



STAKEHOLDER ENGAGEMENT

1. PURPOSE

This Company Practice is issued to:

- provide information and guidance on how the Company engages with its stakeholders effectively and strategically for sustaining its objectives and commitment on a business and social level.
- ensure compliance with corporate governance rules and regulatory requirements.
- supersede GP 12-002: Stakeholder Engagement, Issue 1 dated 16 May 2012.

2. POLICY

2.1 The Company shall promote a culture of good corporate governance by observing and maintaining its core business principles of accountability, integrity, fairness, and transparency in its relationships with its customers, shareholders, employees, suppliers, competitors, business partners, governments, regulators and the public.

2.2 The following matrix shows the methods by which the Company, through the relevant organizational units and personnel, engages and interacts with the various types of stakeholders:

Stakeholder	Interests and Concerns	Engagement Methods
<p style="text-align: center;"><u>Communities</u></p> <p>PLDT operates in communities all over the Philippines, which include local residents, local government units, non-government organizations and other sectors in the said communities.</p>	<p>Communities are concerned about PLDT's products and services and how they are affected by the operations of the Company.</p>	<p>As a telecommunications provider, PLDT provides products and services that connect people and enable them to manage the constraints of time and place more efficiently.</p> <p>As a corporation, PLDT creates wider opportunities for employment, entrepreneurship and greater well-being.</p> <p>As a corporate citizen, PLDT engages with the communities, including the sectors affected by its operations, through Corporate Social Responsibility projects in education, health, environment, livelihood development, youth development and sports, and disaster relief operations.</p>

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<p><u>Customers</u></p> <p>PLDT’s customers include residential customers, micro, small and medium enterprises (MSMEs) and corporate customers covering large companies, organizations and government.</p>	<p>Our customers are interested in:</p> <ul style="list-style-type: none"> ▪ Company image ▪ Marketing and promotions ▪ Products portfolio ▪ Quality of service ▪ Pricing ▪ Application process ▪ Service provisioning process ▪ Repair and restoration service ▪ Effortless engagements with PLDT which promote positive customer experience ▪ Channels (hotline, business office, relationship manager/ account executive, website) ▪ Service Level Agreements (SLAs) for service provisioning, restoration and queuing and transaction times (for customer channels) ▪ Billing process ▪ Payment and collection ▪ Project proposals 	<p>PLDT’s engagement methods cover the following touchpoints and “Voice of the Customer Programs”, through which we are able to know or understand our customers’ communication products/service needs, address their concerns and identify areas where we could further enhance customer experience:</p> <ul style="list-style-type: none"> ▪ Sales and Service Centers ▪ Call centers ▪ Online services – chat; email; mobile app; website; social media ▪ Bills Online ▪ SMS facility ▪ Project Engineers and Project Managers ▪ Sales agents ▪ Technicians/ contractors ▪ Bill delivery service providers ▪ Customer satisfaction/customer experience studies ▪ Market research/focus group discussion studies

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<p><u>Shareholders</u></p> <p>PLDT has approximately 12,000 shareholders.</p>	<p>Shareholders are interested in updates on the Company's operational and financial performance to assess the value of their investment. They also take particular interest in recent developments and future plans.</p>	<p>PLDT reports officially to its stockholders through the holding of an annual and/or special stockholders' meeting, distribution of annual report and information statement, filing of reports with the Philippine and U.S. Securities and Exchange Commissions, Philippine Stock Exchange and New York Stock Exchange and the posting of these reports on the PLDT website.</p> <p>PLDT Media Services makes regular press releases on important developments.</p> <p>PLDT has an active Investor Relations program that provides information and maintains a regular two-way dialogue with shareholders.</p>
<p><u>Investment community</u></p> <p>PLDT has a wide shareholder base in the Philippines and abroad due to its Philippine Stock Exchange and New York Stock Exchange listings. PLDT is one of the largest capitalized companies in the Philippines.</p>	<p>Both investors and analysts are concerned about the financial results of the Company, its current state of operations and plans for the future. This enables them to assess the likely return on an existing or potential investment in PLDT.</p> <p>Dividends are important to many of our investors.</p> <p>Likewise, the investing public is interested in the Company's corporate governance policies and compliance thereto.</p>	<p>PLDT reports its financial and operating results 4 times a year. For the 2nd quarter and full year results announcements, Management holds a briefing where it meets with the press, investors and analysts. For the 1st quarter and 3rd quarter results, a telephone conference is held to present and discuss the results.</p> <p>In addition, PLDT regularly meets with investors and analysts and participates in various investor conferences throughout the year both in the Philippines and abroad.</p> <p>PLDT also includes in its Annual Report an Audit Committee Report, Corporate Governance Report, Enterprise Risk Management Report and Corporate Social Responsibility Report. PLDT also submits its Annual Report to the National Telecommunications Commission.</p>

