

# ANNUAL CORPORATE GOVERNANCE REPORT (UPDATES FOR YEAR 2017)

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## A. BOARD MATTERS

### 1) Board of Directors

Number of Directors per Articles of Incorporation <sup>1</sup>	13
Actual number of Directors for the year	13 <sup>2</sup>

#### (a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) <sup>3</sup>	Elected when (Annual/Special Meeting)	No. of years served as director <sup>4</sup>
Manuel V. Pangilinan	ED	Philippine Telecommunications Investment Corporation (PTIC), Metro Pacific Resources, Inc. (MPRI)	(5)	11/24/98	06/13/17	Annual Meeting ("AGM")	18.1
Helen Y. Dee	NED	--	(5)	06/18/86	06/13/17	AGM	30.5
Ray C. Espinosa	ED	--	(5)	11/24/98	06/13/17	AGM	18.1
James L. Go	NED	JG Summit Holdings, Inc. (JGSHI)	(5)	11/03/11	06/13/17	AGM	5.2
Shigeki Hayashi <sup>6</sup>	NED	NTT Communications Corporation (NTTC)	--	8/10/17	--	Board Meeting	0.1
Bernido H. Liu	ID	--	(7)	09/28/15	06/13/17 [ID: 1.3]	AGM	1.3
Hideaki Ozaki <sup>6</sup>	NED	NTT Communications Corporation (NTTC)	NTTC	12/06/11	06/13/17	AGM	5.1
Artemio V. Panganiban	ID	--	(7)	4/23/13	06/13/17 [ID: 3.7]	AGM	3.7
Ma. Lourdes C. Rausa-Chan	ED	--	(5)	03/29/11	06/13/17	AGM	5.8
Albert F. del Rosario	NED	--	(5)	07/11/16	06/13/17	AGM	0.5
Pedro E. Roxas	ID	--	(7)	03/01/01	06/13/17 [ID: 5.0]	AGM	15.8
Atsuhisa Shirai	NED	--	NTTD	08/30/16	06/13/17	AGM	0.3
Amado D. Valdez	NED	Social Security System (SSS)	(8)	11/14/16	06/13/17	AGM	0.1
Marife B. Zamora	NED	--	(9)	11/14/16	06/13/17	AGM	0.1

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

<sup>1</sup> A copy of the Company's Articles of Incorporation, as amended (the "Articles of Incorporation") is posted at: [http://pldt.com/docs/default-source/Articles-of-Incorporation-and-By-laws/pldt-articles-of-incorporation-\(latest-amended\)\\_july-2016.pdf?sfvrsn=0](http://pldt.com/docs/default-source/Articles-of-Incorporation-and-By-laws/pldt-articles-of-incorporation-(latest-amended)_july-2016.pdf?sfvrsn=0).

<sup>2</sup> There were three (3) independent directors for the entire fiscal year 2016.

<sup>3</sup> Reckoned from the election immediately following January 2, 2012. (ACGR footnote)

<sup>4</sup> Reckoned from the date of first election as director up to December 31, 2016.

<sup>5</sup> Several stockholders, including PTIC, MPRI and BTF Holdings, Inc.

<sup>6</sup> Mr. Shigeki Hayashi was elected as director by the Board of Directors on August 10, 2017 vice Mr. Hideaki Ozaki who resigned on even date.

<sup>7</sup> Several individuals and corporate stockholders, including Ma. Criselda B. Guhit, Leo I. Posadas, Abner Tito L. Alberto, Kathryn A. Zarate, Adelaida C. Manuel, Erlinda L. Alvero, BTF Holdings, Inc., PTIC and MPRI.

<sup>8</sup> Several stockholders, including SSS.

<sup>9</sup> Several stockholders, including NTTD.

PLDT's corporate governance system is embodied in two (2) fundamental policies: the *PLDT Manual on Corporate Governance* (the "**PLDT CG Manual**")<sup>10</sup> and the *Code of Business Conduct and Ethics* (the "**PLDT Code of Ethics**")<sup>11</sup>.

The *PLDT CG Manual* was approved and adopted by the Board of Directors on May 12, 2017 pursuant to Philippine SEC Memorandum Circular No. 19, Series of 2016, otherwise known as the *Code of Corporate Governance for Publicly-Listed Companies* (the "**SEC CG Code**"). It superseded the Company's *Manual on Corporate Governance* approved and adopted on March 26, 2010 and amended on July 8, 2014. The *PLDT CG Manual* defines our corporate governance framework and structure. Together with the *Articles of Incorporation* and the Company's *By-Laws, as amended* ("**By-Laws**")<sup>12</sup>, it assigns and delineates functions and responsibilities, and entrusts powers, authorities and resources for the execution of such functions and responsibilities. The *PLDT CG Manual* provides, among other matters, the composition and responsibilities of the Board, the Company's duties towards its shareholders in general, its minority shareholders and its other stakeholders, and the Company's obligation to comply with applicable disclosure rules.

The *PLDT Code of Ethics*, on the other hand, defines the Company's corporate governance values of *Accountability, Integrity, Fairness and Transparency*, which the Company shall observe in the conduct of its business. It sets the governance and ethical standards that shall govern and guide all business relationships of the Company, its directors, officers and employees. It is through the *PLDT Code of Ethics* that the Company promotes a culture of good corporate governance based on the aforementioned values.

The implementation of the *PLDT CG Manual* and the *PLDT Code of Ethics* is guided by other related policies, guidelines and procedures which the Company has adopted, such as the Company's policies on conflict of interest, gifts, sponsorship and entertainment, supplier and vendor relations, and whistleblowing.

#### *Board Responsibilities*

The responsibilities of the Board are set out in the *PLDT CG Manual* and *By-Laws*. The general responsibilities of the Board are to exercise corporate powers and conduct the business of the Company in consonance with good corporate governance principles and to foster the long term success of the Company and secure its sustained competitiveness. The major specific responsibilities of the Board include the following: (a) establish the Company's corporate governance framework and policies; (b) determine, together with Management, the Company's vision, mission and strategic objectives; (c) select and appoint the CEO and other officers; (d) oversee Management's implementation of business strategies, plans and policies, financial reporting and internal control systems, enterprise risk management, compensation policies and programs, and succession planning for senior management; and (e) ensure that the Company has an effective internal audit system, compliance program, investor relations program, corporate social responsibility and stakeholder engagement/communication programs for sectors in the community in which the Company operates or which are directly affected by its operations, and an independent audit mechanism. The Board Committees, namely, the Audit Committee, Governance and Nomination Committee, Executive Compensation Committee, Risk Committee, and Technology Strategy Committee, assist the Board in the performance of its responsibilities.

#### *Duties to Shareholders and Minority Stockholders*

The *PLDT CG Manual* mandates that the Company shall respect and uphold the rights of stockholders, including the right to vote, pre-emptive right, the right to inspect corporate books and records, the right to timely receive relevant information, the right to dividends, and the appraisal right. The *PLDT CG Manual* also provides that it is the duty of the Board to facilitate the exercise of stockholders' rights, including stockholders' participation in annual or special meetings. Related to this, the Company, in addition to the requirements in the *Corporation Code*, promptly posts notices of annual meetings or special meetings on the Company website, along with the agenda, Information Statement and Annual Report; conducts voting by poll in stockholders' meeting and promptly posts the voting results on the Company website; and sends to all its stockholders its financial statements (contained in the Annual Report) at least 15 business days prior to its annual meeting without need for any request. The Company also explores and implements steps to reduce excessive or unnecessary costs that impede stockholders' participation in order to encourage stockholders to attend annual and special stockholders' meetings and to act with transparency and fairness at such meetings.

In addition to the foregoing stockholder rights, minority stockholders have the right to nominate candidates for directors, including independent directors, and the right to cumulative voting which enables minority shareholder representation on the Board. The rights of minority stockholders are protected through the Company's compliance with relevant laws, rules and regulations and observance of best practices which increase the quality of Board oversight and lessen the risks arising from conflicts of interest, such as the election of independent directors in the Board, the all-independent director composition of the Audit Committee, and the majority voting membership of independent directors in the Governance and Nomination Committee, Executive Compensation Committee and Risk Committee; and with relevant Company policies on the handling of conflicts of interest and related party transactions which provide for the appropriate review, approval and

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<sup>10</sup> A copy of the *PLDT CG Manual* is posted at: <http://www.pldt.com/docs/default-source/corporate-governance-files/CG-Manual/pldt-manual-on-corporate-governance.pdf?sfvrsn=0>.

<sup>11</sup> A copy of the *PLDT Code of Business Conduct and Ethics* is posted at: <http://pldt.com/docs/default-source/policies/pldt-code-of-business-conduct-and-ethics.pdf?sfvrsn=4>.

<sup>12</sup> A copy of the *By-Laws* is posted at: [http://pldt.com/docs/default-source/Articles-of-Incorporation-and-By-laws/pldt-by-laws-\(latest-amended-version\)-\\_nov-14-2016-.pdf?sfvrsn=0](http://pldt.com/docs/default-source/Articles-of-Incorporation-and-By-laws/pldt-by-laws-(latest-amended-version)-_nov-14-2016-.pdf?sfvrsn=0).

disclosures of such relationships and transactions.

#### *Respect for Stakeholders*

PLDT recognizes that fulfilling its obligations to its various stakeholders is an integral aspect of good corporate governance. The Company's philosophy regarding its various stakeholders is embodied in the *PLDT CG Manual* and the *PLDT Group Corporate Social Responsibility (CSR) Statement* which considers as an integral part of the Company's business the imperative to help improve the overall well-being of the Filipino people. To achieve this goal, the Company proactively addresses the interests of its various stakeholders. As we seek to enhance value for our shareholders, we recognize our responsibility to: (a) provide quality products and services for our customers; (b) develop our employees; (c) work with our suppliers and business partners in an ethical and mutually beneficial manner; (d) care for the environment; and (e) improve our communities.

