



## **PLDT INC.**

### **TECHNOLOGY STRATEGY COMMITTEE CHARTER**

This Charter was approved and adopted on June 12, 2007, and amended on September 28, 2010 and January 22, 2018, by the Board of Directors of PLDT Inc. pursuant to its By-Laws and Manual on Corporate Governance.

#### **1. DEFINITIONS AND INTERPRETATION**

##### 1.1 Defined Terms

The following terms are used in this Charter with the respective meanings ascribed to such terms below, unless the context otherwise requires:

<b>“Advisor”</b>	shall have the meaning ascribed to such term in Section 3.1(c);
<b>“Advisory Board/Committee”</b>	means the body composed of members appointed by the Board which exercises purely advisory function and has no voting right in respect of matters presented at Board meetings;
<b>“Board”</b>	means the Board of Directors of the Company, the governing body that exercises the corporate powers of the Company, conducts all its business and controls its properties;
<b>“BSP”</b>	means the <i>Bangko Sentral ng Pilipinas</i> ;
<b>“By-Laws”</b>	means the By-Laws of the Company and all amendments thereto;
<b>“CG Manual”</b>	means the Manual on Corporate Governance of the Company and all amendments thereto;
<b>“Committee”</b>	means the Technology Strategy Committee of the Company, as constituted from time to time;

<b>“Commission”</b>	means the Philippine Securities and Exchange Commission;
<b>“Company” or “PLDT”</b>	means PLDT Inc.;
<b>“Director”</b>	means a member of the Board duly elected in accordance with law and the By-Laws;
<b>“employees”</b>	means the employees of the Company, including Officers and Executives;
<b>“Exchange”</b>	means the Philippine Stock Exchange;
<b>“Executive Director”</b>	means a Director who is a member of Management;
<b>“Executives”</b>	means the executives of the Company with the rank of Manager up to Assistant Vice President;
<b>“Governance Code”</b>	means SEC Memorandum Circular No. 19, Series of 2016, otherwise known as the “Code of Corporate Governance for Publicly-Listed Companies” as may from time to time be amended, modified, re-enacted, or replaced;
<b>“Independent Director”</b>	shall have the meaning ascribed to such term in Annex C hereof;
<b>“Management”</b>	means the body composed of the CEO and Officers given authority and responsibility by the Board to manage the day-to-day conduct of business of the Company and implement the business strategies, plans and policies approved by the Board;
<b>“Members”</b>	means the members, including the Chairman, of the Committee, as appointed by the Board from time to time;
<b>“NTT”</b>	means NTT DoCoMo, Inc., a corporation established under the laws of Japan and

having its principal place of business at Sanno Park Tower 41F, 2-11-1 Nagatacho, Chiyoda-ku, Tokyo 100-6150, Japan, or its successor in interest;

**“Officers”**

means the officers of the Company with the rank of Vice President and above or who are appointed as such by the Board;

**“Securities Regulation Code”**

means Republic Act No. 8799;

**“this Charter”**

means this Technology Strategy Committee Charter, including its Schedule and Annexes, as the same may be amended from time to time; and

**“year”**

means a calendar year.

1.2 Interpretation

- (a) Unless the context otherwise requires:
  - (i) words in the singular include the plural, and *vice versa*; and
  - (ii) words importing any gender include all genders.
- (b) The word “writing”, or any cognate expression, includes a reference to any communication effected by electronic message, facsimile transmission or any mode of reproducing words in a legible and non-transitory form.
- (c) A reference to a statute or statutory provision shall be construed as a reference to that statute or statutory provision as from time to time amended, modified or re-enacted, any repealed statute or statutory provision which it re-enacts, and any order, rule or regulation made under the relevant statute or statutory provision.
- (d) The headings in this Charter are inserted solely for convenience of reference and shall not limit or affect the interpretation of the provisions hereof.

**2. PURPOSES, DUTIES AND POWERS**

- 2.1 The Committee shall have the purposes, duties and powers set out in the Schedule attached hereto and such other duties and powers as may be delegated to the Committee

by the Board, subject to such limitations as the Board may determine and notify to the Committee.

