

# **CHARTER OF THE EXECUTIVE COMMITTEE**

The Board of Directors of Philippine Telegraph and Telephone Corporation (“Corporation”) hereby adopts and approves the foregoing Charter of the Executive Committee (“Committee”):

## **1. Composition**

1.1. The Committee shall be composed of three (3) members consisting of the Chairman of the Board of Directors, the President and a Director to be jointly appointed by the Chairman and the President.

1.2. In the exercise of its functions the Committee shall be assisted by the Chief Financial Officer, Financial Controller, General Manager for Fixed Broadband, General Manager for IT Services and other officer as may be deemed necessary by the Committee.

## **2. Powers and Responsibilities**

2.1. The Committee has the power to pass and act upon all matters as the Board of Directors may entrust to it for action in between meetings of the Board of Directors except those actions which, under the law, require the approval of the Board of Directors as a whole and/or shareholders.

## **3. Meetings**

3.1. The Committee shall hold meetings as often and as may be deemed necessary by the Chairman. The Chairman shall determine the place and time of the meeting.

3.2. Meetings of the Committee shall be presided by the Chairman or, in his absence, by the President. A majority shall constitute a quorum but the affirmative vote of a majority of the whole Committee shall be necessary in every case.

## **4. Miscellaneous**

4.1. The Committee shall have full access to all relevant information, data, records, properties and personnel.

4.2. The Chairman or any member designated by the Committee shall report all matters taken up, decided upon or approved by the Committee at the Board of Directors’ meeting immediately following such actions.

4.3. Except matters and information which are required to be disclosed or reported under relevant law, rule or regulation, the members of the Committee and all individuals who are present in any of the meetings of the Committee shall maintain in strict confidence all matters discussed, decided and agreed upon during the said meetings.

4.4. This Charter shall be reviewed by the Committee annually and any changes or amendments thereto shall take effect upon the approval by the Board of Directors.

# **CHARTER OF THE NOMINATION COMMITTEE**

The Board of Directors of Philippine Telegraph and Telephone Corporation (“Corporation”) hereby adopts and approves the foregoing Charter of the Nomination Committee (“Committee”):

## **1. Composition**

1.1. The Committee shall be composed of three (3) incumbent members of the Board of Directors and one (1) of whom shall be an Independent Director who shall chair the Committee. The members of the Committee shall designate a Vice-Chairman who shall preside over the meetings of the Committee in the absence of the Chairman.

1.2. In the exercise of its functions the Committee shall be assisted by the Chief People and Culture Officer, Investor Relations Manager, Corporate Information Officer and other officer as may be deemed necessary by the Committee.

## **2. Powers and Responsibilities**

2.1. The Committee shall have the following functions:

a. screen and shortlist individuals nominated for Directors to ensure that all of them has the qualifications and none of the disqualifications specified under the relevant and applicable law, rule or regulation issued by appropriate government agencies including those provided in the Corporation’s By-Laws and Manual on Corporate Governance;

b. review and evaluate the qualifications of individuals nominated to be appointed as officers of the Corporation as enumerated in the Corporation’s By-Laws including those positions whose appointment the Board of Directors deems it necessary to undergo the review and evaluation of the Committee;

c. review and evaluate the qualifications of Directors in relation to their appointment as a member of any of the Board Committees;

d. make appropriate recommendations to the Board of Directors which nominee is better suited and qualified to be elected as a Director or which individual is qualified to be appointed as an officer of the Corporation or which Director shall be designated as a member of a Board Committee;

e. ensure a selection of competent Directors and officers each of whom can add value to the Corporation and create independent judgment as to the formulation of sound corporate strategies and policies;

f. develop a business interest disclosure process as part of the pre-employment requirements for all incoming officers which compels, among others, all prospective and existing officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly be in conflict with the performance of their duties; and

g. perform such other duties and responsibilities as may be delegated to it by the Board of Directors from time to time.

### **3. Meetings**

3.1. The Committee shall hold meetings whenever necessary to exercise its functions. The Chairman shall determine the place and time of the meeting.

3.2. Meetings of the Committee shall be presided by the Chairman and in his absence by the Vice-Chairman. A majority shall constitute a quorum but the affirmative vote of a majority of the whole Committee shall be necessary in every case.

### **4. Procedure in the nomination for membership in the Board of Directors and Board Committees**

4.1. Written nominations for membership in the Board of Directors shall be submitted to the Committee at least sixty (60) business days before the next scheduled Annual Stockholders' Meeting. The Committee shall no longer accept any nomination after the said date.