#### *Disclosure Duties*

It is the Company's policy to make timely disclosures of material information and transactions that could potentially affect the market price of the Company's shares and such other information which are required to be disclosed pursuant to the *Securities Regulation Code ("SRC")* and its Implementing Rules and Regulations including, without limitation, earnings results, acquisition or disposal of significant assets, off balance-sheet transactions, related party transactions, Board membership changes, shareholdings of Directors and Officers and any changes thereto, and remuneration of Directors and Officers. The Company files with the Philippine Securities and Exchange Commission ("**SEC**") and the Philippine Stock Exchange ("**PSE**") all written disclosures or reports on material information and transactions in accordance with the *SRC* and its Implementing Rules and Regulations and the established procedures of the SEC and the PSE regarding such matters.

#### **(c) How often does the Board review and approve the vision and mission?**

The Company's Mission/Vision guides the overall strategic direction and plans and is thereby periodically reviewed and evaluated by the Board at least once a year during the review by the Board of such strategic direction, plans and budgets. The Mission/Vision and the corporate strategy were reviewed by the Board as part of its annual strategic planning session in the last financial year. In its review in 2016, the Board adopted new Mission, Vision and corporate values for the Company.

#### **(d) Directorship in Other Companies**

##### **(i) Directorship in the Company's Group<sup>13</sup>**

**Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:**

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman
Manuel V. Pangilinan	Smart Communications, Inc.	Executive, Chairman and President & CEO
	ePLDT, Inc.	Non-Executive, Chairman
	PLDT Communications and Energy Ventures, Inc.	Non-Executive, Chairman
	Connectivity Unlimited Resources Enterprise Inc.	Non-Executive, Chairman
	Francom Holdings, Inc.	Non-Executive, Chairman
	PH Communications Holdings Corporation	Non-Executive, Chairman
	PLDT Global Corporation (incorporated in the British Virgin Islands)	Non-Executive, Chairman
	Digital Telecommunications Phils., Inc.	Non-Executive
	Digitel Mobile Phils., Inc.	Non-Executive
	PLDT Global Investments Holdings, Inc. (formerly SPi Global Holdings, Inc.)	Non-Executive, Chairman
	PLDT Online Investments PTE Ltd. (incorporated in Singapore)	Non-Executive, Chairman
	PLDT Digital Investments PTE Ltd. (incorporated in Singapore)	Non-Executive, Chairman
	Beacon Electric Asset Holdings, Inc.	Non-Executive, Chairman
Talas Data Intelligence, Inc.	Non-Executive, Chairman	
Ray C. Espinosa	Smart Communications, Inc.	Non-Executive

<sup>13</sup> The Group is composed of the parent, subsidiaries, associates and joint ventures of the Company. (ACGR footnote)

	PLDT Global Investments Holdings, Inc.	Non-Executive
	PLDT Digital Investments PTE Ltd.	Non-Executive
	Bonifacio Communications Corporation	Non-Executive
	Beacon Electric Asset Holdings, Inc.	Non-Executive
	Talas Data Intelligence, Inc.	Non-Executive
Ma. Lourdes C. Rausa-Chan	ePLDT, Inc.	Executive, Corporate Secretary
	PLDT Global Investments Holdings, Inc. (formerly SPi Global Holdings, Inc.)	Executive, Corporate Secretary
	PLDT Communications and Energy Ventures Inc. (formerly, Pilipino Telephone Corporation)	Executive, Corporate Secretary
	Mabuhay Investments Corporation	Executive, Corporate Secretary
	Aces Philippines Cellular Satellite Corporation	Executive, Corporate Secretary

**(ii) Directorship in Other Listed Companies**

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman
Manuel V. Pangilinan	First Pacific Company Limited (listed in the Hong Kong Stock Exchange)	Executive
	Metro Pacific Investments Corporation	Non-Executive, Chairman
	Manila Electric Company	Non-Executive, Chairman
	Philex Mining Corporation	Non-Executive, Chairman
Helen Y. Dee	Roxas Holdings, Inc.	Non-Executive
	EEl Corporation	Non-Executive
	National Reinsurance Corporation of the Philippines	Non-Executive, Chairman
	PetroEnergy Resources Corporation	Non-Executive, Chairman
	Rizal Commercial Banking Corporation	Non-Executive, Chairman
Ray C. Espinosa	Seafront Resources Corporation	Non-Executive, Chairman
	Lepanto Consolidated Mining Company	Independent Director
	Manila Electric Company	Executive, General Counsel
	Metro Pacific Investments Corporation	Non-Executive
James L. Go	Roxas Holdings, Inc.	Non-Executive
	JG Summit Holdings, Inc.	Executive, Chairman, CEO
	Oriental Petroleum and Minerals Corporation	Executive, Chairman
	Universal Robina Corporation	Non-Executive, Chairman
Artemio V. Panganiban	Robinsons Land Corporation	Non-Executive, Chairman
	Robinsons Retail Holdings, Inc.	Executive
	Cebu Air, Inc.	Non-Executive
	Manila Electric Company	Non-Executive
	Petron Corporation	Independent Director
	First Philippine Holdings Corporation	Independent Director
	Metro Pacific Investments Corporation	Independent Director
	Manila Electric Company	Independent Director
	Robinsons Land Corporation	Independent Director
	GMA Network, Inc.	Independent Director
	GMA Holdings, Inc.	Independent Director
Asian Terminals, Inc.	Independent Director	
Albert F. del Rosario	Jollibee Foods Corporation	Non-Executive
	Metro Pacific Investments Corporation	Non-Executive

Pedro E. Roxas	Roxas Holdings, Inc.	Non-Executive, Chairman
	Roxas & Company, Inc.	Non-Executive, Chairman
	Manila Electric Company	Independent Director
	BDO Private Bank	Independent Director
	CEMEX Holdings, Inc.	Independent Director

**(iii) Relationship within the Company and its Group**

**Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:**

Director's Name	Name of the Significant Shareholder	Description of the relationship
Manuel V. Pangilinan	Philippine Telecommunications Investment Corporation (PTIC)	Chairman of the Board of Directors and proxy or duly authorized representative of PTIC to represent and vote the PLDT shares of common stock of PTIC in the Annual Meeting of Stockholders of PLDT ("AGM"). PTIC owns 12.05% of PLDT's outstanding common stock. <sup>14</sup>
	Metro Pacific Resources, Inc. (MPRI)	Chairman of the Board of Directors, President and duly appointed proxy or authorized representative of MPRI to represent and vote the PLDT shares of common stock of MPRI in the AGM. MPRI owns 9.98% of PLDT's outstanding common stock. <sup>14</sup>
Ray C. Espinosa	PTIC	Director and Corporate Secretary of PTIC which owns 12.05% of PLDT's outstanding common stock.
	MPRI	Director of MPRI which owns 9.98% of PLDT's outstanding common stock.
	BTFHI	Director of BTFHI which owns 100% of PLDT's outstanding voting preferred stock.
Albert F. del Rosario	PTIC	Director of PTIC which owns 12.05% of PLDT's outstanding common stock.
	MPRI	Director of MPRI which owns 9.98% of PLDT's outstanding common stock.
James L. Go	JG Summit Group	Chairman and CEO of JG Summit Holdings, Inc. <sup>15</sup>
Atsuhisa Shirai	NTT DOCOMO, Inc. (NTTD)	Former Director, DOCOMO Wi-Fi Service. NTTD owns 14.50% of PLDT's outstanding common stock. <sup>16</sup>
Shigeki Hayashi	NTT Communications Corporation (NTTC)	Vice President-planning/Carrier Relation Global Business of NTT Communications Corporation. NTTC owns 5.85% of PLDT's outstanding common stock.

**(iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:**

<sup>14</sup> In addition to the 26,034,263 shares and 21,556,676 shares of PLDT common stock owned on record by PTIC and Metro Pacific Resources, Inc., or MPRI, respectively, both of which are Philippine affiliates of First Pacific, 7,653,703 common shares registered under PCD represent approximately 3.54% of the outstanding common stock of PLDT are owned by a non-Philippine wholly-owned subsidiary of First Pacific. The common shares and the underlying common shares of the ADRs owned by PTIC, MPRI and the non-Philippine wholly-owned subsidiary of First Pacific (collectively referred to herein as First Pacific Group), collectively represents 25.57% of the outstanding common stock of PLDT as of [June 30, 2017](#).

<sup>15</sup> The shareholders comprising the JG Summit Group are JG Summit Holdings, Inc. ("JGS") which owns 17,208,753 shares, Express Holdings, Inc. which owns 86,723 shares and Ms. Elizabeth Yu Gokongwei who owns 13,050 shares or a total of 17,308,526, representing 8.01% of the outstanding common stock of PLDT as of [June 30, 2017](#).

<sup>16</sup> In addition to the 22,796,902 common shares owned on record by NTT DOCOMO, NTT DOCOMO also owns 8,533,253 American Depositary Shares (ADSs) whose underlying common shares represent approximately 3.95% of the outstanding common stock of PLDT. The common shares and the underlying common shares of the ADSs owned by NTT DOCOMO collectively represents 14.50% of the outstanding common stock of PLDT as of [June 30, 2017](#).