- 2.2 The Committee shall have the resources and authorities appropriate to discharge its responsibilities including the authority to engage consultants, and retain and obtain advice from experts or consultants as it deems appropriate and necessary to carry out its duties.
- 2.3 The Chairman of the Committee and/or any of its Members/Advisors may meet separately with Management to discuss any matter that the Committee or any of the foregoing persons believe should be discussed privately. The Committee may also request or require any Officer, Executive or employee of the Company or the Company's outside counsel or third party consultants to attend a meeting of the Committee or to meet with any Members, Advisors or consultants of the Committee.

### **3. COMMITTEE STRUCTURE**

#### 3.1 Composition

- (a) The Committee shall have a minimum of five (5) Members. A majority of the Members, including the Chairman thereof who shall be chosen from among the Members, shall be Directors and only such Member-Directors shall have voting rights. The President/CEO of the Company shall be a Member of the Committee. At least a majority of the voting Member-Directors must not be part of Management. Unless otherwise required pursuant to Sec. 3.2(b), the rest of the Members may be members of the Advisory Board/Committee.
- (b) The Chairman and Members of the Committee shall be appointed by the Board.
- (c) The Board may appoint one or more persons to serve as advisor(s) to the Committee (an "Advisor"). Advisors shall have the right to attend and speak at any meeting of the Committee, but shall have no right to vote in respect of any action taken by the Committee.
- (d) The Chairman of the Committee or any of its Members or Advisors may be removed from office only by the Board.

#### 3.2 Qualifications

- (a) At least one Member must have at least a general knowledge or understanding of technologies relevant to the Company's line of business.

- (b) The Chairman of the Committee and a majority of the Members shall be Philippine citizens and Directors or Independent Directors if so required under applicable laws and regulations and/or the By-Laws.
- (c) The office of a Member shall *ipso facto* be vacated:
  - (i) if he resigns his office as a Member;
  - (ii) if he is removed by a resolution of the Board;
  - (iii) if he becomes of unsound mind;
  - (iv) if he is convicted of an indictable offense; or
  - (iv) if he is subsequently disqualified under the terms of this Charter and other applicable laws, rules and regulations from becoming a Member.

If upon determination by the Board or its Governance and Nomination Committee a Member who is a Director ceases to possess any of the qualifications for directorship set forth in Annex A hereof or becomes disqualified from directorship based on any grounds for disqualification set forth in Annex B hereof, the Board shall make such appointments in order to meet the required composition of the Committee as set forth in Section 3.1(a).

## **4. COMMITTEE PROCEDURES**

### 4.1 Meetings

- (a) The Committee shall hold meetings at such times and places as it considers appropriate provided that at least one (1) meeting shall be held each year.
- (b) Meetings of the Committee shall be convened by the Chairman of the Committee as and when he considers appropriate or upon the request of a majority of the Members (excluding the non-voting Members).
- (c) A Committee meeting shall be convened upon notice in writing three (3) days prior to the meeting and specifying the place, date and time for the meeting and the matters to be discussed at the meeting.
- (d) Subject to Section 4.1(j), notwithstanding that a meeting is called by shorter notice, it shall be deemed to have been duly convened if it is so agreed by the Members present in the meeting at which there is a quorum. A Member may

consent to short notice and may waive notice of any meeting of the Committee and any such waiver may be retrospective.

