PLDT

2019 SUSTAINABILITY REPORT

IN GOOD COMPANY

PLDT 2019 SUSTAINABILITY REPORT

For the PLDT Group, the pursuit of Sustainability is a quest to deliver a world that is good and beneficial for our stakeholders. Together with our employees, customers, investors, suppliers and partners, we seek to bring the best possible digital technology-enabled environment for our families and communities, a world where the dreams of our future generations begin.

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SHARING OUR PURPOSE

102-1, 102-6, 102-16

Connecting and empowering Filipinos everywhere

The PLDT Group is the largest and most diversified telecommunications and digital services company in the Philippines, committed to delivering quality service, innovative products, and digital solutions to all Filipinos.

VISION

Lead and inspire Filipinos to create a better tomorrow.

MISSION

Empower Filipinos everywhere with customer-focused digital innovations that unlock and share their infinite potential.

Through strategic innovations that are both bold and discerning, the PLDT Group ensures continuous improvement for its fixed line, wireless, and other operations. Maximizing the country's most extensive fiber optic backbone and fixed line and cellular networks, we ensure a wide range of telecommunications and digital services that enables progress and development opportunities for individuals, enterprises, and communities throughout the country.

PLDT is listed on the Philippine Stock Exchange (PSE:TEL) and its American Depositary Shares are listed on the New York Stock Exchange (NYSE:PHI). In 2019, PLDT was one of the largest Philippine-listed companies in terms of market capitalization.

For many years, we have been diligently reporting on our sustainability journey and sharing with stakeholders the actions and choices the organization has made towards the pursuit of our

102-2, 102-6

sustainability goals. Our Group has found it valuable to share with stakeholders our performance on "people, planet, and profit" as a point of collaboration where we can work together and move towards shared goals in the economic, environmental, social and governance (EESG) aspects.

Upon browsing this year's report, our readers will recognize a refreshed energy, a renewed focus on making a long-lasting impact. This energy is borne by the emerging opportunities that the Group has identified and has committed to exploring as we work to bring about optimal benefits for communities we serve. With our Seven Pillars of Sustainability defined in 2019, to be detailed in this report, the Group was able to articulate the purpose that drives its decisions and strengthen the resolve to move forward towards delivering a future that our people deserve.

We deliver our services through the following business units:

PLDT HOME

PLDT Home is the Philippines' fastest fixed network and digital services provider, now serving over two million subscribers nationwide. PLDT Home offers broadband data services such as fixed wired (PLDT Home Fibr) and fixed wireless (PLDT Home Wifi) that run through PLDT's superior Fiber-to-the-Home (FTTH) network that now reaches over 322,400 kilometers of fiber cables and 7.2 million homes passed nationwide. With its extensive FTTH network roll-out, PLDT Home has over 626 Fibr-powered PLDT Smart Cities in the country.

PLDT Home's broadband services enable subscribers to enjoy up to 1 Gbps of symmetrical internet speeds or equal upload and download speeds, which means unlimited, uninterrupted video streaming, lag-free gaming, and seamless internet browsing experience at home. With its strong commitment to fulfill its subscribers' digital home lifestyle needs, PLDT Home delivers product bundles for high-speed internet and digital services under its Smart Home banner – a digital ecosystem that is built on the pillars of Entertainment, Security, and Automation.

PLDT Enterprise

PLDT Enterprise is the preferred digital services partner of the B2B market. As the corporate business unit of the PLDT Group, its vision is to make a positive impact on every single business by simplifying the complex for various industries. It boasts of a wide range of fixed line and wireless services, as well as disruptive solutions—powered by its ICT arm, ePLDT, Inc. (ePLDT). All such offers are fortified by the Philippines' most extensive fiber optic backbone, cellular network, and data center footprint—ensuring the delivery solutions that create real value for every customer.

PLDT Global

PLDT Global Corporation (PGC) is the international business unit of the PLDT Group. It provides high quality communications infrastructure and innovative platforms to its global network of carriers, enterprise customers, and distribution partners enabling them to achieve their desired connectivity, reach, and business relevance. With offices in key markets abroad, PGC delivers a full range of digital consumer solutions that serve the evolving needs of Overseas Filipinos.

Smart

The PLDT Group's wireless business is best known under the brand of its wholly-owned subsidiary, Smart Communications, Inc. (Smart). Our wireless network covers 94% of the Philippine archipelago. Recognized by international third-party internet rating firms, the business unit provides mobile communications services, high-speed internet connectivity, and access to digital services and content to over 73.1 million subscribers (as of end-2019) through its commercial brands Smart, TNT, and Sun. Smart also offers satellite communication services under the brand Smart World.

TC-TL-000.A, TC-TL-000.B, TC-TL-000.C, TC-TL-000.D

Number of subscribers MOBILE	**73.1 million** ▲ **21%**	Number of subscribers BROADBAND	**2.2 million** ▲ **7%**
Number of subscribers FIXED LINE	**2.8 million** ▲ **2%**	Mobile network data traffic	**1.6 exabyte** ▲ **111%**

▲ increase from 2018

AWARDS AND RECOGNITION HIGHLIGHTS

1

2

5

3

4

CMO Asia Awards

Best CSR Practices Gabay Guro

Asia's Best Brand Award Smart (for the consolidated CMO recognitions)

Best LTE Provider Smart LTE

Market Leadership PLDT Home

Best Broadband Service Provider PLDT Home

Most Innovative HR Practice Smart Super ID

CFO of the Year Chaye A. Cabal-Revilla

Lifetime Achievement Award for Public Relations Ramon R. Isberto 5

2019 Metro Ethernet Forum (MEF) Awards 1

Retail Service Provider of the Year PLDT Enterprise

Wholesale Service Provider of the Year PLDT Enterprise

Network & Service Innovation Awards PLDT Enterprise

Philippine Leadership Awards

CFO of the Year Chaye A. Cabal-Revilla

Telecom Asia Awards (Singapore)

Asia's Most Innovative Voice Solutions PLDT Global's Free Bee mobile app

Public Relations Society of the Philippines 54th Anvil Awards

2019 Company of the Year PLDT

Gold Anvils 3

- Handle With Care data privacy campaign
- L&D On The Road employee training program
- MVP Geek Olympics employee hackathon
- Vox Now employee engagement talks

Aliw Awards 2019

Best Special Event Gabay Guro

17th Philippine Quill Awards 2

Top 5 Excellence Awards
Communications Management Division

- Smart Millenniors mobile literacy trainings for senior citizens
- Smart Ka-Partner Rewards Program 4

SAP's Partner of the Year ePLDT

SAP S/4HANA Partner of the Year ePLDT

World Women Leadership Congress Awards 2019

Asia's Women Leaders:

- Chaye A. Cabal-Revilla
- Katrina Luna-Abelarde

For the full list of awards, refer to pages 11-12 of the 2019 Annual Report.

MEMBERSHIP IN ASSOCIATIONS 102-13

LOCAL

- Earth Day Network Philippines
- Emergency Telecoms Cluster, National Disaster Risk Reduction and Management Council
- Good Governance Advocates and Practitioners of the Philippines
- Integrity Initiative, Inc.
- Philippine Association of Private Telephone Companies (PAPTELCO)
- Philippine Business for Education
- Philippine Business for the Environment
- Philippine Business for Social Progress
- Philippine Chamber of Telecommunication Operators (PCTO)
- Supply Chain Management Association of the Philippines
- Philippine Disaster Resilience Foundation (PDRF)

INTERNATIONAL

- Asian Carriers Conference Incorporated
- Ethics and Compliance Initiative
- Global Settlement Council (GSC)
- GSM Association (GSMA)
- International Association of Privacy Professionals (IAPP)
- International Inbound Services Forum (IISF)
- International IP Interconnect Forum (i3F)
- International Telecommunications Union (ITU)
- International Telecoms Week (ITW)
- Metro Ethernet Forum (MEF)
- Pacific Partners Meeting (PPM)

102-12

EXTERNAL INITIATIVES/CHARTERS

EXTERNAL CHARTER	PARTICIPATION
GSMA	Smart is a founding signatory of the Humanitarian Connectivity Charter. Smart is a member of the Mobile for Humanitarian Innovation, Climate Action Task Force, and Clean Technology Technical Working Group
United Nations Office for Disaster Risk Reduction (UNDRR)	PLDT-Smart is a member of the Private Sector Alliance for Disaster Resilient Societies (ARISE) in the Philippines
Asia Pacific Alliance for Disaster Management (APAD)	In partnership with the Citizens' Disaster Response Center
ISO 22301	Business Continuity Management
ISO 14001	Environmental Management System
ISO 27001	Organizational Information Security, Technical Security, and Physical Security
Global Reporting Initiative	Sustainability Reporting
United Nations Children's Fund (UNICEF)	PLDT-Smart adheres to its set of recommended policies that integrate Children's Rights and Welfare into its business
United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA)	Smart is a member of the UN OCHA Community of Practice on Community Engagement
Forum of Incident Response and Security Teams (FIRST)	Membership provides the Group access to best practices in cybersecurity incidence response

MESSAGE FROM THE CHAIRMAN, PRESIDENT AND CEO 102-14

By building the country's most extensive digital infrastructure, PLDT is making major contributions to the sustainable development of the country.

To our Stakeholders,

The principles of sustainability require us to take a long-term view of the future. But, given the immense and immediate public health challenges imposed by the COVID-19 pandemic and its huge economic fall out here and all over the world, thinking long-term seems hopelessly irrelevant. The urgent seems to always overtake what is important.

And yet, as difficult as it is, we need to recognize that this perspective makes even more sense now.

When the world found itself in such unprecedented situations, of cities in lockdown and countries under quarantine, the lifeline that kept communities functioning was communications, particularly, data links and the internet. People could keep in touch with families and friends. They could keep on working. School children could keep studying. People could connect while staying apart.

Under these very constrained circumstances, it became clear which basic services are truly essential—and the ability to stay connected was clearly one of them.

For us at the PLDT Group, the COVID-19 pandemic has driven home even more emphatically the learning that sustainability is a vital pillar of our business. Our ability to reliably deliver the best quality service to our customers under difficult conditions is essential to ensuring resilience for every community in times of emergencies.

To achieve this, we have to harness the latest technologies and keep investing in our networks. At the same time, we need to take good care of our people and develop new processes that enable our organization to operate effectively and resiliently.

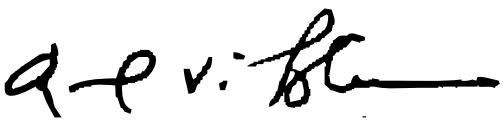
By building the country's most extensive digital infrastructure, PLDT is making major contributions to the sustainable development of the country. The world is at the midst of another wave of disruption as new technologies such as the Internet of Things (IoT), artificial intelligence and 5G become more pervasive here and overseas. Our work will enable the country to participate actively and creatively in what is being called the Fourth Industrial Revolution. At the same time, the world faces daunting challenges on how to protect our environment and promote more equitable social development. Our technologies can play a significant role in this effort as well.

This is the larger mission before us. This is the purpose that drives our organizational will and energy towards sustainability on the triple bottom line of profit, people, and planet. We understand what is at stake and we are committed to succeeding because people are depending on us to be there for them, not just in the good times but more so when the tough times come.

For this purpose, we have created a Sustainability Office dedicated and focused on finding the most effective ways for us to move faster towards our sustainability goals. Making sure that we maintain leadership in this area is our way of delivering on our promise to our stakeholders – that we shall give our very best effort towards sustainability at PLDT.

To demonstrate our serious intent, we have initiated programs to align our efforts with our new global affiliations, namely the Sustainability Accounting Standards Board (SASB) Alliance, Task Force on Climate-related Financial Disclosures (TCFD) and the United Nations Global Compact (UNGC).

Connecting and empowering Filipinos everywhere is our core business and our key contribution to our country and people. We look forward to collaborating with all our stakeholders in all our future programs and initiatives. As the COVID-19 experience has taught us—we are, truly, all in this together.



MANUEL V. PANGILINAN
Chairman of the Board
President and Chief Executive Officer
PLDT Inc.

MESSAGE FROM THE CHIEF REVENUE OFFICER

To our Stakeholders,

"We will keep you connected."

This was our commitment to our customers and the country when the COVID-19 pandemic broke out in the Philippines.

Similar to how the internet became the primary medium for our overseas *kababayans* to constantly stay in touch with their families at home, it has now become essential for hundreds of millions of us in the Philippines as we are forced to stay apart to prevent the spread of coronavirus. From virtual gatherings with friends over drinks and a good meal, to video calls with co-workers and business partners, the value of our services has been highlighted with how we are living in the 'new normal' with the on-going crisis.

Fortunately and quite providentially, in 2019 before the pandemic hit, we set out three strategic imperatives to future-proof PLDT and Smart: deliver high-quality customer service, pursue operational excellence, and embrace advanced digital technology.

Our most pivotal initiative has been our unrelenting efforts to build the country's most extensive and advanced digital infrastructure. Our sustained investments in network modernization and expansion for the last five years aimed to raise service quality standards and achieve unmatched customer experience. And it has worked.

The significant improvements in the speed, reach, and reliability of PLDT Group's networks and data services have been repeatedly validated by user-based studies undertaken by several international internet analytics firms. Service quality has steadily improved even as data traffic has soared. Service revenues have reached a new peak – driven largely by rising broadband and data revenues.

On the customer service side, our very own frontliners - our engineering, installation, repair, and sales teams - continue to go out to the field to keep critical operations going and ensure network and service availability for our millions of customers.

In short, our network is ready and more than able to meet the needs of our customers in this crisis. Throughout this pandemic and into the 'new normal', we will keep you connected to your passions, work, colleagues, friends, loved ones, and families.

Building a Digital and Sustainable Future

As we enter the 'new normal', we will endeavor to be the preferred partner of choice for the needs of millions of Filipinos. We will build on top of the best and most robust network in the Philippines, a wide range of digital services that will let Filipinos thrive in the digital age: e-learning, e-health, e-payments, e-commerce, and e-sports to name just a few.

Alongside this, we shall continue to champion eco-efficiency by reducing the impact of our business on the environment and helping various communities curb the effects of climate change. We have a lot of programs in the pipeline for 2020, including making our marketing and merchandising materials more eco-friendly. We will continue to shift away from the use of plastics and move to recyclable materials. This is on top of the various partnerships we have established to help protect and conserve our rainforests, mangroves, and marine life - all leveraging on digital technology and our network.

To this, we shall add efforts to use the lessons learned during this pandemic to make our operations more resilient and crisis-proof. Because of COVID-19, we have learned how to use digital collaboration tools to run our organization efficiently and effectively under lockdown conditions.

The health crisis has been a very painful period for all of us. However, we can also use this experience to build a better PLDT Group and a better life for our people.

ALFREDO S. PANLILIO
Chief Revenue Officer - PLDT Inc.
President and Chief Executive Officer
Smart Communications, Inc.

Our most pivotal initiative has been our unrelenting effort to build the country's most extensive and advanced digital infrastructure. Our sustained investments in network modernization and expansion for the last five years aimed to raise service quality standards and achieve unmatched customer experience. And it has worked.

2019 HIGHLIGHTS AT A GLANCE 201-1

AWESOME CUSTOMER EXPERIENCE AND QUALITY OF SERVICE

94% Smart MOBILE COVERAGE

10 OPERATIONAL ePLDT VITRO DATA CENTERS

322,400 km
PLDT FIBER OPTIC NETWORK COVERAGE

PHP171.1 BILLION
DIRECT ECONOMIC VALUE GENERATED (REVENUES)

25.03
OOKLA SPEEDTEST SCORE^

^ Q3-Q4 2019

GROWTH-DRIVEN INNOVATION

1st TO CONDUCT 5G STANDALONE (5G SA) VIDEO CALL IN SOUTHEAST ASIA

1ST AND ONLY organization in the country to receive the **ANSI/TIA-942 FACILITY RATED 3 CERTIFICATION (ePLDT)**

PHP72.9 BILLION CAPEX
TO EXPAND AND MODERNIZE FUTURE-PROOF NETWORK

RESPONSIBLE AND EFFICIENT OPERATIONS

GHG INTENSITY*
11% reduction groupwide despite 25% increase in network rollout

PHP54.5 BILLION
OPERATING COST

ENERGY INTENSITY*
10%
REDUCTION
Despite **25% increase** in base stations

246,319 KG.
USED LEAD ACID BATTERIES DONATED

*Intensity calculated per employee

EFFECTIVE ENVIRONMENTAL STEWARDSHIP

OVER 1.5 MILLION TREES PLANTED THROUGH **PLDT GROUP'S REFORESTATION PROGRAMS**

LAUNCH OF
GABAY KALIKASAN
ENVIRONMENTAL STEWARDSHIP PROGRAM

3,000 SQ. FT.
CREATIVELY DESIGNED MURAL ARTWORK
to promote environmental awareness

EXCELLENCE THROUGH HUMAN CAPITAL 403-2, 404-2

17,036
EMPLOYEES

3,159,239
TOTAL MANHOURS
PLDT employees without lost time accidents (LTA)

PHP24.9 BILLION
EMPLOYEE COMPENSATION & BENEFITS

385
Training sessions conducted for upskilling

POSITIVE COMMUNITY IMPACT

96,000
TEACHERS AND STUDENTS TRAINED UNDER PLDT GABAY GURO AND SWEEP

32,000
PLDT INFOTEACH GRADUATES NATIONWIDE

7,818 FAMILIES
provided with relevant relief packages during calamities

PHP582 MILLION
investment to community through our programs

214 COMMUNITY FARMERS
trained in **15 Digital Farmers Program 101** sessions in **14 MUNICIPALITIES** across the country

1 MILLION RETAILERS
received incentives under PLDT-Smart KaPartner Rewards Program

GOOD GOVERNANCE AND ETHICAL BUSINESS PRACTICES 205-2, 205-3

PHP109.4 BILLION
ECONOMIC VALUE DISTRIBUTED
Includes operating costs, compensation and benefits, payments to government and providers of capital, and community investments

PHP61.8 BILLION
ECONOMIC VALUE RETAINED
'Direct economic value generated' less 'economic value distributed'

PHP22.7 BILLION
PAID TO PROVIDERS OF CAPITAL

CONFIRMED INCIDENTS OF CORRUPTION
0

PHP6.7 BILLION
TAXES PAID TO GOVERNMENT

99.97%
PLDT EMPLOYEES RECEIVED COMMUNICATION ON PLDT'S GIFT-GIVING POLICY

MESSAGE FROM THE CHIEF SUSTAINABILITY OFFICER 102-14

To our Stakeholders,

We firmly believe that every responsible and caring business leader would have prepared their organization, in one form or another, to face any potential crisis. It just so happened that the breadth, depth, and length of the global crisis brought about by COVID-19 pandemic was such a shock to the system that many were understandably overwhelmed.

The experience we all shared as a nation drove home the point very clearly for us – the sustainability journey which we, as a large Filipino enterprise, have been navigating for some years now is a quest that we do not pursue on our own. The PLDT Group plays an active and integral part in a whole dynamic socio-economic ecosystem wherein people rely on each other to act responsibly and conscientiously. The significance of our sustainability journey has never felt more poignant. Our ability to sustain the business and keep providing quality service contributes to the resilience of communities and to their capacity to cope and recover from difficult situations.

Our resolve has never been stronger. The PLDT Group has always been serious about ensuring its sustainability. The establishment of the Sustainability Office in 2019 was a testament to the Group's full commitment towards its economic, environmental, social, and governance (EESG) performance for the benefit of all our stakeholders.

As witness to our Board's steadfast dedication to this journey, it is an honor to take on the role of Chief Sustainability Officer. We are determined to build up the Company's organizational strength and balance not just in profit, but in people, planet, and progress.

As the world was ill-prepared for the health crisis brought about by COVID-19, we should learn from it to prepare for yet another global emergency. Climate change, as a key sustainability issue, will transform businesses across several interdependent dimensions. We must not only understand its impact through financial-related disclosures, but leverage on it as a platform for transformation and climate action.

We had no qualms about setting high ambitions because we have seen our people's full support towards our sustainability objectives. When the PLDT Group launched the Gabay Kalikasan environmental flagship program in 2019, it received tremendous support from employees of various teams and locations. The spirit of collaboration stemmed from the understanding that the program's mission will benefit not only our own organization, but our communities and families as well.

We then were able to articulate a focus on seven pillars of sustainability: Awesome Customer Experience and Quality of Service, Growth-driven Innovation, Responsible and Efficient Operations, Effective Environmental Stewardship, Excellence through Human Capital, Positive Community Impact, and Good Governance and Ethical Business Practices. These pillars represent the path forward on our journey.

After experiencing the trauma of the global coronavirus 2019 pandemic, we recognize that each of us has something personally at stake in this important mission. Therefore, it is with renewed energy that, together, we look forward and leverage on our strengths. We shall keep innovating, improving, and growing because of people who are relying on us to always be there when they need us the most.

CHAYE A. CABAL-REVILLA
Chief Sustainability Officer - PLDT Group
SVP & Group Controller - PLDT Inc.
Chief Financial Officer - Smart Communications, Inc.

SUSTAINABILITY FOR US

A continuing journey of learning

The PLDT Group's sustainability journey continues to mature through the years. We have learned much from our own digital transformation, the experience further deepening our drive to contribute to key development areas where our people and country can find inclusive progress to thrive in the new global economy.

We look at our sustainability framework as a canvas - a dynamic and evolving work in progress aligned with our business imperatives and strategies. We conscientiously improve on and develop our framework as we continue to learn and better understand the impact of our programs and continuously rise to the challenge of an ever-changing market landscape.

Deeply anchored in our vision and mission, this framework reflects the core of our purpose and efforts, taking to heart what matters most to our stakeholders - our customers, employees, investors and shareholders, partners and suppliers, communities, as well as the government and regulators.

As a telecommunications and digital services company, of greatest benefit for society will be our commitment to helping the country achieve SDG #9 as we help "build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation".Hence, our focus areas are as follows:

- Connect everyone everywhere through our products and services
- Protect our planet through technology
- Build resiliency through human capital and strong communities

Our seven pillars of sustainability are hinged on these focus areas, where our effort and performance will enable us to create the most value and impact for our stakeholders, for the long-term.

>> RESPONSIBLE AND RESILIENT BUSINESS

OUR SDG ANCHOR
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

OUR FOCUS AREAS

Connect everyone everywhere through our products and services

Protect our planet through technology

Build resiliency through human capital and strong communities

OUR GOALS

- Provide affordable access & inclusion in service
- Design innovative services to enable & empower communities
- Deliver technology solutions that help SMEs in their pursuit of progress
- Enable smart & connected cities, governments and institutions

- Use of green technology & renewable energy to reduce GHG emissions
- Digitize & automate processes
- Implement carbon footprint offset initiatives
- Direct investment in the protection of natural resources

- Pursue talent management & succession planning
- Create diversity & inclusion programs reflective of the communities we serve
- Build competencies that lead to leadership maturity
- Engage employees to encourage innovation & productivity
- Provide safe, secure, resilient & healthy working environment
- Empower & capacitate local communities in the areas we serve

OUR SUSTAINABILITY PILLARS

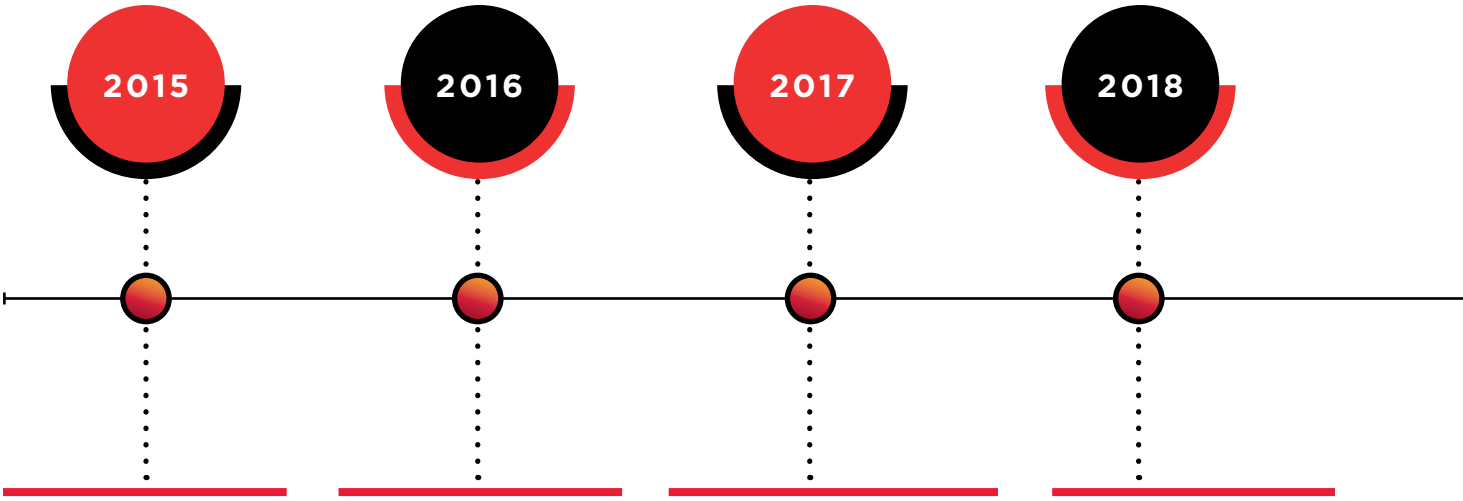
Awesome Customer Experience & Quality of Service
Growth-Driven Innovation

Responsible & Efficient Operations
Effective Environmental Stewardship

Excellence through Human Capital
Positive Community Impact
Good Governance & Ethical Business Practices

OUR IMPACT

SUSTAINABILITY MILESTONES



- Launched the Smart e-statement (paperless) billing campaign
- Inked a partnership for the rehabilitation and management of mangrove forest in Busuanga and Culion, Palawan impacted by Typhoon Yolanda
- Unveiled most advanced PLDT HOME Telpad, the world's first and only landline, tablet, and broadband in one
- Adopted a five hectare mangrove area for rehabilitation inside the Taklong Island National Marine Reserve
- Published the PLDT-Smart Sustainability Report (SR) on a voluntary basis

- Included ePLDT in the published SR scope
- Started external assurance of select indicators in the SR by SGV & Co. (EY)
- Funded the Forest Families project with PLDT-Smart Foundation and Smart in support of the Marikina Watershed Initiative
- Established a honey production house as Smart's livelihood assistance for the Dumagat communities at the Upper Marikina River Basin and Protected Landscape (UMRBPL)
- Built a learning center equipped with a Smart School-in-a Bag for the Dumagat students at the UMRBPL
- Hailed as the biggest donor of the Motolite Balik Baterya Program, which aims to encourage proper disposal and recycling of used batteries

- Inked partnership among Smart, Ericsson, and the Municipality of Sasmuan for the Connected Mangroves project, an Internet of Things (IoT) solution for fisherfolk communities
- Submitted the SR to First Pacific when the Hong Kong Stock Exchange (HKSE) mandated ESG Reporting
- Became an active supporter of the Zero Extreme Poverty (ZEP) 2030, a movement that aims to reduce extreme poverty from the lives of 1 million Filipino families by the year 2030 (by becoming part of the Antipolo local ZEP)
- Celebrated the 10th anniversary of Gabay Guro, an advocacy that contributes to nation-building by furthering education through teachers
- Launched PLDT's #Ready initiative, which equipped local government units with the digital tools to build a connected, resilient, and sustainable community
- Deployed super speed Smart WiFi in major public areas across the country for free access to Smart's "WiFi All You Want" service

- Adopted a five hectare area in the Talavera Watershed Forest Reserve identified for reforestation
- Planted 900 trees at the Cebu Central Protected Landscape under the PLDT TelePuno program in celebration of PLDT's 90th anniversary
- Supported indigenous forest guards under the Bantay Kalikasan program of the Philippine Eagle Foundation and PLDT

2019

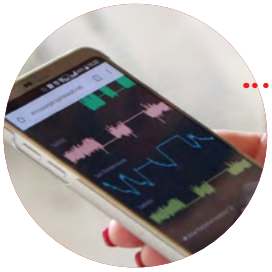
- Released "The Good Fiber: PLDT 2018 Sustainability Report" - PLDT's first impact report to receive an award. It bagged the Silver Anvil under the PR Tools: Publications category at the 55th Anvil Awards

- Started baselining of GHG emissions to pursue carbon footprint neutrality

- Released a memo strictly banning single-use plastics in all PLDT Group establishments nationwide

- Launched *Gabay Kalikasan*, an environmental stewardship program of the PLDT Group

- Launched the #SmartPlanet PET bottle and can reverse vending machine, an MVP Geek Olympics winning entry that gives incentives to subscribers who properly dispose used beverage containers using the machine



- Showcased Connected Mangroves in GSMA's Case for Change, an initiative that features the global mobile industry's contribution to achieve the UN SDGs

- Unveiled the #SmartPlanet phone recycling bin for subscribers to donate their old, damaged, and non-working devices for proper recycling

- Showcased over 3,000 square feet of plant and animal life in a mural painted by environmentalist AG Saño and employee volunteers throughout the PLDT MGO, dubbed as "SmART for Nature"

- Conducted simultaneous nationwide tree-planting activities to commemorate the 10th year since Typhoon Ondoy devastated Metro Manila and other areas

- Released the short film "Sustainability Is You", starring volunteer employees within PLDT Group, to encourage people about making better choices for tomorrow

STAKEHOLDER ENGAGEMENT 102-40, 102-42, 102-43, 102-44

Collaborations based on values

The PLDT Group recognizes the importance of continuing to strengthen relationships with its various stakeholders. Among employees, customers, and investors, creating more avenues to communicate and share ideas has been an important part of the Group's Stakeholder Engagement Management Plan.

EMPLOYEES

Key Concerns

- Employee experience
- Leadership development
- Digital culture transformation
- Skills training
- Career opportunities
- Health and Safety
- Work-life blend
- Working conditions

Engagement Methods

- Align functional goals with top management goals
- Conduct employee engagement surveys to measure the level of engagement among the employees of the company
- Conduct pulse surveys
- Develop skills and capabilities through regular training programs such as those given by Telecommunications Training and Education Center (TelTEC) and Smart University
- Organize programs to support the well-being of employees
- Embed an online internal communication platform for keeping employees informed and engaged with relevant company and business developments
- Provide comprehensive health and medical benefits to employees

Frequency of Engagements

- Cycle of goal-setting and performance appraisal activities, at least once a year, plus performance coaching sessions spread across the year for employees
- Employee engagement surveys, regularly every 2-3 years
- Pulse surveys at the end of major engagement programs
- Regular skills training programs
- Leadership development programs at every promotion stage in the employee's life cycle
- Digital dialogues and cascades, 2-3 times per year
- Functional town halls, at least once a year
- Medical check-ups, annually

Response to Key Concerns

- Talent management and succession planning
- Safe, secure, resilient and healthy working environment
- Business continuity and disaster management
- Global certifications for critical technical skills
- Employee wellness programs
- Learning and development programs at all levels
- Employee engagement to encourage innovation and productivity
- Digital workplace

CUSTOMERS

Key Concerns

- Company image and reputation
- Products portfolio
- Quality of service
- Pricing
- Channels/means to contact
- Service Level Agreements for service provisioning, restoration, and queuing, and transaction times
- Billing process and delivery
- Payment and collection
- Data privacy

Engagement Methods

- Market research studies to understand customer needs and pain points
- Voice of the Customer studies to monitor company performance from the customer's point-of-view (e.g. satisfaction, advocacy)
- Monitoring and analysis of internal customer metrics to optimize network, channel, and service delivery performance
- Customer interactions across various touchpoints and channels: business offices, call centers, online service (email, website, social media), self-service facilities, sales agents, relationship managers, technicians/contractors, bill delivery service providers, SMS facility
- Operation of online customer panels to crowdsource customer feedback and ideas
- myHome app
- MVP Rewards
- myPLDTSmart app

Frequency of Engagements

- By way of annual research program with planned quarterly activities
- Year-round customer interactions
- 1-3 times per month for online customer panels

Response to Key Concerns

- Service access
- Service quality and network improvements
- Customer data privacy and information security
- Innovation in products and services
- Streamlined product portfolio and offerings across business units
- Affordable services and access to foster inclusion of the 95% of our wireless subscribers on prepaid platform
- Digitalization and automation
- Paperless or electronic billing
- Digital and online channels
- Sustainability reporting

SUPPLIERS

Key Concerns

- Suppliers are eager to offer partnerships, subject to appropriate transparency measures

Engagement Methods

- Engage in coordination with the procurement unit and internal proponents
- Communicate through online portals

Frequency of Engagements

- As needed

Response to Key Concerns

- Compliance with regulatory and environmental standards
- Business ethics and governance

SHAREHOLDERS AND INVESTORS

Key Concerns

- Company's operational and financial performance
- Recent developments in the industry and the Company's outlook and future plans
- Company's compliance with corporate governance metrics

Engagement Methods

- Make public disclosures to investors and shareholders through the Annual Report, which includes the following: Management Discussion and Analysis (MD&A), Financial Statements, Audit Committee Report, Corporate Governance Report, Enterprise Risk Management Report, Corporate Social Responsibility, and Sustainability Report
- Issue and file with the PSE and appropriate regulators the company's press releases and disclosures on important developments
- Meetings/conference calls with analysts, fund managers, and investors

Frequency of Engagements

- Quarterly release of financial statements, MD&A, and analyst presentations
- Quarterly conference calls/briefings with the press, investors, and analysts to announce the company's financial and operating results, respond to queries/clarifications and provide outlook
- Face-to-face briefings: upon announcement of first half and full-year results
- Quarterly or as needed participation in investor fora/conferences
- Have quarterly dialogues with shareholders, fund managers, investors, and analysts

Response to Key Concerns

- Annual reporting and disclosure
- Managing business risk
- Business continuity and disaster management
- Business ethics and governance
- Sustainability reporting

GOVERNMENT AND REGULATORS

Key Concerns

- Compliance with regulations

Engagement Methods

- Operate within relevant legislative and regulatory frameworks and comply with applicable requirements
- Participate in public fora and hearings conducted by government and regulatory agencies relative to initiatives in the field of ICT

Frequency of Engagements

- As required

Response to Key Concerns

- Business ethics and governance
- Compliance with regulatory and environmental standards
- Sustainability reporting

COMMUNITIES

Key Concerns

- How their lives may be improved
- How they may be affected by the company

Engagement Methods

- Engage with the communities through Corporate Social Responsibility (CSR) projects in education, health, livelihood development, culture and arts, youth development, sports, local government units, disaster resiliency and preparedness, and environmental protection

Frequency of Engagements

- Daily-Weekly basis

Response to Key Concerns

- Response to natural disasters/calamities
- Resource efficiency in operations
- Corporate social responsibility programs that positively impact the communities' education, health, livelihood, and overall well-being
- Investments in various environmental programs nationwide

CHILDREN

Key Concerns

- Prevalence of online sexual abuse and exploitation of children (OSAEC)
- Gaps in public awareness and education on safe digital use and practices
- Lack of proper parental guidance on children's use of digital devices

Engagement Methods

- Partnerships with UNICEF and key industry stakeholders on the development of measures to promote the safety of Filipino children online
- Partnership with the PNP Women and Children Protection Center and International Justice Mission (IJM) for a citizen reporting mechanism on OSAEC

Frequency of Engagements

- At least twice a month

Response to Key Concerns

- Operator-level cooperation with regulatory and industry stakeholders for coordinated measures against OSAEC
- Development of key policies that integrate child safeguarding and online protection in mainstream business practices
- Corporate social responsibility and community engagements

CHILDREN AT THE HEART OF SUSTAINABILITY

Actively protecting the rights of children

As future shapers of the nation and stakeholders of the business, our children inspire and fortify the purpose of all PLDT efforts towards nation-building, climate action and environment preservation, and responsible operations.