4.2. The Committee shall immediately screen and evaluate the nominees and submit its recommendation to the Board of Directors within ten (10) calendar days after the end of the period to submit and accept nominations. The Committee shall be guided by the qualifications and disqualifications for membership in the Board of Directors as provided for under the Revised Corporation Code of the Philippines, Securities Regulation Code and its Implementing Rules and Regulations, issuances of appropriate government agencies including, but not limited to, Securities and Exchange Commission and the relevant rule and issuances of the Philippine Stock Exchange.

4.3. The Committee shall ensure that the individuals to be nominated as members of the Board of Directors has the required skill, expertise and experience on various aspects of management or operations of the Corporation's business and their values are aligned with the Corporation's mission, vision and corporate strategy.

4.4. If the vacancy in the Board of Directors is not due to removal or expiration of the term, the same can be filled by the remaining members if still constituting a quorum. Clauses 4.1 and 4.2 shall be followed except that the entire process shall be completed within a period of thirty (30) calendar days from the day the vacancy occurred unless extended by the Board of Directors for a period of not more than fifteen (15) calendar days.

4.5. The Committee shall be organized by the Board of Directors immediately after the Annual Stockholders' Meeting. The Committee shall thereafter submit its recommendation on the membership or composition of the remaining Board Committees within fifteen (15) calendar days after it is organized.

4.6. In determining the membership of the Board Committees, the Committee shall take into consideration the duties, functions and responsibilities to be performed by a particular Board Committee in relation to the qualification, experience, skill and expertise of a Director to be nominated.

### **5. Procedure in the appointment of officers**

5.1. In evaluating the qualifications of individuals for their appointment as officers of the Corporation, the Committee shall be guided by the following:

- a. knowledge about the telecommunications industry in the Philippines or such other related field or industry relevant to the position;
- b. knowledge on the Corporation's business;
- c. potential to assume greater responsibility in the organization;
- d. ability, experience, skill and expertise; and
- e. result of previous performance assessments if the individual being evaluated is an employee of the Corporation and his or her nomination as an officer is considered as a promotion.

5.2. Appointments in the following positions require prior review, evaluation and recommendation of the Committee:

- a. President and Chief Executive Officer;
- b. Executive Vice-President;
- c. Treasurer;
- d. Chief Operating Officer;
- e. Chief Technical Officer;
- f. Chief Financial Officer;
- g. General Manager or its equivalent rank;
- h. Senior Vice-President or its equivalent rank;
- i. Vice-President or its equivalent rank;
- j. Corporate Secretary; and
- k. other positions whose appointments are required to undergo evaluation by the Committee as determined by the Board of Directors.

5.3. The Committee shall submit its written recommendation to the Board of Directors within a period of fifteen (15) calendar days from the time it received the relevant documents of the nominees from the People and Culture Office.

## **6. Miscellaneous**

6.1. The Committee shall have full access to all relevant information, data, records, and personnel.

6.2. Except matters and information which are required to be disclosed or reported under relevant law, rule or regulation, the members of the Committee and all individuals who are present in any of the meetings of the Committee shall maintain in strict confidence all matters discussed, decided and agreed upon during the said meetings.

6.3. This Charter shall be reviewed by the Committee annually and any changes or amendments thereto shall take effect upon the approval by the Board of Directors.

# **CHARTER OF THE COMPENSATION AND REMUNERATION COMMITTEE**

The Board of Directors of Philippine Telegraph and Telephone Corporation (“Corporation”) hereby adopts and approves the foregoing Charter of the Compensation and Remuneration Committee (“Committee”):

## **1. Composition**

1.1. The Committee shall be composed of such number of members as the Board of Directors shall designate but shall in no case be less than three (3) incumbent members of the Board of Directors.

1.2. In the exercise of its functions the Committee shall be assisted by the Chief People and Culture Officer and Financial Controller.

## **2. Powers and Responsibilities**

2.1. The Committee shall have the following functions and responsibilities:

a. establish a formal and transparent procedure for developing a policy on executive remuneration and for the fixing of remuneration packages of Directors and officers and provide oversight over remuneration of officers and other key personnel ensuring that compensation is consistent with the Corporation’s culture, strategy and control environment;

b. recommend the amount of remuneration which shall be in a sufficient level to attract and retain Directors and officers who are needed to run the Corporation successfully;

c. establish a formal and transparent procedure for developing a policy on executive remuneration packages of individual Directors, if any, and officers;

d. disallow any Director or officer to interfere in the determination of his or her remuneration;

e. review and recommend revisions, if necessary, the existing policies of the Corporation on compensation and remuneration and to strengthen or establish provisions and policies on conflict of interests, promotion and career advancement; and

f. recommend to the Board of Director the reasonable amount of per diem to be paid to the members of the Board of Directors and members of various Board Committees present during the meeting.