- (e) Each Member/Advisor shall give to the Secretariat of the Committee an address, a facsimile number, and an email address for the service of notices of meetings of the Committee.
- (f) Notice of a meeting of the Committee shall be deemed to be duly served upon a Member/Advisor if it is given to him personally, or sent to him by mail, facsimile transmission or email to his address, facsimile number or email address, as appropriate, given by him to the Secretariat of the Committee in accordance with Sec. 4.1(e) above.
- (g) The quorum for a meeting of the Committee shall be at least a majority of the Members (excluding the non-voting Members) present throughout the meeting.
- (h) Resolutions at a meeting of the Committee at which there is a quorum shall be passed by a simple majority of votes of the Members (excluding the non-voting Members) present at such meeting.
  - (i) Each Member, including the Chairman of the Committee (but excluding the non-voting Members), shall have one (1) vote.
  - (ii) In case of an equality of votes, the Chairman of the Committee shall not have a second or casting vote.
  - (iii) A resolution in writing signed by all voting Members and noted by the non-voting Members shall be as valid and effective for all purposes as a resolution of the Committee passed at a meeting of the Committee duly convened, held and constituted. A written notification of confirmation of such resolution in writing sent by a Member shall be deemed to be his signature to such resolution in writing for such purpose. Such resolution in writing may consist of several documents, each signed by one or more Members.
- (i) If, within thirty (30) minutes from the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such other day, time and place as the Chairman of the meeting may determine.
- (j) Notwithstanding any other provision herein, if any meeting is convened upon less than twenty four (24) hours' prior written notice to each Member or Advisor

nominated by NTT, and a Member or Advisor nominated by NTT is not present at such meeting, then no business shall be properly conducted at such meeting. The holding of such meeting shall be adjourned for a period of not less than twenty four (24) hours (and prompt notice of such adjournment shall be given to each Member and Advisor in accordance with the other provisions hereof) and any business may be properly transacted at the meeting so reconvened notwithstanding the absence of any Member or Advisor nominated by NTT.

- (k) Members and Advisors of the Committee may participate in a meeting of the Committee through teleconference or video conference by means of which all persons participating in the meeting can hear each other.

#### 4.2 Escalation

If the Committee decides to take any action to which any voting Member objects, such voting Member shall have the right, by notice in writing to the Chairman of the Committee within ten (10) days after such meeting, to require the Committee to reconsider its decision in a separate meeting. If, after such reconsideration, any voting Member objects to the action which the Committee has decided to take at the second Committee meeting, then said objecting Member shall be entitled, by notice in writing to the Board (together with any relevant supporting materials) within ten (10) days from the date of the second Committee meeting, to require the particular matter to be considered and finally decided by the Board at its next scheduled meeting, the decision of which is final and binding. Any action proposed to be taken by the Committee which is the subject of the foregoing procedures shall be held in abeyance, and shall be deemed for all purposes not to have been taken, during the pendency of such procedures.

#### 4.3 Minutes and Records

- (a) The Committee shall appoint a Secretariat which shall be composed of one representative each from the following Groups, duly nominated by their respective Group Heads: (i) Corporate Affairs and Legal Services Group; (ii) Chief Revenue Office (CRO); (iii) Technology Group; and (iv) Chief Corporate Services Office (CCSO). The duly nominated representatives to the Committee Secretariat must be Officers and Executives of the Company. The Secretariat shall prepare the agenda of each Committee meeting in coordination with the Chairman, collate documents pertaining to the matters in the agenda, prepare minutes of the meetings of the Committee and/or recall sheets of decisions made during meetings of the Committee, and keep records of the Committee.
- (b) The Committee shall cause records to be kept for the following:

- (i) appointments and resignations of the Members/Advisors;
  - (ii) all agenda and other documents sent to the Members/Advisors; and
  - (iii) minutes of proceedings and meetings.
- (c) Any such records shall be open for inspection by any Member/Advisor upon reasonable prior notice during usual office hours of the Company.
- (d) Minutes of any meeting of the Committee, if purported to be signed by the Chairman of such meeting, or by the Chairman of the next succeeding meeting, shall be conclusive evidence of the proceedings and resolutions of such meeting.