PLDT believes that better sustainable choices for the benefit of our children have to start now. We commit to promote awareness and take accountability in upholding children's rights in terms of their growth and development, safeguarding them from harmful influences, abuse and exploitation, and empowering them to actively and harmoniously participate in family, cultural and community life. For these reasons, we included children as part of our stakeholder management plan in 2019.

In 2019, through the insights gathered from engaging with various stakeholders, PLDT strengthened collaboration with the United Nations Children's Fund (UNICEF) to further integrate Children's Rights and their welfare into PLDT's business principles and processes. PLDT sought guidance from the UN agency in crafting child-safeguarding policies that cover various processes and programs for the workplace, marketing activities, product and service offerings, and trade community engagements. We have begun implementing these policies to ensure that we remain a child-friendly organization and that Company operations and products do not expose children to any risk of harm or abuse.

TOP LEFT Mountain learners from Guinihon Elementary School in Mayoyao, Ifugao are among the beneficiaries of Smart's School-in-a-Bag program, designed to facilitate learning in remote and underserved areas nationwide.

TOP Ormocanon learners received portable digital classrooms and other donations from PLDT-Smart Foundation in 2019.

PLDT sought guidance from UNICEF in crafting child-safeguarding policies that cover various processes and programs for the workplace, marketing activities, product and service offerings, and trade community engagements. We have begun implementing these policies to ensure that we remain a child-friendly organization and that Company operations and products do not expose children to any risk of harm or abuse.

PLDT-Smart Foundation and Smart led the distribution of slippers and raincoats to children of Maasin, Iloilo.

PSF turned over classrooms to students and teachers of Santa Cruz Elementary School in the earthquake and typhoon—ravaged province of Maribojoc, Bohol.

We have also been working closely with civil society groups, and national to local government agencies on undertakings that raise awareness, drive conversation, shape policy and legislation, and enforce the rule of law against OSAEC. We worked with the Philippine National Police (PNP) Women and Children Protection Center and the IJM in putting up a dedicated citizen hotline for the reporting of cases of OSAEC. We have pledged to be an industry and private sector partner of the SaferKidsPH consortium of UNICEF, the Australian Embassy, Save the Children Philippines, and The Asia Foundation.

We believe in the importance of these campaigns towards helping to deter abuse and vigorously protecting the rights of children.

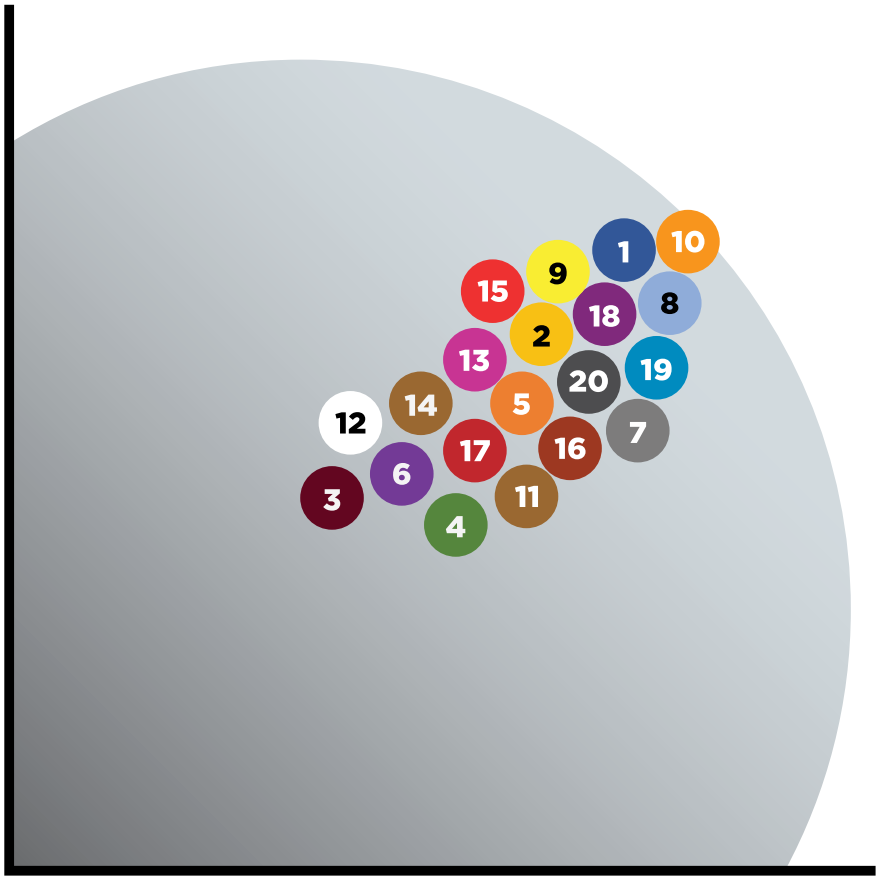
MATERIAL ASPECTS AND REPORTING PRACTICE 102-47

The value of transparency, discipline, and process improvement

Over the years, we have proven the value of the reporting process to help enhance performance. Inculcating the discipline of monitoring and measuring in accordance with global standards, PLDT has been able to communicate more clearly with stakeholders and more effectively use collaborative tools based on shared data.

As PLDT works on the principle of constant process improvement, and taking guidance from the Global Reporting Initiative (GRI) standards and principles of materiality, we conducted another Materiality Workshop in August 2019. This was attended by representatives from all departments of PLDT, ePLDT, and Smart who, taking the viewpoint of stakeholders, evaluated critical EESG material topics of the sustainability aspects that the Group reports on. The results of the Sustainability Materiality Assessment Survey that gauged employees' perspective also validated the key material topics identified during the workshop.

The exercise helped identify, assess, and prioritize the key material topics that are deemed most relevant to the different stakeholders. It also revealed the importance of demonstrating purposeful leadership in delivering our core services. The results were presented to the PLDT Board of Directors who concurred and confirmed the materiality of the topics and their significance to our operations and success.



EESG Material Topics*

1. Service Quality & Network Improvement
2. Compliance with Regulatory Standards
3. Gender Equality & Human Rights Protection
4. Sustainable Transport
5. Supply Chain Management & Ethical Procurement
6. Employee Health & Safety
7. Business Continuity & Disaster Response
8. Resource Efficiency
9. Service Access
10. Innovation in Products & Services
11. Data Privacy & Information Security
12. Internal Process Management
13. Local Employment, Diversity & Equality
14. Managing Business Risk
15. Asset Management
16. Annual Reporting & Transparency in Disclosure
17. Attracting & Retaining Talent
18. Good Corporate Governance
19. Ethical Operations
20. Social Upliftment Using Technology

* EESG (Economic, Environmental, Social and Governance) Refer to page 24 to understand the mapping of EESG material topics to our Sustainability Pillars

INSTITUTIONAL ALLIANCES

PLDT set local and global firsts with three international sustainability alliances. In 2019, groundwork for PLDT's membership in the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD), and the United Nations Global Compact (UNGC) began in earnest, and were completed by early 2020.

SASB (Sustainability Accounting Standards Board)
PLDT is the first telecoms operator in the world and the first company in the Philippines to become an alliance member. The program supports the need for more decision-useful and cost-effective sustainability disclosures.

TCFD (Task Force on Climate-related Financial Disclosures)
PLDT is the first Philippine telco to join and is a pioneer local supporter of TCFD. Set up by the Financial Stability Board (FSB), the Task Force develops recommendations for more effective climate-related disclosures that promote informed investment, credit, and insurance underwriting decisions.

UNGC (United Nations Global Compact)
PLDT and Smart are registered as Participants committed on a global level, higher than Signatories limited to local engagement, to integrate the alliance's ten principles on environment, human rights, labor and anti-corruption.

Engagements with these institutions will help further improve the organization's reporting practice and produce even more robust set of data that can guide decision-making in all aspects of the business.

Anchored on the Group's vision and mission, our strategies improved from last year's as we now have a more detailed framework further aligned with the Philippine Development Plan Ambisyon Natin 2040, as well as the country's commitment to the United Nation's 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals.

Moreover, for this 2019 report, SGV & Co. conducted an independent review. Please refer to SGV's statement of assurance at the end of this report (page 117).

Through the guidance of all these frameworks and the insights from stakeholders, the Group was able to define and articulate a reporting framework that would allow us to usefully track and monitor progress, as well as help adjust and adapt programs for better efficacy and efficiency. The material topics identified became a factor to the classification of the seven pillars of sustainability.

INITIATIVES WITH OUR PARTNER INSTITUTIONS

PLDT has already implemented noteworthy projects, such as presenting a forum on Leading Practices in Communicating Sustainability and ESG Performance to Investors with SASB, and organized by the Center for Social Responsibility of the University of Asia and the Pacific. SASB Chairman Jeffrey Hales, PhD came in as speaker. At the forum, PLDT CSO Chaye Cabal-Revilla shared the Company's best practices from its own sustainability journey which started long before the Securities and Exchange Commission mandated all Philippine-listed companies to publish its Sustainability Reports for year-end 2019 in 2020.

Meanwhile, PLDT began working with Standard and Poor's (S&P) to assess climate-related risks and impacts, in order for the company to align with the TCFD framework.

At the same time, PLDT began supporting the environmental principles of UNGC, such as carbon footprint offsetting initiatives through its marine protection project with the University of the Philippines Marine Science Institute (UP MSI), and peatlands conservation with the Department of Environment and Natural Resources (DENR).

Sustainability Pillar	Central Factors	Material Topic
1. Awesome Customer Experience and Quality of Service Provide reliable customer experience and improve access to quality service	Economic	> Service Access > Data Privacy & Information Security > Service Quality & Network Improvement
2. Growth-Driven Innovation Develop innovations that create value to consumers and society	Economic	> Innovation in Products and Services
3. Responsible & Efficient Operations Achieve business efficiency in all facets of business operations	Economic, Environment	> Business Continuity & Disaster Preparedness > Resource Efficiency > Asset Management > Cybersecurity > Internal Process Management > Managing Business Risk > Ethical Operations
4. Effective Environmental Stewardship Protect the environment and the country's natural resources for sustainable development	Environment	> Environmental Protection Programs > Carbon Footprint Reduction
5. Excellence through Human Capital As an equal opportunity employer, cultivate a diverse and inclusive culture and develop transformational leaders	Social	> Local Employment, Diversity & Equality > Employee Health & Safety > Attracting & Retaining Talent > Gender Equality & Human Rights Protection
6. Positive Community Impact Contribute to nation-building through community and volunteer programs that support key priorities and engagements	Environment, Social	> Gender Equality & Human Rights Protection > Social Upliftment using Technology
7. Good Governance & Ethical Business Practices Commit to the highest standards of business ethics and corporate governance requirements	Governance	> Good Corporate Governance > Compliance with Regulatory Standards > Annual Reporting & Transparency in Disclosures > Managing Business Risk > Supply Chain Management & Ethical Procurement > Ethical Operations

Stakeholders	PLDT Metrics	Relevant Program	Contributing SDGs
Employees, Customers, Shareholders and Investors, Communities, Government and Regulators	• Fixed and Wireless Network Capacity • Speed Score • Net Promoter Score • Subscriber Base	• Customer Experience • Smart GIGA Experience • Enterprise Solutions • PLDT Home Experience • Customer Data Privacy	
Customers, Communities, Shareholders and Investors	• Smart Cities Coverage • Smart WiFi Coverage	• PLDT Whole Home WiFi • 5G Deployment • Technology at ePLDT • #LearnSmart and #SmartPlanet • Smart WiFi and Smart Cities	
Employees, Shareholders and Investors, Government and Regulators, Communities	• GHG Intensity • Energy Intensity • Water and Waste Management • Effective Business Continuity System in place • Mitigating risks related to climate change • Robust cybersecurity	• Resource Management • Waste Management • TCFD and Climate-related risks • Business Continuity and Resiliency • Digital Workplace • ISO Certifications • Cybersecurity Management	
Employees, Communities	• Carbon Reduction Plan	• *Gabay Kalikasan* • #SmartPlanet • PLDT Telepuno • Connected Mangroves • Carbon Footprint Offsetting Initiatives	
Employees, Shareholders and Investors, Government and Regulators	• Attrition Rate • Employee Diversity • Safe Manhours • Training Hours • Performance Review	• Cultivating a Digital-Enabled Growth Culture • People Safety is always a priority • Nurturing a Happy Workplace for Future	
Employees, Communities, Children, Shareholders and Investors	• Program Impact • Beneficiaries	• PLDT-Smart #SafePH • Nokia Saving Lives (NSL) • Digital Farmers Program • MVP Superhero Run • #VoxNow Mental Health Talks • School-in-a-Bag (SIAB) • Smart Wireless Engineering Education Program (SWEEP) • PLDT Infotech • MVP Academic Excellence Awards • Philippine National Police Educational Grant • Gabay Guro • LearnSmart Literacy Apps • KulToura • Sack of Joy • Dynamic Learning Program • PLDT-Smart Ka-Partner Rewards Program • Philippine Eagle Foundation Partnership • PLDT Bicol Eco-Bag Project • PLDT Bloodletting	
Employees, Suppliers, Shareholders and Investors, Government and Regulators	• Training and Communication on Anti-corruption Policies and Procedures • Incidents of Corruption • Board Performance	• Code of Business Conduct and Ethics • Anti-Corruption Program • Ethical Procurement	

AWESOME CUSTOMER EXPERIENCE AND QUALITY OF SERVICE

TOP Residents of mountain barangays Guba and Bonbon in Cebu now enjoy stronger cellular data and signal after Smart fired up 4G LTE sites in the area in 2019.

TOP PLDT Chairman Manuel V. Pangilinan conducts a speedtest of Smart's 5G network.

RIGHT In 2019, Fiber-to-the-home continued to be PLDT Home's flagship product.

OUR GOAL

> Provide reliable customer experience and improve access to quality service

MATERIAL TOPICS

> Service Access
> Data Privacy and Information Security
> Service Quality and Network Improvement

TOPICS COVERED IN THIS SECTION

> Customer Experience
> Smart GIGA Experience
> Enterprise Solutions for Every Business
> Improving PLDT Home Experience
> Protecting Customer Data Privacy

DIRECT RELEVANT SDGS

SPECIFIC SDG TARGET*

- Ensure that all men and women, in particular the poor and the vulnerable, have access to appropriate new technology. (1.4)
- Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women. (5.B)
- Achieve higher levels of economic productivity through diversification, technological upgrading and innovation. (8.2)
- Empower and promote the social, economic inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. (10.2)

* Specific SDG Target (Relevant to PLDT Group)

94%
mobile coverage nationwide

7.2
million homes reached in 2019

322,400 KM.
PLDT Fiber Optic Network Coverage

95%
wireless prepaid subscribers

PHP100
blended Average Revenue Per User (ARPU)

61%
decrease in reportable data privacy incidents 418-1

International internet analytics firms such as Opensignal (L) and Ookla (R) cite PLDT-Smart for having the fastest and widest network coverage in the Philippines.

BUILDING UP PLDT'S CUSTOMER EXPERIENCE

Our customers' overall experience with the products and services that we offer is among the top growth drivers for PLDT Group. Customer experience (CX), therefore, will always provide an opportunity for improvement.

PLDT Group Chairman Manuel V. Pangilinan, together with top management, has taken the lead in prioritizing customer experience, directing the organization to place high-quality customer service as one of the three strategic imperatives to future-proof the business. Together with the pursuit of operational excellence and reliable delivery of future technology, customer experience is among the aspects reflected in the Company's sustainability pillars.

PLDT continues to grow and build the country's most extensive digital infrastructure. The sustained level of investments in the country's telecommunications infrastructure for the last five years was aimed at raising service quality standards and attaining unmatched customer experience, especially for the fast-growing data customers who demand superior data CX.

The improvement in the reach, coverage, and quality of PLDT's networks and the data services they deliver were validated by user-based studies undertaken by several international internet analytics firms. All established, once again, that PLDT-Smart provides the fastest fixed and mobile internet services and offers the widest mobile coverage throughout the Philippines.

In 2019, PLDT and Smart further strengthened their network advantage. PLDT expanded its fixed network rollout by 15%, reaching 7.2 million homes passed by end of 2019. The total capacity increased by 34% to 3.5 million ports, of which about 1.8 million fiber/VVDSL ports were available for new customers. The total footprint of PLDT's fiber optic network grew 32% to 322,400 kilometers. This extensive digital backbone serves the digital needs of almost three million fixed line subscribers, over 73 million wireless customers, and more than two million broadband users.

Smart's mobile network further increased its coverage and data service capacity. It increased the number of its LTE or 4G base stations by 51% to about 24,600 and augmented the number of 3G base stations by 19% to 13,800. As a result, Smart's mobile coverage expanded to 94% of the Philippine archipelago by end-December 2019; coupled with our satellite services, our voice coverage is at 100%. With our extensive network coverage, our products and services become more accessible to the greater population. This is reflected by our strong mass market penetration, with 95% of our subscribers on our prepaid platform. The Php100-level of our blended postpaid and prepaid ARPU reflects our commitment to provide affordable and relevant digital services to our subscribers.

The emphasis on rolling out the 4G/LTE network has been justified by its ability to provide much better internet services. The impact of the 4G rollout has been enhanced by the simultaneous activation of the carrier aggregation feature of LTE — through which the capacity of up to five LTE base stations are combined to deliver faster data speeds.

Several international internet analytics firms recognized the beneficial results of these network improvement efforts:

- Global leader in internet testing and analysis Ookla cited PLDT and Smart for having the fastest fixed network and fastest wireless network respectively in the Philippines in its two reports covering the first and second halves of 2019.

Smart offers Giga Games, a data package that provides better mobile gaming experience with the country's fastest LTE network.

- Smart won the "Best in Test award for 2019" and cited for having the best and widest 4G/LTE coverage and the fastest upload and download speeds by umlaut, the global internet benchmarking company which is formerly known as P3.

- International mobile data analytics firm Opensignal reported that Smart not only provided the country's best mobile video and fastest data experience, but also overtook its competitor in 4G availability in both urban and rural areas.

For mobile, Speed Score incorporates a measure of each provider's download and upload speed to rank network speed performance. Tests

TC-TL-520a.2

used to calculate the Speed Score exclusively come from 'modern devices', which are devices capable of connecting to the market's fastest, generally available technology. Ookla's country reports showed Smart still posting big leads in key cities like Quezon City, Makati, and Manila, while PLDT is still way ahead in Quezon City, Cebu City, and Cagayan de Oro.

In Makati City, for example, Smart posted a Speed Score of 26.95, more than twice that of the competing network. This reflects the continuous network upgrade and expansion activities that Smart undertook in the city, including the deployment of LTE-Advanced and carrier aggregation.

DELIVERING THE SMART GIGA EXPERIENCE

Smart's GIGA data service offerings addressed our customers' growing demand for various internet services and helped grow the mobile data market rapidly.

GIGA began in 2018 with video packages that offered free YouTube and other popular video services. This expanded in 2019 with GIGA data packages for mobile games such as Mobile Legends, followed by iWant TV and bundles for social media apps like Facebook and Instagram.

All these efforts had a major, positive impact on customer experience as evidenced by our Net Promoter Score (NPS), which is a measure of customer satisfaction. NPS saw improvement across all brands in Q4 2019, with Smart up from 50% in Q4 2018 to 60%; TNT up from 54% to 76%; and Sun up from 46% to 75%.

Smart's expanded GIGA data service offerings in 2019 with social media bundles for Facebook and Instagram.

Groundbreaking digital solutions and innovative ideas took center stage during the Philippine Digital Convention 2019.

PROVIDING ENTERPRISE SOLUTIONS FOR EVERY BUSINESS

As more companies pivot to digital, the need for business solutions beyond connectivity is becoming even more pressing.

In 2019, ICT services were the fastest growing part of the Enterprise business. PLDT continues to have the largest data center rack capacity in the Philippines with ten VITRO data centers; five of which are fully-occupied, with the remaining activated capacity now at 69% utilization.

In the last few years, PLDT's Enterprise Business Group has been building and curating digital services for all kinds of business – micro businesses, SMEs, and that of large companies. This includes a suite of data center, IoT (Internet of Things), Cloud, and Cybersecurity offerings that have started to gain significant traction. All of these services are anchored on business-grade fiber connectivity.

For the fifth iteration of its Philippine Digital Convention, PLDT Enterprise flew in globally renowned keynote speaker and digital expert, Erik "Equalman" Qualman as the headliner for the event's plenary session. This attracted nearly 3,000 delegates to the two-day convention. The group also elevated its technology exhibit with an immersive Digital Grounds tour that showcased the evolution of technology, further underscoring PLDT Enterprise being at the forefront of digital transformation.

In celebration of Filipino entrepreneurs, PLDT Enterprise focused on enabling the growth and successes of microbusiness owners with a 2019 campaign. Emphasizing how these entrepreneurs are also modern-day heroes in their own right, the campaign bannered the tagline, "No dream is too big for the Filipino, no business is too small for the Philippines. Ignite the Filipino dream." This translated to the deployment of solutions especially crafted for the said market segment, as well as the formation of strategic partnerships with the likes of Google, GoNegosyo, and the Philippine Franchise Association.

Together with PLDT Clarktel, ePLDT officially launched the first stand-alone disaster recovery (DR) facility in North Luzon with the VITRO Clark DR Site. Strategically located beside the VITRO Clark Data Center, the site is the country's largest DR facility to date—boasting of an expansive 6,909 sqm floor area. Through this facility, the ePLDT Group promises to support the business continuity efforts of companies—offering services such as data backup and alternative office spaces.

PLDT Enterprise closed off 2019 with a special iteration of the Pasasalamat Night Manila, as it flew in Grammy-award winning singer Michael Bolton for an exclusive one-night concert. Considered as the annual event's grandest and most ambitious leg to date, Bolton serenaded over 2,000 guests —composed of c-level executives, key decision makers, and industry leaders — with his beloved hits and classic songs.

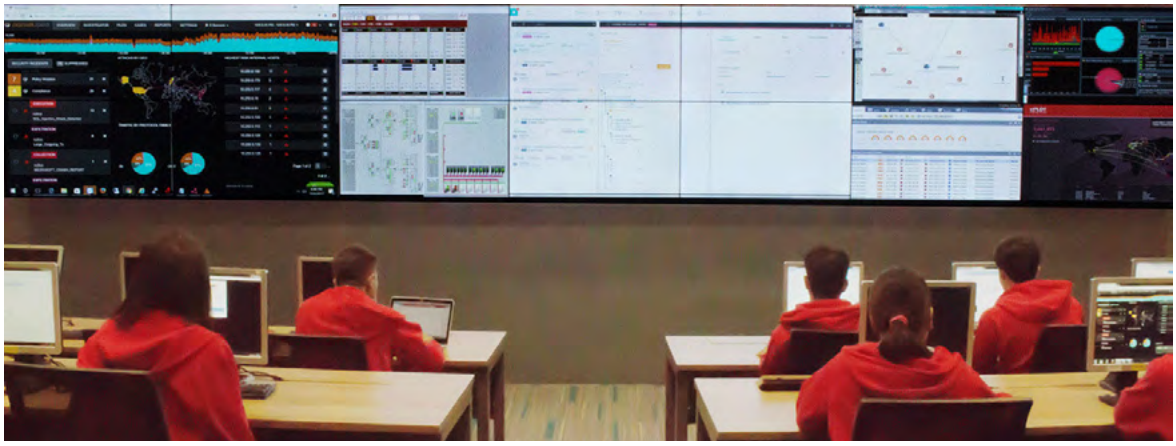
ePLDT announced that it would be expanding its ICT services offerings for local businesses and enterprises during the "Let It Be ePLDT" 2019 event at the House Manila in Pasay City. Following the said launch, ePLDT's comprehensive suite of solutions include the protection of mission-critical data assets through global-class data center services, the enablement of agility and lower total cost of ownership through managed, hybrid, & end-to-end cloud services, the mitigation of increasing cyber threats through a class-on-its-own cybersecurity portfolio, and the holistic management of information technology systems via full-spectrum managed IT services.

ePLDT introduced its newest ICT offering, Managed IT Services, to help mitigate potential sources of system downtime in the modern business world. This also allows enterprises to shift their time and focus on core operations and critical business imperatives. Comprised of three core service categories—Managed Operations Center-as-a-Service (MOCaaS), Professional Services, and Managed IT Platforms—ePLDT's holistic Managed IT Services suite aims to solve and simplify the complex challenges of enterprises in managing and operating their IT infrastructure. CuroTeknika, a subsidiary of ePLDT, forged a partnership with drugstore and cosmetics brand, Watsons Philippines—powering the latter's customer service capabilities with its Level 1 customer care facility. Throughout the years, Watson's has taken the lead in seamless digital and customer initiatives—with services powered by the PLDT Group.

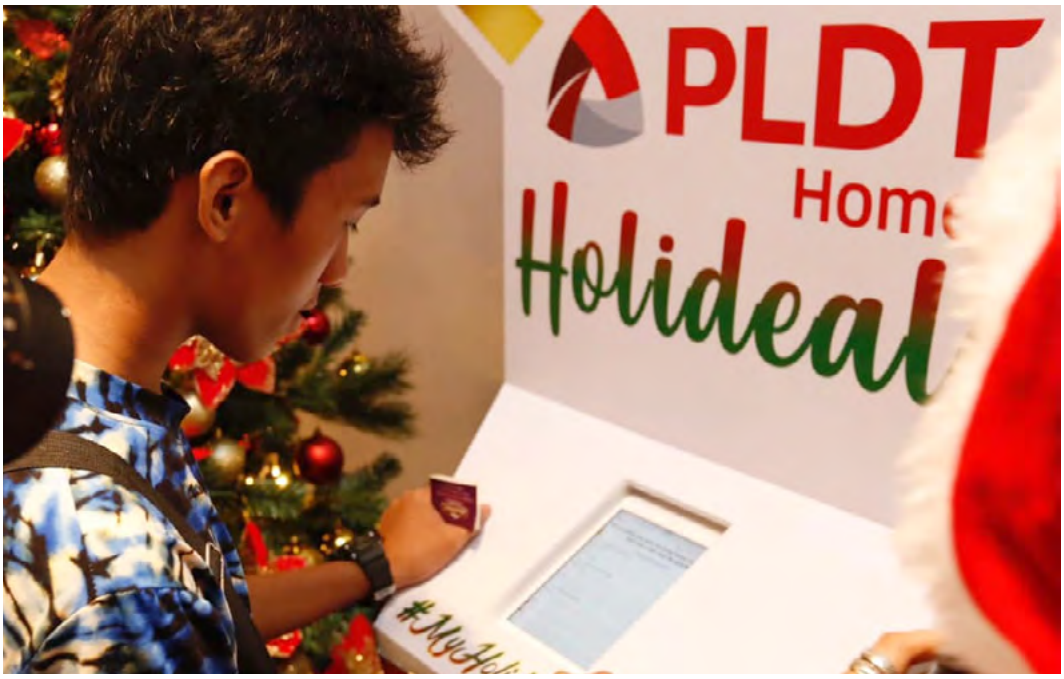
ePLDT subsidiaries ePDS, Inc. (ePDS), and ABM Global Solutions, Inc. (AGS) joined hands to showcase solutions that could further enable MSMEs at the 2019 Philippine Franchise Association. While the two groups mainly catered to the large enterprise market, they began turning towards MSMEs given the rapid development and digitalization of the sector today. Among key enablement solutions include AGS' enterprise resource planning (ERP) solution integrated with AGS' Document Management System.

As a leading document management system provider, ePDS took the lead in enabling the local real estate sector to modernize and streamline their process and paperwork through the evangelization of its document management system. Leveraging on their partnership with the Chamber of Real Estate and Builders Association (CREBA), ePDS underscored the efficiency of digitalized documents.

Foreign companies which are keen on doing business in the Philippines have also taken notice of the wide range of solutions offered by PLDT Enterprise. The unit has been providing customers with industry and domain expertise as it aims to make a positive impact on every single business.



PLDT's Enterprise Business Group offers a suite of data center, IoT, Cloud, and Cybersecurity services.



PLDT's 2019 Holideals promo provided huge discounts on speed and data boosts.

IMPROVING CUSTOMERS' PLDT HOME EXPERIENCE

PLDT Home further strengthened repair and installation processes for fixed line broadband. This is in preparation for the highly anticipated increase in number of new connections in 2020. In 2019, fiber-to-the-home (FTTH) continued to be PLDT Home's flagship product. This is complemented by a refreshed fixed wireless offering—PLDT Home WiFi Prepaid—which was relaunched in late 2019. The initial market response to the prepaid product has been very encouraging.

PLDT Home's fixed wireless service runs on the award-winning 4G/LTE network of Smart. It provides fast and easy-to-install data services, letting more Filipino families get connected. A postpaid fixed wireless product will be launched in 2020.

To better position itself for 2020, the PLDT Home team intensified its optimization of internal processes and systems to address customer experience issues with installation and repair. This is enabling the PLDT Home brand to progress steadily towards its goal of delivering the optimal service level targets to Home customers. Moreover, the addition of fixed wireless broadband to the menu of services gives customers another reliable alternative broadband product to choose from.

FOCUSING ON THE CUSTOMER JOURNEY

PLDT'S transformation journey is guided by a focus on customer experience - valuing customer centricity above all else. The leadership priority is to align brand experience promised with the delivery of customer and employee experience. Hence, customer journey mapping is being done to help in making key business decisions, critical in determining organizational needs and priorities necessary for customer-driven growth.

Moreover, management emphasized that high-quality customer service will be one of the three strategic imperatives to future-proof the business, together with the pursuit of operational excellence and reliable delivery of future technology. These themes reflect the company's top material issues which feed into the PLDT's Sustainability Pillars on growth-driven innovation, responsible and efficient operations and awesome customer experience.

Regular scanning of customer feedback and sentiments is being done to identify customer pain points and how the Company brands are affected by customer experience rendered. PLDT performs post-transaction surveys for calls engaged through our contact centers. Our official social media accounts on Facebook and Twitter and the Customer Care hotline are the top channels where we gather feedback from customers.

myPLDT Smart app was also launched in 2019. Customers can perform several transactions in the app such as view and pay bills, track data usage and balance, and file service and aftersales request tickets. Meanwhile, customers can also call the 171 hotline technical support. Improving customer satisfaction is a key thrust. We achieved year-on-year improvement in Net Promoter Score at +21 and +8 for our wireless and fixed businesses, respectively.

PLDT also handles relevant concerns on data privacy. These are, among others, customer-related data leakages. The Company offers alternative service arrangements during marked outages and delays in repair servicing. There are also push marketing communications, such as migration recommendations whenever a Fibr facility is available. SMS notifications are also sent out for scheduled service outages. An SMS customer advisory program for known emergency outages is also being developed. More technical issues are now being resolved upon first contact via the hotline through remote issue resolution. This reduces the need for customers to wait for technicians to visit. An improved manpower complement reduces customer waiting time by enhancing the Interactive Voice Response (IVR) flow, where customers are led to the right channel where their specific concern can be resolved. Customers are informed of their waiting time to talk to an agent and are also given a call-back option. If the customer opts to stay on the line to wait for an available agent, related customer education spiels are delivered through the IVR.

Also in December 2019, Smart launched a Customer Experience initiative called the aCXion Room. It is where customer experience simulation is performed to test new product features and devices. This facility also produces service performance benchmarking analysis with our competition. The aCXion Room aims to detect gaps, deploy solutions, and deliver transformation by providing an integrated view of critical business and customer experience information.

myPLDT Smart app was also launched in 2019. Customers can perform several transactions in the app such as view and pay bills, track data usage and balance, and file service and aftersales requests.

PROTECTING CUSTOMER DATA PRIVACY 418-1 TC-TL-220a.1

The PLDT Group values the trust it earns from its customers. It is this trust that fuels the Data Privacy Office's objective to protect the personal data it processes about its subjects.

Driven by its vision to be a Center of Excellence in Privacy and Personal Data Protection in the country and to be a leader in the local and global privacy community, PLDT's Group DPO aims to continuously uphold the privacy rights of its customers. The team strives to empower the PLDT Group to bring responsible innovations to the Filipino market by instilling a culture of privacy in the workplace.

The DPO has taken meaningful steps towards steering the organization to an improved state of maturity through the development of a "Privacy Maturity Framework" for the PLDT Group. Determining the PLDT Group's maturity state against this framework was achieved through the conduct of a privacy compliance audit across the organization, which included both document and physical security checks across PLDT and Smart offices in Metro Manila.

Nurturing a culture of privacy amongst employees is also a necessary endeavor to improve the organization's privacy maturity. It is in this light that the DPO continuously defines and enforces policies that govern the proper use and disclosure of personal data. In particular, the following were released:

- A Data Privacy Governance Policy that establishes the oversight roles and responsibilities of the Chief Data Privacy Officer (CDPO) of the PLDT Group and the DPO for PLDT and its subsidiaries; ensures that the organization focuses on core activities to enable compliance with the Data Privacy Act, issuances by the Commission, and Other Privacy Laws.