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<p data-bbox="354 281 490 310"><u>Employees</u></p> <p data-bbox="266 331 581 537">PLDT currently has about 6,734 employees who are spread geographically in the different offices and business zones of PLDT across the Philippines.</p>	<p data-bbox="604 331 984 785">Our employees have a broad range of concerns which includes: working conditions, compensation/benefits, skills training, career opportunities, health and safety, and work-life balance. A large part of our employees is unionized and we have 3 employee unions in PLDT – one for rank and file employees, one for supervisory employees, and one for sales employees.</p>	<p data-bbox="1006 331 1472 432">Among the methods and programs we employ to ensure the engagement of employees are the following:</p> <ul data-bbox="1006 453 1472 1575" style="list-style-type: none"> <li data-bbox="1006 453 1472 592">▪ An employee Engagement Survey is conducted to measure and benchmark the levels of employee engagement. <li data-bbox="1006 613 1472 928">▪ PLDT has a dedicated Telecommunications Training and Education Center (TelTEC) that caters to the employees’ training requirements. Continuous training ensures that employees are equipped with appropriate technical, behavioral and leadership knowledge and skills. <li data-bbox="1006 949 1472 1192">▪ PLDT Human Resources organizes programs that support the well-being of employees, such as skills Olympics, service awards and other programs that allow employees to participate in PLDT’s Corporate Social Responsibility activities. <li data-bbox="1006 1213 1472 1381">▪ PLDT provides comprehensive health and medical benefits for all its regular employees through a self-administered medical coverage program. <li data-bbox="1006 1402 1472 1575">▪ Information about the Company is regularly disseminated to employees through our ACC:ESS corporate newsletter and e-mail advisories.

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<p><u>Employees (cont.)</u></p>		<ul style="list-style-type: none"> ▪ Product Knowledge is regularly conducted and cascaded to all employees to better equip them to promote the existing products and services of PLDT. <p>Continuing communication is conducted by PLDT Human Resources with the employee unions to ensure that industrial peace is preserved.</p>
<p><u>Suppliers</u></p> <p>PLDT currently has about 1,000 accredited suppliers which serve the requirements of the PLDT Group, ranging from capital expenditures to operating expenditure items.</p>	<p>Suppliers are eager to offer partnerships, subject to appropriate transparency measures.</p>	<p>Engagements with suppliers are managed by the Supply Chain Planning and Procurement unit of the Company. The unit commits to ensure integrity and to protect the Company's interests in procurement activities. Prior to engagement, suppliers are subjected to a process of prequalification to ensure their legal capacity as well as overall capability to serve the Company's requirements. The Company employs an Enterprise Resource Planning system and a Supplier Relationship Management portal that serve, not only as a means to communicate with suppliers, but also as a facility to ensure integrity of the bidding process.</p>
<p><u>Digital/Over-the-Top (OTT) Content Providers</u></p> <p>There are millions of digital providers – websites, apps and web services which run “over-the –top” of PLDT – provided Internet. These providers include internet giants such Google, Yahoo and Netflix.</p>	<p>Digital/OTT Content Providers are interested/concerned with PLDT in the following manner:</p> <ul style="list-style-type: none"> ▪ They are interested in maintaining good relations with PLDT, as they are dependent on our Internet services to reach our customers. 	<p>PLDT may engage with Digital/OTT Content Providers through any or all of the following means, subject to mutually agreed commercial terms and conditions;</p> <ul style="list-style-type: none"> ▪ Peering/Connectivity engagements wherein PLDT offers/guarantees connectivity for Digital/OTT Content Providers in exchange for other values.