## **3. Meetings**

3.1. The Committee shall hold meetings whenever necessary to exercise its functions. The Chairman shall determine the place and time of the meeting.

3.2. Meetings of the Committee shall be presided by the Chairman and in his absence by the Vice-Chairman. A majority shall constitute a quorum but the affirmative vote of a majority of the whole Committee shall be necessary in every case.

#### **4. Miscellaneous**

4.1. The Committee shall have full access to all relevant information, data, records, and personnel.

4.2. Except matters and information which are required to be disclosed or reported under relevant law, rule or regulation, the members of the Committee and all individuals who are present in any of the meetings of the Committee shall maintain in strict confidence all matters discussed, decided and agreed upon during the said meetings.

4.3. This Charter shall be reviewed by the Committee annually and any changes or amendments thereto shall take effect upon the approval by the Board of Directors.

# **CHARTER OF THE AUDIT COMMITTEE**

The Board of Directors of Philippine Telegraph and Telephone Corporation ("Corporation") hereby adopts and approves the foregoing Charter of the Audit Committee ("Committee"):

## **1. Composition**

1.1. The Committee shall be composed of such number of members as the Board of Directors shall determine but shall in no case be less than three (3) incumbent members of the Board of Directors the majority of which shall be Independent Directors. An Independent Director shall chair the Audit Committee.

1.2. Each member of the Committee shall, as far as practicable, have an understanding of accounting and auditing principles in general and of the Corporation's financial management systems.

1.3. In the exercise of its functions the Committee shall be assisted by the Chief Financial Officer, Financial Controller, Audit and Risk Officer, and appropriate personnel from the Finance Department.

## **2. Powers and Responsibilities**

2.1. The Committee shall have the following duties and responsibilities:

a. review the financial statements and related disclosures and reports certified by the Chief Financial Officer and released to the public or submitted to the Securities and Exchange Commission for compliance with regulatory requirements;

b. review and assess the adequacy of the Corporation's management process, specifically on financial statement and reporting, business continuity, and revenue assurance jointly with management, the Corporation's internal and independent auditors;

c. set up an internal audit department and consider the appointment of the chief audit executive;

d. ensure that the internal auditors have free and full access to all the Corporation's records, properties and personnel relevant to and required by its functions;

e. ensure that the internal audit activity shall be free from interference in determining its scope, performing its work and communicating its results;

f. provide oversight of the Corporation's internal and independent auditors;

g. approve the Annual Internal Audit Work Plan and ensuring that audit resources are allocated to areas of highest risks.

h. pre-approve all audit plans, scope and frequency before the conduct of actual independent audit;

i. review the independent auditor's plans to understand the basis for their risk assessment and financial statement materiality;

j. discuss with the independent auditor before the audit commences the nature and scope of the audit;

k. elevate to international standards the accounting and auditing processes, practices and methodologies; ensure compliance with Philippine Financial Reporting Standards and develop an accountability statement that will specifically identify officers and/or personnel directly responsible for the accomplishment of such task;

l. review the quarterly, half-year, and annual financial statements before submission to the Board, focusing on changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions, compliance with accounting standards, and compliance with tax, legal and stock exchange requirements;

m. recommend and review the appointment of independent auditors and their remuneration;

n. review and approve the proportion of audit versus non-audit work both in relation to their significance to the auditor and in relation to the Corporation's total expenditure on consultancy to ensure that non-audit work will not be in conflict with the audit functions of the independent auditor, and as much as practicable, the non-audit work and its fees shall not exceed the services and fees for the conduct of regular audit; and

o. meet the internal and independent auditors in an executive session at least annually to discuss pertinent matters including the quality of management, financial and accounting controls, and ensure the attendance of independent auditors in the Annual Stockholders' Meeting to address queries within the scope of the audit.

### **3. Meetings**

3.1. The Committee shall hold meetings whenever necessary to exercise its functions. The Chairman shall determine the place and time of the meeting.

3.2. Meetings of the Committee shall be presided by the Chairman and in his absence by the Vice-Chairman. A majority shall constitute a quorum but the affirmative vote of a majority of the whole Committee shall be necessary in every case.

### **4. Miscellaneous**

4.1. The Committee shall have full access to all relevant information, data, records, and personnel.

4.2. Except matters and information which are required to be disclosed or reported under relevant law, rule or regulation, the members of the Committee and all individuals who were present in any of the meetings of the Committee shall maintain in strict confidence all matters discussed, decided and agreed upon during the said meetings.