- A Policy on Use and Protection of Data that emphasizes the organization's adherence to the principles of transparency, legitimate purpose and proportionality in processing personal data at each point of the information lifecycle. It is also a commitment to personal data security that must be aligned with enterprise policies including, but not limited to, Information Security Policies, Corporate Asset Protection, and Risk Management.

- Privacy standards that ensure compliance to policies:

  (1) Standards on Records of Processing Activities enable PLDT and its subsidiaries to establish a consistent and effective approach in creating and maintaining the organizations' internal inventory and map of data processing activities. It aims to identify all Core Processing Activities and Sub-Activities that encompasses the data lifecycle, i.e. from collection to disposal and refers to processes that involve both physical (e.g. paper forms) and electronic (e.g. electronic data) materials. The Records of Data Processing Activities are essential to the management of the privacy risk impact assessment process.

  (2) Standards on Privacy Impact Assessment (PIA) define the requirements to effectively conduct privacy risk assessments across the PLDT Group. A PIA is a decision-making tool used to identify and mitigate privacy risks at the beginning of and throughout the personal data lifecycle of a program, project, and records of processing activities.

  (3) Personal Data Privacy Risk Management Standards provide the requirements for coordinated activities that will direct and control the PLDT Group and its subsidiaries with regard to risk management and ensures that privacy risks identified from PLDT Group's data processing activities, processes, and systems are addressed by implementing appropriate controls.

(4) Standards for Exercise of Privacy Rights establish a consistent and effective approach in enabling the data subjects to exercise privacy rights across the PLDT Group. It defines requirements in effectively handling requests and complaints of data subjects.

(5) Data Breach Management Standards are defined to ensure proper handling of incidents and data breaches when it happens. The standards cover important phases in data breach such as Planning that includes creation of a breach response team; incident identification; investigation; remediation; and notification to the National Privacy Commission (NPC).

The Group Data Privacy Office also launched the following landmark Awareness and Learning Programs:

- An institutional Privacy Campaign called "Handle with Care", which placed significance on employees as the cornerstone of successful privacy operations. The campaign was recognized and awarded by external organizations such as the Public Relations Society of the Philippines (Anvil Awards), the National Association of Data Protection Officers of the Philippines (Datos Privados Awards), and the International Association of Business Communicators (Philippine Quill Awards).
- The inaugural PLDT Group Data Privacy and Cyber Security Summit, which gathered 300 leaders and executives from across the PLDT Group of Companies. Supported by the Top Management Team, the Summit was also graced by the Commissioner Raymund Liboro of the Philippines' NPC, who delivered the keynote.
- Regular learning sessions for all employees such as Data Privacy 101 on-site training for employees covering key cities nationwide, Annual Data Privacy e-Learning Program mandatory for all employees, and Data Privacy 101 as part of New Employee Orientation Program.

In 2019, the Group DPO handled a total of 118 incidents, a 57% increase (43) in incidents vs. 2018. This increase was primarily driven by more customers, particularly from PLDT Home, exercising their rights as data subjects. Seven of the incidents were personal data breaches that met the threshold for mandatory reporting to the National Privacy Commission and notice to the affected data subjects. Compared to the 18 reportable incidents in 2018, the total for 2019, represents a substantial 61% decrease. This can be attributed to (a) continuous awareness efforts of the team when it comes to data privacy policies and standards, (b) stricter implementation of controls as required in Privacy Impact Assessment forms, and (c) fine-tuning of the reportability assessment criteria.

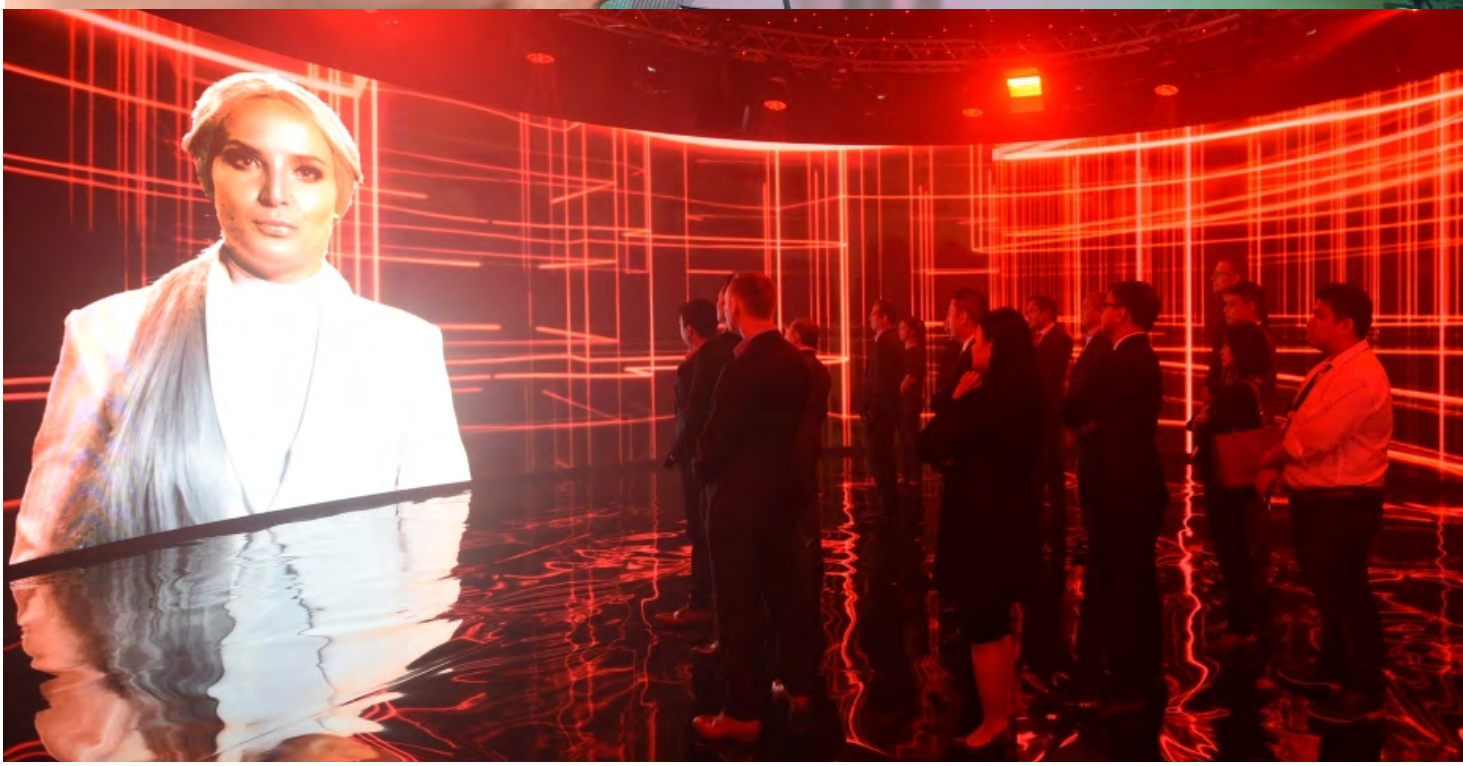
Additional Incident Categories were also added to see a more accurate picture for breach response. It was noticed that there was a number of incidents not related to Data Privacy still being reported to the DPO. PLDT Group companies were also moved to a "federated model" wherein each company was given freedom to execute its own processes of incident reporting, thereby lessening the total volume of incidents directly handled by the Group DPO.

In response to potential violations, an effective Breach Response Practice has been implemented wherein each incident goes through a rigorous process of analysis by Data Privacy and Cybersecurity professionals to ensure minimization of compromise. Regulatory requirements, such as SLAs for mandatory breach reporting and the issuance of notices to affected data subjects are observed. Given this, the Group DPO has been successful in containing cases within the prescribed 72-hour period, and long-term remediation solutions are implemented.

Ensuring a faster turnaround time for data subject exercise of rights, the DPO developed standardized responses and strengthened engagement with the various customer experience teams of the PLDT Group. It also standardized the assessment on the criteria for reporting of personal data breaches to the NPC.

Moreover, the Group continues to add to its roster of privacy practitioners who have obtained certifications from the International Association of Privacy Professionals' Certification Programs such as the Certified Information Privacy Professional (CIPP), the Certified Information Privacy Manager (CIPM), and the Certified Information Privacy Technologists (CIPT).

TC-TL-230a.1



GROWTH-DRIVEN INNOVATION

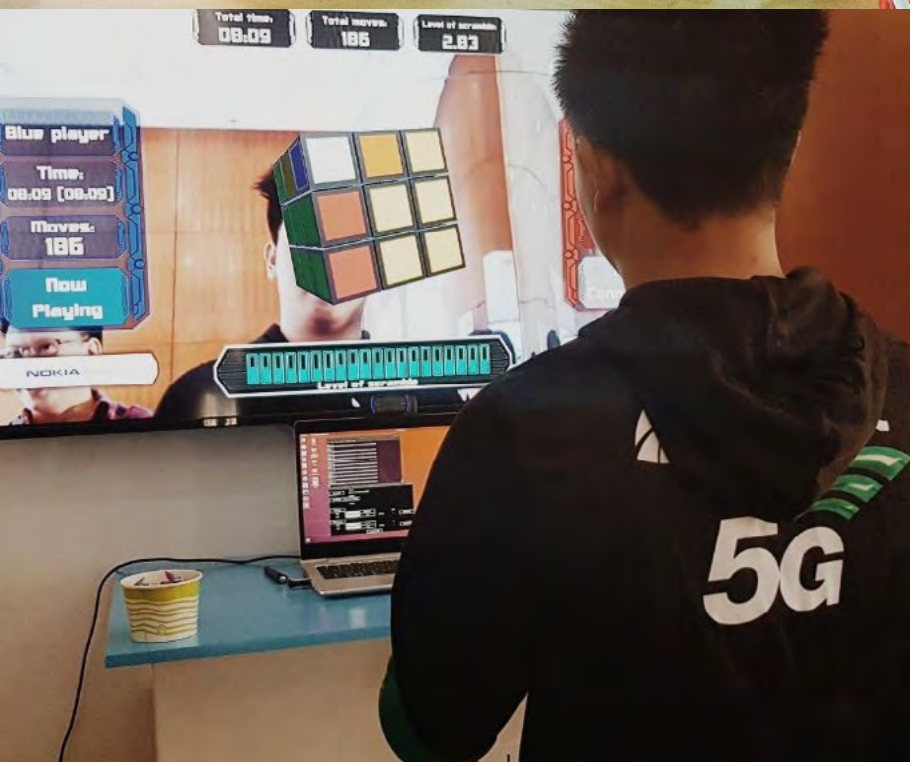
OUR GOAL

> Develop innovations that create value to customers and society

TOP PHOTOS PLDT-Smart featured 5G innovations at the 30th Southeast Asian Games and at a 5G Technofest in Smart Tower.

BOTTOM Organized by PLDT Enterprise and ePLDT, the Philippine Digital Convention 2019 featured a guided tour for guests to catch a glimpse of a future built on 5G, AI, IoT, SD-Wan and next-generation cybersecurity.

BOTTOM RIGHT Smart staged a 5G Technofest with Nokia officials at Smart Tower head office.



MATERIAL TOPICS

> Innovation in Products and Services

TOPICS COVERED IN THIS SECTION

> Products & Services
> PLDT Whole Home WiFi
> Spearheading 5G Deployment
> Technology at ePLDT
> #LearnSmart and #SmartPlanet
> Smart WiFi and Smart Cities

DIRECT RELEVANT SDGS

SPECIFIC SDG TARGET*

- Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020. (9.c)
- Promote the development, transfer, dissemination and diffusion of environmentally sound technologies. (17.7)
- Fully operationalize science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology, in particular information and communications technology. (17.8)

* Specific SDG Target (Relevant to PLDT Group)

3.5
million capacity of fiber/VVDSL ports

Fired up PH's first 5G campus, lifestyle hub, and Smart cities

PHP72.9
Billion
CAPEX to expand and modernize future-proof network and technology

PRODUCTS AND SERVICES 102-2

PLDT's extensive network of facilities allows us to offer a wide range of innovative products and services that help boost small and medium sized enterprises, energize communities and local governments, and keep the Philippine economic engine running.

For Individual and Home Consumers

Home Data
- Fiber
- DSL
- TD LTE
- Infotainment
- Video Services

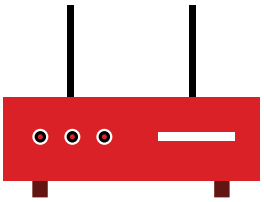
Mobile
- Postpaid
- Prepaid
- Broadband
- Satellite
- Value-added Services

Home Voice
- Landline
- Prepaid
- Call Cards

For Enterprises

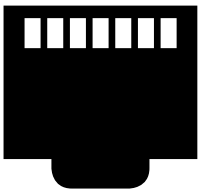
Fixed Voice
- Direct Line
- Trunkline
- Managed Services
- Audio and Video Conferencing

Wireless Satellite
- Prepaid
- Broadband Land
- Broadband Maritime
- Over the Top (OTT)



Fixed Data Domestic
- Fiber
- Metro Ethernet
- IP VPN
- Leased Line
- VSAT
- DSL

Wireless Solutions
- Prepaid Loading
- Messaging
- Security
- Machine-to-Machine and Internet of Things



Fixed Data International
- Carrier Ethernet
- Private Leased Circuits
- IP VPN

ICT Solutions
- Data Center
- Cloud
- Cyber Security
- Managed IT

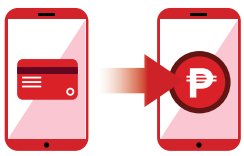
Wireless
- Postpaid
- Prepaid

PLDT Global
- US
- UK
- Hong Kong
- Singapore
- Malaysia
- Japan
- Macau*
- Taiwan*
- Guam*
- Spain*

*Branded partnership

Digital Innovations

eCommerce Platforms
- Online Store
- Rewards Program



Digital Financial Services
- Mobile Wallet
- Online Payment Gateway
- Digital Point of Sale
- Digital Invoicing
- Quick Response Payments
- Enterprise Wallet
- Disbursements
- Domestic Remittance

REACH AND SCOPE

Over-all Scale: Philippines, covering Luzon, Visayas, and Mindanao

102-4, 102-6, 102-7

PLDT WHOLE HOME WIFI

Just as exciting for the average Filipino household, PLDT has launched the new PLDT Whole Home WiFi Plans, providing Unli Fibr in every room and on every device starting at Php2,499 per month. With the new bundled offering, people can put an end to WiFi dead spots in their home or office where WiFi signal just cannot get through. This is an especially common problem when there are thick walls, multiple levels, and other features that block or hinder WiFi signals.

SMART WIFI AND SMART CITIES

In line with its vision of enabling more Filipinos with access to fast and free public Wi-Fi, Smart WiFi remained aggressive in its service rollout throughout 2019—unveiling hotspots at key high foot traffic and strategic locations throughout the country. The service was deployed across government facilities, major thoroughfares, and transport hubs to maximize access.

Among key locations now enabled with Smart WiFi include the City of Manila, Land Transportation Office (LTO), key tourism sites such as Rizal Park (in partnership with the Department of Tourism), the City of San Fernando, Pampanga; San Juan and Araneta City, to name a few. More users are now able to reap the benefits from unlimited access to world-class connectivity through the carrier-grade and fiber-powered service.

PLDT-Smart rolled out free WiFi for public areas through LGU partnerships with (from topmost photo): Cauayan City, Iloilo City, Lapu-Lapu City, the City of Manila, San Fernando City, and the City of San Juan.

PLDT Enterprise's 2019 Digicon saw the launch of the Smart 5G Alliance, comprised of global and local companies such as Ericsson, Huawei, Nokia, Cisco, Microsoft, SMS Global Technologies, Fujitsu, Clark Development Corp., Araneta Center, and Ateneo De Manila University.

SPEARHEADING 5G DEPLOYMENT

2019 was an exciting time for innovation watchers as Smart successfully made the first 5G standalone (5G SA) video call in Southeast Asia. This was by using Nokia's 5G SA equipment at the PLDT-Smart 5G Technolab in Makati City.

5G SA video call is regarded as pure 5G as it relies solely on 5G for data transmission, and allows the full benefit of 5G capabilities to be tested and demonstrated. In contrast, 5G NSA (non-standalone) combines the use of 5G and existing 4G/LTE resources to transmit data.

5G SA technology paves the way for a variety of new industry applications that utilize 5G's full features, such as massive connectivity for thousands of devices, ultra-low latency of under 10ms, ultra-high reliability, distributed cloud computing, unified security, and network slicing, among others.

To deliver 5G services, Smart is currently upgrading its network's Core and Transport elements, as well as upgrading to fiber the backhaul connecting the network's cell sites nationwide. Smart is also installing 5G-capable equipment in its ongoing LTE and LTE-Advanced roll-out.

In March 2019, PLDT-Smart and Nokia signed a Memorandum of Understanding to deploy 5G SA solutions in the Philippines, particularly for schools. Using the combined capabilities of the PLDT-Smart 5G Technolab and the Nokia Technology Center in Quezon City, the companies are collaborating to identify innovative 5G SA solutions, such as artificial intelligence, drones, and Internet of Things (IoT) applications, for example.

Meanwhile, PLDT has partnered with global technology leader Cisco to help transform its IP transport infrastructure into a fully automated software defined 5G-ready IP transport network. Under this partnership, PLDT and Cisco will deploy cutting-edge technology to design and build automated, highly reliable, highly scalable, software-defined next generation infrastructure utilizing PLDT's existing fiber network to seamlessly deliver customized digital experiences to customers.

Under this project, PLDT and Cisco will deploy technologies across PLDT's network to make it more efficient, resilient, scalable, and easier to maintain and repair. The software defined architecture will also enable PLDT to fortify customer services with highly dynamic and agile networking capabilities, as well as cybersecurity to safeguard customer data. With a fully automated network, enterprise customers

TOP Smart made the 1st 5G standalone video call in Southeast Asia in August 2019.

RIGHT Through the Cauayan City app developed by PLDT-backed software and IT solutions provider Multisys Technologies, residents can apply for business permits and licenses online, as well as pay for their real property taxes using their smartphones.

can expect more tailor-fit digital services that meet their businesses' specific needs.

This large-scale investment with Cisco is part of PLDT's broader transport network transformation project.

PLDT Enterprise continued to spearhead the country's 5G enablement, with 2019 seeing key milestones in the service's development and deployment. Among such milestones include a partnership with Nokia and Ateneo De Manila University, the unveiling of the group's 5G alliance, the transformation of Araneta City into the country's first full service 5G entertainment hub, and the deployment of 5G-powered solutions at the Southeast Asian Games.

In support of the 30th Southeast Asian Games, PLDT Enterprise put together a special 5G showcase at the country's first Smart 5G Stadium City in New Clark City—demonstrating the new applications made possible by fifth-generation mobile technology or 5G. Among the use cases presented at the New Clark City Commercial Center were 4K AI cameras and 360-degree/virtual reality livestreaming, enhanced mobile broadband experience using 5G mobile phones and fixed wireless devices, cloud gaming, mixed reality/augmented reality experiences, 5G-enabled robotics, and ultra-high definition livestreaming via 8K LED panels. Smart also donated phones to the Philippine Southeast Asian Games Organizing Committee.

TECHNOLOGY AT ePLDT TC-TL-550a.2

Given its long-time partnership, ePLDT was selected as the premier service provider to offer Microsoft Azure locally. The said cloud service is now hosted in ePLDT's on-premises infrastructure through its VITRO Data Center. Likewise, subscribers of the said service now have the option to choose where they will run their cloud applications on—allowing them to ensure that their data are secured in a center that is ascertained to be compliant with the country's Data Privacy Act.

ePLDT introduced its newest ICT offering Managed IT Services to help mitigate potential sources of system downtime in the modern business world and allow enterprises to shift their

time and focus on core operations and critical business imperatives. With its holistic Managed IT Services, ePLDT seeks to help mitigate downtime and ensure business continuity for all organizations in the country through an all-inclusive ecosystem complemented by the input of its highly skilled subject matter experts.

ePLDT maintained its spot as the top service provider of best-in-class cybersecurity solutions with its announcement of being the first DNSSEC-compliant provider of DNS Security in the country. DNSSEC or DNS Security Extensions provides an additional level of security to ensure that DNS information was not modified. Such solutions ensure that one's DNS infrastructure is no longer vulnerable to common attacks such as DNS cache poisoning or denial of service.

ePLDT continues to fortify its capabilities and leadership in the local data center space through the transformation of its first purpose-built data center in the Philippines—VITRO Pasig. The three-year transformation project will optimize VITRO Pasig's support infrastructure facility in order to generate more power capacity—which will enable the facility to accommodate and host more application requirements of its customers. Moreover, this will also elevate the data center's operational and technological capabilities towards world-class service excellence, further strengthening ePLDT's leadership position in the data center business.

ePLDT was officially named as the first and only organization in the country to receive the ANSI/TIA-942 Facility Rated 3 Certification for three of its data centers. Prior to securing the latest certification, VITRO Makati 2, VITRO Cebu 2, and VITRO Clark each received the ANSI/TIA-942 Design Certification last year. These indicated that the 'as-built' design drawings of the three data centers have been proven to meet the Rated 3 standards set by the Telecommunications Industry Association (TIA). The latest ANSI/TIA-942 Facility Rated 3 Certification supersedes the existing design certification of the three data centers and verifies that the VITRO Data Centers are now in conformity to the validated designs and facility requirements specified in the ANSI/TIA-942 guidelines.

#LearnSmart and #SmartPlanet

Our innovation extends to delivering technological solutions to help communities in their pursuit of progress and sustainable development.

For instance, #LearnSmart Literacy Apps are mobile applications developed in partnership with academic institutions and the Department of Education (DepEd) regional offices nationwide.

As of end December, Smart has launched 10 literacy applications featuring alphabet and number exercises, short stories, songs, and games all in the mother tongue. These apps are: Bahay Kubo (Filipino), Kaalam (Cebuano), Ta'allam

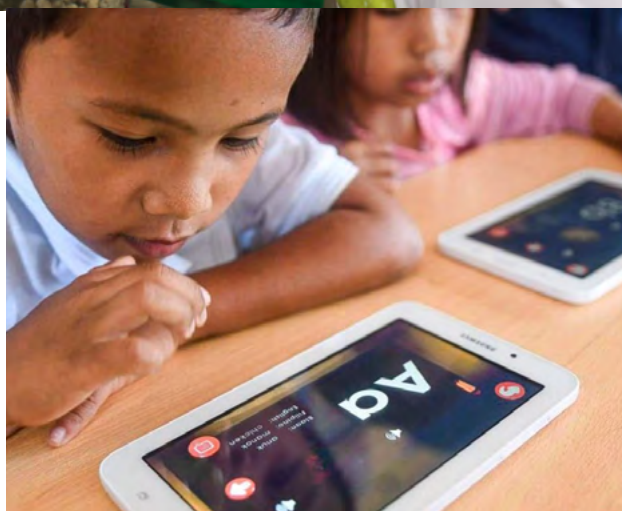
ePLDT ushered in a new era of business with the announcement of its expanded ICT offerings in May 2019.

The SmartPlanet phone recycling innovation was unveiled at the launch of *Gabay Kalikasan*.

and Tahderiyyah (Arabic), Matisalug (Matigsalug indigenous peoples Tribe of Davao and Bukidnon), Kaaram (Waray), Katao (Inabaknon), Singsing (Kapampangan), Sanut (Ilokano), and Gnare Blaan (Blaan).

Smart also has the School-in-a-Bag program, which bridges the digital divide by providing portable digital classrooms and trainings for remote and underserved learning communities. The #LearnSmart initiative has deployed over 200 technology packages, trained more than 2,000 teachers, and reached over 60,000 students as of December 31, 2019.

In 2019, we also unveiled a homegrown innovation by PLDT employees, called the #SmartPlanet phone recycling device. It presents a unique way of collecting discarded mobile devices to keep electronic waste out of landfills. With electronic sensors, the bin sends out e-load in exchange for used phones, chargers, and tablets. Similarly, #SmartPlanet offers a plastic bottle counterpart to the said devices, with bottle recycling bins deployed to different Smart events and festivals. This innovation was the winning entry during the 2018 MVP Geek Olympics, the PLDT Group's annual innovation competition across all employees of the MVP Group. The competition is a brainchild of PLDT Innolab, the group's incubator for startups and developer communities that want to scale extensible partnerships. The winning team flew to the mecca of innovations,



LearnSmart's suite of mother tongue-based literacy apps was named as the sole Filipino finalist for GSMA's 2019 Asia Mobile Awards.

Silicon Valley in California, where the team went on a week-long tour of top digital companies like Google, Facebook, and Twitter, and to meet-and-greet with personalities working on the latest innovations projects from these companies.

These innovative apps and solutions employ our connectivity capability to make a difference in the communities.

The Group continues to contribute resources, expertise, and technologies to partnerships that improve the lives of Filipinos. Partnering with the government, civil society, and peer alliances to promote technology for development advocacy towards inclusive growth and drive creativity in solving societal challenges.

RESPONSIBLE AND EFFICIENT OPERATIONS

OUR GOAL

> Achieve resource efficiency in all facets of business operations

MATERIAL TOPICS

> Resource Efficiency
> Asset Management and Business Risk
> Business Continuity & Disaster Preparedness
> Cybersecurity
> Internal Process Management

TOPICS COVERED IN THIS SECTION

> Resource Consumption
> Digital Workplace
> ISO Certifications
> Climate Related Risks and Opportunities
> Waste Management
> Asset Protection
> Cybersecurity
> BCP and Resiliency

DIRECT RELEVANT SDGS

SPECIFIC SDG TARGET*

- By 2030, double the global rate of improvement in energy efficiency. (7.3)
- By 2020, substantially implement integrated policies and plans towards resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement holistic disaster risk management at all levels. (11.b)
- By 2030, achieve the sustainable management and efficient use of natural resources. (12.2)
- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. (12.5)
- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. (13.1)
- Integrate climate change measures into national policies, strategies and planning. (13.2)

* Specific SDG Target (Relevant to PLDT Group)

11%

GHG Intensity reduction groupwide despite 25% increase in network rollout

10%

Energy intensity reduction despite 25% increase in base stations

246 METRIC TONS

of hazardous waste disposed through accredited recycler

ISO 22301: 2012 BUSINESS CONTINUITY MANAGEMENT SYSTEMS CERTIFICATION

302-1, 302-3, 302-4, 305-1, 305-2, 305-4

ENERGY AND GHG

Essential to the PLDT Group's sustainability journey is its ability to optimize the use of natural resources, effectively manage waste, and maintain customer data privacy and protect their information. These are all key elements of operating the business with responsibility and accountability.

Energy, for instance, is a necessary resource for the continuous provision of its services and there is conscious effort to ensure that it is used responsibly. The task of managing energy consumption is therefore shared by expert teams who are focused on long-term efficiencies of business operations.

We regularly review our policies to ensure that these are aligned with current global developments and new government laws and regulations. The PLDT Group is updating its Environment, Safety, and Health policy, which will be released in 2020. We also dedicated a team who have undergone radio frequency radiation safety trainings to develop programs to address electromagnetic safety concerns.

The Group's energy consumption covers all fixed line and wireless facilities in the country, such as buildings, fixed network sites, exchanges, business offices, cell sites, warehouses, and Remote Digital Line Units/Digital Line Carriers.

We continue to seek for improved efficiencies through better technology and processes. We have put in place various energy conservation measures that generally focus on cooling equipment, efficient lighting, and rationalization of workplace areas for better energy planning. We have started exploring renewable energy options and are currently working with vendor partners, and plan to roll-out viable solutions in the future.

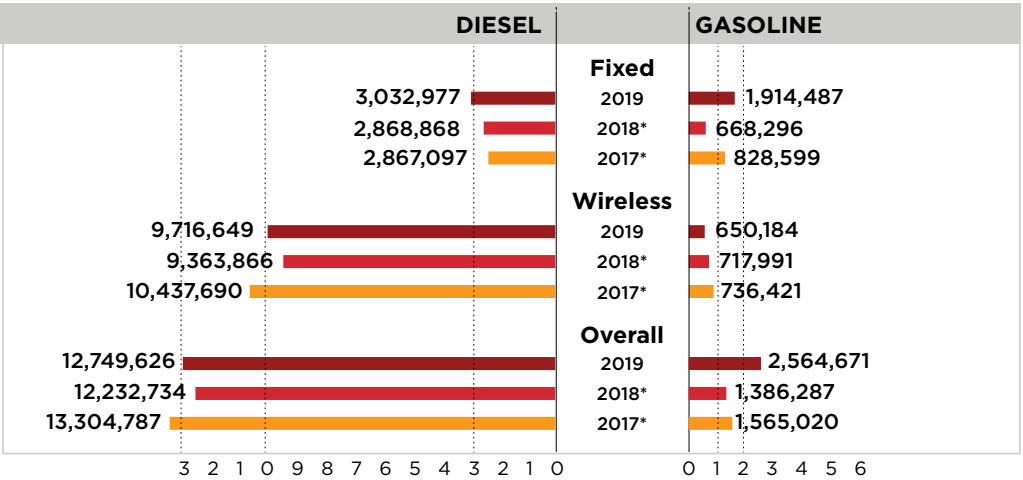
The Group monitors its Greenhouse Gas (GHG) emissions. GHG are gases in the atmosphere that absorb and re-emit heat which contributes to climate change. Although GHGs occur naturally, the uncontrolled increase in its levels are believed to be a major contributor to the unsustainable warming of the planet.

We track various sources of GHG emissions in our business, namely those under Scope 1 or all direct emissions from our operations and those under Scope 2 or indirect emissions from electricity purchased and used by the organization.

GHG estimation for Scope 1 emissions and Scope 2 emissions are done annually for tracking and management. For Scope 1, facility fuel data is collected from the concerned business units using standard data templates and converted using standard emission factors. For Scope 2 emissions, electricity consumption data is collected by concerned units on a monthly basis. Electricity consumption data are then converted into GHG emission figures. Although we are required to disclose Scopes 1 and 2 only for 2019, we will start disclosing Scope 3 GHG emissions moving forward.

Below is the PLDT Group's energy consumption and GHG emission data:

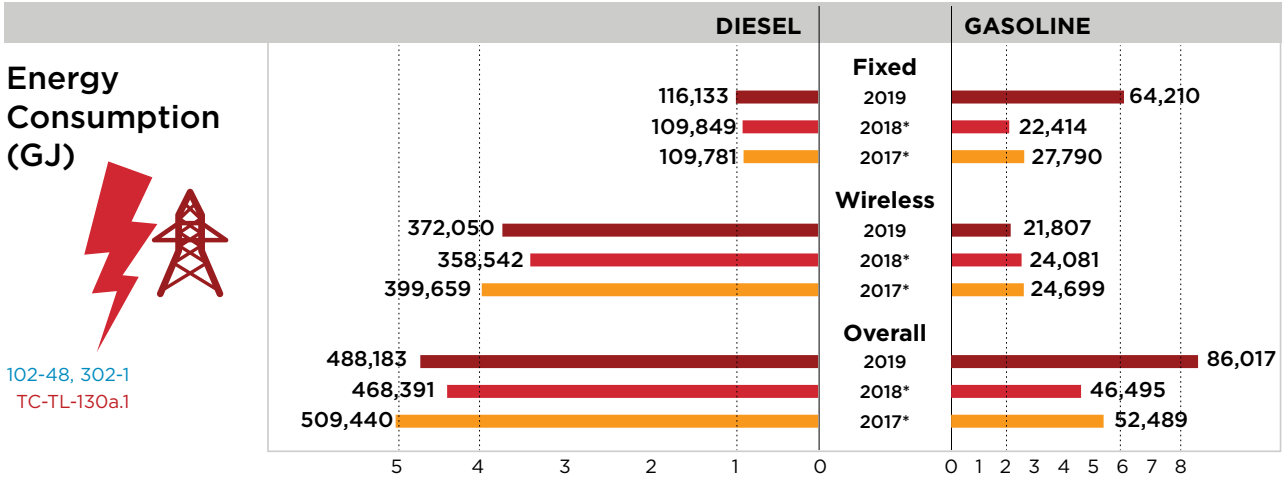
Total Fuel Consumed (Liters) 102-48, 302-1



Fixed refers to PLDT and ePLDT, Wireless refers to Smart.

Energy Consumption (GJ)

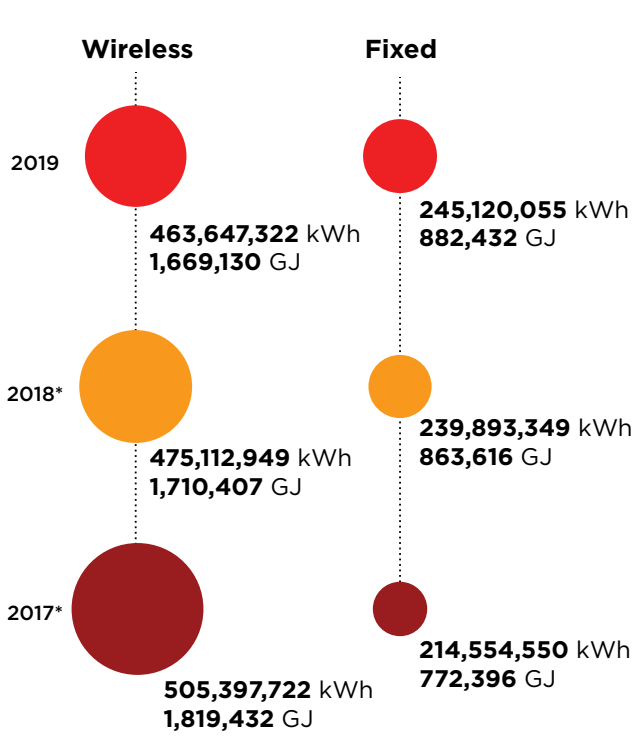
102-48, 302-1
TC-TL-130a.1



Fixed refers to PLDT and ePLDT, Wireless refers to Smart.