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<p><u>Digital/Over-the-Top (OTT) Content Providers (cont.)</u></p> <p>Given this digital stage, collaboration with Digital/OTT Content Providers become very significant to the business.</p>	<p>In particular, they wish to maintain/improve their connectivity in various ways with PLDT (e.g. peering solutions) to ensure uninterrupted service for their customers. This however must be balanced against their concern over Net Neutrality, meaning that they wish for an Internet company like PLDT to treat them all as fairly and as equally possible.</p> <ul style="list-style-type: none"> ▪ They are interested in reaching even-larger markets, particularly the ones that already have good Internet connectivity. They are thus highly interested in co-marketing campaigns with Internet providers like PLDT, whose core subscriber base are already connected to the Internet. ▪ They likewise wish to expand the reach of their software applications and services, which can be achieved by pre-installation of such software on Internet-capable devices like the Telpad or Smart phones that are also offered by PLDT as part of the broadband package. 	<ul style="list-style-type: none"> ▪ Co-marketing partnership wherein PLDT and the Digital/OTT Content Provider agree to co-promote each other. ▪ Pre-installation agreement wherein PLDT agrees to pre-install a Digital/OTT Content Provider's apps or web services with its devices in exchange for other values. ▪ Billing agreement wherein PLDT agrees to serve as the billing agent for the Digital/OTT Content Provider, in exchange for values or a share of the revenue.

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<p><u>Digital/Over-the Top (OTT) Content Providers (cont.)</u></p>	<ul style="list-style-type: none"> ▪ International Digital/OTT Content Providers, aware that the Philippines have limited credit card penetration, also require a billing partner in the Philippine market. An Internet provider like PLDT is a natural ally to tap for this kind of billing integration/service, as it already bills its own Internet subscribers. ▪ PLDT likewise desires a larger and more diverse pool of Digital/OTT Content Providers, as digital content is what drives Internet usage and hence increases demand for its own Internet services. 	
<p><u>Government/ Regulators</u></p> <p>These stakeholders include government agencies from the local, regional and national levels, such as the Department of Information and Communications Technology, Department of Labor and Employment, Department of Trade and Industry, National Telecommunications Commission, Securities and Exchange Commission (SEC), and other external regulatory bodies, as well as local and national government officials.</p>	<p>PLDT communicates as needed with government/regulators on a range of commercial, policy, regulatory and other matters in the interest of its shareholders, customers, employees and other stakeholders.</p>	<p>PLDT operates within relevant legislative and regulatory frameworks and complies with the requirements thereunder which are applicable to it.</p> <p>PLDT participates in public policy forums, conferences and hearings conducted by governmental and regulatory agencies relative to initiatives in the fields of Information and Communication Technology (ICT), corporate governance and labor-related matters.</p> <p>Our “Internet for All” advocacy and investments in network infrastructure and technologies to provide the widest coverage and superior quality of service at affordable prices are aligned with and support the Government’s objectives set out in the Public Telecommunications Policy Act.</p>

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<p><u>Government/ Regulators</u> <u>(cont.)</u></p>		<p>PLDT has a Regulatory Affairs and Policies team that manages and maintains PLDT's relationship with government agencies and regulators. Communication channels are in place to facilitate interaction with the National Telecommunications Commission and other government agencies that regulate telecommunications services.</p> <p>PLDT has a Corporate Affairs & Legal Services group that manages the efficient and pro-active provisioning of legal service to the Company including those relating to governmental, regulatory, administrative, court and arbitral proceedings, and ensures compliance with reportorial, disclosure and other requirements of the relevant securities and exchange commissions and stock exchanges such as the Philippine Securities and Exchange Commission, US Securities and Exchange Commission, Philippine Stock Exchange and New York Stock Exchange.</p>
<p><u>Media</u></p> <p>These stakeholders include representatives from the working journalists and publishers in print, TV and radio as well as online/digital media.</p>	<p>PLDT, being the leading telecommunications and digital services provider, is one of the most newsworthy companies in the country. It is one of the most widely scrutinized and reported companies in the country as it is listed in both the Philippine Stock Exchange and New York Stock Exchange.</p>	<p>PLDT engages regularly with the media through our Chairman, President and Chief Executive Officer, Company spokespersons and public affairs executives within the Company to provide accurate, reliable, vital and timely information that is in the public interest.</p>