	Guidelines	Maximum Number of Directorships in other companies
<b>Executive Director</b>	<p>The Governance and Nomination Committee of the PLDT Board of Directors shall ensure that the Executive Directors, Independent Directors, Non-Executive Directors who serve as full-time executives in other corporations shall submit themselves to a low-indicative limit on directorships in other corporations. The capacity of the director to diligently and efficiently perform his/her duties and responsibilities to the Company should not be compromised.</p> <p>The Company has not set a one-size fits all quantitative limit on directorships which may not give due regard to differences in individual capabilities and nature of directorships. The Company has instead adopted, as embodied in the <i>PLDT CG Manual</i>, a performance-based standard that directorships should not compromise the capacity of a director to serve and perform his duties and responsibilities to the Company diligently and efficiently.</p>	
<b>Non-Executive Director</b>		
<b>CEO</b>		

(e) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock	
			% of Common Capital Stock	% of Total Outstanding Capital Stock
Manuel V. Pangilinan	252,450	--	0.116845	0.037902
Helen Y. Dee	98	24,982 (PCD) <sup>17</sup>	0.011608	0.003765
Ray C. Espinosa	13,043	2,700 (PCD)	0.007287	0.002364
James L. Go	57,914	68,000 (PCD)	0.058278	0.018904
Shigeki Hayashi	1	-	0.000000	0.000000
Bernido H. Liu	1	-	0.000000	0.000000
Artemio V. Panganiban	1	1,770 (PCD)	0.000820	0.000266
Ma. Lourdes C. Rausa-Chan	39	160 (PCD)	0.000092	0.000030
Albert F. del Rosario	106,780	35,630	0.065914	0.021381
Pedro E. Roxas	21	210 (PCD) <sup>18</sup>	0.000107	0.000035
Atsuhisa Shirai	1	-	0.000000	0.000000
Amado D. Valdez	1	-	0.000000	0.000000
Marife B. Zamora	5	-	0.000002	0.000001
<b>TOTAL</b>	<b>430,355</b>	<b>133,452</b>	<b>0.260953</b>	<b>0.084649</b>

\*As per SEC Forms 17-C and 23-B filed with the SEC and letters to the PSE.

<sup>17</sup> Includes 2,780 shares thru RCBC Trust for the account of Michelle Y. Dee-Santos and 245 shares under the name of Helen Y. Dee, both under PCD Nominee Corporation, and 21,957 owned by Hydee Management Corporation. As chairperson and president of Hydee Management Corporation, Ms. Dee may exercise the voting right in respect of the 21,957 shares of Hydee Management Corporation.

<sup>18</sup> Buyer is a Trust controlled by Mr. Roxas for his children through PCD Nominee Corporation.

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes  No

Identify the Chair and CEO:

Chairman of the Board	Manuel V. Pangilinan
CEO/President	Manuel V. Pangilinan

Mr. Pangilinan assumed the position of President and CEO on January 1, 2016. With the guidance of the Governance and Nomination Committee (GNC), Mr. Pangilinan shall manage the search, through the GNC, for a new President and CEO of PLDT. The checks and balances which will ensure that the Board will get the benefit of independent views include the following: (a) the duties and responsibilities of the Chairman and the President & CEO are clearly defined in the Company's By-Laws and CG Manual; (b) the exercise by the Board of its independent oversight, supported by its three Independent Directors, seven Non-Executive Directors, the Audit Committee composed entirely of Independent Directors, and the Executive Compensation Committee, Risk Committee and GNC with Independent Directors constituting the majority of their respective voting members; and (c) Company policies and procedures which have been established to manage conflicts of interests.

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	<ul style="list-style-type: none"> <li>Provide leadership for the Board and ensure that the Board works effectively and performs its duties responsibly.</li> </ul>	<ul style="list-style-type: none"> <li>Have the general care, supervision and management of the business and affairs of the corporation, subject to the control of the Board.</li> <li>Exercise such functions and all duties incident to the office of the President and such other duties as may, from time to time, be assigned to him by the Board or as prescribed in the <i>By-Laws</i>.</li> <li>Provide leadership for management in developing and implementing business strategies, plans and budgets.</li> </ul>
Accountabilities	<ul style="list-style-type: none"> <li>Ensure that Board meetings are held in accordance with the <i>By-Laws</i> and annual schedule is approved by the Board.</li> </ul>	<ul style="list-style-type: none"> <li>See that all orders and resolutions of the Board are carried to effect, subject to the right of the Board to delegate any specific powers, except as may by statute be exclusively conferred on the President, to any officer or officers of the Company.</li> </ul>
Deliverables	<ul style="list-style-type: none"> <li>Preside at all meetings of the stockholders and Board of Directors.</li> <li>Supervise the preparation of the agenda of each meeting in coordination with the Corporate Secretary, taking into consideration the proposals of the CEO, Management and Directors of the Company.</li> <li>Assist in assuring compliance with and performance of the corporate governance policies and practices.</li> <li>Ensure that the lines of communication and flow of information between Management and the Board are maintained.</li> </ul>	<ul style="list-style-type: none"> <li>In the absence of the Chairman of the Board, preside at all meetings of the stockholders and the Board.</li> <li>Ensure that the business and affairs of the Company are managed in a sound and prudent manner and operational, financial and internal controls are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations and contracts.</li> <li>With the assistance of the rest of Management, provide the Board with a balanced, understandable and accurate account of the Company's performance, financial condition, results of operations, and prospects, on a regular basis.</li> </ul>

3) Explain how the board of directors plans for the succession of the CEO/Managing Director/President and the top key management positions?



Our Board is committed to ensure the continuity of executive leadership as a critical factor in sustaining the success of the PLDT Group. To this end, a succession planning process referred to as Leadership Succession Planning and Development has been established. This enterprise-wide process covers senior management positions, including the President and CEO. Reflecting the significance that the Chairman of the Board attaches to succession planning, the First Pacific Leadership Academy was reorganized to facilitate the succession planning process within the PLDT Group and other companies affiliated with First Pacific. The Board's involvement in Leadership Succession Planning and Development is performed through its Executive Compensation Committee (ECC), which reviews and updates the criteria for employment and promotion, as well as any training and development plans for senior management, keeps track of their performance and development, and reviews their potential career paths. In the search and selection of successors, the Board is assisted and guided by the Governance and Nomination Committee.

#### 4) Other Executive, Non-Executive and Independent Directors

**Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.**

Among the specific duties and functions of the Board as enumerated in the *PLDT CG Manual*, the Board is tasked to ensure a high standard of governance for the Company and to promote and protect the interest of the Company, its stockholders and other stakeholders. In this regard, the Board has the duty to implement a process of selection of Directors to ensure a mix of knowledge, expertise and experience and balance among Independent, non-Executive and Executive Directors in the context of the needs of the Board, and that each Director can add value and contribute independent judgment to the formulation of sound corporate strategies and policies.

Further, the Charter of the Governance and Nomination Committee (GNC)<sup>19</sup> of the Board directs the GNC, as part of its nomination function, to pre-screen and shortlist candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications set forth in the Charter and such other factors which the GNC may deem appropriate, such as judgment, skill, experience with other business organizations of a size comparable to that of the Company, the interplay of a candidate's experience with the experience of other Directors, and possible conflict of interest.

For the efficient and effective performance of this function, the GNC uses the Company's *Guidelines on the Search, Screening and Selection of Directors*<sup>20</sup> and related *Screening Checklist* which contains, among others, the criteria and qualifications for directorship and a matrix on the skills, expertise and experience relevant to the responsibilities of the Board.

**Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.**

The Company ensures that at least one non-executive director has experience in the industry that the Company belongs to, i.e., the telecommunications industry. The Company's non-executive directors Mr. James L. Go, Mr. Shigeki Hayashi and Mr. Atsuhisa Shirai have experience in the telecommunications industry.

**Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:**

	Executive	Non-Executive	Independent Director
Role	Executive, Non-Executive and Independent Directors are members of the Board which has the responsibility for fostering the long-term success of the Company and securing its sustained competitiveness, and the authority to exercise the corporate powers, conduct the business, and control the properties of the Company in order to perform such responsibility.		
	All directors have a three-fold duty of obedience, diligence and loyalty to the Company as set forth in the <i>PLDT CG Manual</i> : (a) to act within the scope of power and authority of the Company and the Board; (b) to exercise best care, skill, judgment and observe utmost good faith; and (c) to act in the best interest of the Company and for the common benefit of the Company's stockholders and other stakeholders.		
	All directors must devote the time and attention necessary to properly discharge their fiduciary duties and must exercise independent judgment.		
Accountabilities	As members of the Board, Executive, Non-Executive and Independent Directors shall participate and contribute in the performance of the responsibilities of the Board as set forth in the <i>PLDT CG Manual</i> , including to: (a) select and appoint the CEO and other Officers; (b) determine, together with Management, the Company's vision, mission and strategic objectives; (c) oversee Management's implementation of business strategies, plans and policies and overall performance, financial reporting and internal control systems, enterprise risk management, compensation policies and programs, and succession planning for senior management; and (d) ensure that the		
Deliverables			

<sup>19</sup> A copy of the *Governance and Nomination Committee Charter, as amended ("GNC Charter")* is posted at: <http://www.pldt.com.ph/about/management/Documents/Governance%20and%20Nomination%20Committee%20Charter.pdf>.

<sup>20</sup> See *PLDT CG Manual, Annex D – Guidelines on the Search, Screening and Selection of Directors.*

Company has an effective internal audit system, compliance program, investor relations program, communication program for sectors in the community in which the Company operates or which are directly affected by its operations, and an independent audit mechanism.

In addition to the foregoing:

Executive Directors shall perform the functions and duties of the offices which they occupy as executive officers of the Company. The President & CEO shall have general care and management of the business operations of the Company and shall ensure that: (a) the business of the Company is managed in a sound and prudent manner; and (b) the operational, financial and internal controls are adequate and effective. The other Executive Directors shall assist the President & CEO by performing the functions of their respective offices.