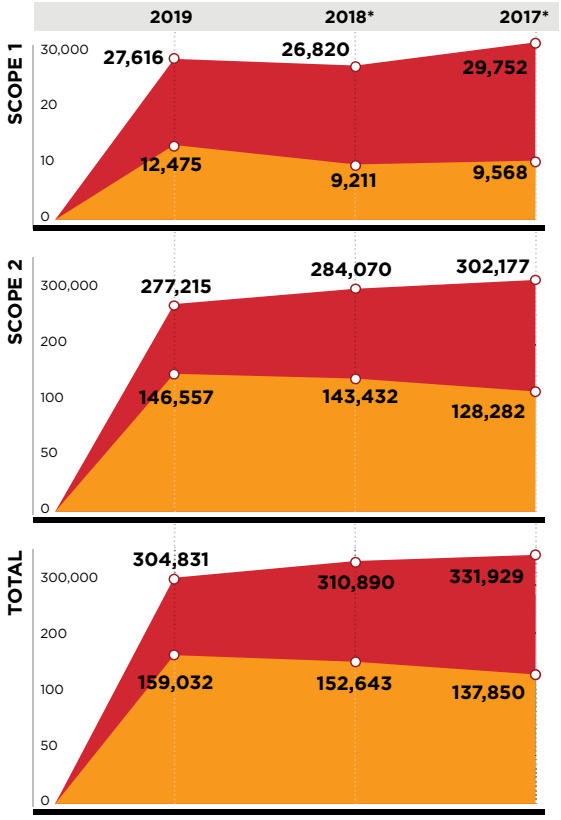
Total Electricity Consumed

102-48, 302-1



GHG Quantity (tCO2e)

102-48, 305-1, 305-2



		2019	2018*	2017*
GHG Intensity (tonnes CO_2e per employee) 305-4	Fixed	14.26	17.28	20.10
	Wireless	51.80	49.36	53.05
	Overall	27.23	30.63	35.82
Energy Intensity (GJ per employee) 302-3	Fixed	95.31	112.73	132.67
	Wireless	350.55	332.28	358.60
	Overall	183.48	204.12	240.45

102-48, 302-2, 305-4

* Restated from preceding year's presentation for comparative purposes.

>> EMISSION FACTORS 302-1

Total GHG	Description of Source	Emission/Conversion Factor	Unit
GHG Emissions	**On-Road Diesel Fuel**[1]	0.0027	tonnes CO_2 per Liter
	Gasoline/Petrol[1]	0.0023	tonnes CO_2 per Liter
	GenSet Diesel Fuel		
	CO_2[1]	2.68	kg CO_2 per Liter
	CH_4-CO_2 equivalent[1]	0.010	kg CO_2e per Liter
	NO_2 - CO_2 equivalent[1]	0.0057	kg CO_2e per Liter
	Electrical Grid[2]	0.0006	kg CO_2e per Liter
Energy	**Diesel**[3]	0.03829	GJ per Liter
	Gasoline[3]	0.03354	GJ per Liter
	Electrical Grid[4]	0.0036	GJ/kWh

REFERENCE DATA:
[1] Greenhouse Gas Protocol. 2017. Emission Factors from Cross-Sector Tools (March 2017). Available at https://ghgprotocol.org/sites/default/files/Emission_Factors_from_Cross_Sector_Tools_March_2017.xlsx
[2] Department of Energy (Philippines). 2017. 2015-2017 National Grid Emission Factor (NGEF). Available at https://www.doe.gov.ph/electric-power/2015-2017-national-grid-emission-factor-ngef
[3] Units and calculators explained: energy conversion factors. 2019. Available at: https://www.eia.gov/energyexplained/units-and-calculators/energy-conversion-calculators.php
[4] Kilowatt hours to Megajoules Conversion Table. 2020. Available at: http://extraconversion.com/energy-conversion-table/kilowatt-hours-to-megajoules.html

Our GHG emissions arise from several sources which include energy consumed by our network in operation and in the buildings we run and emissions from transport. We are focused on finding collaborative solutions to address this impact by ensuring that we use energy-efficient networks and infrastructure support systems.

We do this by investing in energy conservation projects in our operations and working with our suppliers to improve energy efficiency. We have been experimenting in using renewable energy at some of our off-grid sites for several years now and will continue to do so in the next years. In this way, we intend to help stimulate the market for alternative sources of power, resulting in extra generating capacity, ultimately may lead to at lower cost.

In 2019, we achieved an 11% GHG intensity reduction and 10% reduction in energy intensity despite a 25% increase in network rollout and base stations.

Our Network Operations' Energy Environment Safety and Health (EESH) and Property and Facilities Management (PFM) teams monitor the consumption of electricity, water, and fuel in major fixed line and wireless facilities. They also monitor GHG emissions and chart ways to systematically reduce GHG factors throughout the organization.

Several energy conservation initiatives such as changing of busted fluorescent lamps with LED lights, use of more energy-efficient air-conditioning units, installation of new elevators, and replacement of old chillers were completed in 2019 that translated to almost 2 million kWh saved.

Some of our data centers are installed with Chilled Water Cooling System that uses chilled water to produce cold air faster, consuming less power as compared to traditional airconditioning units. To also optimize the cooling system efficiency, the Cold/Hot Aisle Containment System is in place. This design involves individual aisles that separate cold air from the hot air. This contributes to our energy conservation as it helps in efficiently maintaining the required temperature within the server.

Other energy conservation initiatives include powering down of the elevators during off-peak hours.

DIGITAL WORKPLACE

We also maximize the utility of digital solutions to promote less fuel-powered travel and more digital-enabled work interfaces such as FB@ Work, digital town halls, Microsoft Teams for online meetings and OneDrive for data efficiency. These initiatives form part of the company's carbon avoidance scheme.

CERTIFIED ENVIRONMENTAL MANAGEMENT SYSTEMS

VITRO Cebu 1&2, VITRO Clark, VITRO Davao, VITRO Makati 2, VITRO Pasig, and VITRO Subic obtained ISO 14001:2015 certification. VITRO Cebu 1&2, Clark, Davao, Makati 2, Pasig, and Subic are also compliant with ISO 9001:2015 or the Quality Management Systems. We started the preparation for the certification of more PLDT and Smart facilities.

By using alternative energy to power cell sites in certain areas nationwide, Smart has been able to reduce its carbon footprint emission.

TCFD AND CLIMATE-RELATED RISKS AND OPPORTUNITIES

102-11, 201-2 Principle 7

The Group recognizes that responsible operations must include resiliency and preparedness for climate-related risks and opportunities. Taking guidance from the Task Force on Climate-Related Financial Disclosures (TCFD), the Group should be better able to make data-driven decisions to support operations that would be both efficient and ecologically-sound.

PLDT has reviewed the recommendations outlined by the TCFD which aims for improvements not only in the reduction of our energy consumption rate, but also in the amount of greenhouse gases emissions and other potential pollutants.

Our operations utilize base stations, switches and data centers to deliver service to our customers, and these represent a substantial part of our total greenhouse gas emissions. Network roll-out and operations, therefore, have become the primary focus of our carbon reduction efforts and the adoption of technology innovations and solutions that could help manage energy consumption.

Furthermore, the Group will take guidance from TCFD recommendations in evaluating how climate change regulations may affect the operations and in setting business strategies that consider for various climate change scenarios.

These key insights should provide guidance to the Group Risk Management Department (GRMD), which promulgates and encourages the adoption of a standard risk management process focused on the need to properly identify, analyze, evaluate, treat and monitor risks that may affect the achievement of business objectives. GRMD oversees the implementation of the Enterprise Risk Management process. They ensure that critical risks are well understood and effectively managed across all our functions and units.

The PLDT Group's newly established Sustainability Office offers valuable support to the GRMD in assessing climate-related risks and in educating on how to manage both climate-related risks and opportunities. As part of the TCFD commitment, we will expand our risk assessment to include regulatory risks, as well as risks associated with the global transition to a low-carbon economy.

PLDT is closely monitoring national and local policies that are being established to reduce energy-related greenhouse gas emissions in the long-term. The Group is also actively preparing for disruptions caused by natural disasters. This includes pre-planned failover testing of critical network systems and testing of Disaster Recovery plans and Emergency Response Teams (ERT).

Initiatives that will allow us to do carbon offsets have also been launched through *Gabay Kalikasan* partnerships with marine protected areas, the protection of rainforests and peatlands. *Gabay Kalikasan* will support programs that improve network efficiencies, product lifecycle, and business processes. It also advocates product features that promote responsible, cost-effective, and environment-friendly user experience.

WATER CONSUMPTION 303-5, 103-1, 306-5

For the Group, water is utilized mostly for domestic purposes in offices and branches, although its consumption efficiency is still among the data points monitored and measured for long-term solution.

This is because water is an essential resource for our people. Insufficient water supply results in higher cost as operations is forced to find costly alternate sources. Moreover, it results in an uncomfortable work environment where cleanliness can be temporarily affected. Insufficient water supply also affects the ability of our workforce to come to work on schedule, as they would have to first secure water resources for their homes and their families.

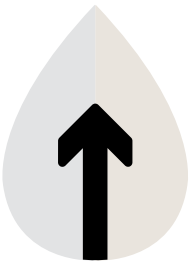
Recognizing the inherent value of this resource, PLDT actively support government's water conservation campaigns and initiate programs to protect watersheds.

For instance, through partnership with key stakeholders such as the Department of Environment and Natural Resources (DENR), Philippine Business for Social Progress (PBSP), Multi-Sectoral Watershed Management Council, Inc. (MSWMC), and local governments, PLDT helps protect and rehabilitate key watersheds. These include the Upper Marikina River Basin Protected Landscape (UMRBPL), Ipo Watershed, and the Infanta-Real Quezon watershed forest reserve. Protection and rehabilitation of watersheds are important components to secure water sources for the communities.

Through the Sustainability Office's *Gabay Kalikasan* program, the Group is now working on linking with more institutional partners for the maintenance and protection of reforested lands. PLDT supports the reforestation of selected watersheds in the country as it also continues promoting efforts to provide alternative livelihood, organize and empower community members, and raise public awareness on the importance of watersheds.

>> **WATER CONSUMPTION** 303-5

Fixed
454 megaliters
Wireless
109 megaliters



WASTE MANAGEMENT 307-1 Principles 8 & 9

As consumers and governments begin to demand that businesses and industries be more accountable for their products' packaging and waste materials, companies which do not address the concern on waste management may face backlash from consumers and regulators.

Company-wide ban on single-use plastics

PLDT has gone beyond mere compliance with solid and hazardous waste management laws. In December 2019, the Company announced that it will ban single-use plastics in all offices and operations in support of a global movement to significantly decrease plastic pollution.

The ban was made effective on March 1, 2020 under the name Power Over Plastic, which emphasized employees' capability to make responsible choices and to practice sustainability. Prior to its implementation, *Gabay Kalikasan* rolled out a multi-channel campaign to educate and encourage employees to embrace an eco-conscious lifestyle. Topics included the harmful effects of plastic to the environment, the classifications of single-use plastics, the many benefits of eliminating them, and the eco-friendly alternatives available. A refresher course on waste segregation was also rolled-out.

Paperless transactions

PLDT has ramped up efforts to promote paperless transactions to both internal and external audiences. The Company continues to encourage the use of digital platforms, automated document management system, electronic billing, and video campaigning.

To encourage subscribers to opt for e-billings, *Gabay Kalikasan* partnered with PLDT Group brands to develop a Rewind commercial. The video detailed the journey of a printed billing statement and highlighted the amount of paper, water, and energy consumed to produce and deliver it – versus the eco-friendly, faster, and more convenient option of paperless billing.

Green merchandising

PLDT continues to explore ways of expanding its Green Merchandising Program in line with efforts to shift to eco-friendly solutions. Merchandising teams have been using more environmentally-sustainable materials in the production of outdoor ads and opting for suppliers capable of producing

such collaterals. PLDT also requires suppliers to back up their eco-claims with studies and laboratory verifications. The Company has also increased investments in permanent and practical materials such as road and barangay signages, and bulletin boards for schools and barangay halls.

E-waste management

PLDT-Smart encourages the spirit of innovation to explore new ideas in waste management. In 2019, *Gabay Kalikasan* presented a homegrown innovation created by PLDT-Smart employees: the #SmartPlanet phone recycling device. The technology presents a proper way of recycling discarded mobile devices and related accessories (i.e. chargers, batteries) to avoid harmful effects of electronic waste on health and the environment. It has a similar counterpart for used plastic bottles and cans, which are often deployed to outdoor brand events. Both recycling bins send out electronic load in exchange for properly disposed mobile devices and beverage containers.

Proper handling of hazardous wastes

The Company ensures proper handling of hazardous wastes, as PFM and EESH teams follow environmental compliance guidelines for the hazardous waste identification, labelling, segregation, and proper handling and disposal. DENR-accredited third party vendors are employed in the transport and disposal of hazardous wastes.

Overseeing this process are Pollution Control Officers (PCOs) who have adequate technical training and background on environmental management, pollution abatement, and environmental laws and regulations. These qualified personnel are responsible for regularly monitoring the hazardous wastes and reporting data to the DENR.

PCOs actively promote our environmental awareness and pollution prevention programs and implement an effective environmental management system to ensure that there are no violations. PLDT has not received any environmental violation notice for hazardous waste in 2019.

One item in particular that the Company reports on is the disposal of Used Lead Acid Batteries (ULAB). PLDT trades ULABs with accredited recyclers for proper disposal and factors in company CSR. Dubbed as the Balik Baterya program, the recycling initiative partnered with Motolite which purchased used batteries from cellsites. Implemented in partnership with the Philippine Business for Social Progress (PBSP), the Balik Baterya program ensures that disposed ULABs get proper trade-in values, as funds are used for CSR projects that benefit employees and communities.

TC-TL-440a.1

HAZARDOUS WASTE

Total Weight of Hazardous Waste Generated and Transported

	FIXED	WIRELESS
	186	60

In Metric Tons

246,319 KG. USED LEAD ACID BATTERIES DONATED

SOLID WASTE

Total Solid Waste Generated

		FIXED	WIRELESS
		991.56	403.20
RECYCLABLE	METAL	612.84	375.40
	PAPER	30.38	6.50
	PLASTIC	348.34	21.30

In Metric Tons

ASSET PROTECTION

The extensive responsibility of overseeing the safety and protection of all PLDT Group assets and infrastructures falls under the Company's Asset Protection and Risk Management Center (APRMC). Through the APRMC, the Company continuously reviews and upgrades its policies, programs, and processes, to ensure security services remain responsive to the current times.

In 2019, the General Practices on Access Control were re-crafted to keep these protocols relevant to the present electronic conditions and threats. Standard Security Protocols and Center Head Orders have been updated based on the current need and trends noted by security experts for the Company to effectively manage Active Aggressor, Bomb Threat, and Labor Disturbance incidents, as well as other similar occurrences.

APRMC also expanded its iProtect Program, a partnership program with Local Government Units (LGU) and communities. Community dialogues held under the program sought to encourage the external partners' active support for PLDT's drive to keep facilities secure, as these provide their neighborhood with essential connectivity.

PLDT prioritized the upgrading of electronic security systems to secure company facilities and buildings. A newer version of the Door Access Control Systems is underway and will serve as an integrated platform that manages access control in all facilities located nationwide. IP CCTV Systems that use video compression and analytics to provide clear security footage are continuously being deployed to all PLDT Group facilities. Further enhancements of its software are currently being reviewed to optimize its utilization.

APRMC, through its Risk Management Division, is mandated to conduct announced and un-announced security audits, assessments, and inspections of its different Asset Protection Divisions to ensure that this protocol's operational capability are current and in-place. Appropriate coordination and corrective actions are immediately made to ensure that all PLDT Group facilities are within acceptable security standards.

The Asset Protection Divisions (APD), which act as the operating arm of APRMC, ensures that all Security Personnel are equipped with the basic knowledge essential for their daily routine and during emergency situations. There are trainings in First Aid, Fire Prevention, Civil Disturbance, Bomb Threat Protocols and Identification, Firearm Proficiency and Marksmanship, and Water Search and Rescue, to support the Company's Business Continuity Efforts in any event that would warrant security needs. The PLDT Group also purchased and strategically deployed nationwide rescue equipment as part of the Company's array of disaster response measures.

PLDT and Smart employees assigned at Head Office are given security awareness trainings, that are livestreamed for nationwide cascade. 2019 trainings shared action points to counter potential incidents, as well as tips on calamity preparedness. In one leg, APRMC showcased the Water Search and Rescue (WASAR) and Urban Search and Rescue (USAR) equipment available in various PLDT and Smart facilities nationwide, manned by competent APD staff.

ENSURING CYBERSECURITY TC-TL-230a.1

Our business relies on our ability to secure network infrastructure and computer systems. That is why we constantly upgrade cyber capabilities to fully support our business needs. In this era of super connectivity, the organization needs to be ahead and stay ahead of cybersecurity issues in order to reliably deliver quality service.

Malicious and criminal perpetrators are adopting more sophisticated technologies in their attempts to breach our defensive security measures. The Company sees a growing number of automated computer programs being used in initiating attacks; and while encrypted internet traffic protects private information, it inadvertently hampers cyber protection efforts. Perpetrators could abuse encrypted communication tools and use them in their efforts to breach into our systems, with less risk of such efforts being discovered by cybersecurity measures.

In 2019, the PLDT Group's Cybersecurity Operations Group detected and mitigated close to 3,000 cybersecurity-related incidents. These incidents involved the following: (1) Malware attacks; (2) Use of unauthorized applications; (3) Distributed Denial of Service (DDoS) attacks; (4) Network intrusion attempts; (5) Unauthorized access; (6) Failed log in attempts of corporate credentials; and (7) spam emails.

It is worthwhile to note that these incidents did not have financial, legal, or regulatory impact to the company, neither did it cause any major disruptions to business operations.

Directly addressing these issues, PLDT Group has significantly increased investments in cybersecurity measures. The PLDT Group's cybersecurity strategy was to focus efforts and resources in protecting our most crucial digital information and cyber assets.

Efforts to optimize cybersecurity operations framework included the following:

1. Compliance with global cybersecurity standards and frameworks TC-TL-230a.2

As a large commercial technology company, the PLDT Group is keenly aware of the need to systematically examine our risks, taking account of the threats, vulnerabilities, and impacts. As such, we have designed and implemented from the outset a coherent and comprehensive set of controls and/or other forms of risk treatment to address those risks that are deemed unacceptable

by adopting a comprehensive management process to ensure that the information security controls continue to meet our information security needs on an ongoing basis.

PLDT and Smart have achieved this by instituting its Corporate Information Security Policy (CISP) accompanied by its corresponding standards that are based and compliant with the following global standards and frameworks:

- ISO 27001
- U.S. National Institute of Technology Standards (NIST), and the;
- CIS Critical Security Controls

2. Cybersecurity governance structure

PLDT and Smart pursue the matter of cybersecurity governance in terms of accountabilities, decision authorities, structures and processes.

The highest body governing cybersecurity in the organization is the Board of Directors. Although its members differ in terms of their background and exposure to cybersecurity, the Chairman and the Board of Directors undergo annual internal and external executive briefings on cybersecurity governance, and management best practices.

The Cybersecurity Operations Group (CSOG) of PLDT, Smart and ePLDT are actively managed by the CEO and Top Management as a direct result of the Board's invested interest in this area. The Chief Information Security Officer (CISO), as head of CSOG, has access both to the CEO as well as to the Board and/or Chairman.

To ensure that cybersecurity issues and concerns are always top-of-mind in the Board, the CISO provides regular briefing to the members to apprise them of the cybersecurity posture of the company.

CSOG is a cohesive and highly-integrated unit across the PLDT, Smart and ePLDT entities with the mandate to maintain the highest level of security to corporate assets as well as customers and subscribers, 24/7.

CSOG has established the following management functions to recommend strategies in alignment with business objectives and consistent with regulations, to implement controls, and to ensure that cyber risks are more than adequately mitigated:

- Governance
- Strategy & Innovation
- Solution Architecture & Engineering
- Risk Management
- Asset and Access Management
- Incident Investigation
- Internal Security Operations, and;
- Regulatory & Cybercrime Case Management.

3. Cybersecurity process governance and management

Since cybersecurity involves significant capital investments (CapEx) as well as substantial resources for operations and maintenance (O&M/OpEx), CSOG has put in place a governance and management process framework covering the following areas:

- Evaluation, Direction, and Monitoring
- Alignment, Planning, and Organizing
- Building, Acquisition and Implementation
- Service and support
- Monitoring, evaluation and assessment

Management and Operational Dashboards are established to monitor the maturity of controls, transparency of spend activities, and effectiveness of operating functions.

4. Cybersecurity Management System and Operational Capabilities

Our Information Security Management System (ISMS) is designed from a thorough assessment of the enterprise's risks before, during and after an attack. This system ensures that both platforms and personnel are able to perform Preventive, Detective, Response and Predictive capabilities:

- **Preventive** - reduce attack surface area by blocking them and their attack methods before they impact company operations
- **Detective** - find attacks that have evaded the preventive controls; to reduce the dwell time of threats and the potential damage they can cause
- **Responsive** - investigate and remediate issues discovered by detective activities (or by outside services); to provide forensic analysis and root cause analysis, and to recommend new preventive measure to avoid future incidents
- **Predictive** - learn from external events via threat intelligence of the hacker underground; threat hunting and link analysis; proactive anticipation of new attack types against the current state of company systems and information

5. Endpoint protection and visibility

An endpoint security has been deployed to all corporate workstations to detect, prevent, and respond to attacks. This capability helped to detect more than 1,500 malware and unauthorized software on endpoints. The endpoint security solution also enables the operations team to quickly respond to and clean-up endpoints by blocking, remotely deleting and/or putting into quarantine malicious file detections. These clean-up efforts were executed as part of the company's response and remediation process.

6. Fully operational Security Operations Center (SOC) and Cybersecurity Incident and Response Team (CSIRT)

There is a fully operational 24/7 Cybersecurity Incident and Response Team (CSIRT), which enables the detection and response to security incidents within less than one minute, on average. The group has also recently secured membership of the Forum of Incident Response and Security Teams (FIRST). FIRST is a globally recognized leader in cybersecurity incident response. Having secured membership of FIRST provides the Company access to best practices and tools, and trusted communication with other member incident response teams.

7. Corporate website protection

Web application firewall has been implemented to prevent attacks on our corporate web sites.

8. Identity and User Access Management

An automated quarterly review of applications, databases and operating system accounts and entitlements is conducted. This capability supports both internal and external annual SOx-audit activities.

9. Dynamic Vulnerability Assessment and Penetration Testing (DVAPT)

Protecting Personally Identifiable Information (PII) and company-confidential trade data is a top priority of PLDT Group. Our goal is to maintain the confidentiality, integrity and availability of company assets at all times to prevent compliance, legal, financial and reputational risks.

In order to ensure this, PLDT Group performs periodic system audits, vulnerability assessments, penetration testing and remediation to prevent the exploit of identified vulnerabilities.

10. External security audits and assessments

Independent or third-party security audits and/or assessments are performed on areas of governance, management, and technology assets to identify weaknesses in existing controls.

Formal processes are in place to resolve all gaps identified during the assessment. All risks identified are addressed and mitigated at a level acceptable to the management.

As a publicly-listed domestic entity, the company must comply with its third-party auditors on an annual basis. In addition, since its American Depositary Shares are listed on the New York Stock Exchange, the company must also comply with the Sarbanes-Oxley (SOx) Act provisions on disclosure and internal control over financial reporting.

11. Secure Domain Name System (DNS)

PLDT Group has implemented a secure DNS solution that blocks millions of access to phishing, scamming and malware-distribution sites. This solution continues to benefit both our corporate employees as well as our customers.

12. Threat Intelligence

We have established 150 million indicators of compromise in our threat intelligent database, which is now being used for real-time threat correlation.

13. Anti-DDoS Defense Strategy: Resilience, Detection and Mitigation

Majority of DDoS attacks that are encountered by PLDT Group targets its mobile infrastructures and enterprise fixed customers. The Group's anti-DDoS Defense strategy covers all layers of defense (i.e. external, edge, internal, people, and process) in response to the significant increase in size, duration, frequency of attacks.

14. Increased Visibility on Security Events and Incidents

We continue to expand our security visibility by enrolling active IP-based assets to our Security Operations Center.

15. Customer Premise Equipment (CPE) governance and configuration management

Corporate governance processes around the procurement and deployment of Internet of Things (IoT) and customer-premises equipment has been established. All CPEs undergo firmware assessment and configuration hardening. All identified vulnerabilities are remediated before a purchase of the CPE make and model is approved and deployed.

16. User Awareness and Training

Annual mandatory eLearning course is provided to all employees to maintain cybersecurity consciousness and vigilance.

Weekly cybersecurity awareness campaign is conducted for our employees. We perform periodic phishing simulations to assess the awareness of our employees on social engineering schemes. Employees who fall victim to the phishing test were given cybersecurity awareness training. These periodic phishing simulation exercises heighten the user's awareness on phishing and scamming tactics.

In addition, as soon as phishing or other online scams are detected, they are then formalized and communicated as a Group-wide email alert.

Bottom-up engagement of our employees is one of our key success factors for an effective cybersecurity program execution.

PLDT continues to evaluate these mitigation measures, hand in hand with our review of emerging vulnerabilities and threats to confidential and sensitive information, while assessing risks associated with access to protected data. The cybersecurity-related decisions we make support the concept of "duty of care". With insight from our risk assessment framework, we analyze information security risk in a way that both management and regulators would consider as reasonable and made with "due care."

BCP AND RESILIENCY TC-TL-550a.2

The PLDT Group recognizes the need to establish organizational resilience to effectively respond to the different crises and disruptive incidents, thus safeguarding the assets and interests of all stakeholders. It demonstrates its commitment to resilience through the creation of appropriate and sustainable Business Continuity Management System (BCMS) focused on managing the evolving risks, including climate-related risks, and their related business impacts. The PLDT Group's continuity management system encompasses effective business continuity planning, as well as emergency response and recovery capabilities to ensure the delivery of reliable products and services in times of any emergency, crisis, or disaster.

The PLDT Group's BCMS is led by the Enterprise Business Continuity and Resilience Office (BCRO). The dedicated business unit is responsible for the strategy and governance of company-wide business continuity plans with the objective of enhancing organizational resilience and safety of employees. Scope includes the company-wide business continuity program, standards, guidelines, crisis management plan, and other business continuity processes.

ISO 22301:2012 Business Continuity Management System Certification The ISO Certification journey of both PLDT and Smart aims to ensure and maintain compliance to the international standard for business continuity management system and follows the documentation cycle:

The following are the BCRO's key highlights in 2019:

PLDT continuously expands its international ISO 22301 Certification of identified critical sites to ensure the continuity of products and services offered to its valued stakeholders. The scope of certification covers the network operations and maintenance of critical network groups: Cable Landing Stations, Core Network Operations, International Gateway Operations and Fixed Field Services supported by the internal processes of BCRO, Properties and Facilities Management Center (PFMC), Asset Protection and Risk Management Center (APRM), and Network Operations and Support Management (NOSM).

Awarding of BCMS Certificates to the ISO 22301 Certified sites of PLDT Inc. by TUV Rheinland Philippines, Inc.

Smart achieved its international ISO 22301 Business Continuity Management System Certification for its identified critical sites in Metro Manila and Cebu in 2019. The scope of certification covers the Core Network Management, Internet Protocol Backbone, Wireless Field Services, Network Operations, and Facilities Management, all supported by the internal processes of BCRO, PFM, APRM and NOSM.

Awarding of BCMS Certificates to the ISO 22301 Certified sites of Smart Communications, Inc. by TUV Rheinland Philippines, Inc.

BCMS Awareness Campaign BCMS Training and Awareness initiatives were carried out by the deployment of e-learning activities and conducting series of workshops to internal customers within both PLDT and Smart. BCMS Awareness campaign has been deployed via PLDT-Smart Digital Learning University to promulgate the establishment of BCMS across the organization. It aims to promote the BCMS culture, the importance of individual employee's roles and responsibilities towards achievement of BCMS goals, and the consequences of being non-compliant towards BCMS requirements.

Business Continuity Plan (BCP) Awareness and Training Launch An awareness campaign was cascaded to PLDT and Smart Disaster Management Team (DMT) and Emergency Management Team (EMT) members from sites which are included in ISO 22301:2012 Certification scope. A computer-based training (CBT) was also launched to allow DMT and EMT Team members to be familiar with the Business Continuity Plans, focusing on their responsibilities during emergencies and disasters.

BCMS Trainings Series of BCMS Trainings were conducted to establish the competence of PLDT and Smart employees in the implementation of BCMS. Topics included BCMS Fundamentals which aim to define the basic requirements of ISO 22301 standard and its importance to the organization and its employees. Other trainings/ workshops conducted are Business Impact Analysis, Risk Assessment, Business Continuity Strategy, Business Continuity Plan Development, BCP Testing, Control of Documented Information, BCMS Internal Audit, Corrective Action, and Management Review.

Business Continuity Plan (BCP) As a part of continuous improvement, the business continuity plan is regularly updated based on the lessons learned from actual major incidents such as earthquakes, severe weather events, and even the emergence of new regulations.

All established BCPs were tested to check for the feasibility and continual improvement of the established business continuity procedures. It also aims to validate the established Recovery Time Objectives (RTO) and Maximum Tolerable Period of Disruption (MTPD) of the critical groups.

Disaster Preparedness Week Held on September 4-6, this event instilled disaster preparedness to PLDT and Smart employees through a series of programs and activities. Employees were schooled on how to be ready for both office and non-work emergencies with a series of talks on Earthquake and Typhoon Preparedness, Fire Preparedness, Family Communication Plan, Active Shooter Preparedness, and How to prepare a Go-Bag, Personal and Family Preparedness Trainings.

The Disaster Preparedness Week also aimed to increase the number of users and expand the awareness of employees on the new features of the company's disaster preparedness HANDA App. The activity was organized by BCRO and APRM in partnership with the People Group, Public Affairs and IT.

Business Continuity Capability of Service Providers/Vendors External service providers or vendors play an important role in achieving the company's sustainability goals. The BCRO's initiative to evaluate the business continuity capabilities of service providers aims to strengthen the resilience of supply chain, ensuring that these service providers can continue to provide their products and/or services to PLDT and Smart, and can still meet contractual obligations in the event they experience any kind of business disruptions. Building and maintaining a resilient supply chain is a key success factor for the organization to show resiliency and survive any types of business disruptions.

We recognize our core responsibility to our stakeholders, especially to our customers, to operate an effective business continuity management system. With the active support of Senior Management and robust business continuity approach, we shall maintain the international certification of ISO 22301 certified critical facilities and shall continuously expand the same certification for more identified critical sites through an external certifying body, TUV Rheinland Philippines, Inc. For the PLDT Group, having an effective business continuity management system is integral in delivering its products and services, as ensuring operational security and continuity is always a priority.

EFFECTIVE ENVIRONMENTAL STEWARDSHIP

103-2, 304-1, 413-1, 413-2 Principles 8 & 9

Among PLDT-Smart's carbon footprint offsetting initiatives involves the conservation of mangroves, which are able to trap carbon dioxide to help mitigate climate change.

OUR GOAL

> Protect the environment and the country's natural resources for sustainable development

MATERIAL TOPICS

> Environmental Protection Programs
> Carbon Footprint Reduction

TOPICS COVERED IN THIS SECTION

> *Gabay Kalikasan*
> #SmartPlanet
> PLDT Telepuno
> Connected Mangroves
> Carbon Footprint Offsetting Initiatives in 2020

DIRECT RELEVANT SDGS

SPECIFIC SDG TARGET*

- Integrate climate change measures into national policies, strategies and planning. (13.2)
- By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans. (14.2)
- By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services. (15.1)

* Specific SDG Target (Relevant to PLDT Group)

Smart & Ericsson's CONNECTED MANGROVES

cited in the 2019 GSMA Case for Change international campaign

Over 1.5
million trees planted through PLDT Group's reforestation program

Launch of
Gabay Kalikasan

3,000 sq. ft.
creatively designed mural artwork to promote environmental awareness

GABAY KALIKASAN Principle 8

The PLDT Group launched its flagship program *Gabay Kalikasan* in 2019, aiming to bolster the spirit of environmental stewardship and help people make better choices for the environment.

For the launch, which coincided with the National Climate Change Awareness Month and 91st anniversary of PLDT, renowned muralist and environmental advocate AG Saño led PLDT-Smart employee volunteers to create "SmART for Nature"—a street mural which covers the exterior of PLDT MGO. Aimed at raising awareness on creatures that are most vulnerable to climate change, the artwork features over 3,000 square feet of plant species and animal life throughout the headquarters' Legazpi frontage, Dela Rosa walkway, and Gallardo back entrance.

Among those depicted in "SmART for Nature" is a Rufous-Headed Hornbill. A pair of the critically endangered bird incubated earlier than expected in 2019, and was spared as Smart postponed a MassKara Festival event beside the Bacolod City Talarak Foundation breeding center in October 2019. This prompted the Company to raise awareness on the said species, initially through the horizontal mural, and eventually through a 120-feet artwork conceptualized in the end of 2019. The piece, which currently covers the entire back facade of PLDT MGO, is said to be the tallest environmental mural in Southeast Asia.

1. Artists with environmental advocacies were present at the *Gabay Kalikasan* launch.

2. The *Gabay Kalikasan* "SmART for Nature" mural throughout PLDT's Makati General Office aims to raise awareness on animals and plants that are highly vulnerable to climate change.

3

4

The "SmART for Nature" mural also featured sustainability statements #SaveOurHome, #SmartPlanet, and #SustainableEnterprise, referring to PLDT Group's various business units.

At the launch of *Gabay Kalikasan*, Chairman Manuel V. Pangilinan announced the Group's plan to implement a company-wide single-use plastic ban to encourage employees to switch to a more sustainable lifestyle and help efforts to preserve Mother Earth. The organization's hope is that with the size of the company and the many stakeholders it does business with, PLDT can help empower as many people as possible to reduce plastic waste and curb its negative effects.

Simultaneous events like bazaars and outdoor concerts were also held at PLDT and Smart head offices to increase sustainability awareness and provide people with a venue to patronize zero-waste essentials, organic food, all-natural personal care products, and other eco-friendly items.

In support of environmental stewardship, our facilities and network teams devised ways to manage environmental concerns stemming from our operations. These encompassed the use of energy-saving lighting systems, recycling/proper disposal of hazardous wastes, replacement of base station equipment with newer technology that consume less power, and roll-out of green powered cell sites in off-grid areas to ensure seamless voice/data service and nationwide coverage.

Green Merchandising initiatives have also resulted in the shift towards using earth-friendly materials for the huge amount of outdoor advertising and promotional materials that we produce each year.

3. Heads of PLDT employee unions were present alongside the Company's top management officials at the launch of *Gabay Kalikasan*.