4.3. This Charter shall be reviewed by the Committee annually and any changes or amendments thereto shall take effect upon the approval by the Board of Directors.

# **CHARTER OF THE RISK OVERSIGHT COMMITTEE**

The Board of Directors of Philippine Telegraph and Telephone Corporation (“Corporation”) hereby adopts and approves the foregoing Charter of the Risk Oversight Committee (“Committee”):

## **1. Composition**

1.1. The Committee shall be composed of three (3) members, majority of whom shall be Independent Directors. An Independent Director shall chair the Committee.

1.2. In the exercise of its functions the Committee shall be assisted by the Head of the Legal Department, Corporate Secretary, Financial Controller, Audit and Risk Officer, Vice-President for Network Engineering and Operations Management and other officer as may be deemed necessary by the Committee.

## **2. Powers and Responsibilities**

2.1 The Committee shall have the following duties and responsibilities:

a. develop a formal enterprise risk management plan which contains the following information: (i) registry of risks, (ii) well-defined risk management goals, objectives and oversight, (iii) uniform processes of assessing risks and developing strategies to manage prioritized risks, (iv) designing and implementing risk management strategies, and (v) continuing assessments to improve risk management strategies, processes and measures;

b. review the adequacy of the Corporation’s risk management framework and ensure that an overall set of risk management policies and procedures exist for the Corporation and oversee its implementation;

c. evaluate the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness, look for emerging or changing material exposures, and stay abreast of significant developments that seriously impact the likelihood of harm and loss;

d. advise the Board of Directors on its risk appetite and risk tolerance limits and review these limits at least annually, based on changes and developments in the business, regulatory framework, external economic and business environment, and when major events occur that are considered to have a major impacts on the Corporation;

e. conduct discussions on the Corporation’s prioritized and residual risk exposures based on regular risk management reports, review the results of the annual risk assessment done by the Audit and Risk Officer, including the risks identified, their impact or potential impact on the Corporation and its subsidiaries and how they are addressing and managing these risks;

f. assess the probability of the occurrence of each identified risk and estimate the possible significant impact to the Corporation and its subsidiaries;

g. provide oversight over management’s activities in managing credit, market, liquidity, operational, legal, and other risk exposures of the Corporation, evaluate the effectiveness of the

risk mitigation strategies and action plans with the assistance of internal auditors, ensuring that the Corporation shall maintains a framework for fraud prevention and detection and plans for business continuity;

h. meet periodically with management to discuss the Committee's observations and evaluation on its risk management activities; and

i. report to the Board of Directors, as may be necessary, the Corporation's material risk exposures, the actions taken to reduce the risks, and recommend further actions or plans as necessary.

### **3. Meetings**

3.1. The Committee shall hold meetings whenever necessary to exercise its functions. The Chairman shall determine the place and time of the meeting.

3.2. Meetings of the Committee shall be presided by the Chairman and in his absence by the Vice-Chairman. A majority shall constitute a quorum but the affirmative vote of a majority of the whole Committee shall be necessary in every case.

### **4. Miscellaneous**

4.1. The Committee shall have full access to all relevant information, data, records, and personnel.

4.2. Except matters and information which are required to be disclosed or reported under relevant law, rule or regulation, the members of the Committee and all individuals who were present in any of the meetings of the Committee shall maintain in strict confidence all matters discussed, decided and agreed upon during the said meetings.

4.3. This Charter shall be reviewed by the Committee annually and any changes or amendments thereto shall take effect upon the approval by the Board of Directors.

# **CHARTER OF THE RELATED PARTY TRANSACTIONS COMMITTEE**

The Board of Directors of Philippine Telegraph and Telephone Corporation (“Corporation”) hereby adopts and approves the foregoing Charter of the Related Party Transactions Committee (“Committee”):

## **1. Composition**

1.1. The Committee shall be composed of such number of members as the Board may designate but in no case less than three (3) members, majority of whom shall be Independent Directors. An Independent Director shall chair the Committee.

1.2. The members of the Committee shall, as far as practicable, have an adequate working knowledge, experience or expertise that is relevant to the Corporation’s operations and financial management systems and controls, and, in particular, an understanding of the Corporation’s regulatory environment.

1.3. In the exercise of its functions the Committee shall be assisted by the Chief Finance Officer, Financial Controller, Head of the Legal Department and representative from the Treasury.