Independent Directors, as members of the Audit Committee which under the *PLDT CG Manual* shall be composed entirely of Independent Directors, shall collectively perform the functions of the said committee, which include selection, appointment or dismissal of independent auditors; oversight over the integrity of the Company's accounting and financial reporting principles and policies, financial statements and their independent audit, and internal control system, compliance with applicable laws and regulations, enterprise risk management, and audit process; and review of material related party transactions. Independent Directors, as members comprising the majority of the Governance and Nomination Committee, Risk Committee and Executive Compensation Committee, shall exercise oversight and provide guidance on matters concerning governance, nomination, risk management, and compensation.

**Provide the company's definition of "independence" and describe the company's compliance to the definition.**

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

The GNC pre-screens the candidates nominated for election as Independent Directors and determines if they are eligible for election as such, taking into consideration the qualifications of directors, the independence criteria/standards provided in the *By-Laws*, *PLDT CG Manual* and Charters of the Board Committees, and such other independence criteria/standards as may be considered and recommended by the GNC and approved by the Board.

Please refer to *Annex C-A.4: "Other Executive, Non-Executive and Independent Directors"* hereto attached for a detailed definition of "independence". Such definition is also set forth in the *PLDT CG Manual* and each of the Board Committees' Charters.

**Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.**

For the covered year 2016, the Company complied with SEC Memorandum Circular No. 9, Series of 2011, which limited the term of independent directors to 5 consecutive years. After the completion of the five-year service, an independent director shall no longer be eligible for election as such, unless such independent director has undergone a "cooling off period" of 2 years. If such independent director is re-elected after the "cooling off period", he can only serve for 5 additional years after which he is perpetually barred from being elected as such. In accordance with the SEC's interpretative guidelines, the application of the term limit shall begin upon election on or after January 2, 2012.

With the issuance of SEC Memorandum Circular No. 19, Series of 2016, which superseded SEC Memorandum Circular No. 9, Series of 11, the Company adopted in its new CG Manual the standard that, as a rule, an Independent Director shall only serve for a maximum of nine (9) consecutive years reckoned from 2012 (the "Term Limit"). However, in case the stockholders who have a legal right to vote for the election of directors desire to re-elect an Independent Director beyond the Term Limit for meritorious justifications, the Company shall uphold the stockholders' legal right and disclose the meritorious justifications for retaining an Independent Director beyond the Term Limit during the annual meeting of stockholders.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Hideaki Ozaki	Director	August 10, 2017	Reassigned by his principal, NTT Communications Corporation, to another offshore company

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
<b>a. Selection/Appointment</b>		
(i) Executive Directors	<p>1. All nominations for election of directors by stockholders shall be submitted in writing to the Board of Directors through the Chairman of the Board and the Secretary.</p> <p>2. The Governance and Nomination Committee (GNC) shall then pre-screen and shortlist candidates nominated to become members of the Board.</p> <p>3. Thereafter, the GNC will determine, identify and prepare a final list of the qualified Director and Independent Director nominees and recommend that the Board approve such final list and recommend to stockholders the qualified nominees included in the final list for election in the annual meeting of stockholders.</p> <p>Please refer to <i>Annex C-A.5: "Changes in the Board of Directors"</i> hereto attached for the detailed Procedure/Process Adopted.</p>	<p>1. Owner of at least one (1) share of stock of the Company</p> <p>2. Have a college education or equivalent academic degree</p> <p>3. At least 21 years old</p> <p>4. Possess integrity and probity</p> <p>5. Have a practical understanding of the business of the Company or previous business experience</p> <p>6. Have attended a seminar on corporate governance or issued an undertaking to attend such a seminar as soon as practicable.</p> <p>Please refer to <i>Annex C-A.5</i> hereto attached for the detailed Criteria.</p>
(ii) Non-Executive Directors	Same as the process for Executive Directors.	Same as the criteria for Executive Director.
(iii) Independent Directors	Same as the process for Executive Directors. In addition, the GNC pre-screens the candidates nominated for election as Independent Directors and determines if they are eligible for election as such, taking into consideration the qualifications for directors and the independence criteria/ standards specified in the <i>By-Laws, PLDT CG Manual</i> and Board Committees'	Same as the criteria for Executive and Non-Executive Directors. In addition, Independent Directors are subject to the criteria for Independent Directors enumerated in <i>Annex C-A.4: "Other Executive, Non-Executive and Independent Directors"</i> and definition of "Independence").

	<p>Charters, and such other independence criteria/ standards as may be considered and recommended by the GNC and approved by the Board.</p> <p>Please refer to <i>Annex C-A.5</i> hereto attached for the detailed Procedure/Process Adopted.</p>	
<b>b. Re-appointment</b>		
(i) Executive Directors	Same as the process for Selection/Appointment.	Same as the criteria for the Selection/Appointment of Executive Directors.
(ii) Non-Executive Directors		
(iii) Independent Directors		Same as the criteria for the Selection/Appointment of Independent Directors.
<b>c. Permanent Disqualification</b>		
(i) Executive Directors	<p>1. The GNC may consider and recommend to the Board the permanent disqualification of a Director based on the grounds specified in the <i>By-Laws</i> and <i>PLDT CG Manual</i>.</p> <p>2. Any permanent disqualification of a Director recommended by the GNC to be valid and effective must be approved by the Board and comply with the requirements of applicable laws, rules and regulations.</p>	<p>Among others:</p> <p>1. Any person convicted or adjudged guilty of any of the offenses or specified crimes;</p> <p>2. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, etc.; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above.</p> <p>Please refer to <i>Annex C-A.5</i> hereto attached for the detailed Criteria for Permanent Disqualification.</p>
(ii) Non-Executive Directors		Same as the criteria for the Permanent Disqualification of Executive Directors.
(iii) Independent Directors		<p>Same as the criteria for the Permanent Disqualification of Executive Directors.</p> <p>In addition, Independent Directors are permanently disqualified under Item (iv) of Added Restrictions in the Criteria for Selection/Appointment of Independent Directors. Please refer to <i>Annex C-A.4</i> hereto attached (see definition of “Independence”).</p>
<b>d. Temporary Disqualification</b>		
(i) Executive Directors	<p>1. The GNC recommends to the Board the temporary disqualification of a Director based on the grounds specified in the <i>By-Laws</i> and <i>PLDT CG Manual</i>.</p> <p>2. Any temporary disqualification of a Director recommended by the GNC to be valid and effective must be approved by the Board and comply with the requirements of applicable laws,</p>	<p>1. Refusal to comply with the disclosure requirements of the <i>SRC</i> and its Implementing Rules and Regulations;</p> <p>2. Absence in more than fifty percent (50%) of all Board meetings during his incumbency or any twelve (12) month period during said incumbency;</p> <p>3. Dismissal or termination for cause as director of any corporation covered by the <i>SEC CG Code</i>;</p> <p>4. Being under preventive suspension by the Company (in the case of an Executive</p>

	rules and regulations. 3. A temporarily disqualified Director shall take the appropriate action to remedy or correct the disqualification. If he fails or refuses to do so for unjustified reasons, the disqualification shall become permanent.	Director); and 5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final. Please refer to <i>Annex C-A.5</i> hereto attached for the detailed Criteria for Temporary Disqualification.
(ii) Non-Executive Directors		
(iii) Independent Directors	Please refer to <i>Annex C-A.5</i> hereto attached for the detailed Procedure/Process Adopted.	Same as the criteria for the Temporary Disqualification of Executive Directors, except Item 4.
<b>e. Removal</b>		
(i) Executive Directors	PLDT follows the procedure set forth under Sec. 28 of the <i>Corporation Code</i> , i.e., any director of the company may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock at a regular or special meeting duly called for such purpose. Please refer to <i>Annex C-A.5</i> hereto attached for the detailed Procedure/Process Adopted.	May be with or without cause.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>f. Re-instatement</b>		
(i) Executive Directors	Same as the process for the Selection/Appointment of Executive Directors.	Same as the criteria for the Selection/Appointment of Executive Directors.
(ii) Non-Executive Directors		
(iii) Independent Directors		
<b>g. Suspension</b>		
(i) Executive Directors	Same as the process for the Temporary Disqualification of Executive Directors.	Same as the criteria for Temporary Disqualification.
(ii) Non-Executive Directors		
(iii) Independent Directors		

Note: The foregoing information are set forth in the *By-Laws, Governance and Nomination Charter* and/or the PLDT's *Board of Director/s Screening Checklist*.