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<p data-bbox="370 281 475 310"><u>Industry</u></p> <p data-bbox="264 331 581 575">These stakeholders include organized associations of private telecommunication operators, as well as industry - specific associations.</p>	<p data-bbox="605 331 984 575">Industry stakeholders are interested in issues affecting the telecommunications industry, including regulations, market trends, consumer protection, and technology and service developments.</p>	<p data-bbox="1010 331 1472 436">PLDT is a member of telecommunication industry associations, including the following:</p> <p data-bbox="1010 457 1073 487"><i>Local</i></p> <ol data-bbox="1010 508 1472 697" style="list-style-type: none"> <li data-bbox="1010 508 1472 613">1. Philippine Association of Private Telecommunications Companies, and <li data-bbox="1010 634 1472 697">2. Philippine Chamber of Telecommunication Operators. <p data-bbox="1010 718 1472 961">Membership in these major local telecommunication associations enables the Company to work with the industry players pursuant to national government development plans on the information and communications technology sector.</p> <p data-bbox="1010 982 1166 1012"><i>International</i></p> <ol data-bbox="1010 1033 1472 1717" style="list-style-type: none"> <li data-bbox="1010 1033 1472 1276">1. <i>Metro</i> Ethernet Forum (MEF), a global industry alliance that develops technical specifications and implementation agreements to promote interoperability and deployment of carrier ethernet worldwide. <li data-bbox="1010 1297 1472 1717">2. International Telecommunication Union (ITU), the United Nations specialized agency for information and communication technologies (ICTs) that allocates global radio spectrum and satellite orbits, develops technical standards that ensure networks and technologies seamlessly interconnect and strives to improve access to ICTs to underserved communities worldwide.

Stakeholder	Interests and Concerns	Engagement Methods
<p><i>Industry (cont.)</i></p>		<ol style="list-style-type: none"> <li data-bbox="1008 302 1469 722">3. Asia Pacific Telecommunity (APT), one of the key organizations of government spearheading development and innovation programs in cooperation with telecom service providers, manufacturers of communications equipment and research and development organizations in the field of ICT. APT serves member countries on ICT in the Asia Pacific region. <li data-bbox="1008 764 1469 1142">4. International Inbound Services Forum, a forum that aims to stimulate expansion of international inbound services, open an avenue for exchange of information and provide a vehicle for players to work together. Said works are carried out via the annual General Assembly, a Steering Committee and various Task Forces. <li data-bbox="1008 1184 1469 1541">5. International IP Interconnect Forum (i3F), a forum that develops collaborative recommendations for an industry-wide transition of voice and related services to Internet Protocol (IP) to enhance worldwide communication through widespread access to innovative and high quality IP-based services and applications.

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<p><i>Industry (cont.)</i></p>		<p>6. International Telecoms Week (ITW), an annual meeting point for the global wholesale telecommunications community that provides networking opportunities and multiple conference sessions with high level speakers discussing the latest market developments. As one of the founding council, PLDT helps steer and organize the ITW.</p> <p>7. Pacific Partners, an organization of 15 dominant Tier 1 (facility-based) telecommunications companies from the Asia – Pacific region with the objective of sharing information, developing commercial and technical cooperation for the benefit of all the members. PLDT participates in the annual meetings and assists in steering the organization.</p> <p>8. Global Settlements Carrier Group (GSC), an alliance with the objective to help carriers simplify, improve business processes & guidelines, enhance bilateral relations, standardize exchanging billing and settlement information globally and develop global strategies and best practices standards.</p>

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<i>Industry (cont.)</i>		<p>9. The Asian Carriers Conference Incorporated (ACC Inc.), a non-stock, nonprofit membership organization of professionals from the telecommunications and ICT industry incorporated in 2014 by employees of PLDT. ACC Inc. organizes conferences, business meetings, forums, exhibitions, seminars, workshops, trade shows, and such other similar events for promoting the exchange of views, ideas and strategies on the state and development of the telecommunications and ICT industry. ACC Inc. accepts memberships from carriers and individuals from all over the world.</p>