#### 4.4 Notice

- (a) Except for notice of meetings of the Committee which shall be given or issued in accordance with Section 4.1(f), any other notice or document to be given or issued to the Members/Advisors may be served by the Committee upon any Member/Advisor either (i) personally, or (ii) by sending it by mail, postage prepaid, addressed to such Member/Advisor at his address and, in any case where the address of a Member/Advisor is outside the Philippines, by prepaid airmail or courier, or (iii) by facsimile transmission.
- (b) Any notice sent by mail shall be deemed to have been served, in the case where the Member's/Advisor's address is in the Philippines, on the day following that on which the notice is mailed in the Philippines, and in any other case, on the third day after the day of mailing. In proving such service, it shall be sufficient to prove that the notice was properly addressed and mailed, postage prepaid. Any notice sent by facsimile transmission shall be deemed to have been sent upon dispatch, as evidenced by the facsimile transmission confirmation report.
- (c) Any notice or other document required to be sent to or served upon the Committee or upon any Officer, may be sent or served by leaving the same, or sending it through the post in a postage prepaid envelope, addressed to the Committee or to such Officer, at the principal place of business of the Company.

## **5. REMUNERATION OF MEMBERS/ADVISORS**

No fees or other remuneration shall be payable to the Members/Advisors of the Committee in respect of their services provided in connection with the Committee or in respect of their attendance at meetings of the Committee, save and except fees or remuneration authorized and approved by the Board for such purposes. In the case of a



Member who is an Independent Director, no fees or compensation shall be paid directly or indirectly to such Member or his firm for consultancy or advisory services rendered directly by the Member or indirectly through his firm even if such Member is not the actual service provider. However, this prohibition shall not apply to ordinary compensation paid to such Member or his firm in respect of any other supplier or other business relationship or transaction that the Board has already determined to be at arm's length terms and immaterial for purposes of its basic Member's independence analysis.

## **6. MEMBER'S/ADVISOR'S INTEREST**

- 6.1 A Member/Advisor who is in any way, whether directly or indirectly, interested in a contract, arrangement or any other dealing or proposed contract, arrangement or dealing with the Company shall declare the nature of his/her interest in accordance with the provisions of this Charter. A general notice given by a Member/Advisor to the other Members/Advisors to the effect that he or his relative (as this term is defined in clause (v) of the definition of the term "Independent Director" in Annex C hereof) is a director, officer or substantial shareholder (as this term is defined in the last paragraph of the definition of the term "Independent Director" in Annex C hereof) of a relevant company or firm, and is to be regarded as interested in any contract, arrangement or dealing which may, after the date of the notice, be entered into or made with that company or firm, shall, for the purpose of this Charter, be deemed to be a sufficient disclosure of interest in relation to any contract, arrangement or dealing so entered into or made.
- 6.2 Without prejudice to the provisions of Section 3.2(c), no Member/Advisor or intended Member/Advisor shall be disqualified by his office from contracting with the Company, nor shall any contract, arrangement or dealing entered into by or on behalf of the Company with any Member/Advisor, or with any relative of a Member/Advisor, or with any firm or company in which any Member/Advisor or his relative is a director, officer or substantial shareholder be void or voidable, nor shall any Member/Advisor so contracting or being so interested be liable to account to the Company for any profit, remuneration or other benefits realized by any such contract, arrangement or dealing, by reason only of the interest of such Member/Advisor, provided that (i) such contract, arrangement or dealing was approved by the Board in a meeting properly convened, (ii) the presence of such Member/Advisor (if a Director) in the Board meeting in which the contract, dealing or arrangement was approved was not necessary to constitute a quorum for such meeting, (iii) the vote of such Member/Advisor (if a Director) was not necessary for the approval of such contract, dealing or arrangement, and (iv) the contract, dealing or arrangement is fair and reasonable under the circumstances.

## **7. AMENDMENT**

This Charter shall not be amended, altered or varied unless such amendment, alteration or variation shall have been approved by a resolution of the Board.

## **SCHEDULE**

### **TECHNOLOGY STRATEGY COMMITTEE CHARTER**

#### **Purposes**

The primary purposes of the Committee are to assist and enable the Board to:

1. review and approve the strategic vision for the role of technology in the Company's overall business strategy, including the technology strategy and roadmap of the Company;
2. fulfill its oversight responsibilities for the Company's effective execution of its technology-related strategies; and
3. ensure the optimized use and contribution of technology to the Company's business and strategic objectives and growth targets.

The primary responsibility of the Committee is oversight. Management is responsible for defining the Company's technology strategy and roadmap.