#### Voting Result of the last Annual General Meeting (2017)

Name of Director	Votes Received
Bernido H. Liu	319,231,716
Artemio V. Panganiban	316,476,557
Pedro E. Roxas	316,087,025
Helen Y. Dee	315,784,740
Ray C. Espinosa	317,265,615
James L. Go	315,185,368
Hideaki Ozaki	316,046,455
Manuel V. Pangilinan	319,143,338
Ma. Lourdes C. Rausa-Chan	317,273,051

Albert F. Del Rosario	318,458,886
Atsuhisa Shirai	315,627,848
Amado D. Valdez	317,076,631
Marife B. Zamora	317,078,459

## 6) Orientation and Education Program

### (a) Disclose details of the company's orientation program for new directors, if any.

At the start of the service of a new director, the Chairman, President & CEO, Chief Financial Officer, Corporate Secretary and Chief Governance Officer give a newly appointed director a briefing on the Company's structure and business, the responsibilities of the Board and its Committees and how each operates and the schedule of Board meetings, among others. The new director is also furnished with copies of all relevant information about the Company and policies applicable to the directors, including the *Articles of Incorporation, By-Laws, Annual Report, PLDT CG Manual, PLDT Code of Ethics, the Charters of the Board Committees, and PLDT's Handbook on Corporate Governance.*

### (b) State any in-house training and external courses attended by Directors and Senior Management<sup>21</sup> for the past three (3) years:

Date and venue	Topic	Speaker/s
<p><b>For the Year 2017</b></p> <p><i>For the Board of Directors and Key Officers</i></p> <p>September 7, 2017 New World Hotel Makati City</p>	<p>CHARTING THE DIGITAL AGE, ITS RISKS AND STRATEGIES, THROUGH GOVERNANCE, AND A RESPONSIVE CORPORATE CULTURE</p> <p>PEOPLE AND CULTURE TRANSFORMATION STRATEGIES IN THE DIGITAL AGE</p> <p>GOVERNANCE &amp; CUSTOMER EXPERIENCE: A SURVEY OF GLOBAL CUSTOMER EXPERIENCE STRATEGIES</p>	<p>MR. AARON DIGNAN Founder, The Ready</p> <p>MS. LIZA SICHON Chief People and Culture Officer, PLDT</p> <p>MR. RALPH BRUNNER Chief Customer Experience and Data Analytics Advisor, PLDT</p>
<p><b>For the Year 2016</b></p> <p><i>For the Board of Directors and Key Officers</i></p> <p>November 23, 2016 Edsa Shangri-la Makati City</p>	<p>DIGITAL TRANSFORMATION, RISK MANAGEMENT &amp; GOVERNANCE IN THE 21ST CENTURY</p> <p>DIGITAL GOVERNANCE: ISSUES IN EMERGING TECHNOLOGIES</p>	<p>MR. MIKE WALSH CEO, Tomorrow</p> <p>MR. CHIA LING KOH Director, Singapore Law Practice of Queen Street Legal LLC</p>
<p><i>For the Board of Directors and Key Officers</i></p> <p>May 3, 2016 PLDT Boardroom Ramon Cojuangco Building Makati Avenue, Makati City</p>	<p>THE PHILIPPINE COMPETITION ACT AND PHILIPPINE COMPETITION COMMISSION</p>	<p>ATTY. EMMANUEL M. LOMBOS ATTY. ARLENE M. MANEJA SyCip Salazar Hernandez and Gatmaitan Law Office</p>
<p><i>For the Board of Directors and Senior Managers</i></p> <p>February 18, 2016 The Lighthouse Lopez Building MERALCO Complex, Pasig City</p>	<p>CYBERSECURITY IN THE 21<sup>ST</sup> CENTURY</p>	<p>MR. CHRISTOPHER CAMEJO Director of Security Risk Assessment Services, NTT Com Security</p>

<sup>21</sup> Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company. (ACGR footnote)

<b>For the Year 2015</b>		
<b>For the Board of Directors:</b>  October 30, 2015 The Lighthouse Lopez Building MERALCO Complex, Pasig City	DATA AND INFORMATION RULES: WHAT THE BOARD SHOULD KNOW	ATTY. JOSE JESUS M. DISINI, JR. Technology Law Expert
<b>For the Senior and Middle Managers:</b>  October 29, 2015 MERALCO Theater Lopez Building MERALCO Complex, Pasig City  December 9, 2015 PLDT Teltech, Boni Avenue, Mandaluyong	DATA AND INFORMATION RULES: WHAT MANAGEMENT SHOULD KNOW	ATTY. JOSE JESUS M. DISINI, JR. Technology Law Expert

**(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.**

In accordance with the *PLDT CG Manual*, PLDT provides as part of its education and communication program, continuous training for its Board, senior management, officers, executives, and employees, which includes an annual enhancement session conducted by foreign and local experts to share their insights and interact with the Board, senior management and officers. PLDT has organized and conducted annual corporate governance enhancement sessions for the Board since 2007. Further, in furtherance of the Company's Leadership Succession Planning and Development Process, the Executive Compensation Committee (ECC) reviews training and development plans for senior management and officers, and offers additional training and development opportunities through the First Pacific Leadership Academy.

The corporate governance training and enhancement sessions attended by our directors in the year 2016 are set forth in the table below.

<b>Name of Director/Officer</b>	<b>Date of Training</b>	<b>Program</b>	<b>Name of Speakers/ Training Institution</b>
Manuel V. Pangilinan	September 7, 2017	Charting the Digital Age, its Risks and Strategies, through Governance, and a Responsive Corporate Culture	Mr. Aaron Dignan Founder, The Ready
		People and Culture Transformation Strategies in the Digital Age	Ms. Liza Sichon Chief People and Culture Officer, PLDT
		Governance & Customer Experience: A Survey of Global Customer Experience Strategies	Mr. Ralph Brunner Chief Customer Experience and Data Analytics Advisor, PLDT
	November 23, 2016	Digital Transformation, Risk Management & Governance in the 21st Century	Mr. Mike Walsh CEO, Tomorrow
		Digital Governance: Issues in Emerging Technologies	Mr. Chia Ling Koh Director, Singapore Law Practice of Queen Street Legal LLC
May 3, 2016	The Philippine Competition Act and Philippine Competition Commission	Attys. Emmanuel M. Lombos and Arlene M. Maneja SyCip Salazar Hernandez and Gatmaitan Law Office	
October 12, 2016	ESG Reporting – HKEx	Mr. Coleman Ng KPMG Hong Kong	
Helen Y. Dee	November	Seminar on Corporate Governance	Risks, Opportunities, Assessment

	12, 2016		and Management, (ROAM) Inc.
	May 3, 2016	The Philippine Competition Act and Philippine Competition Commission	Attys. Emmanuel M. Lombos and Arlene M. Maneja SyCip Salazar Hernandez and Gatmaitan Law Office
Ray C. Espinosa	November 23, 2016	Digital Transformation, Risk Management & Governance in the 21st Century  Digital Governance: Issues in Emerging Technologies	Mr. Mike Walsh CEO, Tomorrow  Mr. Chia Ling Koh Director, Singapore Law Practice of Queen Street Legal LLC
	May 3, 2016	The Philippine Competition Act and Philippine Competition Commission	Attys. Emmanuel M. Lombos and Arlene M. Maneja SyCip Salazar Hernandez and Gatmaitan Law Office
	February 18, 2016	Cybersecurity in the 21 <sup>ST</sup> Century	Mr. Christopher Camejo Director of Security Risk Assessment Services, NTT Com Security
	October 12, 2016	ESG Reporting – HKEx	Mr. Coleman Ng KPMG Hong Kong
James L. Go	May 3, 2016	The Philippine Competition Act and Philippine Competition Commission	Attys. Emmanuel M. Lombos and Arlene M. Maneja SyCip Salazar Hernandez and Gatmaitan Law Office
	November 12, 2015	Granted <i>Permanent Exemption</i> by the SEC	--
Bernido H. Liu	September 7, 2017	Charting the Digital Age, its Risks and Strategies, through Governance, and a Responsive Corporate Culture  People and Culture Transformation Strategies in the Digital Age  Governance & Customer Experience: A Survey of Global Customer Experience Strategies	Mr. Aaron Dignan Founder, The Ready  Ms. Liza Sichon Chief People and Culture Officer, PLDT  Mr. Ralph Brunner Chief Customer Experience and Data Analytics Advisor, PLDT
	December 21, 2016	Corporate Governance Seminar	SyCip Gorres Velayo & Co.
	May 3, 2016	The Philippine Competition Act and Philippine Competition Commission	Attys. Emmanuel M. Lombos and Arlene M. Maneja SyCip Salazar Hernandez and Gatmaitan Law Office
Hideaki Ozaki	December 8, 2016	Corporate Governance Seminar	SyCip Gorres Velayo & Co.
	May 3, 2016	The Philippine Competition Act and Philippine Competition Commission	Attys. Emmanuel M. Lombos and Arlene M. Maneja SyCip Salazar Hernandez and Gatmaitan Law Office
Artemio V. Panganiban	August 9, 2017	Corporate Governance Seminar	SyCip Gorres Velayo & Co.
	November 23, 2016	Digital Transformation, Risk Management & Governance in the	Mr. Mike Walsh CEO, Tomorrow



		21st Century Digital Governance: Issues in Emerging Technologies	Mr. Chia Ling Koh Director, Singapore Law Practice of Queen Street Legal LLC
	May 3, 2016	The Philippine Competition Act and Philippine Competition Commission	Attys. Emmanuel M. Lombos and Arlene M. Maneja SyCip Salazar Hernandez and Gatmaitan Law Office
	February 5, 2016	Corporate Governance Seminar on Financial Reporting and Audit	SyCip Gorres Velayo & Co.
Ma. Lourdes C. Rausa-Chan	September 7, 2017	Charting the Digital Age, its Risks and Strategies, through Governance, and a Responsive Corporate Culture	Mr. Aaron Dignan Founder, The Ready
		People and Culture Transformation Strategies in the Digital Age	Ms. Liza Sichon Chief People and Culture Officer, PLDT
		Governance & Customer Experience: A Survey of Global Customer Experience Strategies	Mr. Ralph Brunner Chief Customer Experience and Data Analytics Advisor, PLDT
	November 23, 2016	Digital Transformation, Risk Management & Governance in the 21st Century	Mr. Mike Walsh CEO, Tomorrow
		Digital Governance: Issues in Emerging Technologies	Mr. Chia Ling Koh Director, Singapore Law Practice of Queen Street Legal LLC
	August 3, 2016	SEC Corporate Governance Forum	Securities and Exchange Commission
	May 3, 2016	The Philippine Competition Act and Philippine Competition Commission	Attys. Emmanuel M. Lombos and Arlene M. Maneja SyCip Salazar Hernandez and Gatmaitan Law Office
February 18, 2016	Cybersecurity in the 21 <sup>ST</sup> Century	Mr. Christopher Camejo Director of Security Risk Assessment Services, NTT Com Security	
Albert F. del Rosario	September 7, 2017	Charting the Digital Age, its Risks and Strategies, through Governance, and a Responsive Corporate Culture	Mr. Aaron Dignan Founder, The Ready
		People and Culture Transformation Strategies in the Digital Age	Ms. Liza Sichon Chief People and Culture Officer, PLDT
		Governance & Customer Experience: A Survey of Global Customer Experience Strategies	Mr. Ralph Brunner Chief Customer Experience and Data Analytics Advisor, PLDT
	May 24, 2017	Gaps and Bridges: the Future of Philippine Governance	GGAPP Forum on Good Governance, Ethics and Compliance
November 23, 2016	Digital Transformation, Risk Management & Governance in the 21st Century	Mr. Mike Walsh CEO, Tomorrow	
	Digital Governance: Issues in Emerging Technologies	Mr. Chia Ling Koh Director, Singapore Law Practice of Queen Street Legal LLC	

