every director, executive officer and nominee for election as a director has an affirmative obligation to fully disclose to the Audit Committee all material facts concerning a prospective transaction or arrangement involving the Company in which he or she or an immediate family member may have an interest. Any other officer or employee of the Company who intends to cause the Company to enter into any transaction with a Related Party shall disclose that intention and all material facts with respect to the transaction to his or her superior, who shall be responsible for ensuring that such information is reported to the Audit Committee.



**Review.** The Audit Committee shall review and approve or disapprove related party transactions. The Audit Committee will review all related party transactions and approve or disapprove such transactions in which the amount involved exceeds P 1.0 million in advance of such transaction being given effect. If a member of the Audit Committee is involved in the transaction, that member shall not participate in determining whether the related party transaction shall be approved or ratified by the Audit Committee. The Audit Committee shall have the authority to approve in advance categories of related party transactions that need not be individually reported to, reviewed by, and/or approved or ratified by the Audit Committee but may instead be reported to and reviewed by the Audit Committee, which shall be done annually.

**Standards.** In evaluating a related party transaction, the Audit Committee shall, in its judgment, consider the relevant facts and circumstances of the related party transaction and any of the following factors that are relevant:





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**Disclosure.** All related party transactions are to be disclosed to the extent and in the manner required by all applicable legal, regulatory and listing requirements.

**Exceptions - Transactions that Need Not be Reported to the Audit Committee.**

- Compensation arrangements approved by the Company's Compensation Committee.
- Reimbursement or advances of business travel and expenses incurred or to be incurred directly by a director or executive officer of the Company in connection with the performance of his or her duties and approved in accordance with the Company's expense reimbursement policy.
- Other transactions that are not necessary or of no significant impact, as deemed by Committee

**Policy Amendment; General.** This Policy may be changed at any time by the Audit Committee in its discretion, or amended from time to time to be consistent with the manual on corporate governance, SEC Memorandum, PSE directives and other relevant institutions and agencies, all aligned with the common objective of addressing Related Party Transaction. This Policy is intended as a component of the framework within which the Board, assisted by its committees, directs the affairs of the Company.