4. Renowned muralist and environmental advocate AG Saño led PLDT-Smart employee volunteers to create the street mural.

The #SmartPlanet Phone Recycling Innovation presents a proper way of disposing discarded mobile devices to avoid harmful effects of electronic waste.

The multi-site tree-planting to commemorate the 10th anniversary of Typhoon Ondoy coincided with the 25th anniversary of PSF.

#SmartPlanet Principle 9

PLDT also unveiled a homegrown innovation created by PLDT-Smart employees— the #SmartPlanet phone recycling device— at the *Gabay Kalikasan* launch.

#SmartPlanet is an initiative piloted by Smart at the SarBay Festival in Sarangani Province. Originally thought of as a PET bottle collection device, the #SmartPlanet bin encourages Smart subscribers to collect and properly dispose of their recyclables in exchange for free Smart Load. The bins are connected to electronic sensors that send out an SMS each time used plastic bottles and empty cans are put in the containers, informing a user of their free airtime. The collected recyclables are then sold and proceeds are given to a youth group beneficiary to fund its environmental awareness program.

The #SmartPlanet bin has been improved to collect old phones and chargers instead. The phone recycling innovation presents a proper way of disposing discarded mobile devices to avoid harmful effects of electronic waste.

To commemorate the 10th year since Tropical Storm Ondoy (international name: Ketsana) hit the Philippines and caused severe flooding, loss of lives, and damage to property in Metro Manila and nearby provinces, PLDT and Smart employee volunteers, as well as PLDT-Smart Foundation (PSF) representatives, planted a total of 10,000 seedlings during the simultaneous tree planting activities in September 2019. The #SmartPlanet initiative held legs in Marikina Watershed, Antipolo; Talavera Watershed, Carranglan, Nueva Ecija; and Cebu Hillylands, Cebu City; while another group of volunteers planted mangrove seedlings in Minanga, Buayan, General Santos City. The multi-site tree planting event was also part of the 25th anniversary celebration of PSF.

In an effort to offset its greenhouse gas emissions in its operations, Smart has been planting trees since 2004. Together with various private collaborators, community stakeholders, school partners, and volunteers from PLDT-Smart and sister-companies, Smart has planted over 1.5 million seedlings and propagules in adopted planting sites, including Marikina Watershed and Ipo Watershed, Sasmuan Bangkung Malapad Critical Habitat and Eco-tourism Area, Calatagan, Subic, Mt. Banahaw, Puerto Princesa, and Calabanga in Camarines Sur in Luzon; Cebu, Olango Island, Negros Oriental and Occidental, Iloilo, Taklong Island National Marine Reserve, and Bohol in Visayas; and Misamis Oriental, Surigao, Zamboanga, Sarangani, Digos, Davao City, and Tawi-Tawi in Mindanao.

The reforestation efforts have been beneficial to residents in the respective beneficiary communities. Lanzones and rambutan trees planted by Smart employee volunteers in Mt. Banahaw, Quezon in 2005 are now bearing fruit. The once denuded mangrove area of Calabanga, Camarines Sur has grown into a mangrove forest that serves as coastal protection for the community and nurturing ground for marine species such as fish, shrimp, and crabs.

PLDT ComRel regularly holds tree-planting activities with employee volunteers.

PLDT TelePuno

The PLDT TelePuno program continues to make an impact in the environment with the planting of 3,750 seedlings in 2019.

The team behind PLDT TelePuno also supports reforestation efforts of the Upper Marikina River Basin Protected Landscape (UMRBPL) through sponsorship activities. In August 2019, around 500 runners participated in the 2nd Family Fun Run for the rehabilitation of the Marikina Watershed, part of the collective impact initiative of the Philippine Business for Social Progress (PBSP), with PLDT as co-presenter, in partnership with the City Government of Marikina.

Also part of the rehabilitation of the Marikina Watershed are eco-tour initiatives aimed at providing alternative livelihood opportunities for residents of the watershed area. PLDT, also in partnership with PBSP, has reforestation efforts in Buhisan Watershed and Forest Reserve in Cebu.

CONNECTED MANGROVES

PLDT's Sustainability Office shall also scale up Smart's joint initiative with network vendor Ericsson for Connected Mangroves. Deployed in Sasmuan Bangkung Malapad Critical Habitat and Eco-tourism Area, this IoT for mangroves protection uses wireless connectivity to collect critical data relevant to mangroves survival such as water level, temperature, soil moisture, and other hazards in the site. The information, which is being collected by the mangrove sensor system is transmitted over a cloud system to a dashboard accessible to the local communities and authorities.

This innovative project has been featured by GSMA in its Case for Change initiative as one of the global mobile industry's contributions to UN Sustainable Development Goals 11 - Sustainable Cities and Communities and 13 - Climate Action.

CARBON FOOTPRINT OFFSETTING INITIATIVES IN 2020

Carbon offset programs began groundwork in 2019 for partnerships with various institutions, such as the University of the Philippines Marine Science Institute (UPMSI) and the Marine Environment and Resources Foundation (MERF). Under the partnership, PLDT will support efforts to regenerate and rehabilitate 24 marine protected areas in various parts of the country. This two-year project aims to protect marine life by empowering and capacitating local communities on coastal and marine environment management, and by helping curb global warming as these areas act as effective carbon sinks. To better understand how healthy coastal ecosystems offset carbon footprint, the project team will conduct research activities to study marine habitats such as seagrass and mangroves.

Despite the limited renewable energy sources in the country, PLDT Group continuously endeavors to look for an alternative viable solution. This year, PLDT-Smart Fleet Management Division pilot tested the use of an electric vehicle as shuttle service for employees. After doing a cost-benefit analysis, we plan to purchase and officially use e-shuttle in the next two years. Smart Network also started to explore the use of green energy for cell sites. As a proof of concept project, fuel cell technology was used to power up some of the cell sites. This technology produces electricity through chemical reaction with no carbon emission. We also looked into harnessing marine renewable energy to power up some facilities. We will collaborate with experts on the use of tidal in-stream energy as potential source of power for base stations and offices, a pioneer project in the Philippines. These undertakings form part of our commitment to minimize our carbon footprint in business operations.

PLDT will be rolling out several carbon footprint offsetting initiatives in 2020 through reforestation, mangroves conservation, marine and peatlands protection.

In a landmark initiative, the Department of Environment and Natural Resources (DENR), Smart, and Huawei Technologies Philippines (Huawei), are collaborating for Rainforest Connection program. The IoT solution taps mobile technology to detect and record forest area sounds that can help prevent illegal logging and poaching activities in the country's rainforests.

TOP PLDT celebrated its 91st anniversary with the theme 'Gratitude.' Spearheaded by the People Group, the week-long celebration of thanksgiving and love for the company featured simultaneous remote activities and treats in PLDT offices nationwide.

RIGHT Smart Tower's Halloween celebration is among the company's most-awaited employee events every year.

EXCELLENCE THROUGH HUMAN CAPITAL

OUR GOAL

> As an equal opportunity employer, cultivate a diverse and inclusive culture and develop transformational leaders

17,036
Employees

385
Training sessions conducted for upskilling 404-2

3,159,239
Total PLDT employee man-hours without Lost Time Accidents (LTA) 403-2

MATERIAL TOPICS

> Local Employment, Diversity & Equality
> Employee Health & Safety
> Attracting & Retaining Talent
> Gender Equality & Human Rights Protection

TOPICS COVERED IN THIS SECTION

> Strategic Priorities for Our People
> Employee Diversity
> Human Rights Protection
> Digital-Enabled Growth
> Employee Experience
> Talent Management and Succession Planning
> People's Safety
> Happy Workplace

DIRECT RELEVANT SDGS

SPECIFIC SDG TARGET*

- By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university. (4.3)
- Adopt and strengthen sound policies for the promotion of gender equality and the empowerment of all women at all levels. (5.C)
- By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. (8.5)
- Protect labor rights and promote safe and secure working environments for all workers. (8.8)
- By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status. (10.2)

* Specific SDG Target (Relevant to PLDT)

401-1, 405-1

EMPLOYEE-DRIVEN ORGANIZATION

2019 was a breakthrough year for PLDT as the organization experienced multiple transformations in its various teams, leadership roles, and internal processes, with everyone aligning to the shared objective of building the workplace of the future.

The People Group focuses five strategic priorities to strengthen its role of being a strategic leader of business growth through human capital, articulating the following goals: (1) Transformation Leadership; (2) Scaled Organization; (3) Aligned, Enabled and Engaged Workforce; (4) High Performance Organization, and (5) People Group Capability Building.

These strategic priorities aim to equip employees to compete and thrive in a rapidly changing and very competitive environment. Our People Group ensures that employment opportunities are geared towards development of employee skill sets through training, coaching, effective retention programs, multiple benefits, and fair compensation.

PLDT Chief Revenue Officer and Smart President and CEO Alfredo S. Panlilio surprised employees in 2019 with a free coffee and meet-and-greet activities.

We have established a Critical Talent Program dedicated to the business and leadership training of all PLDT and Smart executives, officers and key critical talents. Apart from standard management skills development course offerings, our current leadership development curriculum is anchored on newly defined leadership competencies expected of leaders for managing and leading in a digital environment.

To support our 'workplace of the future' objective, we enabled telecommuting facilities via Microsoft Teams (MS Teams) for employees. This lead to productivity gains and enhanced communications among business units.

At the Group level, we grew by 13% to end 2019 with a total workforce size of 17,036, from 15,133 in 2018. Bulk of the increase came from PLDT and ePLDT which added 26% to its headcount with a total of 11,151. Smart ended rightsizing with a 7% reduction to its total in 2019 of 5,885 from 6,299 in 2018.

The Group had growth in overall numbers despite 13% attrition, composed of 9% from PLDT, 17% from ePLDT, and 21% from Smart. The PLDT Group in 2019 achieved a 24% hiring rate, composed of 30% from PLDT, 31% from ePLDT, and 14% from Smart. The Group welcomed 4,168 new people into its roster.

The Company gives equal opportunity to all qualified applicants. We aspire for a work environment characterized by openness, trust and respect, and this is reflected in our non-discrimination policy in hiring. Employees are not chosen on the basis of gender, age, or if they belong to a particular sector. Candidates are considered as long as they fit to the competencies and skills required by the job. In terms of gender equality, we only use one salary structure regardless of gender. We follow the principles of pay for the person (on the basis of competencies and credentials), pay for the position, and pay for performance.

We are also currently developing our diversity in the workplace policy. We believe that the organization needs to attract and develop an employee base that is reflective of the diversity of the communities in which it operates. Moreover, diversity allows us to better engage our employees, understand customers, and generate creative products and services.

The influx of people consisted mainly of males for the PLDT Group; 30% of PLDT, 34% of ePLDT, and 49% of Smart were composed of women employees. General age distribution has also become more balanced across the board, maintaining workforce across the group with a good mix of 40% of those under 30 years old, 44% are between 30 to 50 years old, and 16% over 50 years old.

In 2019, 3,369 employees were hired for PLDT and ePLDT; while Smart recruited a total of 799 employees to drive customer experience optimization. These young, new corporate talents will play a role in the implementation of PLDT's transformation plans and strategies.

>> EMPLOYEE DIVERSITY BY GENDER 102-8, 405-1

2019	Rank & File			Management			Executives			Officers		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
PLDT	3,462 33%	784 7%	4,246 40%	3,551 33%	2,177 21%	5,728 54%	356 4%	239 2%	595 6%	51 0%	28 0%	79 0%
ePLDT	213 42%	116 23%	329 65%	59 12%	26 5%	85 17%	57 11%	24 5%	81 16%	5 1%	3 1%	8 2%
Smart	1,702 29%	1,701 29%	3,403 58%	948 16%	903 16%	1,851 32%	320 6%	261 4%	581 10%	28 0%	22 0%	50 0%
TOTAL	5,377 32%	2,601 15%	7,978 47%	4,558 27%	3,106 18%	7,664 45%	733 4%	524 3%	1,257 7%	84 1%	53 0%	137 1%

2018	Rank & File			Management			Executives			Officers		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
PLDT	1,207 14%	492 6%	1,699 20%	3,869 46%	2,208 26%	6,077 72%	335 4%	220 3%	555 7%	48 1%	22 0%	70 1%
ePLDT	178^ 41%	103^ 24%	281 65%	54 12%	25 6%	79 18%	45 10%	20 5%	65 15%	4 1%	4 1%	8 2%
Smart	1,788^ 28%	1,879^ 30%	3,667 58%	1,041 17%	972 15%	2,013 32%	314 5%	258 4%	572 9%	27 1%	20 0%	47 1%
TOTAL	3,173 21%	2,474 16%	5,647 37%	4,964 33%	3,205 21%	8,169 54%	694 5%	498 3%	1,192 8%	79 1%	46 0%	125 1%

2019 TOTAL						2018 TOTAL					
MALE		FEMALE		TOTAL			MALE		FEMALE		TOTAL
7,420	70%	3,228	30%	10,648	100%	PLDT	5,459	65%	2,942	35%	8,401 100%
334	66%	169	34%	503	100%	ePLDT	281^	65%	152^	35%	433 100%
2,998	51%	2,887	49%	5,885	100%	Smart	3,170^	50%	3,129^	50%	6,299 100%
10,752	63%	6,284	37%	17,036	100%	TOTAL	8,910^	59%	6,223^	41%	15,133 100%

Smart employee headcount includes DMPI

^ Restated from preceding year

>> EMPLOYEE DIVERSITY BY AGE GROUP 102-8, 102-48, 405-1

2019	Rank & File				Management			
	Under 30 years old	30-50 years old	>50 years old	TOTAL	Under 30 years old	30-50 years old	>50 years old	TOTAL
PLDT	2,994 28%	978 9%	274 3%	4,246 40%	1,297 12%	2,495 24%	1,936 18%	5,728 54%
ePLDT	201 40%	117 23%	11 2%	329 65%	14 3%	68 13%	3 1%	85 17%
Smart	2,085 35%	1,285 22%	33 1%	3,403 58%	172 4%	1,576 26%	103 2%	1,851 32%
TOTAL	5,280 31%	2,380 14%	318 2%	7,978 47%	1,483 9%	4,139 24%	2,042 12%	7,664 45%

	Executives				Officers			
	Under 30 years old	30-50 years old	>50 years old	TOTAL	Under 30 years old	30-50 years old	>50 years old	TOTAL
PLDT	9 0%	394 4%	192 2%	595 6%	- -	38 0%	41 0%	79 0%
ePLDT	1 0%	63 13%	17 3%	81 16%	- -	4 1%	4 1%	8 2%
Smart	3 0%	491 9%	87 1%	581 10%	- -	24 0%	26 0%	50 0%
TOTAL	13 0%	948 6%	296 1%	1,257 7%	- -	66 0%	71 1%	137 1%

Smart employee headcount includes DMPI

>> EMPLOYEE DIVERSITY BY AGE GROUP 102-8, 405-1

2018

	Rank & File				Management			
	Under 30 years old	30-50 years old	>50 years old	TOTAL	Under 30 years old	30-50 years old	>50 years old	TOTAL
PLDT	847 10%	475 6%	377 4%	1,699 20%	1,385 16%	2,507 30%	2,185 26%	6,077 72%
ePLDT	153 35%	120 28%	8 2%	281 65%	11 3%	65 14%	3 1%	79 18%
Smart	2,177 35%	1,458 22%	32 1%	3,667 58%	152 2%	1,771 28%	90 2%	2,013 32%
TOTAL	3,177 21%	2,053 14%	417 3%	5,647 37%	1,548 10%	4,343 29%	2,278 15%	8,169 54%

	Executives				Officers			
	Under 30 years old	30-50 years old	>50 years old	TOTAL	Under 30 years old	30-50 years old	>50 years old	TOTAL
PLDT	12 1%	348 4%	195 2%	555 7%	- -	35 0%	35 1%	70 1%
ePLDT	2 0%	55 13%	8 2%	65 15%	- -	4 1%	4 1%	8 2%
Smart	6 0%	486 8%	80 1%	572 9%	- -	27 1%	20 0%	47 1%
TOTAL	20 0%	889 6%	283 2%	1,192 8%	- -	66 0%	59 0%	125 1%

2019 TOTAL					2018 TOTAL			
Under 30 years old	30-50 years old	>50 years old	TOTAL		Under 30 years old	30-50 years old	>50 years old	TOTAL
4,300 40%	3,905 37%	2,443 23%	10,648 100%	PLDT	2,244 27%	3,365 40%	2,792 33%	8,401 100%
216 43%	252 50%	35 7%	503 100%	ePLDT	166 38%	244 56%	23 6%	433 100%
2,260 39%	3,376 57%	249 4%	5,885 100%	Smart	2,335 37%	3,742 59%	222 4%	6,299 100%
6,776 40%	7,533 44%	2,727 16%	17,036 100%	TOTAL	4,745 31%	7,351 49%	3,037 20%	15,133 100%

>> EMPLOYEE DIVERSITY BY REGION 102-8

2019					2018			
LUZON	VISAYAS	MINDANAO	TOTAL		LUZON	VISAYAS	MINDANAO	TOTAL
8,944 84%	952 9%	752 7%	10,648 100%	PLDT	7,407 88%	616 7%	378 5%	8,401 100%
465 92%	30 6%	8 2%	503 100%	ePLDT	409 94%	20 5%	4 1%	433 100%
5,092 87%	435 7%	358 6%	5,885 100%	Smart	5,474 87%	458 7%	367 6%	6,299 100%
14,501 85%	1,417 8%	1,118 7%	17,036 100%	TOTAL	13,290 88%	1,094 7%	749 5%	15,133 100%

>> EMPLOYEE TURNOVER BY GENDER 401-1

2019				2018		
♂	♀	TOTAL		♂	♀	TOTAL
663 6%	301 3%	964 9%	PLDT	171 2%	105 1%	276 3%
60 12%	28 5%	88 17%	ePLDT	35 8%	20 4%	55 12%
578 10%	635 11%	1,213 21%	Smart	617 10%	508 8%	1,125 18%
1,301 7%	964 6%	2,265 13%	TOTAL	823 5%	633 4%	1,456 9%

>> EMPLOYEE TURNOVER BY AGE GROUP 401-1

2019					2018			
Under 30 years old	30-50 years old	>50 years old	TOTAL		Under 30 years old	30-50 years old	>50 years old	TOTAL
151 1%	113 1%	700 7%	964 9%	PLDT	55 1%	99 1%	122 1%	276 3%
59 12%	27 5%	2 0%	88 17%	ePLDT	27 6%	27 6%	1 0%	55 12%
444 8%	724 12%	45 1%	1,213 21%	Smart	745 12%	366 6%	14 0%	1,125 18%
654 4%	864 5%	747 4%	2,265 13%	TOTAL	827 5%	492 3%	137 1%	1,456 9%

>> EMPLOYEE TURNOVER BY REGION 401-1

2019					2018			
LUZON	VISAYAS	MINDANAO	TOTAL		LUZON	VISAYAS	MINDANAO	TOTAL
860 8%	55 1%	49 0%	964 9%	PLDT	250 3%	17 0%	9 0%	276 3%
86 17%	1 0%	1 0%	88 17%	ePLDT	52 12%	3 0%	- -	55 12%
1,063 18%	83 2%	67 1%	1,213 21%	Smart	1,046 17%	53 1%	26 0%	1,125 18%
2,009 12%	139 1%	117 0%	2,265 13%	TOTAL	1,348 9%	73 0%	35 0%	1,456 9%

>> NEW HIRES BY GENDER 401-1

2019				2018		
♂	♀	TOTAL		♂	♀	TOTAL
2,624 25%	587 5%	3,211 30%	PLDT	1,450 17%	727 9%	2,177 26%
113 22%	45 9%	158 31%	ePLDT	68 15%	39 9%	107 24%
406 7%	393 7%	799 14%	Smart	569 9%	594 9%	1,163 18%
3,143 18%	1,025 6%	4,168 24%	TOTAL	2,087 14%	1,360 9%	3,447 23%

>> NEW HIRES BY AGE GROUP 401-1

2019					2018			
Under 30 years old	30-50 years old	>50 years old	TOTAL		Under 30 years old	30-50 years old	>50 years old	TOTAL
2,442 23%	724 7%	45 0%	3,211 30%	PLDT	1,620 19%	556 7%	1 0%	2,177 26%
123 24%	34 7%	1 0%	158 31%	ePLDT	80 18%	27 6%	- -	107 24%
612 11%	182 3%	5 0%	799 14%	Smart	1,016 16%	139 2%	8 0%	1,163 18%
3,177 19%	940 5%	51 0%	4,168 24%	TOTAL	2,716 18%	722 5%	9 0%	3,447 23%

>> NEW HIRES BY REGION 401-1

2019					2018			
LUZON	VISAYAS	MINDANAO	TOTAL		LUZON	VISAYAS	MINDANAO	TOTAL
2,410 23%	380 3%	421 4%	3,211 30%	PLDT	1,940 23%	155 2%	82 1%	2,177 26%
141 28%	12 2%	5 1%	158 31%	ePLDT	99 23%	7 1%	1 0%	107 24%
687 12%	62 1%	50 1%	799 14%	Smart	1,051 17%	72 1%	40 0%	1,163 18%
3,238 19%	454 2%	476 3%	4,168 24%	TOTAL	3,090 20%	234 2%	123 1%	3,447 23%

>> GENDER PAY GAP

405-2

Employee Category	PLDT	Smart	ePLDT	Total
Rank & File	51% 49%	51% 49%	49% 51%	50% 50%
Management	49% 51%	53% 47%	55% 45%	52% 48%
Executives	52% 48%	51% 49%	51% 49%	51% 49%
Officers	53% 47%	53% 47%	55% 45%	54% 46%

Statistics show that both the average pay gap and median pay gap of PLDT favor female employees at PHP11,702 & PHP24,160 respectively. Smart & ePLDT, on the other hand, lean toward male employees at PHP5,510 & PHP6,037 on the average pay gap and PHP4,480 & PHP1,512 on median pay gap.

>> BENEFITS PACKAGE INCLUSIONS 401-2

MEDICAL

- Sick leave (in excess of government mandated SL)
- Life Insurance
- Medical, Dental, and Hospitalization for Employees
- Medical Insurance, Hospitalization, Medical Benefits for Dependents
- Accidental Death and Disablement Assistance

MONETARY BENEFITS, FINANCIAL ASSISTANCE, AND ALLOWANCES

- Financial Assistance during Calamity/ Funeral
- Rice Allowance
- Unused Sick Leave converted to cash
- Mid-year Bonus
- Longevity Bonus
- Clothing/Uniform Allowance
- Christmas Bonus
- Medical Allowance
- Parental Assistance
- Provident Fund
- 14th Month Pay
- 15th Month Pay

LOANS

- Calamity Loan
- Hospitalization Loan for Dependents
- Phone / Gadget Loan
- Educational Loan
- Dental Loan
- Optical Loan
- Wellness / Fitness Loan
- Bereavement Loan
- Employee Subscription Loan
- Hospitalization Loan for Employees

OTHERS

- Christmas Party Subsidy
- Vacation Leave (in excess of government mandated VL)
- Bereavement Leave
- Community Service Leave
- Calamity Leave
- Parental Leave
- Magna Carta Leave
- RA 9262 Leave
- Employee Privilege Plan

PLDT | Smart | ePLDT

>> PARENTAL LEAVE 102-48, 401-3

		2019			2018			
		♂	♀	TOTAL	♂	♀	TOTAL	
PLDT	Employees entitled to parental leave as of reporting period	3,597	3,228	6,825	3,490	2,942	6,432	
	Employees that took parental leave	175	84	259	95	56	151	Number of female employees who took maternity leave under old law: **13**
	Employees returned to work after parental leave ended*	175	84	259	95	56	151	
	Return to work rate		100%			100%		
	Employees who returned to work after parental leave ended**	95	56	151	105	45	150	Number of female employees who took maternity leave under Expanded Maternity Law: **71**
	Employees returned to work after parental leave ended and still employed 12 months after return to work**	93	50	143	102	43	145	
	Retention rate	98%	89%	95%	97%	96%	97%	TOTAL: **84**
Smart	Employees entitled to parental leave as of reporting period	1,382	2,887	4,269	1,490	3,129^	4,619	Number of female employees who took maternity leave under old law: **31**
	Employees that took parental leave	120	141	261	143	152	295	
	Employees returned to work after parental leave ended*	117	135	252	138^	148^	286^	
	Return to work rate	98%	96%	97%	97%^	97%^	97%	Number of female employees who took maternity leave under Expanded Maternity Law: **110**
	Employees who returned to work after parental leave ended**	138	148	286	134^	162^	296	
	Employees returned to work after parental leave ended and still employed 12 months after return to work**	122	119	241	117^	141^	258	
	Retention rate	88%	80%	84%	87%^	87%^	87%^	TOTAL: **141**
ePLDT	Employees entitled to parental leave as of reporting period	157	169	326	133	152^	285	Number of female employees who took maternity leave under old law: **0**
	Employees that took parental leave	9	2	11	9	8^	17	
	Employees returned to work after parental leave ended*	9	2	11	9	8^	17	
	Return to work rate		100%			100%		Number of female employees who took maternity leave under Expanded Maternity Law: **2**
	Employees who returned to work after parental leave ended**	9	8	17	11	4^	15	
	Employees returned to work after parental leave ended and still employed 12 months after return to work**	8	7	15	11	3^	14	
	Retention rate	89%	88%	88%	100%	75%^	93%	TOTAL: **2**

* Reporting period ** Previous period ^ Restated from preceding year

>> DEFINED BENEFIT OBLIGATIONS (in millions PHP)

201-3

	2019	2018	
Defined obligations	(22,263)	(20,306)	PLDT*
Fair value of assets	13,516	13,447	
Net defined benefit liabilities	**(8,747)**	**(6,859)**	
% of salary contributed by employees	none	none	
Defined obligations	(2,812)	(2,279)	Smart*
Fair value of assets	3,081	2,500	
Net defined benefit assets	**269**	**221**	
% of salary contributed by employees	up to 10% of monthly basic salary	up to 10% of monthly basic salary	
Defined obligations	(36)	(26)	ePLDT*
Fair value of assets	-	-	
Net defined benefit liabilities	**(36)**	**(26)**	
% of salary contributed by employees	none	none	

Note: PLDT, Smart, and ePLDT engage the assistance of an independent qualified actuary whose calculations depend on certain assumptions, such as future salary rate increase, attrition and mortality rates, as well as discount rate, which could have a material impact on the results.

* Parent company only

102-41 Principles 1, 2, 3, 4, 5, 6

HUMAN RIGHTS AS ANCHOR FOR HUMAN CAPITAL DEVELOPMENT

The PLDT Group believes and upholds the principles of Human Rights. This is further reiterated as PLDT and Smart are registered as Participants committed on a global level to the UN Global Compact, which is higher than Signatories limited to local engagement, and pledged to integrate the alliance's ten principles on environment, human rights, labor and anti-corruption.

PLDT confirms and supports the Collective Bargaining Agreements (CBAs) signed with its three employee unions under PLDT, namely: Gabay ng Unyon sa Telekomunikasyon ng mga Superbisor (GUTS), Manggagawa sa Komunikasyon ng Pilipinas (MKP), and PLDT Sales Supervisors' Union (PSSU). As of December 2019, a total of 9,099 employees are under CBA: GUTS with 4,713 members; MKP, 4,184, and; PSSU, 202.

Should Union members ever feel the need to report a grievance under the CBA, there are fair and transparent procedures set to ensure it will be communicated and will be justly heard. CBA matters are first coursed through the concerned employee's union, then escalated to the Joint Management and the respective Union's Grievance Committee for due process. The Committee is composed of three representatives from Management and three representatives from the Union.

Should the issue not be resolved at the second stage, the parties may opt to refer the matter to the Board of Arbitrators at the National Conciliation and Mediation Board of the Department of Labor and Employment.

Open communication with all stakeholders is key to ensuring harmony and sustainable growth momentum for the business. Thus it is the policy of the Company to encourage open communication within the organization so that people's work-related questions and concerns are discussed and addressed. Building a culture of trust among employees and unions is essential.

PLDT began collective bargaining negotiation with the GUTS for 2020-2022 CBA cycle in December 2019. Our unions are also active in company sustainability initiatives. During the launch of *Gabay Kalikasan*, union leaders were actively involved and expressed support for the program and the advocacy which transcends interests and is important for all families and future generations.

The PLDT Group also ensures adherence to all relevant labor laws, specific to forced labor, child labor and human rights which are designed to protect workers' rights and promote employee welfare.

The Company promulgates policies in support of government regulations on labor and human rights in the workplace such as DOLE Department Order 174 (Rules Implementing Articles 106 to 109 of the Labor Code, as Amended, R.A. 7610 (Protection against Child Abuse, Exploitation, Discrimination), and the General Labor Standards (GLS).

CULTIVATING A DIGITAL-ENABLED GROWTH CULTURE 404-2

In line with the Group's thrust for digital transformation, a number of internal processes were digitized to boost work efficiency and productivity. In 2019, PLDT and Smart launched an employee self-service platform called ONE Hub, where users can easily raise online tickets and quickly look for answers to their HR, IT and logistics-related concerns through the site's knowledge base articles. The ONE Hub portal served a total of 8,519 transactions on its inaugural year.

Meanwhile, Learning & Development (L&D) team launched a new cloud-based Digital Onboarding Portal for new hires called ONEboarding which made company information accessible to new employees anytime, anywhere. With the large amount of information contained in the New Employee Orientation Program, the portal allowed employees to manage the pace and helped them better understand and retain the knowledge. The online platform also addressed the challenges of the company's geographically dispersed population, significantly reducing travel cost and time.

With the digital ONEBoarding program, the new hire orientation phase was greatly reduced. In just two weeks, the new hires were briefed on their core responsibilities, the company's products and services, important policies, and other relevant information.

The PLDT Group invests in the continuous learning and development of its people, looking to lead the race for talent through growing both their leadership potential and digital skills. With more innovative digital platforms being introduced, the L&D team consequently increased training for employee users on how to navigate through the new applications and tools. These new modules are additions to the mix of learning channels provided by L&D, with its team of in-house trainers and coaches, as well as specialists for gamified and online training. PLDT likewise prepares its employees for retirement through workshops and seminars that enable retirees to plan ahead and make better choices. In 2019, 374 employees attended these transition programs.

>> PROGRAMS FOR UPSKILLING THE EMPLOYEES COMPETENCY 404-2

		PLDT	Smart	ePLDT	Total
NUMBER OF TRAINING COURSES	Technical	34	101	36	171
	Non-Technical	120	93	1	214
NUMBER OF ATTENDEES	Technical	13,004	845	53	13,902
	Non-Technical	6,742	2,682	6	9,430

TOP FIVE TECHNICAL & NON-TECHNICAL TRAININGS TO UPGRADE EMPLOYEE SKILLS*

ATTENDEES TO TECHNICAL SKILLS	
2,224	Wired And Wireless LAN Training (Configuration And Maintenance)
2,213	FTTH Service Installation Standards
2,165	Embracing the Digital Lifestyle
2,156	Digital Trends for CX SDA
2,147	Technology 101- Fixed and Wireless

ATTENDEES TO NON-TECHNICAL TRAININGS	
1,187	New Employee Orientation
981	Service Desk Management
709	Power of PLDT Geographic Information Systems (PPGIS)
705	Advance Workforce Field Service Cloud (WFSC) for Enterprise OTM and FR (Blended Learning)
493	Workforce Field Service Cloud

* Top five trainings based on number of attendees

>> EMPLOYEE TRAININGS 102-48, 404-1

2019 TRAININGS				2018 TRAININGS		
Employee*	Training Hours	Ave. Training Hours	PLDT	Employee**	Training Hours	Ave. Training Hours
7,420	186,763	25.17	**Male**	5,459	68,504	12.55
3,228	31,949	9.90	**Female**	2,942	26,120	8.88
10,648	218,712	20.54	**TOTAL**	8,401	94,624	11.26
4,246	165,844	39.06	**Rank & File**	1,699	21,800	12.83
5,728	49,952	8.72	**Management**	6,077	69,144	11.38
595	2,352	3.95	**Executives**	555	3,544	6.39
79	564	7.14	**Officers**	70	136	1.94
			ePLDT			
334	2,582	7.73	**Male**	281^	1,661	5.91
169	829	4.91	**Female**	152^	712	4.68
503	3,411	6.78	**TOTAL**	433	2,373	5.48
329	2,254	6.85	**Rank & File**	281	1,724	6.14
85	372	4.37	**Management**	79	483	6.11
81	698	8.62	**Executives**	65	166	2.55
8	88	11.00	**Officers**	8	-	-
			Smart			
2,998	41,726	13.92	**Male**	3,170^	49,727	15.69
2,887	23,939	8.29	**Female**	3,129^	37,708	12.05
5,885	65,665	11.16	**TOTAL**	6,299	87,435	13.88
3,403	35,709	10.49	**Rank & File**	3,667	55,090	15.02
1,851	22,316	12.06	**Management**	2,013	25,386	12.61
581	6,984	12.02	**Executives**	572	6,503	11.37
50	656	13.12	**Officers**	47	456	9.70

* Active employees as of December 31, 2019

** Active employees as of December 31, 2018

^ Restated from preceding year

Loyalty awardees are treated to a night of tributes from junior employees and leaders alike at the Pamana annual service awards.

Smart Tower and other selected offices under the PLDT Group are transformed every year for Halloween Trick-or-Treat events with employees' children.

CREATING UNIQUE EMPLOYEE EXPERIENCES

Employee retention is among the challenges that PLDT faced in 2019. It adds to the cost of the organization, disrupts the operation and affects overall productivity. Long-term employee retention needs a robust strategy to ensure that our employees have career advancement opportunity and high engagement rates.

Driving employee engagement, the People Group launched leadership town halls dubbed as Dialogues which were facilitated by Top Management for PLDT/Smart's Officers and Executives. The town halls were a mix of face-to-face and digital platforms, where conversations were streamed live through the company's internal social media channel, Workplace by Facebook. Employees located around the country all had the opportunity to raise questions and concerns at these events and have them answered in real-time.

PLDT Group Chairman Manny V. Pangilinan and Smart President & CEO Al Panlilio brought the concept further with Meet and Greet Sessions where they took the time to chat with employees over coffee and personally thank them for their commitment and dedication to our customers.

The People Group also launched the "On the Go" regional cascades in four key cities, namely: Davao, Cebu, Iloilo and Laguna. During these town halls, the workforce shared updates, and aired ideas and concerns with the HR leadership team.