Pedro E. Roxas	September 7, 2017	Charting the Digital Age, its Risks and Strategies, through Governance, and a Responsive Corporate Culture  People and Culture Transformation Strategies in the Digital Age  Governance & Customer Experience: A Survey of Global Customer Experience Strategies	Mr. Aaron Dignan Founder, The Ready  Ms. Liza Sichon Chief People and Culture Officer, PLDT  Mr. Ralph Brunner Chief Customer Experience and Data Analytics Advisor, PLDT
	May 3, 2016	The Philippine Competition Act and Philippine Competition Commission	Attys. Emmanuel M. Lombos and Arlene M. Maneja SyCip Salazar Hernandez and Gatmaitan Law Office
	February 5, 2016	Corporate Governance Seminar on Financial Reporting and Audit	SyCip Gorres Velayo & Co.
Atsuhisa S. Shirai	September 7, 2017	Charting the Digital Age, its Risks and Strategies, through Governance, and a Responsive Corporate Culture  People and Culture Transformation Strategies in the Digital Age  Governance & Customer Experience: A Survey of Global Customer Experience Strategies	Mr. Aaron Dignan Founder, The Ready  Ms. Liza Sichon Chief People and Culture Officer, PLDT  Mr. Ralph Brunner Chief Customer Experience and Data Analytics Advisor, PLDT
	November 23, 2016	Corporate Governance Orientation Program	Institute of Corporate Directors
Marife B. Zamora	September 7, 2017	Charting the Digital Age, its Risks and Strategies, through Governance, and a Responsive Corporate Culture  People and Culture Transformation Strategies in the Digital Age  Governance & Customer Experience: A Survey of Global Customer Experience Strategies	Mr. Aaron Dignan Founder, The Ready  Ms. Liza Sichon Chief People and Culture Officer, PLDT  Mr. Ralph Brunner Chief Customer Experience and Data Analytics Advisor, PLDT
	November 23, 2016	Digital Transformation, Risk Management & Governance in the 21st Century  Digital Governance: Issues in Emerging Technologies	Mr. Mike Walsh CEO, Tomorrow  Mr. Chia Ling Koh Director, Singapore Law Practice of Queen Street Legal LLC

## B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
PLDT's <i>Code of Ethics</i> sets out the Company's business principles and corporate governance values and aims to promote a culture of good corporate governance. It provides standards that govern and guide all business relationships of PLDT, its directors, officers and employees, especially with respect to the following:			

	<ul style="list-style-type: none"> <li>• Compliance with applicable laws, rules and regulations, including anti-graft and corruption laws;</li> <li>• Ethical handling of conflicts of interest, corporate opportunities and confidential information;</li> <li>• Protection and proper use of company assets;</li> <li>• Fair dealing with employees, customers, service providers, suppliers, and competitors;</li> <li>• Compliance with reporting and disclosure obligations to the relevant regulators and to investors;</li> <li>• Compliance with disclosure and financial reporting controls and procedures;</li> <li>• Assessment and management of risks involved in business endeavors; and</li> <li>• Adoption of international best practices of good corporate governance in the conduct of business.</li> </ul>
(a) Conflict of Interest	<p>PLDT's <i>Conflict of Interest Policy</i> seeks to ensure that members of the organization always act in the best interest of the company and must not be motivated by personal considerations and relationships that interfere with their independent judgment. Specifically, it aims to ensure that work-related actions are based on sound business principles and judgment devoid of bias or partiality. It enjoins all personnel to be aware of the possibility of such bias and partiality in dealings with various entities or individuals in the course of or in relation to their work. The policy mandates that directors, officers, executives, employees, and consultants who find themselves in a potential or actual conflict of interest situation should promptly disclose the matter and, as applicable, seek approval from the proper authorities in accordance with the policy. Unless otherwise authorized by the Company, the person concerned is required to inhibit himself from any action, transaction, discussion, evaluation, or decision involving such conflict of interest. The policy also mandates directors, officers, executives, employees and consultants to avoid competing with the Company on a business opportunity or acquiring an interest adverse to that of the Company. The policy also prohibits the Company from granting personal loans to directors or officers, unless allowed by applicable laws and regulations.</p> <p>IMPLEMENTING POLICY: <i>PLDT'S CONFLICT OF INTEREST POLICY ("CONFLICT OF INTEREST POLICY")</i><sup>22</sup></p>
(b) Conduct of Business and Fair Dealings	<p>PLDT's <i>Code of Ethics</i> enjoins directors, officers and employees to: (a) avoid taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any unfair dealing practice; and (b) deal fairly with the Company's customers, service providers, suppliers, competitors and employees.</p>
(c) Receipt of gifts from third parties	<p>PLDT's <i>Gifts, Entertainment and Sponsored Travel Policy</i> defines the guidelines on the handling of gifts, entertainment and sponsored travel offered by third parties that have business dealings with the Company. It provides safeguards so that the custom of giving gifts is handled in accordance with the principles of integrity, accountability, fairness and transparency. It aims to prevent the occurrence of situations or actions that could significantly affect the objective and effective performance of an employee's duties. It prohibits the solicitation of gifts, sponsored travel, and entertainment from such third parties. In addition, receipt and acceptance of gifts voluntarily given by such third parties are handled in accordance with the safeguards set forth in this policy and such gifts should be less than the minimal threshold amount set by the Company. Further, the guidelines require full disclosure of the facts and circumstances surrounding offers and/or acceptance of such gifts, entertainment and sponsored travel.</p> <p>IMPLEMENTING POLICY: <i>PLDT'S POLICY ON GIFTS, ENTERTAINMENT AND SPONSORED TRAVEL ("GIFTS POLICY")</i><sup>23</sup></p>
(d) Compliance with Laws & Regulations	<p>PLDT'S <i>Code of Ethics</i> enjoins directors, officers and employees to: (a) engage in honest conduct and comply with all applicable laws, rules and regulations, including prohibitions on insider trading, both in letter and spirit. Demands brought on by prevailing business conditions or perceived pressures are not excuses for violating any law, rules or regulations; (b) personally adhere to the standards and restrictions imposed by those laws, rules and regulations; and (c) avoid the direct or indirect commission of bribery and corruption of representatives of governments or regulators to facilitate any transaction or gain any perceived or actual favor or advantage, excluding permissible additional payments for routine governmental actions allowed by all applicable laws and regulations.</p>

<sup>22</sup> See also 2016 Annual Report-CG Report: Policies and Practices and <http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices>.

<sup>23</sup> See also 2016 Annual Report-CG Report: Policies and Practices and <http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices>.

<p>(e) Respect for Trade Secrets/Use of Non-public Information</p>	<p>PLDT's <i>Code of Ethics</i> and the <i>PLDT CG Manual</i> enjoin directors, officers and employees: (a) to maintain and safeguard the confidentiality of information entrusted by the Company, its subsidiaries, affiliates, customers, business partners, or such other parties with whom the Company relates, except when disclosure is authorized or legally mandated (confidential information includes any non-public information that might be of use to competitors, or harmful to the Company, its subsidiaries, affiliates, customers, business partners, or such other parties with whom the Company relates, if disclosed); (b) to follow Company policy and applicable laws regarding business records retention and ensure that records are not altered, concealed, destroyed or falsified to impede, obstruct or influence any investigation by, or proceeding before any official Company committee or body, governmental, regulatory or judicial body having jurisdiction; (c) to avoid trading any of the Company's securities or those of its subsidiaries and affiliates using price sensitive information that is not normally available publicly, and obtained by reason of position, contact within, or other relationship with the Company; and (d) not to communicate material non-public information about and involving the Company, including any act, transaction, development or event unless the Company is ready to simultaneously disclose the material non-public information to the SEC, PSE and other regulatory bodies having jurisdiction (this rule shall not apply if the disclosure is made to: [i] a person who is bound by a duty to maintain trust and confidence to the Company, such as, but not limited to, the Company's consultants, auditors, legal counsels, investment bankers, financial advisers; and [ii] a person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain); (e) use Company property and resources, including Company time, supplies and software, efficiently, responsibly and only for legitimate business purposes; and (f) protect the assets of the Company from loss, damage, misuse or theft.</p>
<p>(f) Use of Company Funds, Assets and Information</p>	<p>PLDT's <i>Code of Ethics</i> enjoins directors, officers and employees to: (a) use Company property and resources, including Company time, supplies and software, efficiently, responsibly and only for legitimate business purposes; (b) protect the assets of the Company from loss, damage, misuse or theft; (c) maintain and safeguard the confidentiality of information entrusted by the Company, its subsidiaries, affiliates, customers, business partners, or such other parties with whom the Company relates, except when disclosure is authorized or legally mandated. Confidential information includes any non-public information that might be of use to competitors, or harmful to the Company, its subsidiaries, affiliates, customers, business partners, or such other parties with whom the Company relates, if disclosed; (d) follow Company policy and applicable laws regarding business records retention and ensure that records are not altered, concealed, destroyed or falsified to impede, obstruct or influence any investigation by, or proceeding before any official Company committee or body, governmental, regulatory or judicial body having jurisdiction; and (e) avoid trading any of the Company's securities or those of its subsidiaries and affiliates using price sensitive information that is not normally available publicly, and obtained by reason of position, contact within, or other relationship with the Company.</p> <p>IMPLEMENTING POLICY: <i>CONFLICT OF INTEREST POLICY</i></p>
<p>(g) Employment &amp; Labor Laws &amp; Policies</p>	<p>The Company's policy is to comply with all applicable laws, rules and regulations, which include employment and labor laws. In accordance with the said policy, the Company complies with the labor laws and regulations on, among others, the prohibition of child labor and on the payment of minimum wage. The <i>PLDT Human Resources Manual</i> sets forth the Company's policies on hiring and placement, work schedule and working conditions, salary and benefits programs, performance appraisal, promotions or movements, training and development, and disciplinary action, which comply with, if not exceed, the requirements under employment and labor laws. It is also the Company's policy to develop its employees. In line with this, the Company ensures that its employees are provided with relevant training and development programs suited to their needs. The Company also supports programs and activities that promote employees' well-being. The Company deals with its employees' unions fairly and with transparency and honors the terms of its collective bargaining agreements with such unions.</p> <p>IMPLEMENTING POLICY: <i>PLDT HUMAN RESOURCES MANUAL</i></p>
<p>(h) Disciplinary action</p>	<p>The Company has a structured disciplinary system to ensure fair treatment of employees in furtherance of the recognized need to preserve order and harmony within the organization. Said disciplinary system provides for preliminary investigation, investigation proper, respondent's opportunity to be heard (notice to explain), decision and recommendation, and review process. The offenses and corresponding penalties are defined in the <i>PLDT Human Resources Manual's</i> Table of Penalties. A Committee on Employee Discipline is responsible for final evaluation and approval of a disciplinary action against an employee involving suspension</p>