#### **Duties and Powers**

To carry out its purposes, the Committee shall have the following duties and powers:

1. Review, evaluate and make recommendations to the Board regarding:
  - a. the Company's major technology strategy, competitiveness and position relative to existing, emerging and future trends and opportunities in technologies relevant to the business of the Company; and
  - b. the application of technology in the pursuit of the Company's strategic goals and objectives.
2. Assist and enable the Board to achieve an understanding of the technologies necessary to carry out the Company's strategic growth plans, as well as technology issues, opportunities and risks relevant to the Company's overall business strategy;
3. Review the soundness of and risks associated with the technologies in which the Company has invested or intends to invest, and make the appropriate recommendations to the Board based on such review;

4. Review and make recommendations to the Board relative to the Company's technology budget, proposals for major technology-related acquisitions, transactions, investment levels, partnerships and alliances;
5. Review, report and make recommendations to the Board relative to Management's formulation, execution, and overall performance in achieving technology-related strategic goals and objectives;
6. Oversee the technology strategies of the Company's subsidiaries and their implementation;
7. Recommend to the Board appropriate technology-related training and programs for the Board members;
8. Have unrestricted access to Management, employees and information the Committee considers relevant to its role, purposes and duties;
9. Review this Charter at least once every two (2) years and recommend any necessary changes hereto to the Board;
10. Report the Committee's activities to the Board at least once a year and make such recommendations with respect thereto and other matters as the Committee may deem necessary or appropriate; and
11. Prepare an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter, set forth the goals and objectives of the Committee for the ensuing year and include any recommendation to the Board on any improvements to this Charter deemed necessary or desirable by the Committee; provided that such report to the Board may take the form of an oral report by the Chairman of the Committee or any other Member designated by the Committee to make such report.

## **ANNEX A – QUALIFICATIONS FOR DIRECTORSHIP**

1. Must own at least one (1) share of stock of the Company standing in his name on the books of the Company;
2. Must have a college education or equivalent academic degree;
3. Must be at least twenty-one (21) years old;
4. Must possess integrity and probity;
5. Must have a practical understanding of the business of the Company or previous business experience; and
6. Must have attended a seminar on corporate governance conducted by a duly recognized private or government entity or must have issued an undertaking to attend such a seminar as soon as practicable.

The Governance and Nomination Committee may consider and recommend to the Board other qualifications which are now or may hereafter be provided in the relevant existing laws or any amendments thereto or new laws applicable to the Company, including, but not limited to, membership in good standing in relevant industry, business or professional organization.

## **ANNEX B – GROUNDS FOR DISQUALIFICATION FROM DIRECTORSHIP**

### **Permanent Disqualification**

1. Any person convicted or adjudged guilty of any of the offenses or crimes specified below in a final, non-appealable judgment, decree or order issued by a judicial or an administrative body having competent jurisdiction or the Commission:
  - (a) an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;
  - (b) any crime that (i) involves the purchase or sale of securities, as defined in the Securities Regulation Code; (ii) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (iii) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them; or
  - (c) having willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of, any provision of the Securities Regulation Code, the Corporation Code, or any other law administered by the Commission or BSP, or any rule, regulation or order of the Commission or BSP;
2. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above.

The disqualification shall also apply if such person: (a) is currently the subject of an order of the Commission or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the Commission or BSP, or under any rule or regulation issued by the Commission or BSP; or (b) has otherwise been restrained to engage in any activity involving securities and banking; or (c) is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the said organization;

3. Any person found guilty by final judgment or order of a foreign court or equivalent securities or banking regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in Sections 1 and 2 above;
4. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the Corporation Code committed within five (5) years prior to the date of his election or appointment;
5. Any person judicially declared as insolvent;
6. Any employee, officer, manager, director or controlling person or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation (other than one in which the Company owns at least thirty per cent (30%) of the capital stock) or entity engaged in a business that the Board, by at least a majority vote, determines to be competitive or antagonistic to that of the Company or any of its subsidiaries;
7. Any employee, officer, manager, director or controlling person or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation or entity engaged in any line of business of the Company or any of its subsidiaries, when in the judgment of the Board, by at least a majority vote, the laws against combinations and restraint of trade shall be violated by such person's membership in the Board; and
8. Any nominee, as determined by the Board, in the exercise of its judgment in good faith and by at least a majority vote, of any person set forth in Sections 6 and 7 above.