The gatherings also served to advocate for health and wellness for all. In support of employee wellbeing, a synergized PLDT and Smart wellness program was launched in 2019 which was participated in by over 2,200 employees. The program featured the first-ever PLDT/Smart joint weight loss challenge, along with weekly wellness classes and online engagement activities.

The first ever ONE Sportsfest regional tournament for PLDT and Smart employees also took place in 2019, engaging over 300 employees. The Group has long been an advocate for the value of sports in a strong republic. Among its many initiatives is providing training support for 227 employee athletes who represented PLDT and Smart in the 2019 MVP Olympics which had 13 sports events and over 1,000 participants.

Along with its health benefits, these initiatives also meant to add fun and camaraderie in the workplace, contributing to higher employee engagement. For instance, one of the biggest engagement events of 2019 included the "Trick-or-Treat at the Oscars" where 2,525 registered employees and dependents participated.

The year 2019 was also a milestone year because the company achieved its highest ever nine-month revenue level. To cap the milestone, employees celebrated their "ways of winning" through a series of "WOWvember" activities where everyone was given the chance to give recognition to their peers and celebrate their career growth.

PLDT, meanwhile, paid tribute to its 389 service loyalty awardees through "Pamana", the annual service awards event which was held at the Dusit Thani Hotel. The leadership team personally presented tenured employees with commemorative plaques as tokens of the company's recognition of their valuable contributions over the years.

Fun and meaningful projects help employees recognize their contribution to the company's impact on communities. The principles of corporate social responsibility and the spirit of volunteerism play a pivotal role in many of the company's employee engagement initiatives.

For example, proceeds from the Smart Saturdays "Avengers Endgame" movie premiere for employees and their families went to the School-in-a-Bag program – a portable digital classroom designed to facilitate learning in basic education in remote areas without electricity. A total of 9,000 employees and dependents nationwide participated in the event.

PLDT Group Chairman Manuel V. Pangilinan also celebrated his birthday by organizing a fundraising fun run titled "MVP Superhero Run". Around 320 employees and their families participated, raising Php275,600 in donations for the Tulong Kapatid charity projects.

TALENT MANAGEMENT AND SUCCESSION PLANNING

As best practice, the Company maintains a management succession program that identifies and develops high potential candidates. These talents are put in an accelerated growth path through targeted development programs, pivotal roles and stretched assignments. This will then be supplemented by executive coaching and mentoring from global experts for strategic capabilities.

Guided by our renewed focus on customer experience, the People Group embarked on a three-year talent transformation program. This started with the launch of new leadership standards that value customer centricity above all else. In the past year, the People Group rolled out talent reviews with key leaders to baseline our talent bench and agreed as a team on the strategy to improve the identified gaps on succession.

The People Group guided top management to look at non-traditional talent pools using data and insights and developed the Executive Development Pipeline program that brought a couple of global Filipinos back to the country. This initiative continues to improve our bench health. To further boost the talent pipeline, three tracks of the Management Associate Program were launched where top graduates from local and global universities joined. This is a 12-month program that provides industry grounding, leadership fundamentals, social engagement activities and action-oriented domain learning.

PLDT-Smart participates in various emergency drills throughout the year.

PEOPLE'S SAFETY IS ALWAYS A PRIORITY

People will always be the priority for PLDT, and ensuring our people's safety, health and wellness in the workplace is a responsibility that the Company takes to heart.

We offer the best health benefits in the industry, boasting of full medical coverage, wellness check-ups, and regular physical activities for our employees. We continue to look for new ways to expand and improve the package for the benefit of our people. The "Workplace Wellness 360" Program of our People Group offers various initiatives for family life, financial stewardship, social advocacy, mental health, and fitness into an overall framework.

Employees' health and safety is a responsibility taken seriously by everyone in the organization. There are Safety Officers assigned in different facilities who ensure that operational safety and health standards are upheld at all times. A Hazard Identification, Risk Assessment, and Control (HIRAC) procedure is in place.

The Group also has various Environmental, Health, and Safety (EHS) units to keep on top of emerging EHS issues in the workplace, namely the Property and Facilities Management (PFM) for Fixed Line and Energy Environment Safety and Health (EESH) for Wireless operations. With all these, management is able to track its health and safety performance, and report the same to the Department of Labor and Employment's Bureau of Working Conditions. The PLDT Group submits an Annual Medical Report, Annual Work Accident or Illness Exposure Data Report, and Report on Health and Safety Organization.

Constant review of relevant laws on occupational health and safety is done by these ESH units. In 2018, the Philippine government came out with a new occupational safety and health law. It required employers to provide complete safe work procedures; inform workers of hazards associated with their specific jobs; and provide appropriate and personal protective equipment. We then made it a priority to implement stricter OSH standards. These standards are not to be compromised for any reason as we support the idea that people are at the center of sustainable development. We believe that ensuring safe and healthy workplace ultimately benefits communities and families as they are dependent on the health and productivity of their working members. All employees were required to undergo an eight-hour safety and health e-learning course. We also mandated our contractors and sub-contractors to strictly comply with the new law.

The Group also offers clinics and health facilities within its corporate premises. These provide immediate onsite medical support whenever necessary and help monitor the health and wellness of all employees. Clearly, an essential factor in protecting people's safety and security is the preparedness of the people themselves. That is why continuous training in health and safety is a key component of the QESH management system, including emergency drills that provide a deeper learning experience for employees.

In a major collaboration project of Business Continuity Planning, People Group and Public Affairs, an organization-wide disaster preparedness campaign called "Laging HANDA" was rolled-out, highlighting the importance of emergency readiness during various types of calamities. A total of 765 people attended the talks, 528 employees participated in "I am Safe Day", and over 6,200 users downloaded the PLDT/Smart's in-house disaster preparedness app, HANDA. An ESH reporting tool capability is also being added as a new feature of the app. Employees will be able to report incidents, accidents, hazards, and risks in the workplace. The app will prompt the concerned business unit for proper handling using a risk-based approach. All reports will be analyzed, which will then serve as inputs for developing ESH plans and programs.

>> INJURY CASES 403-2

TYPES OF INJURY **BY GENDER**	**2019** TOTAL CASES: **78** MALE	FEMALE	**2018** TOTAL CASES: **25** MALE	FEMALE
Abrasions	9	3	4	1
Avulsion	0	0	1	0
Contusion, bruises, hematoma	4	1	2	0
Cuts, lacerations, punctures	19	4	1	0
Dislocation, fractures	3*	1	4	1
Dog bites	11*	0	3	0
Electrocution & burns	1	0	0	2
Fall, trip, slip	2	2	0	2
Foreign body	1	0	0	0
Incise wounds	4	0	0	0
Soft tissue injury	1	1	0	0
Sprains	5	0	3	1
Strains	0	1	0	0
Trauma	4	0	0	0
Vehicular accident	1*	0	0	0
TYPES OF INJURY **BY REGION**	**LUZON**	**VISAYAS**	**LUZON**	**VISAYAS**
Abrasions	11	1	5	0
Avulsion	0	0	1	0
Contusion, bruises, hematoma	4	1	2	0
Cuts, lacerations, punctures	13	10	1	0
Dislocation, fractures	4*	0	4	1
Dog bites	7	4*	3	0
Electrocution & burns	0	1	2	0
Fall, trip, slip	4	0	2	0
Foreign body	0	1	0	0
Incise wounds	4	0	0	0
Soft tissue injury	0	2	0	0
Sprains	3	2	4	0
Strains	1	0	0	0
Trauma	4	0	0	0
Vehicular accident	0	1*	0	0

* With one disabling injury each

Zero case for Mindanao in 2018 and 2019

2019		2018
10,648	Number of employees	8,401
18,860,813	Total hours of employee exposure	17,541,288
3	Number of Lost Time Accidents (LTA)	3
75	Number of non-disabling injuries	22
0	Number of work-related fatalities	0
0	Number of work-related ill health	0
22	Days lost due to LTA	54
3,159,239	Total man-hours work without LTA	5,981,512
0.16	Frequency rate	0.17
1.17	Severity/Lost day rate	3.08
0	Occupational Disease Rate	0

403-2, 403-8, 403-9, 403-10

Note:
PLDT employees only

Reference:
Frequency Rate (FR) = (No. of LTA x 1000000) / Total Manhours Worked
Severity Rate (SR) = (Days Lost due to LTA x 1000000) / Total Manhours Worked

>> EMPLOYEE TOTAL MAN-HOURS 403-9

By Gender

13,577,580	5,283,233
FREQUENCY RATE 0.22	FREQUENCY RATE 0
SEVERITY/LOST DAY RATE 1.62	SEVERITY/LOST DAY RATE 0

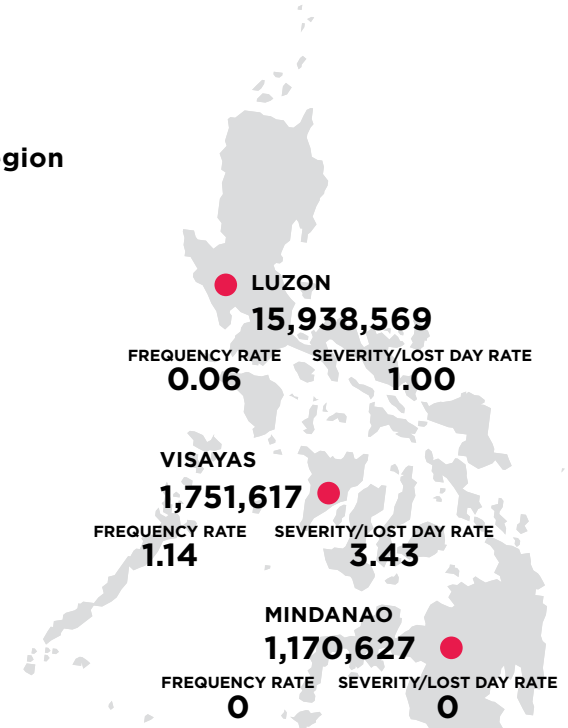
TOTAL 18,860,813

Number of Hours

Frequency rate is the number of occupational accidents per 1,000,000 employee hours for a period of 12 months.

Severity rate is the number of days lost per 1,000,000 employee hours for a period of 12 months.

By Region



In 2019, we had no work-related fatal injury. The breakdown of our non-fatal injury is as follows:
Per gender: 65 (83%) for male and 13 (17%) for female
Per region: 55 (71%) for Luzon, 23 (29%) for Visayas, and 0 (0%) for Mindanao.

>> OCCUPATIONAL SAFETY AND HEALTH TRAININGS CONDUCTED 403-5

	NUMBER OF PARTICIPANTS
Basic OSH Training	91
Mandatory 8-Hour OSH with 2-hr Train the Trainor	123
Loss Control Management (LCM) Training	25
Construction Occupational Health and Safety (COSH) Training	26
Pollution Control Officer (PCO) Training	5
Advanced PCO Training	26
Defensive Driving Seminar*	360
Defensive Driving Orientation	182

* Training conducted by A1 Driving

EHS COMMITTEES 403-1

>> PLDT GROUP

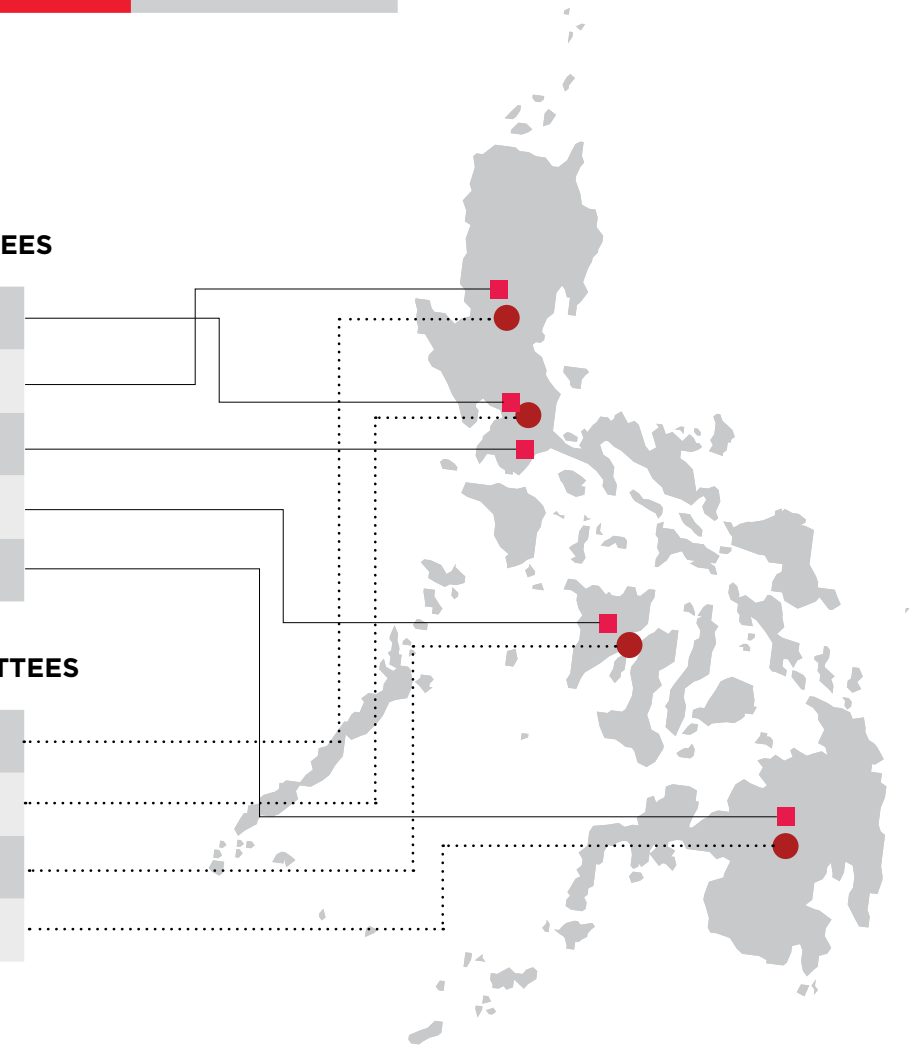
	NUMBER OF MEMBERS
GREATER METRO MANILA (GMM) NORTH DISTRICT	21
GMM South District	25
GMM West District	23
North Luzon District	32
South Luzon District	37
VISAYAS DISTRICT	
Cebu Area	25
Iloilo Area	21
Bacolod Area	23
MINDANAO DISTRICT	18

>> PLDT EHS AREA COMMITTEES

NCR	69
NORTH LUZON	32
SOUTH LUZON	37
VISAYAS	69
MINDANAO	18

>> SMART EHS AREA COMMITTEES

NCR	9
LUZON	7
VISAYAS	4
MINDANAO	2



NURTURING A HAPPY WORKPLACE OF THE FUTURE

The PLDT Group nurtures what it envisions as the workplace of the future with happy and engaged employees who find fulfillment in their work.

Conducting regular review of our competitive compensation and benefits program is among the things done to ensure that we deliver for our people. To reinforce a culture of high performance and motivation across the organization, the Group improved the salary structure, designing it to be at par with prevailing market benchmarks. This strategy was combined with performance-driven incentives to enable the workforce to be accountable for the company's success. In 2019, incentive plans for the workforce were set in place for their good performance.

We also maintain a strong Employee Reward and Recognition Program that ensures our ability to keep talents engaged and empowered, especially those in mission critical roles. At the same time, the Company promotes continuous development and training for personal and career growth. Regular performance reviews and appraisals help track people's development and areas for growth.

PLDT-Smart regularly conducts trainings in PLDT TelTech Innolab.

>> PLDT PERFORMANCE REVIEW 404-3

TOTAL ACTIVE EMPLOYEE						
2018				**2017**		
5,459	3,831	70%	**MALE**	4,179	4,033	97%
2,942	2,217	75%	**FEMALE**	2,320	2,190	94%
8,401	**6,048**	**72%**	**TOTAL**	**6,499**	**6,223**	**96%**
1,699	1,014	60%	**RANK & FILE**	1,124	1,068	95%
6,077	4,450	73%	**MANAGEMENT**	4,828	4,652	96%
555	525	95%	**EXECUTIVES**	484	443	92%
70	59	84%	**OFFICERS**	63	60	95%
	#	**%**			**#**	**%**
EMPLOYEES WHO RECEIVED PERFORMANCE EVALUATION						

PLDT and Smart has a synergized performance management system called "DigiPEP" which aligns employee key result areas (KRA) and competencies with the company's business goals.

All employees are therefore entitled to the performance review, and some individuals who did not receive reviews were those who were due for separation or those whose regularization occurred after the mid-year. Few personnel were also not able to comply with the process. This report is able to share the available 2018 data, while the 2019 performance review which is on-going will be shared in next year's report.

>> SMART PERFORMANCE REVIEW 404-3

TOTAL ACTIVE EMPLOYEE						
2018				**2017**		
3,170	2,632	83%	**MALE**	3,217	2,906	90%
3,129	2,577	82%	**FEMALE**	3,040	2,727	90%
6,299	**5,209**	**83%**	**TOTAL**	**6,257**	**5,633**	**90%**
3,667	2,710	74%	**RANK & FILE**	3,649	3,122	86%
2,013	1,928	96%	**MANAGEMENT**	2,028	1,960	97%
572	531	93%	**EXECUTIVES**	528	503	95%
47	40	85%	**OFFICERS**	52	48	92%
	#	**%**			**#**	**%**
	EMPLOYEES WHO RECEIVED PERFORMANCE EVALUATION					

>> ePLDT PERFORMANCE REVIEW 404-3

TOTAL ACTIVE EMPLOYEE						
2018				**2017**		
281	237	84%	**MALE**	236	193	82%
152	111	73%	**FEMALE**	124	103	83%
433	**348**	**80%**	**TOTAL**	**360**	**296***	**82%**
281	214	76%	**RANK & FILE**	219	170	78%
79	73	92%	**MANAGEMENT**	75	67	89%
65	54	83%	**EXECUTIVES**	61	55	90%
8	7	88%	**OFFICERS**	5	4	80%
	#	**%**			**#**	**%**
	EMPLOYEES WHO RECEIVED PERFORMANCE EVALUATION					

* As adjusted

Mountain learners from Ayangan Elementary School in Mayoyao, Ifugao received a School-in-a-Bag in 2019 funded by the Smart Saturdays employee engagement initiative.

POSITIVE COMMUNITY IMPACT

203-1, 203-2, 413-1, 413-2 Principles 8 & 9

96,000
Teachers and students trained under Gabay Guro and SWEEP

32,000
PLDT Infoteach graduates nationwide

OUR GOAL

> Contribute to nation-building through community and volunteer programs that support key priorities and engagements

MATERIAL TOPICS

> Gender Equality and Human Rights Protection

> Social Upliftment Using Technology

TOPICS COVERED IN THIS SECTION

> Quality Education
> Good Jobs and Economic Growth
> Innovation and Infrastructure
> Sustainable Cities and Communities
> Good Health and Well-being
> Partnerships for the Goals

DIRECT RELEVANT SDGS

SPECIFIC SDG TARGET*

- Build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters. (1.5)
- Ensure significant mobilization of resources to provide adequate and predictable means to implement programmes and policies to end poverty in all its dimensions. (1.A)
- Investment in rural infrastructure, agricultural research and technology development in order to enhance agricultural productive capacity. (2.A)
- Strengthen the prevention of substance abuse, including narcotic drug abuse and harmful use of alcohol. (3.5)
- Ensure that all children have access to quality education. (4.2)
- Substantially increase the number of youth and adults who have relevant technical and vocational skills, for employment, decent jobs and entrepreneurship. (4.4)
- Substantially expand globally the number of scholarships available. (4.B)
- Substantially increase the supply of qualified teachers for teacher training in developing countries. (4.C)
- Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries. (9.5)
- Strengthen efforts to protect and safeguard the world's cultural and natural heritage. (11.4)
- Access to science, technology and innovation (17.6)
- Fully operationalize science, technology and innovation (17.8)

* Specific SDG Target (Relevant to PLDT Group)

PLDT has always recognized its influence on the way Filipinos communicate – and on Philippine society as a whole. We contribute to the nation's inclusive growth and development not just through the products and services that we offer, but also through corporate social responsibility (CSR) programs that leverage on our expertise, technological strength, and corporate culture.

As PLDT Group's operations are nationwide, 100% of our operations have local development programs, with projects and programs implemented in Luzon, Visayas, and Mindanao. These programs are designed and delivered based on the local communities' needs.

Several units within the PLDT Group are focused on developing and implementing CSR initiatives that create positive impact to the different communities we serve.

PLDT Community Relations (ComRel) is PLDT's CSR arm. Through the years, it has built long-standing relationships with various grassroots communities, from urban locations to far-flung rural areas across the country, to effectively realize the convergence of business and social responsibility.

PLDT-Smart Foundation (PSF) is a non-stock, non-profit organization that serves as the social outreach arm of the PLDT Group. With the personal guidance of the Group's Chairman of the Board Manuel V. Pangilinan, PSF drives initiatives on education, livelihood and social enterprise, disaster response and recovery, youth and arts, and sports development.

Smart Communities upholds 'Technology for Development' in working with community stakeholders to bridge the digital divide using technology-based programs. Innovative CSR initiatives implemented through the wireless subsidiary's Public Affairs Group cover the areas of education, disaster preparedness and response, livelihood, tourism, health, and environment.

While PLDT ComRel, PSF, and Smart Communities implement separate programs, they also collaborate on projects that aim to improve the lives of all Filipino communities. Now they work hand-in-hand with the institutionalized PLDT Group Sustainability Office to deliver impactful initiatives that play a pivotal role in helping the country attain the United Nations' Sustainable Development Goals (UN SDGs).

Details on program accomplishments of these units can also be found on page 16 of the PLDT 2019 Annual Report available online at **http://www.pldt.com/investor-relations/annual-and-sustainability-reports**, as well as PSF's 2019 Annual Report.

QUALITY EDUCATION

The UN recognizes quality education as a foundation in improving people's lives and obtaining sustainable development. This is the reason why education continues to be our flagship CSR program throughout PLDT Group, with a strong emphasis on digital literacy.

Gabay Guro Chairperson Chaye A. Cabal-Revilla with DepEd Secretary Leonor Briones at the unveiling of the Gabay Guro mobile app developed with the inputs of the DepEd and teachers of e-learning.

GABAY GURO

Ran by volunteers, Gabay Guro is PLDT's flagship advocacy program for teachers spearheaded by PSF and PLDT Managers Club, Inc. Initially a response to the call of the Philippines' Department of Education (DepEd) for the private sector to help improve the quality of education in the Philippines, the 12-year-old program has been revitalized and enhanced to align with, and actively supports the 11 UN SDGs.

Through its Seven Key Pillars – Scholarships, Teachers' Trainings, Classroom Donations, Livelihood Programs, Connectivity and Computerization, Teachers' Tribute Events, and Digital Innovations — Gabay Guro has empowered teachers across the country by giving them more opportunities to achieve better and more sustainable programs, and ultimately, to pass on these opportunities to the students whose lives they touch.

2019 Teachers' Tribute Grand Gathering Event

Over 300,000
teachers given tribute nationwide

Over 60,000
teachers trained*

Over 5,000
teachers given livelihood programs

1,770
total scholarships granted*

60
computer labs connected nationwide

57
state university partners nationwide

55
classrooms (with comfort rooms) built and donated nationwide

40%
scholars graduated with honors

* End-2019

SACK OF JOY

The PSF Sack of Joy (SOJ) program aims to bring hope and joy to students across the Philippines through the donation of school supplies. The outreach initiative intends to help underprivileged children take a step to a better future through the provision of basic school necessities, so that they can focus on their studies.

The SOJ program involves PLDT employees by allowing them to nominate public school beneficiaries. School supply recipients include students from Itbayat Central School, Rael Integrated School, Yawran Barrio School, and Mayan Elementary School of Batanes that were affected by a 5.9 magnitude earthquake in July 2019. Children affected by the Cotabato earthquake in October 2019 also received SOJ bags through a partnership with Makati Medical Center Foundation.

12,723 SACK-OF-JOY BAGS DISTRIBUTED*

94 COMMUNITIES AND SCHOOLS REACHED*

DYNAMIC LEARNING PROGRAM

PSF and Smart support the improvement of education in the country by implementing relevant innovative technologies and pedagogies for schools such as the Central Visayan Institute Foundation-Dynamic Learning Program (CVIF-DLP).

Developed by Ramon Magsaysay laureates and world-renowned Theoretical Physicists, Dr. Christopher Bernido and Dr. Ma. Victoria Carpio-Bernido, CVIF-DLP promotes independent learning in students to improve academic performance particularly in Science, Innovative Technology, Engineering, and Mathematics.

CVIF-DLP is a disaster-resilient form of education, as experienced in recent natural and man-made calamities, where schools were able to cope better and recover easier. It uses parallel learning groups, activity-based multi-domain learning, in-school comprehensive student portfolio, and strategic study and rest periods.

7,915 TEACHERS TRAINED ON THE PEDAGOGY

SMART WIRELESS ENGINEERING EDUCATION PROGRAM (SWEEP)

empowers colleges and universities to produce industry-ready engineering and IT graduates through extensive trainings by employees under the company's Technology Group. The tertiary-level learners' program earned Smart a slot in the "Change The World" 50-company list of top global business magazine Fortune in 2016, citing its efforts in creating "important social impact". Now on its 16th year, the annual SWEEP Innovation and Excellence Awards presents budding technopreneurs with a platform to develop digital applications.

OVER 1,000 SWEEP TRAINEES DIRECTLY HIRED BY SMART AFTER GRADUATING*

MORE THAN 36,000 STUDENTS AND TEACHERS TRAINED*

* End-2019

OVER 32,000 PROGRAM GRADUATES NATIONWIDE*

PLDT INFOTEACH

reaches out to high school students, primary to secondary level teachers, and out-of-school youths nationwide through digital literacy trainings. Since its inception in 2004, the outreach program aims to provide both school- and community-based learning built on a strong foundation anchored on 21st-century competencies. Partners include the University of the Philippines Open University (UPOU) which, for its 6th year in 2019, collaborates with PLDT Infoteach program managers to further underscore the importance of life-long learning, social transformation, and sustainable development in education.

PSF, Smart, and UBS Investments Philippines donated School-in-a-Bag packages to Maguindanao learners.

SMART'S SCHOOL-IN-A-BAG PROGRAM (SIAB)

utilizes technology to make educational materials accessible to schools in remote and underserved communities, even those without access to electricity. Each portable digital classroom generally contains a laptop for the teacher, student tablets to access interactive applications, a memory drive for storage of lessons and other files, a Smart LTE pocket WiFi kit with starter load, and a DVD player, projector, and screen for viewing educational content. Off-grid beneficiaries also receive a solar panel and battery charging station as power source for the devices, and an LED TV in place of the projector and screen.

Since its launch in 2016, the project uses mobile technology coupled with offline K-12 content and teacher training on the Dynamic Learning Program (DLP) - an innovative, disaster-resilient 21st-century teaching pedagogy. Beneficiaries of DepEd's Alternative Learning System (ALS), a "second chance" program for out of school youth and adults to complete basic education, are among the beneficiaries of this program.

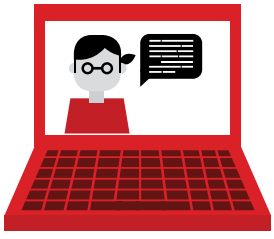
Biggest SIAB private-public partnership for the turnover of 50 portable digital classrooms to multigrade schools from Northern Samar and Samar, in partnership with UNICEF Philippines and Southeast Asian Ministers of Education Organization Regional Centre for Educational Innovation and Technology (SEAMEO INNOTECH).

PSF's donation of SIAB units to the 4th district of Ormoc, for Hugpa Elementary School, Esperanza Elementary School, and Inaad Elementary School.

OVER 200
SIABS DEPLOYED*

60,000
STUDENTS REACHED*

OVER 2,000
TEACHERS TRAINED*



CLASSROOM DONATIONS

facilitated by PSF and PLDT ComRel aim to provide conducive learning spaces for the benefit of both students and teachers. In 2019, PSF funded and turned over four classrooms to the Santa Cruz Elementary School in Bohol and Dapdap Elementary School in Cebu. Each classroom is complete with a restroom, chairs and tables, and an electric fan. In partnership with the Philippine Business for Social Progress (PBSP), PLDT also began in 2019 the construction of a two-storey, four-classroom building for Pula Elementary School in Cabanatuan City, which will benefit over 300 elementary school students.

THE MVP ACADEMIC EXCELLENCE AWARDS

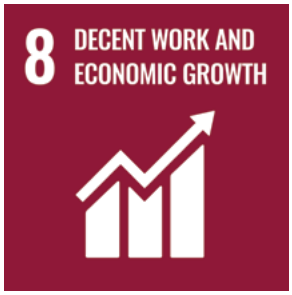
recognizes the outstanding achievements of dependents of PLDT Group employees through the provision of scholarship grants. The 15-year-old program's financial assistance structure consists of a one-time grant of Php20,000, Php30,000, and Php50,000 for elementary, high school, and college scholars, respectively. A scholarship grant of Php50,000 is also awarded to children with special needs.

3,283 SCHOLARSHIPS GRANTED* * End-2019

589 TOTAL NUMBER OF BENEFICIARIES TO DATE

THE PHILIPPINE NATIONAL POLICE (PNP) EDUCATIONAL GRANT

is a program for the benefit of children of PNP officers who were killed or injured during service. Now on its 11th year, the donations are said to have made a difference in the lives of its grantees, and have contributed to the morale of the PNP uniformed personnel. Proceeds of up to Php500,000 from PLDT Enterprise's 18th MVP Cup, a special fundraising golf event, were donated to the PNP educational grant program in 2019.



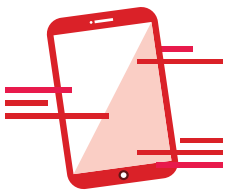
GOOD JOBS AND ECONOMIC GROWTH

With the SDG for decent work and economic growth, societies are asked to create conditions to help people secure quality jobs. To attain this, the PLDT Group promotes sustainable livelihood through various CSR initiatives.

DIGITAL FARMERS PROGRAM

The Digital Farmers Program (DFP) is an initiative of Smart and the Department of Agriculture – Agricultural Training Institute (DA-ATI). Launched in June 2019, the program links technology-savvy youths with small-holder farmers so that the latter could tap the digital space, and consequently, establish a channel for exchanging ideas—from using modern agricultural technologies, to discovering time-tested farming traditions.

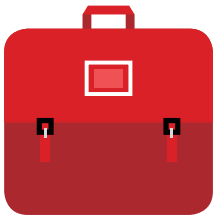
DFP aims to empower small-scale farmers through a ladderized education approach:



Phase 1 (Beginner):
Use of smartphone and its features, Internet and social media, Internet safety and security, Basic agri apps, Introduction to social media marketing

Phase 2 (Intermediate):
Advanced agri apps, Mobile payment channels, Advanced social media marketing, eCommerce platforms

Phase 3 (Advanced):
Financial literacy, Credit, Entrepreneurship, Smart farming



By end-2019, the program conducted phase 1 training sessions in 14 municipalities nationwide: Alfonso, Cavite; Lobo, Batangas; Tanay, Rizal; Magdalena, Laguna; El Salvador, Misamis Oriental; Malaybalay City, Bukidnon; Dauis, Bohol; Mangatarem, Pangasinan; Cauayan, Isabela; San Mateo, Isabela; Bingawan, Iloilo; Pavia, Iloilo; Agusan del Sur, and Agusan del Norte.

THE BUY LOCAL, BUY SMART CAMPAIGN

is a DFP-influenced initiative in partnership with one of its training sites in Region IV-A (CALABARZON). In collaboration with the Municipal Agriculture Office of Magdalena, Laguna, Smart spearheaded a company-wide campaign for PLDT-Smart employees to purchase white and brown rice directly from local farmers. The project is intended not only to boost support for the farmers, but also inspire other institutions to join the cause to support Philippine agriculture.

GENERATED PHP325,000 SALES FROM 6,465 KILOS OF RICE PURCHASED

PLDT SUPPORTS CCAP

PLDT's support for the Community Crafts Association of the Philippines, Inc. (CCAP) covers the group's workshops and trainings. The group works with community-based artisans to develop fresh handicraft designs, helps market them in local and international markets through the brand Likhang Atin, and provides capacity-building for their business improvement.

THE PLDT BICOL ECO-BAG PROJECT

supports the Muladbucad Pequeño Rural Workers Association through the provision of livelihood opportunities in bag-making for the Women of Albay. Implemented together with the Philippine Business for Social Progress' Balik Baterya Program and the Coalition of Bicol Development, PLDT continuously supported training programs on values formation, production, and marketing. Beneficiaries included families affected by the 2018 Mayon Volcano eruption, who now have another source of income for their daily needs. We also continued our support in 2019 by ordering hygiene pouches for use in our various CSR programs.

THE PHILIPPINE EAGLE FOUNDATION PARTNERSHIP

of PLDT involved the March 2019 turnover of the Conservation SewMates Production and Multi-purpose Hall to the community of Barangay Tumanding in Arakan, North Cotabato. The donated structure will serve as a venue where the women SewMates can gather to create attractive and high quality Philippine Eagle plush toys, which are mainly sold at the Philippine Eagle Center. This community enterprise has provided an alternative livelihood to indigenous peoples' communities living within the forest. Proceeds of the Philippine Eagle plush toys also benefit the Sinaka Eagle Bagtok Napunangan Kayupaton Association (SEBNAKA) of Manobo Tinanaon women in Brgy. Tumanding, as well as the conservation efforts of PEF.

PLDT-SMART KA-PARTNER REWARDS PROGRAM

provides incentives to more than one million of our load retailers to help them grow their businesses and enhance their livelihood. The program holds annual conventions, where close to 200,000 retailers nationwide gathered for the collective 2019 leg alone. The yearly tribute concludes with a raffle where retailers from each of the 20 locations can win motorcycles, mobile gadgets, load wallets, grocery items, and a grand prize of Php1 million.

INNOVATION AND INFRASTRUCTURE

The SDGs recognize the values of innovation as crucial to achieving sustainable development.

INNOVATION IN ENVIRONMENT

CONNECTED MANGROVES

This globally recognized IoT solution uses waterproof solar-powered sensors and real-time camera footage for mangrove protection. For more details about the program, refer to page 63.