	<p>of thirty (30) days or more or dismissal. For employees with the rank of Vice-President and above, the Committee on Officer Discipline evaluates, reviews and recommends the appropriate disciplinary action to the Board of Directors or President &amp; CEO, as the case may be. In addition, under the <i>PLDT Code of Ethics</i>, the Company may impose disciplinary action and/or file appropriate civil and criminal action against “violators”, defined as: (a) persons who commit prohibited acts or who fail to implement prescribed acts when there is an obvious opportunity to do so; (b) employees who knowingly abet such acts of commission or omission or who fail to report such acts that violate the <i>PLDT Code of Ethics</i>; and (c) persons of authority who fail to impose the necessary disciplinary measures against violators.</p> <p>IMPLEMENTING POLICY: <i>PLDT HUMAN RESOURCES MANUAL</i></p>
(i) Whistle Blower	<p>PLDT’s <i>Expanded Whistleblowing (EWB) Policy</i> encourages the disclosure by Company personnel of any violation of corporate governance rules or policies, questionable accounting or auditing matters, and offenses covered by the Table of Penalties in the <i>PLDT Human Resources Manual</i>. At the heart of this policy is the ability and opportunity of anyone in the Company, acting in good faith, to freely communicate and expect official action on observed such violations, including the option to file anonymous complaints. In addition, it establishes mechanisms and procedures designed to ensure confidentiality and fairness in the handling of a disclosure or complaint and to protect whistleblowers and witnesses from any retaliation.</p> <p>IMPLEMENTING POLICY: <i>WHISTLEBLOWING POLICY</i><sup>24</sup></p>
(j) Conflict Resolution	<p>The Corporate Governance Office is responsible for applying the PLDT’s <i>Code of Ethics</i> to specific situations in which questions or concerns may arise, and has the authority to interpret and decide on such issues arising from the implementation of the <i>Code of Ethics</i>. Any director, officer or employee is encouraged to contact the Corporate Governance Office when in doubt about the best course of action in a particular situation relating to a subject matter of the <i>Code of Ethics</i>.</p> <p>With respect to grievance handling, <i>i.e.</i>, a complaint made by an individual, employee, a group of employees or by the Union for a review or appeal of a decision of a supervisor/division head or of the results or interpretation or application of the terms of existing CBA or established working conditions, the Company has established a structured grievance system to ensure fair treatment of employees, deal with employee complaints and to resolve problems. The grievance system establishes an opportunity to settle grievances at 3 levels, namely: (a) Division/Customer Service Zone Head; (b) Union-Management Grievance Committee; and (c) Board of Arbitrators.</p> <p>IMPLEMENTING POLICY: <i>PLDT HUMAN RESOURCES MANUAL</i></p>

**2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?**

Yes. PLDT’s *Code of Ethics* has been disseminated to all PLDT directors, officers and employees through the Company’s continuing education and communication program on corporate governance. The *Code of Ethics* is taken up and discussed in training and enhancement sessions. Copies of the *Code of Ethics* are distributed to employees. Directors, officers and executives are furnished with the *PLDT Handbook on Corporate Governance*, which contains a copy of the *Code of Ethics*. Copies of the *Code of Ethics* are made available for download by employees through PLDT’s corporate governance website at: <http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices> and the PLDT InfoCentral intranet portal. Employees were also provided with the *CG Primer* which includes a simplified discussion of the *Code of Ethics*.

**3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.**

The Company implements and monitors compliance with its corporate governance policies (“**CG Policies**”), which include PLDT’s *Code of Ethics*, through its governance monitoring and evaluation system which consists of the following:

1. Annual performance self-assessment conducted by the Board and the Board Committees. Our Board conducts a self-assessment each calendar year to evaluate the performance of the Board as a whole, the Board Committees and the individual directors, which includes relevant criteria regarding governance and business ethics in accordance with the Company’s CG Policies. Each Board Committee also conducts an annual self-assessment of its performance.
2. Review of the effectiveness of the Company’s CG Policies and their implementation every two years. The review results and recommendations for improvement are reported by the Corporate Governance Office to the Governance and Nomination Committee (GNC) for approval.

<sup>24</sup> See also *2016 Annual Report-CG Report: Policies and Practices* and the following links: <http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices> and <http://www.pldt.com/corporate-governance-in-pldt/resources-for-personnel>.

3. Annual compliance evaluation conducted by Management. PLDT monitors and assesses compliance with corporate governance rules and policies through a cross-functional evaluation system whereby the heads of the various business and support units/groups conduct an evaluation of their unit/group's compliance using an evaluation questionnaire consisting of the governance regulations applicable and relevant to their respective functions, including the requirements of the *SEC CG Code* and the *PSE Corporate Governance Guidelines*. The evaluation results are reported to the President & CEO and the GNC.

4. Implementation of the *Whistleblowing Policy*. Compliance with CG Policies, among others, is monitored through the whistleblowing system, which receives and handles concerns and complaints of non-compliance therewith.

5. Other monitoring and survey tools. As part of the implementation of CG Policies, the Company conducts and evaluates the feedback from and results of: (a) training through face-to-face learning interventions and online learning modules; and (b) an annual focus group discussion across a wide cross-section of Company personnel. The Company has also instituted a follow-through survey for newly-hired employees which is intended to track improvements in their observance of the CG Policies and values over the first five (5) years of employment, as well as the employee's perception of the level of observance of the CG Policies and values by his/her unit; and developed an ethics perception survey which will provide quantitative information that can be more easily tracked, managed and be made the basis for development and review of programs, policies and initiatives.

A more detailed discussion of the Company's governance monitoring and evaluation system is also presented in *PLDT's 2016 Annual Report ("2016 Annual Report")*. A copy of the *2016 Annual Report* is posted at: <http://www.pldt.com/investor-relations/annual-and-sustainability-reports>.

#### 4) Related Party Transactions

##### (a) Policies and Procedures

**Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.**

Related Party Transactions	Policies and Procedures
(1) Parent Company	<p>PLDT's <i>Guidelines on the Proper Handling of Related Party Transactions</i> (the "<b>RPT Guidelines</b>")<sup>25</sup> provides the process of review, approval and disclosure of the Company's RPTs. Guided by <i>Philippine Accounting Standard 24 on Related Party Disclosures ("PAS 24")</i>, RPTs are reviewed and approved by appropriate authorities designated in the <i>RPT Guidelines</i>. The review determines whether an RPT meets the following standards: (1) the RPT is on arm's length terms; and (2) the RPT is in the best interest of PLDT and its stakeholders, as a whole, considering the relevant circumstances. Material RPTs are reviewed by the Audit Committee, which is composed entirely of Independent Directors, and approved by the Board.</p> <p>The Head of Financial Reporting and Controllershship Sector, in coordination with the Company's Disclosure Committee, shall be responsible for the disclosure of RPTs in the relevant financial reports of the Company as required under <i>PAS 24</i> and other applicable disclosure requirements.</p>
(2) Joint Ventures	
(3) Subsidiaries	
(4) Entities Under Common Control	
(5) Substantial Stockholders	
(6) Officers including spouse/ children/ siblings/parents	
(7) Directors including spouse/ children/ siblings/parents	
(8) Interlocking director relationship of Board of Directors	

##### (b) Conflict of Interest

###### (i) Directors/Officers and 5% or more Shareholders

**Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.**

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s:	
Manuel V. Pangilinan	Manila Electric Company (" <b>Meralco</b> ") provides electricity to PLDT's offices within its franchise area in the ordinary course of business. The rates charged by Meralco are the same as those with unrelated parties.

<sup>25</sup> See <http://pldt.com/corporate-governance-in-pldt/our-stakeholders>.