### **Temporary Disqualification**

The Governance and Nomination Committee may consider and recommend to the Board temporary disqualification of a Director based on any of the following grounds:

- (i) Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations, which disqualification shall be in effect as long as said refusal persists;
- (ii) Absence in more than fifty percent (50%) of all Board meetings, both regular and special, during his incumbency or any twelve (12) month period during said incumbency, unless the absence is due to justifiable causes such as illness, death of an immediate family member or serious accident. This disqualification applies for purposes of the succeeding election;

- (iii) Dismissal or termination for cause as director of any corporation covered by the Governance Code. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;
- (iv) Being under preventive suspension by the Company (in the case of an Executive Director); and
- (v) If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

Any temporary disqualification of a Director recommended by the Governance and Nomination Committee to be valid and effective must be approved by the Board and comply with the requirements of applicable laws, rules and regulations.

A temporarily disqualified Director shall, within the period prescribed by the Board, which shall not be less than sixty (60) business days from such disqualification, take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.

The Governance and Nomination Committee may consider and recommend to the Board other grounds for disqualification which are now or may hereafter be provided in the relevant existing laws or any amendments thereto or new laws applicable to the Company.



## ANNEX C – INDEPENDENT DIRECTOR

“Independent Director” means a person who is independent of management and who, apart from his fees and shareholdings, is free from any business or other relationship with the Company which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Company. It refers to a person who, ideally:

- (i) is not an officer or director of the Company or any of its related companies or any of its substantial shareholders (other than as an Independent Director of any of the foregoing);
- (ii) was not an officer or a director of the Company or any of its related companies or any of its substantial shareholders (other than an Independent Director of any of the foregoing) within the three (3) years immediately preceding the date of his election;
- (iii) was not the chairman *emeritus* or an *ex-officio* director/officer, or a member of the advisory board of the Company or any of its related companies or any of its substantial shareholders, or otherwise appointed in a capacity to assist the board of directors of any of the foregoing in the performance of its duties and responsibilities within the last three (3) years immediately preceding the date of his election;
- (iv) is not an owner of more than two percent (2%) of the shares of stock of the Company or any of its related companies or any of its substantial shareholders;
- (v) is not a relative of any director, officer or substantial shareholder of the Company or any of its related companies or any of its substantial shareholders. For this purpose, “relatives” includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- (vi) is not acting as a nominee or representative of any director or substantial shareholder of the Company or any of its related companies or any of its substantial shareholders, pursuant to a deed of trust or under any contract or arrangement;
- (vii) is not retained or, within the last three (3) years immediately preceding the date of his election, has not been retained as a professional adviser, auditor, consultant or counsel of the Company or any of its related companies or any of its substantial shareholders, either personally or through his firm;
- (viii) does not engage or has not engaged in any transaction with the Company or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm’s length

and could not materially interfere with or influence the exercise of independent judgment;

- (ix) is not employed, or within the last three (3) years immediately preceding the date of his election, has not been employed as an executive officer of another entity where any of the Company's executive officers serves on that entity's Compensation Committee;
- (x) is not employed or, within the last three (3) years immediately preceding the date of his election, has not been employed by the Company's present or former external auditors;
- (xi) is not a securities broker-dealer of listed companies and registered issuers of securities or a person holding any office of trust and responsibility in a securities broker-dealer firm which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, associated person or salesman, and an authorized clerk of the broker or dealer; or
- (xii) is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or any of its substantial shareholders.

When used in relation to a company, "related company" means another company which is: (a) its holding company, (b) its subsidiary, or (c) a subsidiary of its holding company; and "substantial shareholder" means any person who is directly or indirectly the beneficial owner of more than ten percent (10%) of any class of its equity security.