INNOVATION IN DISASTER RESPONSE

NOKIA SAVING LIVES (NSL)

is among Smart's major disaster preparedness and response initiatives. Implemented in partnership with the Philippine Red Cross for the provision of communication and technical assistance to emergency response teams, NSL includes drones with cameras and speakers that can capture real-time information on areas hit by calamities.

INNOVATION IN TOURISM

DIGITAL TOURISM was developed by Smart in collaboration with InnoPub Media and key stakeholders such as the Department of Tourism (DOT), the National Commission for Culture and the Arts (NCCA), and church organizations.

Integral to the program are mobile applications and interactive markers that aim to provide tourists with relevant historical and cultural information using one of the most important travel tools of today—the smartphone.

In 2019, Smart signed an agreement with the Intramuros Administration (IA) and the National Parks Development Committee (NPDC) to boost tourism in the City of Manila by rolling out free WiFi services and interactive tourism markers in key public areas inside the Walled City and Rizal Park. Smart likewise launched and rolled out its Digital Catechism program as a run-up to the upcoming celebration of 500 years of Christianity in the Philippines.

To-date, the program has been implemented through the roll-out of interactive tourism markers in multiple locations such as Albay, Baguio, Bohol, Cebu, Dapitan, Davao, Dumaguete, Iloilo, Manila, Negros Oriental, Siquijor and Sorsogon.

INNOVATION IN EDUCATION

LearnSmart LITERACY APPS are mobile applications that feature alphabet and number exercises, short stories, songs, and games—all in the mother tongue. Esteemed to be the Philippines' sole finalist in GSMA's 2019 Asia Mobile Awards, the literacy applications are developed in partnership with academic institutions nationwide.

Ten mother tongue-based literacy apps launched to-date: Bahay Kubo (Filipino), Kaalam (Cebuano), Ta'allam and Tahderiyyah (Arabic), Matisalug (Matigsalug indigenous peoples Tribe of Davao and Bukidnon), Kaaram (Waray), Katao (Inabaknon), Singsing (Kapampangan), Sanut (Ilokano), and Gnare Blaan (Blaan).

SUSTAINABLE CITIES AND COMMUNITIES

Disaster preparedness and response is a factor that cuts across many of the SDGs. For communities to be truly sustainable, they need to be prepared and resilient in the face of potential natural calamities and emergencies.

THE PLDT-SMART #SAFEPH ADVOCACY

promotes immediate response during calamities through the provision of relief assistance, network restoration, continuous availability of communication services, and mobile solutions to help communities mitigate disaster risks.

In 2019, PSF served a total of 5,512 families, including those impacted by Typhoon Usman in Camarines Sur and Albay, fire in Quezon City and Navotas, and earthquakes in Pampanga, Batanes, and Cotabato. The relief items provided included food packs, hygiene/first aid kits, mats and blankets, tents, water filters, malongs, as well as cash donations.

Meanwhile, the PLDT ComRel reached out to 2,306 families that were affected by several 2019 calamities. Food assistance and goods were sent to residents affected by earthquakes in Porac, Pampanga, and Brgy. Batasan in Makilala, North Cotabato. Families affected by Typhoons Quiel, Ramon, and Tisoy in Pamplona's Brgys, Bagu, Balingit and Capalalian; Brgy. Bangan, Sanchez-Mira; and Gonzaga's Brgy. Caroan in Cagayan Province also benefited from donation drives.

In areas where communication services were limited because of damage to infrastructure and power lines, Smart offered Libreng Tawag (Free Calls), free charging, and WiFi services to both affected residents and responders.

TNT TROPANG READY

promotes a culture of preparedness among the youth by bringing disaster preparedness caravans to state colleges and universities nationwide. By end-2019, the program has trained over 20,000 students and teachers from its ten collective nationwide legs.

Implemented with academe partners and supported by LGUs, Tropang Ready schools in 2019 included Holy Name University in Tagbilaran, Bohol; University of Cebu in Cebu City; Pamantasan ng Lungsod ng Maynila in Manila City; and Eastern Visayas State University in Tacloban City, Leyte.

Survival procedures taught during the "edu-tainment"-type of trainings: Emergency response skills, proper CPR techniques, Morse Code and similar communication forms, and Virtual Reality (VR) survival games to gauge one's level of preparedness.

Students are also trained to cascade their learnings to their respective communities in order to amplify its benefits.

PSF – ALAGANG KAPATID FOUNDATION (AKFI) FOOD TRUCKS

were deployed in partnership with the TV5 television network to serve meals to communities in need. Among the 4,050 individual beneficiaries of the mobile feeding program in 2019 were people from the Dumagat tribe in Marikina watershed, and communities from Albay, Camarines Sur, Pampanga, and Cotabato. Towels and distributable fans were also given during a feeding program in Porac, Pampanga.

PASKONG KAPATID

brings together PSF and Tulong Kapatid foundations to spread holiday cheer every year to various charities and communities nationwide.

GOOD HEALTH AND WELL-BEING

Quality of life is dependent on people's level of health and overall well-being. The ability of more people able to enjoy the benefits of sustainable development is a measure of true success. PLDT advocates a healthy lifestyle for all through activities that promote both physical and mental wellness.

THE 1ST MVP SUPERHERO RUN

presented PLDT-Smart employees with a healthy and fun way to raise funds for Tulong Kapatid, the consortium of foundations and CSR program-runners under Chairman Manuel V. Pangilinan. His run-for-a-cause birthday celebration gathered 2,800 participants consisting of MVP Group employees and their sponsored runners: modern-day heroes from the Armed Forces of the Philippines, Philippine Marine Corps, Philippine Coast Guard, traffic enforcers from the Makati Public Safety Department (MAPSA), janitorial and messengerial personnel from PLDT-Smart corporate offices, and other groups.

#VOXNOW MENTAL HEALTH TALKS

is an award-winning employee engagement initiative of PLDT, in partnership with PSF, that aims to bridge the gap among different generations of PLDT and Smart employees. The activity was launched in 2017 through an 'open mic' storytelling approach which encourages positive conversations among employees on important social issues. In celebration of Mental Health Awareness Month in October 2019, the group invited resource speakers to share their experiences and insights on how people can take care of their mental health.

DUGONG PLDT BLOODLETTING PROGRAMS

were held throughout 2019 for the benefit of indigent patients of Philippine Children's Medical Center (PCMC). Three donation drives conducted at the PLDT Caloocan Gracepark Office produced a total of 70 blood units.

PARTNERSHIPS FOR THE GOALS

A successful sustainable development agenda requires partnerships among the government, private sector, and civil society.

Throughout the years, one formula has worked for all PLDT-Smart CSR initiatives--that is, entering into partnerships with like-minded organizations, and working together to help the public we serve. Through our combined determined commitment and meaningful connections, we can help bridge the digital divide, empower Filipinos, and move our country forward.

PHILIPPINE DISASTER RESILIENCE FOUNDATION (PDRF) AND PLDT-SMART

PDRF's Emergency Operations Center was built in partnership with PLDT to help the organization monitor storms, earthquakes, and volcanic eruptions in the country.

The partnership of the big conglomerates to work on building a strong and resilient Philippines has visibly established the Philippine Disaster Resilience Foundation as the open space where the common good is far more important than business competition. This principle has continued even in the succeeding partnerships that PDRF has fostered.

PLDT-Smart is a founding partner of PDRF, which was created along with a government counterpart in response to the devastation caused by Typhoon Ondoy (Ketsana) in 2009. Eventually the government counterpart was dissolved in the process of streamlining bureaucracy but the goodwill of the private sector to be part of the reconstruction of Metro Manila, led by the PDRF (whose adhoc secretariat then was PLDT-Smart) gained a lot of mileage and traction. Ten years hence, PDRF is now a big independent corporate alliance, serving as the critical link among government agencies, civil society groups, international institutions, and local government units. The PDRF now acts as the umbrella organization of the private sector for disaster preparedness, relief, and recovery and is now recognized by the United Nations as a global model for establishing public-private partnerships in disaster risk reduction.

PLDT's extensive partnership with PDRF, especially during Yolanda (Haiyan) has won for itself in 2016 the Prince of Wales UPS International Disaster Relief Award. Together with PLDT's Gabay Guro program, PDRF was able to raise funds and build a number of resilient school buildings in Haiyan-affected Tacloban and Palo, Leyte, all of which are currently being used.

Provided PLDT fiber optic connectivity for the Department of Science and Technology (DOST) - Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) Doppler Radar in Alburqueque, Bohol

Upgraded PDRF's existing security technologies with ePLDT's Managed Security Service that included the management and maintenance of the organization's firewall

Dedicated a cybersecurity team to proactively monitor the PDRF network 24/7 and immediately respond in the event of a cyberattack through ePLDT's Security Operations Center-as-a-Service (SOCaaS)

Philippine Disaster Resilience Foundation (PDRF) President Butch Meily showcases the organization's large-scale digital mapping of the Philippine fault zone in their command center.

PLDT won the UPS International Disaster Relief Award for its PDRF initiatives at the 19th Responsible Business Gala in London. The annual event is run by the Prince of Wales's charity Business in the Community (BITC) to celebrate the innovative ways that UK and international businesses are making a sustained difference and transforming communities.

PLDT-Smart Chairman Manuel V. Pangilinan is co-chair of the alliance along with Ayala Corp. Chairman and CEO Jaime Augusto Zobel de Ayala and Cardinal-Bishop Luis Antonio Tagle. PLDT and Smart executives are seconded to PDRF as well.

PLDT-Smart continues to be a top supporter of the PDRF. We continue to provide financial and management support and technical expertise, such as when the latter launched its national emergency operations center (EOC) run by the private sector – a world-first. The EOC acts as a self-sufficient operations hub geared towards training for disaster preparedness and the coordination of relief and response efforts during major disasters. The center provides alerts and updates to the PDRF network and coordinates asset inventory as well as status of lifeline services. These greatly complement government efforts and highlight private sector initiatives in all aspects of response and early recovery.

"PDRF builds platforms in establishing a disaster-resilient Philippines. PDRF's formation is premised on the conviction that disaster management is not solely up to the government. The despair of one must touch us all and everyone must help," said PLDT Chairman Manuel V. Pangilinan, who also acts as the PDRF Co-Chair.

PDRF highlighted private sector response efforts and contributions to disaster resilience in 2019 and reaffirmed the role of the private sector in working with the government in responding to emergencies around the country and preparing for future crisis. It also continues to support its reforestation work in Marikina watershed and on the poverty alleviation efforts in the area under the Zero Extreme Poverty Program. Along with PLDT-Smart, PDRF mobilized resources to reach communities affected by the magnitude 6.1 earthquake that hit Castillejos, Zambales in April, the magnitude 5.9 earthquake that struck Itbayat, Batanes in July, and the magnitude 6.5 earthquake that hit Tulunan, Cotabato in November 2019.

PROJECT UGNAYAN

As the 2019 Sustainability Report goes to press, the Philippines — along with the entire planet — is going through the global pandemic caused by coronavirus disease 2019 (COVID-19).

To address the needs of those who are most vulnerable during this unprecedented health crisis, Project Ugnayan was established by PDRF along with PLDT-Smart, members of the Tulong Kapatid consortium of companies under PLDT Chairman Manuel V. Pangilinan, and other top Filipino business groups.

One month into the Enhanced Community Quarantine brought about by COVID-19, Project Ugnayan fund-raising initiative has reached over 7.6 million people in the vulnerable communities of Greater Metro Manila.

GOOD GOVERNANCE AND ETHICAL BUSINESS PRACTICES

102-18

OUR GOAL

> Commit to the highest standards of business ethics and corporate governance requirements

MATERIAL TOPICS

> Good Corporate Governance
> Compliance & Regulatory Standards
> Annual Reporting & Transparency in Disclosures
> Managing Business Risk
> Supply Chain Management & Ethical Procurement

TOPICS COVERED IN THIS SECTION

> Board performance and committees
> Corporate governance policies - communication and implementation
> Promoting practice of ethical procurement

DIRECT RELEVANT SDGS

SPECIFIC SDG TARGET*

- Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle. (12.6)
- Promote public procurement practices that are sustainable, in accordance with national policies and priorities. (12.7)
- Substantially reduce corruption and bribery in all their forms. (16.5)
- Develop effective, accountable and transparent institutions at all levels. (16.6)
- Ensure responsive, inclusive, participatory and representative decision-making at all levels. (16.7)
- Promote and enforce non-discriminatory laws and policies for sustainable development. (16.B)

* Specific SDG Target (Relevant to PLDT Group)

88%
PLDT employees attended training on Corporate Governance policies
205-2

99.97%
PLDT employees received PLDT Gift-Giving Policy Communication
205-2

88%
of our suppliers are local

0
corruption incidents
205-3

Good governance and ethical business practices are the cornerstones of the PLDT Group strategy. This topic is comprehensively covered in the 2019 Annual Report, pages 19 to 42, under the heading PLDT Group Corporate Governance Report ("Corporate Governance Report"). A copy of the Annual Report is available online at **http://www.pldt.com/investor-relations/annual-and-sustainability-reports**.

For the purpose of the 2019 Sustainability Report, relevant highlights of the Corporate Governance Report as well as additional insights on implications of governance on the Group's continuing sustainability journey are presented herein.

As a public company listed in the Philippine Stock Exchange (PSE:TEL), PLDT complies with the rules and regulations of the Philippine Securities and Exchange Commission (PSEC) and the PSE. With its American Depository Shares listed and traded in the New York Stock Exchange (NYSE), PLDT also abides by governance standards laid out in the relevant laws of the U.S. and rules and regulations of the U.S. Securities and Exchange Commission and NYSE.

Being an associated company of First Pacific Company Ltd., a company listed in the Hong Kong Stock Exchange, PLDT also benchmarks with the governance standards of Hong Kong.

THE BOARD OF DIRECTORS

PLDT's Articles of Incorporation and By-Laws confer primary responsibility for ensuring good corporate governance in PLDT on its Board of Directors (the "Board"), as prescribed by Philippine laws.

The Board is therefore entrusted with authority to act for and on behalf of the Company, and its actions are deemed expressions of the Company's will. This includes the Board's duties of loyalty and care in the exercise of corporate powers, conduct of business, and control of the properties of the Company.

As such, Directors of the Board are expected to perform their duties diligently and in good faith, with sufficient time and attention devoted for such purpose. They are legally and ethically bound to act in the best interest of the Company and for the common benefit of its stockholders and other stakeholders.

Among the PLDT Board's duties and responsibilities are to ensure a high standard of governance and to promote and protect the interest of the Company, its stockholders and other stakeholders, including ensuring that the Company: (i) has an effective investor relations program that will keep stockholders and investors informed of important developments in the Company; (ii) respects and promotes the exercise of the rights of stockholders; and (iii) identifies its stakeholders in the community in which it operates or those who are directly affected by its operations, and that the Company has a stakeholder engagement policy or program to promote communication and cooperation with them.

DIVERSITY STRENGTHENS BOARD PERFORMANCE

PLDT considers having an optimally performing diverse Board as an essential element for the attainment of the Company's strategic objectives and its sustainable development.

PLDT's Board Diversity Policy ensures that, without infringing the cardinal right of the stakeholders to nominate and vote for the election of directors, the Governance and Nomination Committee (GNC) and the Board shall consider the appropriate mix, complementation and interplay of the various diversity aspects in the selection and recommendation of qualified director-nominees.

The GNC conscientiously adheres to the Guidelines on the Search, Screening and Selection of Directors and Screening Checklist which contain, among others, the criteria and qualifications for directorship and a matrix of the diversity aspects such as skills, professional or business experience, cultural and educational background, ethnicity, gender, length of service, and the combination of executive, non-executive and independent directors. The GNC also considers other relevant factors, such as conflict of interest and directorships and/or positions in other corporations.

This structured process ensures that the selection of directors and independent directors is aligned with the Board Diversity Policy and the Company's Mission, Vision and strategic objectives.

>> 2019 PLDT Board of Directors

DIRECTOR	DESIGNATION
Manuel V. Pangilinan	Chairman / Executive Director
Ma. Lourdes C. Rausa-Chan	Executive Director
Bernido H. Liu	Independent Director
Artemio V. Panganiban	Independent Director
Pedro E. Roxas	Independent Director
Helen Y. Dee	Non-Executive Director
Ray C. Espinosa	Non-Executive Director
James L. Go	Non-Executive Director
Shigeki Hayashi	Non-Executive Director
Junichi Igarashi	Non-Executive Director
Aurora C. Ignacio[1]	Non-Executive Director
Albert F. Del Rosario	Non-Executive Director
Marife B. Zamora	Non-Executive Director

[1] Until January 28, 2020; Retired Judge Manuel L. Argel, Jr. was elected to the Board on even date

The Board is composed of 13 members: three independent directors, including a lead independent director; eight other non-executive directors; and two executive directors. Four directors are female and two are Japanese citizens. All members are qualified and competent directors with diverse and complementing skills, expertise, experience, and knowledge which enrich the collective processes and practices of our Board.

The directors have extensive experience in their respective fields or industries, such as telecommunications, Information and Communication Technology (ICT), business processing, infrastructure, power, banking, insurance, real property development, retail and agriculture businesses, law and public administration. At least three non-executive directors have extensive experience in the telecommunications industry.

Board Diversity Factors

405-1

ROLE	2 (15.38%) Executive directors	8 (61.54%) Non-executive directors	3 (23.08%) Independent directors
GENDER	9 (69.23%) Male	4 (30.77%) Female	
AGE	3 (23.08%) 51-60	5 (38.46%) 61-70	5 (38.46%) 71 and over
ETHNICITY	11 (84.62%) Filipino	2 (15.38%) Japanese	
TELECOM-ICT EXPERIENCE (YEARS)	8 (61.54%) >20	4 (30.77%) 10-20	1 (7.69%) <10
YEARS AS PLDT DIRECTOR	9 (69.23%) 1-10	3 (23.08%) 11-30	1 (7.69%) >30

Directors' Professional and Business Background*

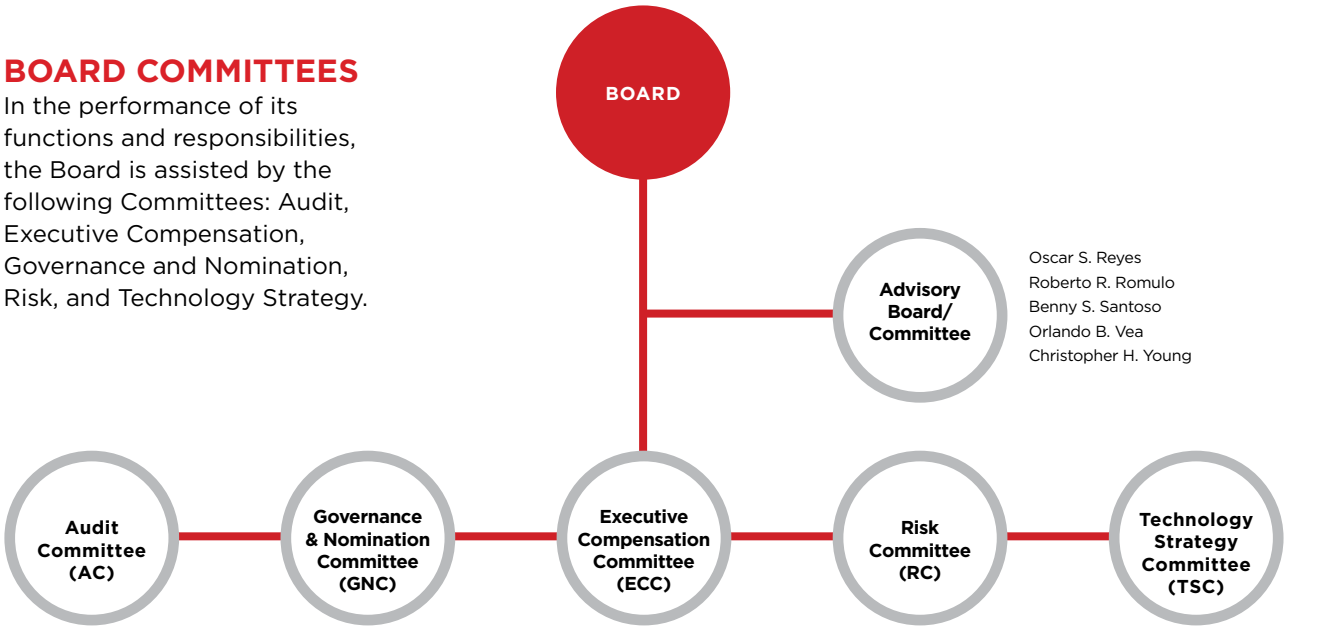
- 84.62% — 11 — Business
- 23.08% — 3 — Legal
- 30.77% — 4 — Engineering-ICT
- 23.08% — 3 — Public Admin

* Several of our directors have professional background and business experience in more than one field.

Total 13 board members

BOARD COMMITTEES

In the performance of its functions and responsibilities, the Board is assisted by the following Committees: Audit, Executive Compensation, Governance and Nomination, Risk, and Technology Strategy.



Audit Committee (AC)
Pedro E. Roxas** (C)
Artemio V. Panganiban**
Bernido H. Liu**

ADVISORS:
Junichi Igarashi
James L. Go
Roberto R. Romulo
Corazon S. de la Paz-Bernardo

Governance & Nomination Committee (GNC)
Manuel V. Pangilinan (C)
Artemio V. Panganiban**
Pedro E. Roxas**
Bernido H. Liu**
Junichi Igarashi
Ma. Lourdes C. Rausa-Chan (non-voting)
Gina Marina P. Ordoñez* (non-voting)

Executive Compensation Committee (ECC)
Manuel V. Pangilinan (C)
Artemio V. Panganiban**
Pedro E. Roxas**
Bernido H. Liu**
Junichi Igarashi
Gina Marina P. Ordoñez* (non-voting)

Risk Committee (RC)
Artemio V. Panganiban** (C)
Pedro E. Roxas**
Bernido H. Liu**
Junichi Igarashi
James L. Go

Technology Strategy Committee (TSC)
Manuel V. Pangilinan (C)
Albert F. del Rosario
Ray C. Espinosa
James L. Go
Junichi Igarashi
Oscar S. Reyes (non-voting)
Orlando B. Vea (non-voting)

*Effective March 21, 2019 **Independent Directors (C) Chairman

ADVISORY BOARD/COMMITTEE

Our Board is supported by an Advisory Committee that provides guidance and suggestions, as necessary, on matters deliberated upon during Board meetings.

PLDT's other Board Committees, namely Audit, Governance and Nomination, Executive Compensation, Risk, and Technology Strategy Committees assist the Board in the performance of its functions and responsibilities. The respective charters of the Board Committees provide that each shall have the necessary resources and authorities to discharge their responsibilities, including obtaining external legal or professional advice.

AUDIT COMMITTEE (AC)

The Audit Committee (AC), with its three independent directors as members and four advisors, assists the Board in fulfilling its oversight responsibility for: (i) the integrity of the Company's accounting and financial reporting principles and policies, and system of internal controls, including the integrity of financial statements and its independent audit; (ii) the Company's compliance with legal and regulatory requirements; and (iii) the Company's audit process and the performance of the Internal Audit organization and the external auditors, including the external auditors' qualifications and independence.

All members of the AC are financially literate and Ms. Corazon S. de la Paz-Bernardo has expertise in accounting and financial management. She is a former Chairman and Senior Partner of Joaquin Cunanan & Company, now Isla Lipana & Co., a member firm of Pricewaterhouse Coopers. For efficiency, the AC's functions include the review of Material Related Party Transactions and significant unusual transactions, in accordance with the materiality threshold set in the Material Related Party Transactions Policy and the Guidelines on the Proper Handling of Related Party Transactions or by the Board.

GOVERNANCE AND NOMINATION COMMITTEE (GNC)

The GNC is composed of five voting members, including three independent directors, all of whom are regular members of our Board of Directors, and two non-voting members.

The Committee assists the Board in the performance of its functions to: (i) establish the Company's corporate governance framework, principles and policies and oversee their implementation, as well as assist the Board in performing its oversight function on the Company's fulfillment of its environmental, social and governance (ESG) responsibilities and corporate social responsibility (CSR); (ii) develop and implement the Board's performance evaluation process; (iii) review and evaluate the qualifications of the persons nominated to the Board and to other positions requiring appointment by the Board; (iv) identify persons qualified to become members of the Board and/or the Board Committees; and (v) make an assessment of the effectiveness of the Company's nomination and selection process for the Board and Board Committees.

EXECUTIVE COMPENSATION COMMITTEE (ECC)

The ECC is composed of five voting members, including three independent directors, and one non-voting member. The Committee assists the Board in the performance of its functions to: (i) oversee the development of a compensation philosophy or policy consistent with the strategy, culture and control environment of PLDT; (ii) oversee the development and administration of PLDT's executive compensation programs, including long-term incentive plans and equity-based plans for officers and executives; (iii) oversee the development and administration of the Company's performance management framework to monitor and assess the performance of Management; (iv) review the succession plan for officers, including the CEO; and (v) oversee the development and implementation of professional development programs for officers.

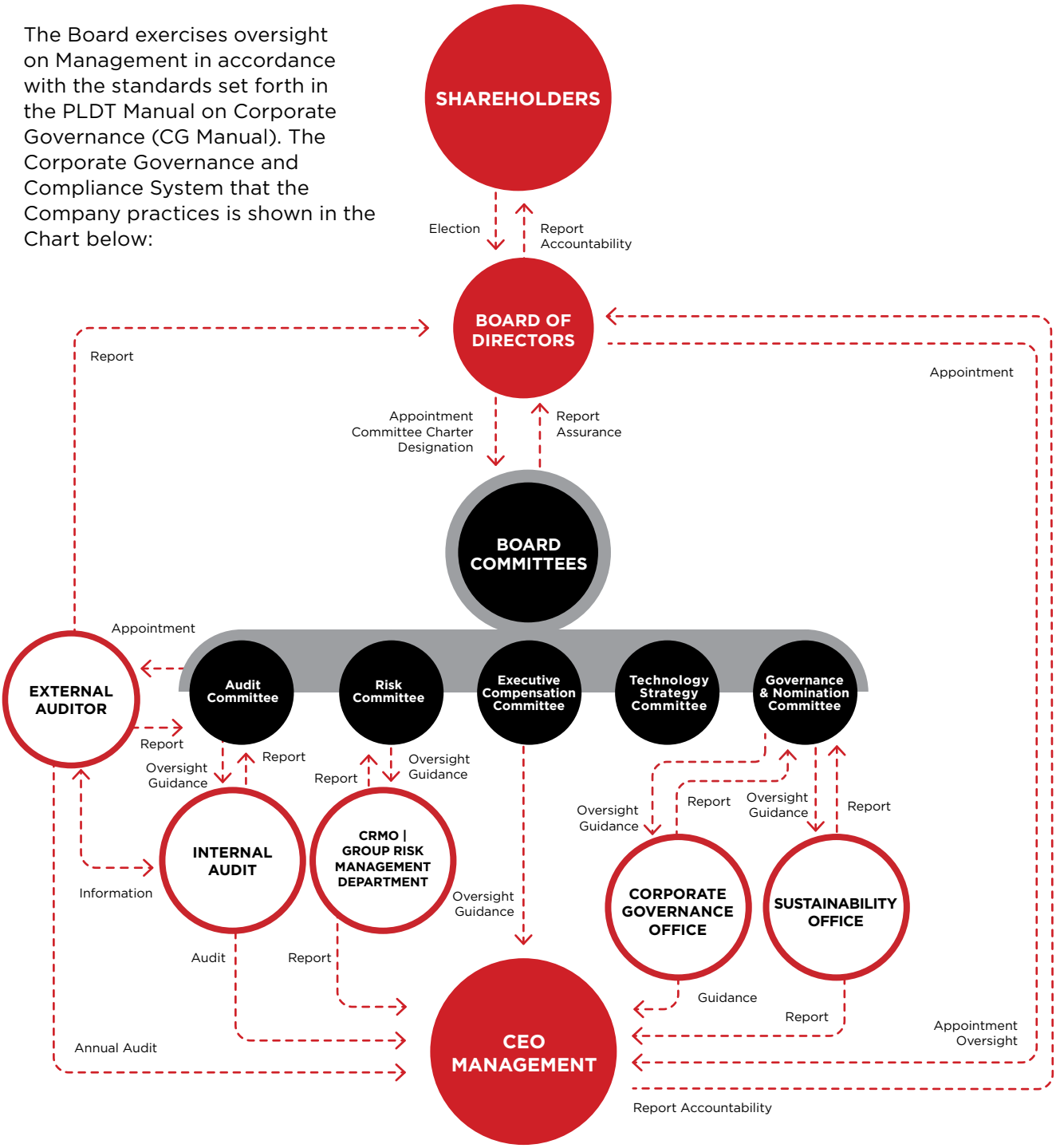
RISK COMMITTEE (RC)

The RC is composed of five voting members, including three independent directors, all of whom are regular members of our Board of Directors. The Committee assists the Board in the performance of its functions to: (i) oversee Management's adoption and implementation of a system for identifying, assessing, monitoring and managing key risk areas; (ii) review Management's reports on the Company's major risk exposures; and (iii) review Management's plans and actions to minimize, control or manage the impact of such risks.

TECHNOLOGY STRATEGY COMMITTEE (TSC)

The TSC, composed of five voting members and two non-voting members, assists the Board in the performance of its functions to: (i) review and approve the strategic vision for the role of technology in PLDT's overall business strategy, including the technology strategy and roadmap of PLDT; (ii) fulfill its oversight responsibilities for PLDT's effective execution of its technology-related strategies; and (iii) ensure the optimized use and contribution of technology to PLDT's business and strategic objectives and growth targets.

The Board exercises oversight on Management in accordance with the standards set forth in the PLDT Manual on Corporate Governance (CG Manual). The Corporate Governance and Compliance System that the Company practices is shown in the Chart below:



This framework is embodied in the integrated system of governance structures, policies, and processes set forth in PLDT's Articles of Incorporation, By-Laws, CG Manual, Code of Business Conduct and Ethics (Code of Ethics), and Corporate Social Responsibility Statement.

All CG policies of the Company are reviewed at least once every two years to ensure that they are appropriate for PLDT, benchmarked with global best practices, and compliant with applicable laws and regulations. In 2019, the Board, through the Governance and Nomination Committee, reviewed the following policies: Policy on Gifts, Entertainment and Sponsored Travel; Policy on Gift-Giving Activities; Expanded Whistleblowing Policy; and the Supplier/Contractor Relations Policy.

CODE OF BUSINESS CONDUCT AND ETHICS

Policies of the Group are anchored on the shared core principles of integrity, accountability, fairness and transparency, which are defined in the PLDT Code of Business Conduct and Ethics (Code of Ethics) and guide all business relationships of the Company, its directors, officers and employees. These core principles are threshed out in implementing policies such as the Conflict of Interest Policy, Supplier/Contractor Relations Policy, Expanded Whistleblowing Policy, Policy on Gift-Giving Activities, Policy on Gifts, Entertainment and Sponsored Travel, Material Related Party Transactions Policy, Guidelines on Related Party Transactions, and Disclosure Rules, among others.

>> COMMUNICATION ON GIFT-GIVING Principle 10

EMPLOYEE RANK 2019 (Held on November 15, 2019)

	Active Headcount	Received Communication	Percentage
Rank & File	4,205	4,205	100.00%
Management	5,748	5,748	100.00%
Executives	616	614	99.68%
Officers	81	80	98.77%
TOTAL	10,650	10,647	99.97%

EMPLOYEE PER REGION 2019 (Held on November 15, 2019)

	Active Headcount	Received Communication	Percentage
Luzon	8,956	8,953	99.97%
Visayas	953	953	100.00%
Mindanao	741	741	100.00%
TOTAL	10,650	10,647	99.97%

CONFLICT OF INTEREST POLICY

This policy enjoins PLDT's directors, employees and consultants to promptly disclose conflict of interest (COI) situations to the relevant authorities. If warranted, the person concerned should obtain appropriate approvals and inhibit himself from any action, transaction or decision involving an existing or potential COI. The Company has established an online COI disclosure system to facilitate the immediate disclosure of conflicts of interests.

POLICY ON GIFTS, ENTERTAINMENT, AND SPONSORED TRAVEL (GIFTS POLICY) AND POLICY ON PLDT'S GIFT-GIVING ACTIVITIES

PLDT's Gifts Policy provides safeguards in the receipt and acceptance of gifts given by third parties to ensure that such gifts would not affect the objective, independent or effective performance by directors, officers and employees of their duties to the Company. The Policy on Gift-Giving Activities provides guidance and procedural safeguards with respect to gift-giving activities to government officials and employees and to business partners, for or on behalf of, PLDT. The Policy seeks to ensure that such activities are compliant with applicable laws, respectful of the intended recipient's gifts policy, and consistent with the Company's core values and policies.

205-1, 205-2, 205-3

ANTI-CORRUPTION PROGRAM

The Company's anti-corruption policy, as embodied in the Code of Ethics and Policy on PLDT's Gift-Giving Activities, prohibits direct and indirect bribery and corrupt practices in compliance with applicable laws and regulations.

For the effective implementation of the anti-corruption policy: (a) it provides specific guidance, procedural safeguards and internal controls pertaining to the offering or giving of gifts which are prohibited or those which are regulated by law; (b) its implementation is reinforced by related policies such as the Company's Corporate Governance Guidelines for Suppliers which prohibits bribery in connection with business transactions involving the Company and its suppliers, as well as Company policies on gifts, entertainment and sponsored travel, whistleblowing, supplier relations and conflict of interest; (c) it is carried out through appropriate monitoring and preventive measures, which include internal controls, training and communication programs, whistleblowing facilities, third party due diligence and enforcement mechanisms.

To reinforce these policies, for the year 2019, 99.97% of PLDT employees* received communication on PLDT's Gift-Giving Policy. In addition, on November 6, 2019, the Chief Governance Officer sent to officers, advisors, executives and consultants an Advisory on Gift-Giving and Anti-Corruption with relevant

Principle 10

* refers to 10,647 employees with active email accounts in PLDT Email Clients out of 10,650 employees as of November 15, 2019.

compliance requirements of the Company and its commitment to stakeholders to comply with relevant laws, consistent with the Company's core principles and values. To facilitate continuous learning, 88% of PLDT employees received training in 2019 on the Company's corporate governance policies, including the Code of Ethics and Policy on PLDT's Gift-Giving Activities.