## **2. Powers and Responsibilities**

2.1 The Committee shall have the following duties and responsibilities:

a. to support the Board of Directors in the optimal performance of its responsibilities in ensuring checks and balances in material related party transactions;

b. review internal control framework implemented by management for fraud prevention and detection, including review of significant related party transactions;

c. subject to an agreed materiality threshold, evaluate all related party transactions to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, fees, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Corporation are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions;

d. evaluate material related party transactions taking the following into consideration:

(i) the related party’s relationship to the Corporation and interest in the transaction,

(ii) the material facts of the proposed related party transaction including the proposed aggregate value of such transaction,

(iii) the benefits to the Corporation of the proposed related party transaction,

- (iv) the availability of other sources of comparable products or services, and
- (v) assessment on whether the proposed related party transaction's terms and conditions are comparable to the terms generally available to an unrelated party under similar circumstances;
- e. ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities on related party transactions;
- f. report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party as well as the total amount of exposures to all related parties, subject to an agreed materiality threshold;
- g. ensure that transactions with related parties that exceed the agreed materiality threshold, including write-off of exposures are subject to a periodic independent review or audit process; and
- h. oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting of related party transactions including a periodic review of policies and procedures.

### **3. Meetings**

3.1. The Committee shall hold meetings whenever necessary to exercise its functions. The Chairman shall determine the place and time of the meeting.

3.2. Meetings of the Committee shall be presided by the Chairman and in his absence by the Vice-Chairman. A majority shall constitute a quorum but the affirmative vote of a majority of the whole Committee shall be necessary in every case.

3.3. The Chairman shall designate any of the representatives from Finance and Administrative Departments to record the minutes of the meetings of the Committee and the minutes of the meeting shall be kept and maintained by the Finance or Administrative Head. The minutes of the last meeting shall be presented for approval in the immediately subsequent meeting of the Committee.

3.4. The Board of Directors shall determine a reasonable amount of per diem to be paid to the members of the Committee present during the meeting.

### **4. Miscellaneous**

4.1. The Committee shall have full access to all relevant information, data, records, and personnel.

4.2. Except matters and information which are required to be disclosed or reported under relevant law, rule or regulation, the members of the Committee and all individuals who were present in any of the meetings of the Committee shall maintain in strict confidence all matters discussed, decided and agreed upon during the said meetings.

4.3. This Charter shall be reviewed by the Committee annually and any changes or amendments thereto shall take effect upon the approval by the Board of Directors.

# **CHARTER OF THE CORPORATE GOVERNANCE COMMITTEE**

The Board of Directors of Philippine Telegraph and Telephone Corporation (“Corporation”) hereby adopts and approves the foregoing Charter of the Corporate Governance Committee (“Committee”):

## **1. Composition**

1.1. The Committee shall be composed of at least three (3) members, majority of whom shall be Independent Directors including the Chairman.

1.2. In the exercise of its functions the Committee shall be assisted by the Corporate Secretary, Investor Relations Manager and Corporate Information Officer.

## **2. Powers and Responsibilities**

2.1. The Committee is tasked in ensuring compliance to corporate governance principles and practices including legal and regulatory compliance.

2.2. The Committee shall have the following duties and function:

a. oversee the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the corporation’s size, complexity and business strategy, as well as its business and regulatory environments;

b. oversee the periodic performance evaluation of the Board of Directors and its committees as well as executive management, and conducts an annual self-evaluation of its performance;

c. ensures that the results of the Board of Directors’ evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;

d. recommends continuing education and training programs for directors including assignment of tasks and projects to every Board Committees;

e. adopt corporate governance policies and ensure that these are reviewed and updated regularly and consistently implemented in form and substance;

f. propose relevant trainings for the members of the Board of Directors; and

g. performs such other functions as may be delegated to it by the Board of Directors.

## **3. Meetings**

3.1. The Committee shall hold meetings as often and as may be deemed necessary by the Chairman. The Chairman shall determine the place and time of the meeting.

3.2. Meetings of the Committee shall be presided by the Chairman and in his absence, by the Vice-Chairman. A majority shall constitute a quorum but the affirmative vote of a majority of the whole Committee shall be necessary in every case.

#### **4. Miscellaneous**

4.1. The Committee shall have full access to all relevant information, data, records, properties and personnel.

4.2. Except matters and information which are required to be disclosed or reported under relevant law, rule or regulation, the members of the Committee and all individuals who were present in any of the meetings of the Committee shall maintain in strict confidence all matters discussed, decided and agreed upon during the said meetings.

4.3. This Charter shall be reviewed by the Committee annually and any changes or amendments thereto shall take effect upon the approval by the Board of Directors.