The Company did not receive any report of a confirmed incident of corruption in 2019.

SUPPLIER/CONTRACTOR RELATIONS POLICY 205-2, 205-3

The Supplier/Contractor Relations Policy provides clear rules for arm's length transactions and fair treatment of prospective and existing suppliers. It adopts the processes of supplier accreditation and competitive bidding as the general rule to ensure that contracts are awarded only to qualified and duly-accredited suppliers who offer the best value for money for the Company's requirements.

INTERNAL DISCLOSURE CONTROLS AND PROCEDURES 205-2, 205-3

PLDT's Internal Disclosure Controls and Procedures serve to ensure that all required disclosures and reports under relevant disclosure and reporting rules of the Philippine Securities and Exchange Commission (PSEC), Philippine Stock Exchange (PSE), US SEC and New York Stock Exchange are prepared, reviewed, approved and submitted in accordance with such rules.

These include the annual reports, quarterly reports, disclosures of material information, events and transactions which could affect the market price and trading of PLDT shares, press releases and materials for stockholders' meetings. Major company announcements are reviewed and approved by the Disclosure Committee, composed of certain members of Senior Management, and by the Board of Directors or the Audit Committee.

BLACKOUT PERIOD/RESTRICTION ON TRADING OF COMPANY SHARES 205-2, 205-3

The Policy on Blackout Period/Restriction on Trading of Company Shares ensures that PLDT Group directors, officers, executives, and employees who possess unpublished price-sensitive information about PLDT and PLDT's shares and other information about the Company, not generally available to the public, comply with relevant laws and rules against Insider Trading, including proscriptions contained in the Securities Regulation Code and the PSE Revised Disclosure Rules.

Specifically, the Policy prohibits such persons from directly or indirectly buying or selling PLDT shares during the applicable Blackout Period as follows: (a) the period within which a material non-public information is obtained and up to two full trading days after such information is disclosed by the Company; (b) 15 days prior to, including the day of, plus two full trading days after the release of the Company's quarterly or half-yearly financial and operating results; or (c) 30 days prior to, and including the day of, plus two full trading days after, the release of the full year results.

Directors and officers are also enjoined to report to the Company their dealings in the Company's shares, regardless of whether such dealings were effected during or outside the blackout periods, within three trading days from the date of the transaction, to enable the timely filing of the required disclosures to the PSEC and the PSE.

RESTRICTIONS ON BUYING AND/OR SELLING PLDT SHARES

PLDT 2019 Results/Reports	2019 Results/Reports Release Date	2019 Blackout Periods
Q1	May 9	April 24 – May 14
Q2	August 8	July 24 – August 13*
Q3	November 7	October 23 – November 11
Full Year	March 5, 2020	February 4 – March 9, 2020
Full Year (Audited)	April 2, 2020	February 4 – April 6, 2020**

* Trading restriction period was extended to August 13, 2019 due to the declaration of August 12, 2019 as a special non-working holiday.
** Trading restriction period was based on a Results/Reports Release Date of March 20, rescheduled to April 2, 2020.

PLDT, Smart and Digitel Board Meeting

EXPANDED WHISTLEBLOWING POLICY

This policy provides guidelines on handling employee disclosures or complaints regarding violations of Corporate Governance Policies, questionable accounting or auditing matters, and other violations and offenses covered by the Company's Human Resources Manual that are not covered by the first two classes of violations. The EWB Policy protects whistleblowers from retaliation, and consistent with the principles of good governance and in compliance with Section 404 of the Sarbanes Oxley Act (SOX 404), provides a system for the disclosure or filing of a complaint by an employee, who, in good faith, believes that the Company or any colleague is or has engaged in illegal or unethical conduct.

To ensure confidentiality in the handling of a disclosure or complaint, PLDT maintains a Whistleblowing Hotline and other reporting facilities, such as a dedicated electronic mailbox, post office box and facsimile transmission system. Anonymous disclosures or complaints are allowed and duly processed, subject to certain conditions.

COMMUNICATION AND EDUCATION

Building a culture of good governance across the PLDT Group entails communicating Company policies to employees. This essential step is indispensable towards implementation of the Group's business strategy and advancement of shareholder value.

In 2019, information on anti-corruption policies, including the Code of Ethics, Policy on PLDT's Gift-Giving Activities, and other Corporate Governance Policies, were communicated to new employees as part of the People Group's Onboarding of New Employees Program. Corporate governance refresher courses for newly-promoted PLDT executives and eLearning refresher courses across the ranks in PLDT and Smart were likewise conducted. As a periodic requirement, PLDT employees also affirmed their commitment to good corporate governance in 2019 and had continuing access to corporate governance policies in the PLDT intranet and to periodic advisories on such policies.

Education and training are supplemented by the production and dissemination of relevant communication materials, including thematic posters and calendars and advisories on corporate governance.

For directors and officers, an Annual In-House Corporate Governance Enhancement Session (ACGES) is conducted to provide an opportunity for leadership to engage in discussion with international and local experts on relevant topics, including emerging trends and technologies, new laws, and best business practices in relation to good governance and risk management. In 2019, the ACGES was conducted on the topics: (i) 5G Technology Strategy and Governance: Market Trends and New Business Applications, Risks and Challenges; and (ii) Cyber Security: Protecting Critical Business Infrastructure.

The trainings attended by PLDT Directors in 2019 are detailed on the Corporate Governance Report. The Report shows that 12 out of 13 PLDT Directors (92.31%) attended at least one corporate governance training, 205-2 while Mr. James L. Go has been granted by the PSEC permanent exemption from its corporate governance training requirement.

ADVOCATING GOOD GOVERNANCE

The PLDT Group continues to work with institutions and organizations engaged in programs and advocacy efforts in the corporate governance, compliance, and business ethics field. As a sponsoring partner member of the Ethics and Compliance Initiative (ECI), PLDT and Smart have access to ECI's vast online library on governance and related topics and opportunities to interact with other governance and ethics professionals around the world and is able to benchmark its governance practices against those of leading companies.

Locally, PLDT is a premium member of the Integrity Initiative, Inc. and PLDT and Smart are members of the Good Governance Advocates and Practitioners of the Philippines (GGAPP). PLDT and Smart also participate in the activities of the Institute of Corporate Directors (ICD) and its sister-institute in the public sector, the Institute for Solidarity in Asia (ISA).

POLICIES ON ANTI-COMPETITIVE AND ANTI-TRUST BEHAVIOR 206-1 TC-TL-520a.1

PLDT supports the continued growth and development of the country's telecommunications industry, and welcomes robust market competition that benefits consumers. It strives to compete fairly through innovative and accessible products and services that addresses the needs of people.

PLDT therefore proactively works to ensure full compliance with competition-related laws, rules, and regulations as it diligently reviews all contracts that it enters into. The PLDT vs. Philippine Competition Commission case mentioned in the 2018 report remains pending and is being handled by external counsel. The case is explained in the statement below:

IN THE MATTER OF THE PETITION AGAINST THE PHILIPPINE COMPETITION COMMISSION

On July 12, 2016, PLDT filed before the Court of Appeals, or CA, a Petition for Certiorari and Prohibition (With Urgent Application for the Issuance of a Temporary Restraining Order, or TRO, and/or Writ of Preliminary Injunction), or the Petition, against the PCC. The Petition seeks to enjoin the PCC from proceeding with the review of the acquisition by PLDT and Globe of equity interest, including outstanding advances and assumed liabilities, in the telecommunications business of SMC, or the SMC Transactions, and performing any act which challenges or assails the "deemed approved" status of the SMC Transactions. On July 19, 2016, the 12th Division of the CA, issued a Resolution directing the PCC through the Office of the Solicitor General, or the OSG, to file its Comment within a non-extendible period of 10 days from notice and show cause why the Petition should not be granted. On August 11, 2016, the PCC through the OSG, filed its Comment to the Petition (With Opposition to Petitioner's Application for a Writ of Preliminary Injunction). On August 19, 2016, PLDT filed its Reply to Respondent PCC's Comment.

On August 26, 2016, the CA issued a Writ of Preliminary Injunction enjoining and directing the respondent PCC, their officials and agents, or persons acting for and in their behalf, to cease and desist from conducting further proceedings for the pre-acquisition review and/or investigation of the SMC Transactions based on its Letters dated June 7, 2016 and June 17, 2016 during the pendency of the case and until further orders are issued by the CA. On September 14, 2016, the PCC filed a Motion for Reconsideration of the CA's Resolution. During this time, Globe moved to have its Petition consolidated with the PLDT Petition. In a Resolution promulgated on October 19, 2016, the CA: (i) accepted the consolidation of Globe's petition versus the PCC (CA G.R. SP No. 146538) into PLDT's petition versus the PCC (CA G.R. SP No. 146528) with the right of replacement; (ii) admitted the Comment dated October 4, 2016 filed by the PCC; (iii) referred to the PCC for Comment (within 10 days from receipt of notice) PLDT's Urgent Motion for the Issuance of a Gag Order dated September 30, 2016 and to cite the PCC for indirect contempt; and (iv) ordered all parties to submit simultaneous memoranda within a non-extendible period of 15 days from notice. On November 11, 2016, PLDT filed its Memorandum in compliance with the CA's Resolution.

On February 17, 2017, the CA issued a Resolution denying PCC's Motion for Reconsideration dated September 14, 2016, for lack of merit. The CA denied PLDT's Motion to Cite the PCC for indirect Contempt for being premature. In the same Resolution, as well as in a separate Gag Order attached to the Resolution, the CA granted PLDT's Urgent Motion for the Issuance of a Gag Order and directed PCC to remove immediately from its website its preliminary statement of concern and submit its compliance within five days from receipt thereof. All the parties were ordered to refrain, cease and desist from issuing public comments and statements that would violate the sub judice rule and subject them to indirect contempt of court. The parties were also required to comment within ten days from receipt of the Resolution, on the Motion for Leave to Intervene and to Admit the Petition-in-Intervention dated February 7, 2017 filed by Citizenwatch, a non-stock and non-profit association.

On April 18, 2017, the PCC filed before the Supreme Court a Petition to Annul the Writ of Preliminary Injunction issued by the CA's 12th Division on August 26, 2016 restraining PCC's review of the SMC Transactions. In compliance with the Supreme Court's Resolution issued on April 25, 2017, PLDT on July 3, 2017 filed its Comment dated July 1, 2017 to the PCC's Petition. The Supreme Court issued a Resolution dated July 18, 2017 noting PLDT's Comment and requiring the PCC to file its Consolidated Reply. The PCC filed its Consolidated Reply to the: (1) Comment filed by PLDT; and (2) Motion to Dismiss filed by Globe on November 7, 2017. The same was noted by Supreme Court in a Resolution dated November 28, 2017.

During the intervening period, the CA rendered its Decision on October 18, 2017, granting the Petitions filed

by PLDT and Globe. In its Decision, the CA (i) permanently enjoined the PCC from conducting further proceedings for the pre-acquisition review and/or investigation of the SMC Transactions based on its Letters dated June 7, 2016 and June 17, 2016; (ii) annulled and set aside the Letters dated June 7, 2016 and June 17, 2016; (iii) precluded the PCC from conducting a full review and/or investigation of the SMC Transactions; (iv) compelled the PCC to recognize the SMC Transactions as deemed approved by operation of law; and (v) denied the PCC's Motion for Partial Reconsideration dated March 6, 2017, and directed the PCC to permanently comply with the CA's Resolution dated February 17, 2017 requiring PCC to remove its preliminary statement of concern from its website. The CA clarified that the deemed approved status of the SMC Transactions does not, however, remove the power of PCC to conduct post-acquisition review to ensure that no anti-competitive conduct is committed by the parties.

On December 13, 2017, PLDT, through counsel, received the PCC's Petition for Review on Certiorari filed before the Supreme Court assailing the CA's Decision dated October 18, 2017. In this Petition, the PCC raised procedural and substantive issues for resolution. Particularly, the PCC assailed the issuance of the writs of certiorari, prohibition, and mandamus considering that the determination of the sufficiency of the Notice pursuant to the Transitory Rules involves the exercise of administrative and discretionary prerogatives of the PCC. On the substantive aspect, the PCC argued that the CA committed grave abuse of discretion in ruling that the SMC Transactions should be accorded the deemed approved status under the Transitory Rules. The PCC maintained that the Notice of the SMC Transaction was defective because it failed to provide the key terms thereof.

In the Supreme Court Resolution dated November 28, 2017, which was received by PLDT, through counsel, on December 27, 2017, the Supreme Court decided to consolidate the PCC's Petition to Annul the Writ of Preliminary Injunction issued by the CA's 12th Division with that of its Petition for Review on Certiorari assailing the decision of the CA on the merits.

On February 27, 2018, PLDT, through counsel, received notice of the Supreme Court's Resolution dated January 30, 2018 directing PLDT and Globe to file their respective Comments to the Petition for Review on Certiorari without giving due course to the same. On April 5, 2018, PLDT, through counsel, filed its Comment on the Petition for Review on Certiorari. On April 11, 2018, PLDT, through counsel, received Globe's Comment/ Opposition [Re: Petition for Review on Certiorari dated December 11, 2017] dated March 4, 2018.

On April 24, 2018, PCC's Motion to Expunge [Respondent PLDT's Comment on the Petition for Review on Certiorari] dated April 18, 2018 was received. On May 9, 2018, PLDT, through counsel, filed a Motion for Leave to File and Admit the Attached Comment on the Petition for Review on Certiorari dated May 9, 2018.

On June 5, 2018, PLDT, through counsel, received the Supreme Court's Resolution dated April 24, 2018 granting the motion for extension of PLDT and noting its Comment on the Petition for Review on Certiorari filed in compliance with the Supreme Court's Resolution dated January 30, 2018 and requiring the PCC to file a Consolidated Reply to the comments within ten (10) days of notice. On June 20, 2018, PLDT, through counsel, received PCC's Urgent Omnibus Motion (1) for Partial Reconsideration of the Resolution dated April 24, 2018; and (2) Additional Time dated June 11, 2018.

PCC filed its Consolidated Reply Ad Cautelam dated July 16, 2018, which was received on July 19, 2018.

On July 26, 2018, PLDT, through counsel, received a Resolution dated June 19, 2018 where the Supreme Court resolved to grant PLDT's Motion for Leave to File and Admit the Attached Comment, and PCC's Motion for Extension to file a Comment/Opposition on/to PLDT's Motion for Leave to File and Admit the Attached Comment.

On August 14, 2018, PLDT, through counsel, received a Resolution dated July 3, 2018 where the Supreme Court resolved to deny PCC's motion to reconsider the Resolution dated April 24, 2018 and grant its motion for extension of time to file its reply to PLDT's and Globe's Comments, with a warning that no further extension will be given.

On August 16, 2018, PLDT, through counsel, received a Resolution dated June 5, 2018 where the Supreme Court noted without action the Motion to Expunge by PCC in view of the Resolution dated April 24, 2018 granting the motion for extension of time to file a comment on the petition in G.R. No. 234969.

On October 4, 2018, PLDT, through counsel, received a Resolution dated August 7, 2018 where the Supreme Court noted PCC's Consolidated Reply Ad Cautelam.

The consolidated petitions remain pending as of the date hereof.

PROMOTING THE PRACTICE OF ETHICAL PROCUREMENT 102-9

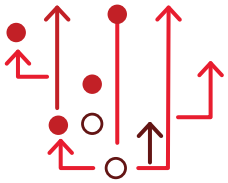
The PLDT Group fully recognizes the concern of stakeholders and the importance of having an ethical procurement process that will protect the interests of the company and its future.

Through its Procurement Policy released in 2016, the Group clearly articulates the organization's Supply Chain Management (SCM) processes which adhere to the Group's overarching sustainability strategy. This includes our aspiration to integrate environmental responsibility into our business operations and corporate culture, starting with the selection of our suppliers. We require our suppliers and contractors to abide by our environmental policy and guidelines.

SCM spearheads pro-active strategies to manage end-to-end procurement activities, works to strengthen transparency for internal and external stakeholders, and reinforces the implementation of performance management frameworks based on best practices. In 2019, 100% of business partners have received communication on PLDT's anti-corruption policy. 205-1, 205-2

SCM is composed of the following teams:

Network Procurement, which focuses on network elements, equipment, materials, and services.



IT Procurement, which focuses on platforms, operational and business support systems, enterprise and business intelligence service requirements, technical support and maintenance service, and hardware and cloud infrastructure.

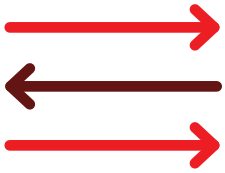
Marketing and General Services Procurement, which focuses on marketing devices/consumer premises equipment, sales and marketing materials and services; construction materials and services; and general/corporate products and services.

Procurement Operations handles the day-to-day Purchase Order (PO) creation, releasing, and monitoring.

Supply Chain Performance and Risk Management provides policies, guidelines, processes, performance data, and supplier qualification.

Commercial Contracts Management helps ensure that contracting strategies, as well as contract terms and conditions, are aligned with the overall objectives of the Group and compliant with policies, guidelines, and general principles of good governance.

Logistics attends to the inbound and outbound flow of materials and warehouse operations.



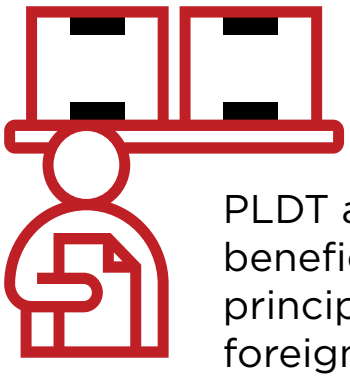
Fleet Management manages the monitoring and proper maintenance of service vehicles of the company used by field personnel.

Of approximately PHP214 billion procurement spending that passed through SCM in 2019, 60% was sourced from registered local entities doing business in the Philippines. With sourcing generally done competitively, it is worth noting that of the 951 suppliers that have been issued purchase orders (POs) in 2019, 88% are local suppliers.

PLDT Procurement manages the development and implementation of strategies involving supply chain planning and procurement management. They have the responsibility in implementing the following tasks:

A. Developing and communicating sourcing strategies and directions to create synergies that would enhance efficiencies and maximize total cost of ownership savings in the delivery of supply chain and procurement services resulting to value realization

B. Collaborating with business units to identify requirements, specifications and forecast, participating in annual budgeting process, and providing inputs from a supply chain category perspective based on planned sourcing initiatives



PHP214 BILLION
PROCUREMENT SPENDING

PLDT aspires to maintain mutually beneficial relationships only with like-principled suppliers (both local and foreign) that uphold PLDT's core values of fairness, accountability, integrity, and transparency in their businesses

C. Ensuring implementation of supply chain solutions and strategies within the area of procurement operations, supply chain planning, and supply chain performance and risk management, and;

D. Collaborating with suppliers and managing supplier relationships to acquire resources that best fit the business requirements at the most reasonable price.

PLDT aspires to maintain mutually beneficial relationships only with like-principled suppliers (both local and foreign) that uphold PLDT's core values of fairness, accountability, integrity, and transparency in their businesses. As a matter of policy, suppliers undergo an accreditation process before they engage in any transactions with PLDT.

Aside from financial and technical capabilities, criteria for accreditation include compliance with applicable laws, such as those pertaining to industrial relations, environment and health and safety. Specifically, supplier qualification process requires each supplier to comply with statutory requirements. The Company's purchases, as a general rule, are made on the basis of competitive bidding among accredited and qualified suppliers.

The Company ensures proper management of contractor and supplier risks and closely monitor supplier compliance. We maintain a Supplier-Contractor Relations Policy that outlines our commitment to equal opportunity and honest treatment of suppliers in all business transactions, as well as directs company personnel to disclose any irregular and unethical conduct of suppliers. Augmenting this policy are the rules on anti-corruption and the overarching Code of Ethics which help create a culture of good governance throughout the relationship.

While the Group commits to helping its suppliers comply with these standards, suppliers are, in turn, expected to apply these standards to their own sub-contractors. Suppliers are also required to adhere to the same data privacy laws as well as required to ensure security of PLDT Group data against unauthorized access or use.

What's more, PLDT Group suppliers shall value diversity and ensure an inclusive environment where people are treated with respect and dignity. Suppliers must comply with all applicable wage and hour laws and regulations and be committed to the health and safety of their people and of visitors to their work locations.

Through the newly established Sustainability Office, suppliers are encouraged to also monitor and manage their impact on environment, social, and governance aspects. Advocating for the value of sustainability for suppliers' operations can bring opportunities to reduce waste and cost, improve product and service quality, spur innovation growth and tap consumer interest in sustainable products.

We also plan to add the principles of sustainability to the fundamental supply chain requirements of competitive quality, cost, service, and delivery. We will develop credible sustainability assessments that will help incentivize suppliers towards growing a bias for innovative, affordable and eco-friendly products and services.

GRI INDEX SHEET 102-55

This report has been prepared in accordance with the Core option.

		PAGE NO.	OMISSION
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016			
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GRI 102-10	Significant changes to the organization and its supply chain	None	
GRI 102-11	Precautionary Principle or Approach	49	
GRI 102-12	External initiatives	5	
GRI 102-13	Membership of Associations	5	
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GRI 102-14	Statement from senior decision-maker	6, 12	
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GRI 102-16	Values, principles, standards, and norms of behavior	2	
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GRI 102-18	Governance Structure	98-103	
Stakeholder Engagement			
GRI 102-40	List of stakeholder groups	16-19	
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GRI 102-42	Identifying and selecting stakeholders	16-19	
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GRI 102-49	Changes in reporting	None	
GRI 102-50	Reporting period	121	
GRI 102-51	Date of most recent report	June 2018	
GRI 102-52	Reporting cycle	Annual	
GRI 102-53	Contact point for questions regarding the report	121	
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	GRI 201-3	Defined benefit plan obligations and other retirement plans	71	
GRI 203: Indirect Economic Impacts 2016	GRI 203-1	Infrastructure investments and services supported	82-83	
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GRI 205: Anti-corruption 2016	GRI 205-1	Operations assessed for risks related to corruption	104, 110	
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GRI 206: Anti-competitive Behavior	GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	108-109	

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GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundaries	46-48	
GRI 302: Energy 2016	GRI 302-1	Energy consumption within the organization	46-48	
	GRI 302-2	Energy intensity	47-48	
	GRI 302-4	Reduction of energy consumption	46-48	
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GRI 103: Management Approach 2018	GRI 103-1	Explanation of the material topic and its boundaries	50	
GRI 303: Water 2018	GRI 303-3	Water withdrawal	None	
	GRI 303-4	Water discharge	None	
	GRI 303-5	Water consumption	50	
Biodiversity				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundaries	58-63	
GRI 304: Biodiversity 2016	GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	58-63	
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GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundaries	46-48	
GRI 305: Emissions 2016	GRI 305-1	Direct (Scope 1) GHG Emissions	46-48	
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Effluents and Waste				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundaries	50	
GRI 306: Effluents & Waste 2016	GRI 306-1	Water discharge by quality and destination	None	
	GRI 306-3	Significant spills	None	
	GRI 306-5	Water bodies affected by water and/or runoff	50	
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GRI 307: Environmental Compliance 2016	GRI 307-1	Non-compliance with environmental laws and regulations	50-51	

SOCIAL			PAGE NO.	OMISSION
Labor Practices & Employee Relations				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundaries	66-81	
GRI 401: Employment 2016	GRI 401-1	New employee hires and employee turnover	66-70	
	GRI 401-2	Benefits provided to full time employees	70	
	GRI 401-3	Parental Leave	71	
GRI 403: Occupational Health & Safety 2016	GRI 403-1	Workers representation in formal joint management-worker health and safety committees	79	
	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	11, 65, 77-78	
	GRI 403-3	Workers with high incidence or high risk of diseases related to their occupation	76	
GRI 404: Training & Education 2016	GRI 404-1	Average hours of training per year per employee	73	
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GRI 405: Diversity & Equal Opportunities 2016	GRI 405-1	Diversity of governance bodies and employees	66-68, 101	
	GRI 405-2	Ratio of basic salary and remuneration of women to men	70	
GRI 406: Non-discrimination 2016	GRI 406-1	Incidence of discrimination and corrective actions taken	None	
GRI 408: Child Labor 2016	GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	None	
GRI 409: Forced or Compulsory Labor 2016	GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	None	
GRI 411: Rights of Indigenous Peoples 2016	GRI 411-1	Incidents of violations involving rights of indigenous peoples	None	
Community Development				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundaries	58-63, 82-97	
	GRI 103-2	The management approach and its components	58-63, 82-97	
GRI 413: Local Communities 2016	GRI 413- 1	Operations with local community engagement, impact assessments, and development programs	58-63, 82-97	
	GRI 413-2	Operations with significant actual and potential negative impacts on local communities	58-63, 82-97	
Customer Service				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its boundaries	34-35	
GRI 418: Customer Privacy 2016	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	27, 34-35	
GRI 419: Socioeconomic Compliance 2016	GRI 419 -1	Non-compliance with laws and regulations in the social and economic area	None	

SASB

Technology & Communications Sector - Telecommunication Services

Topic	Accounting Metric	Category	Unit of Measure	Code	Page Located
1. Environmental Footprint of Operations	(1) Total energy consumed, (2) Percentage grid electricity, (3) Percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	TC-TL-130a.1	47
2. Data Privacy	Description of policies and practices relating to behavioral advertising and customer privacy	Discussion and Analysis	n/a	TC-TL-220a.1	34
	Number of customers whose information is used for secondary purposes	Quantitative	Number	TC-TL-220a.2	Not disclosed
	(1) Number of law enforcement requests for customer information, (2) Number of customers whose information was requested, (3) Percentage resulting in disclosure	Quantitative	Number, Percentage (%)	TC-TL-220a.4	Not disclosed
3. Data Security	(1) Number of data breaches, (2) Percentage involving personally identifiable information (PII), (3) Number of customers affected	Quantitative	Number, Percentage (%)	TC-TL-230a.1	35, 52
	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Discussion and Analysis	n/a	TC-TL-230a.2	52
4. Product End-of-life Management	(1) Materials recovered through take back programs, percentage of recovered materials that were (2) Reused, (3) Recycled, and (4) Landfill	Quantitative	Metric tons (t), Percentage (%)	TC-TL-440a.1	51
	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	Reporting Currency	TC-TL-520a.1	108
5. Competitive Behavior & Open Internet	Average actual sustained download speed of (1) Owned and commercially-associated content and (2) Non-associated content	Quantitative	Megabits per second (Mbps)	TC-TL-520a.2	29
6. Managing System Risks from Technology Disruptions	Discussion of systems to provide unimpeded service during service interruptions	Discussion and Analysis	n/a	TC-TL-550a.2	41, 55

Activity Metric	Category	Unit of Measure	Code	Page Number
1. Number of mobile subscribers	Quantitative	Number	TC-TL-000.A	3
2. Number of fixed line subscribers	Quantitative	Number	TC-TL-000.B	
3. Number of broadband subscribers	Quantitative	Number	TC-TL-000.C	
4. Mobile network data traffic	Quantitative	Number	TC-TL-000.D	

UNITED NATIONS GLOBAL COMPACT

Fundamental Responsibilities	Principles	Page Number
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	72
	Principle 2: Make sure that they are not complicit in human rights abuses	72
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	72
	Principle 4: The elimination of all forms of forced and compulsory labour	72
	Principle 5: The effective abolition of child labour	72
	Principle 6: The elimination of discrimination in respect of employment and occupation	72
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges	49
	Principle 8: Undertake initiatives to promote greater environmental responsibility	50, 58, 60, 82
	Principle 9: Encourage the development and diffusion of environmentally friendly technologies	50, 58, 62, 82
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	104

STATEMENT OF ASSURANCE 102-56

SGV
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Independent Limited Assurance Statement to the Management of PLDT, Inc. and Subsidiaries (PLDT Group)

We have performed limited assurance procedures in relation to **PLDT Group's** Sustainability Report 2019 ("The Report") as detailed in the "Subject Matter" below.

The management's responsibility

PLDT Group's Sustainability Report 2019 has been prepared by the Management of PLDT Group, which is responsible for the collection and presentation of the information it contains and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process. There are currently no legally prescribed requirements relating to the verification of sustainability reports.

The auditor's responsibility

Our responsibility in performing our limited assurance activities is to the Management of PLDT Group only and in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance by any such third party may place on the Report is entirely at their own risk.

Our review was limited to the information on the select indicators set out within the Report from 01 January 2019 to 31 December 2019 and our responsibility does not include:

- Any work in respect of sustainability information published elsewhere on PLDT Group's Annual Report, website and other publications,
- Sustainability information prior to 01 January 2019 and subsequent to 31 December 2019, and
- Management's forward-looking statements such as targets, plans and intentions.

Our multi-disciplinary team has the required competencies and experience to conduct this assurance engagement. Our professionals have experience in both assurance skills and in the applicable subject matter including environmental, social and financial aspects.

Reporting criteria

As a basis for the assurance engagement, we have used relevant criteria in the Global Reporting Initiative (GRI) Sustainability Reporting Standards. We consider these reporting criteria to be relevant and appropriate to review the Report.

Assurance standard used and level of assurance

Our limited assurance engagement has been planned and performed in accordance with the PSAE 3000, *Assurance Engagement Other Than Audits or Reviews of Historical Financial*

Information. We have also considered the GRI Sustainability Reporting Standards in conducting our limited assurance procedures.

A limited assurance engagement consists of making enquiries and applying analytical and other limited assurance procedures. Our procedures were designed to provide a limited level of assurance and as such do not provide all the evidence that would be required to provide a reasonable level of assurance.

The procedures performed depend on the assurance practitioner's judgment including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Scope of work

We have been engaged by the Management of PLDT Group to perform limited assurance on selected disclosures of the Report as set out in the Subject Matter below.

Subject matter

The Subject Matter, coverage and GRI disclosures for our limited assurance engagement are as follows:

1. ***Covering PLDT Group***
    a. Economic
        i. Economic Performance 2016
            1. **201-1** Direct economic value generated and distributed
            2. **201-3** Defined benefit plan obligations and other retirement plans
    b. Social
        i. Employment 2016
            1. **401-1** New employee hires and employee turnover
            2. **401-2** Benefits provided to full-time employees that are not provided to temporary or part-time employees
        ii. Training and Education 2016
            1. **404-1** Average hours of training per year per employee
            2. **404-2** Programs for upgrading employee skills and transition assistance programs
            3. **404-3** Percentage of employees receiving regular performance and career development reviews
        iii. Diversity and Equal Opportunity 2016
            1. **405-1** Diversity of governance bodies and employees
        iv. Local Communities 2016
            1. **413-1** Operations with local community engagement, impact assessments, and development programs

v. Customer Privacy 2016
    1. **418-1** Substantiated complaints concerning breaches of customer privacy and losses of customer data

2. Covering PLDT and Smart

a. Social
    i. Employment 2016
        1. **401-3** Parental leave

3. Covering PLDT

a. Economic
    i. Anti-corruption 2016
        1. **205-2** Communication and training about anti-corruption policies and procedures
        2. **205-3** Confirmed incidents of corruption and actions taken
    ii. Anti-competitive Behavior 2016
        1. **206-1** Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

b. Social
    i. Occupational Health and Safety 2016
        1. **403-2** Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

What we did to form our conclusions

The procedures performed aim to verify the plausibility of information. We designed our procedures in order to state whether anything has come to our attention to suggest that the Subject Matter detailed above has not been reported in accordance with the reporting criteria cited earlier. In order to form our conclusions, we undertook the steps below:

1. Interviewed PLDT Group's Sustainability team to:
    a. Understand principal business operations
    b. Appreciate key sustainability issues and developments
    c. Map out information flow for sustainability reporting and the controls on information collation
    d. Identify data providers with their responsibilities, and
    e. Recognize the likelihood of possible manipulation of sustainability data

2. Interviewed employees and management (Sustainability, Foundation, Legal, Human Resources, Environment Health and Safety, Clinic, Learning and Development, Data Privacy Office, Corporate Governance Office) to understand key sustainability issues related to the subject matter and processes for the collection and accurate reporting of performance information

3. Checked the accuracy of calculations performed

4. Performed analytical tests and obtained documentation through sampling methods to verify assumptions, estimations and computations made by Management in relation to the concerned subject matters in the Report

5. Verified that data and statements had been correctly transcribed from corporate systems and/or supporting evidence, into the Report

6. Obtained various reports and financial statements in relation to the concerned subject matters in the Report

Our independence

SGV has provided independent assurance services in relation to PLDT Group's Sustainability Report 2019. In conducting our assurance engagement, we have met the independence requirements of the Philippine Institute of Certified Public Accountants, Code of Professional Conduct and Ethics. Our SGV independence policies prohibit any financial interests in our clients that would or might be seen to impair independence. Each year, partners and staff are required to confirm their compliance with the firm's policies.

Observations and areas for improvement

Our observations and areas for improvement will be raised in an internal report to PLDT Group's Management. These observations do not affect our conclusion on the Report set out below.

Conclusion

Based on the limited assurance procedures performed, nothing has come to our attention that causes us to believe that the Subject Matter as presented in the Report was not presented fairly, in all material respects, in accordance with the reporting criteria detailed above.

SYCIP, GORRES, VELAYO & CO.

Joseph Ian M. Canlas
Partner
CPA Certificate No. 46047

22 May 2020

A member firm of Ernst & Young Global Limited

102-3, 102-45, 102-46, 102-50, 102-53, 102-54

ABOUT THE REPORT

This Sustainability Report covers initiatives and programs from January 1 to December 31, 2019 of the PLDT Group, which is composed of its fixed line (PLDT and ePLDT) and wireless (Smart) businesses.

This report has been prepared in accordance with the GRI Standards: Core option. Independent external assurance on selected disclosures is provided by SGV & Co. to provide impartial verification to the merit and reliability of the information presented here.

We have aligned this report to SASB standards and UNGC Principles and relevant references have been made in the report. Please refer to page 116 for more details.

Learn more about PLDT-Smart's sustainability initiatives, specifically under environmental stewardship, by following these social media pages: www.facebook.com/PLDTSmartGabayKalikasan | www.instagram.com/gabaykalikasan | www.twitter.com/gabaykalikasan

We welcome your feedback or questions regarding this Sustainability Report. You may send your comments or inquiries to the following:

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TCFD Supporter
www.fsb-tcfd.org

SASB Alliance Member
www.sasb.org

UNGC Participant
www.unglobalcompact.org

SDG Aligned
www.sustainabledevelopment.un.org

PLDT