	<p>In 2009, PLDT and Smart Communications, Inc. (“<b>Smart</b>”), a wholly-owned subsidiary of PLDT, renewed their respective Pole Attachment Contracts with Meralco wherein Meralco leases its pole spaces to accommodate PLDT and Smart’s network facilities.</p> <p>PLDT has an existing Outside and Inside Plant Contracted Services Agreement with Meralco Industrial Engineering Services Corporation (MIESCOR), a subsidiary of Meralco.</p> <p>PLDT has insurance policies with Republic Surety and Insurance Co., Inc. (“<b>RSIC</b>”), a wholly owned subsidiary of Meralco.</p> <p>All fees and payments are made directly to Meralco, MIESCOR or RSIC, as the case may be.</p> <p>Mr. Pangilinan is the Chairman of Meralco and the Chairman and President &amp; CEO of PLDT.</p>
Helen Y. Dee	<p>PLDT has insurance policies with Malayan Insurance Company (“<b>Malayan</b>”) wherein premiums are directly paid to Malayan. Ms. Dee is a director of Malayan and PLDT.</p>
James L. Go	<p>PLDT has agreements with certain JG Summit Holdings, Inc. (“<b>JGSHI</b>”) subsidiaries, namely Universal Robina Corporation (“<b>URC</b>”) and Robinsons Land Corporation (“<b>RLC</b>”). There were also other transactions such as airfare, electricity, marketing expenses and bank fees with other JGSHI subsidiaries. Payments and fees are paid directly to the relevant JGSHI subsidiaries. Mr. Go is the Chairman and CEO of JGSHI, the Chairman of both URC and RLC and a director of PLDT.</p>
Artemio V. Panganiban	<p>See note on Mr. Pangilinan above.</p> <p>Hon. Panganiban is an independent director of both Meralco and PLDT.</p>
Albert F. del Rosario	<p>Gotuaco del Rosario Insurance Brokers, Inc. (GRA) is an insurance broker and risk management consultant of PLDT. Mr. del Rosario is the Chairman of GRA and a director of PLDT.</p>
Pedro E. Roxas	<p>See note on Mr. Pangilinan above.</p> <p>Mr. Roxas is an independent director of both Meralco and PLDT.</p>
Name of Officer/s	--
Name of Significant Shareholders:	
Metro Pacific Resources, Inc.	<p>Asia Link B.V. (“<b>ALBV</b>”), an affiliate of Metro Pacific Resources, Inc., provides technical support services and assistance in the operations and maintenance of the cellular business of Smart.</p>
JGSHI	<p>Please see note on Mr. Go above.</p>
NTT Communications Corporation (“ <b>NTT Communications</b> ”)	<p>NTT Communications provides PLDT with technical, marketing and other consulting services for various business areas of PLDT.</p> <p>NTT Communications and PLDT have cooperative arrangements for conventional international telecommunications services to enhance their respective international businesses.</p> <p>NTT World Engineering Marine Corporation, an affiliate of NTT Communications, provides PLDT with offshore submarine cable repair and other allied services for the maintenance of PLDT’s domestic fiber optic network submerged plant.</p> <p>NTT Worldwide Telecommunications Corporation, an affiliate of NTT Communications, has given a license to PLDT to market and manage data and other services under the “Arcstar” brand to its corporate customers in the Philippines. PLDT has also been given the right to use the trade name “Arcstar” and its related trademarks.</p>
NTT DOCOMO	<p>NTT DOCOMO provides services of certain key personnel in connection with certain aspects of the business of PLDT and Smart.</p>
NTT Finance Corporation	<p>PLDT entered into a loan facility agreement with NTT Finance Corporation to finance capital expenditures and/or refinance existing loan obligations, the proceeds of which were utilized for network expansion and improvement programs. NTT Finance is an affiliate of NTT Communications and NTT DoCoMo.</p>

Other Related Parties	PLDT and certain of its subsidiaries provide telephone, data communication and other services to various related parties at arm's length similar to transactions with other customers.
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The Company's policy is to publicly disclose only such related party transactions or conflicts of interest which are so required to be publicly disclosed pursuant to PAS 24. Internally, related party transactions and conflicts of interest are required to be disclosed to the Company's appropriate authorities in accordance with the *RPT Guidelines* and *Conflict of Interest Policy* which provide appropriate mechanisms and safeguards, including the review, approval and disclosure of related party transactions and conflicts of interest by designated authorities within the Company.

A more detailed discussion is provided in the *17-A Annual Report* under *Item 12. Certain Relationships and Related Party Transactions* and *Note 25 – Related Party Transactions*.

**(ii) Mechanism**

**Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.**

	Directors/Officers/Significant Shareholders
Company	<p>The <i>Conflict of Interest Policy</i> requires directors, officers, executives, employees, and consultants who find themselves in a potential or actual conflict of interest situation to promptly disclose the matter to designated approving authorities of the Company. Unless otherwise authorized by the appropriate approving authority, the person concerned is required to inhibit himself from any action, transaction, discussion, evaluation, or decision involving such conflict of interest. The policy also prohibits the Company from granting personal loans to directors or officers, unless allowed by applicable laws and regulations.</p> <p>The <i>RPT Guidelines</i> provides the procedures for the review, approval and disclosure of related party transactions in order to ensure that they are fair, on arm's length terms, and in the best interest of the Company and its shareholders, as a whole. Material related party transactions are reviewed by the Audit Committee which is composed entirely of independent directors and approved by the Board. Disclosures of RPTs in relevant financial reports are made in accordance with <i>PAS 24</i> and other applicable disclosure requirements.</p>
Group	Transactions of the Company with other members of the Group are subject to the requirements and safeguards provided in the <i>Conflict of Interest Policy</i> and <i>RPT Guidelines</i> , as well as their corresponding policies regarding conflict of interest and related party transactions in accordance with the applicable laws, rules and regulations on related party transactions.

**5) Family, Commercial and Contractual Relations**

**(a) Indicate, if applicable, any relation of a family,<sup>26</sup> commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:**

No such relationship between the holders of significant equity is known to the Company.

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
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**(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:**

Names of Related Significant Shareholders	Type of Relationship	Brief Description
Metro Pacific Resources, Inc.	Technical Assistance Agreement between ALBV, an affiliate of Metro Pacific Resources, Inc., and Smart, a wholly-owned subsidiary	ALBV provides technical support services and assistance in the operations and maintenance of the cellular business of Smart.

<sup>26</sup> Family relationship up to the fourth civil degree either by consanguinity or affinity. (ACGR footnote)



	of PLDT	
NTT Communications	Service Agreement with NTT World Engineering Marine Corporation, an affiliate of NTT Communications	NTT World Engineering Marine Corporation provides offshore submarine cable repair and other allied services for the maintenance of PLDT's fiber optic network submerged plant.
	Advisory Services Agreement	NTT Communications provides PLDT with technical, marketing and other consulting services for various business areas of PLDT.
	Conventional International Telecommunications Services Agreement	NTT Communications and PLDT have cooperative arrangements for conventional international telecommunications services to enhance their respective international businesses.
	Arcstar Licensing Agreement and Arcstar Service Provider Agreement with NTT Worldwide Telecommunications Corporation, an affiliate of NTT Communications	PLDT markets and manages data and other services under NTT Communications' "Arcstar" brand to its corporate customers in the Philippines. PLDT has also been given the right to use the trade name "Arcstar" and its related trademarks.
NTT DOCOMO	Advisory Services Agreement	NTT DOCOMO provides services of certain key personnel in connection with certain aspects of the business of PLDT and Smart.
NTT Finance Corporation	Loan facility agreement	PLDT entered into a loan facility agreement with NTT Finance Corporation to finance capital expenditures and/or refinance existing loan obligations, the proceeds of which were utilized for network expansion and improvement programs. NTT Finance is an affiliate of NTT Communications and NTT DOCOMO.
Metro Pacific Resources, Inc. and certain affiliates of the First Pacific Group, NTT Communications and NTT DOCOMO	Cooperation Agreement	The relevant parties extended certain rights of NTT Communications under the Stock Purchase and Strategic Investment Agreement and the Shareholders Agreement to NTT DOCOMO.  Further details are provided in <i>Item B.5.c</i> below.

A more detailed discussion is provided in the 17-A Annual Report under *Item 12. Certain Relationships and Related Party Transactions* and *Note 25 – Related Party Transactions*.

**(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:**

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
Metro Pacific Resources, Inc. and certain affiliates of the First Pacific Group, NTT Communications and NTT DOCOMO	First Pacific Group – 25.57% of the outstanding common stock of PLDT as of December 31, 2016.  NTT Communications and NTT DOCOMO – 20.35% of the outstanding common stock of PLDT as of December 31, 2016.	Cooperation Agreement among certain affiliates of the First Pacific Group, NTT Communications and NTT DOCOMO which provides for, among other things, restriction on ownership of shares of PLDT by NTT Communications and NTT DOCOMO, limitation on competition, and business cooperation.

**6) Alternative Dispute Resolution**

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	Stockholders who have matters for discussion or concerns directly relating to the business of the Company may initially elevate such matters or concerns to: (a) the Corporate Secretary; (b) the Investor Relations Officer; (c) Management; or (d) the Board.
Corporation & Third Parties	The Company complies with, abides and is guided by, the policy set forth in Republic Act No. 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004", in handling conflicts or differences between the Company and third parties, including regulators, in that the Company considers and explores with the other party or parties involved mutually acceptable alternative means or procedures for resolving such disputes that are provided by law prior to resorting to court action, to the extent that such is feasible and will not prejudice the rights and interests of the Company.
Corporation & Regulatory Authorities	

Further details are provided in Annex C-B.6: "Alternative Dispute Resolution" hereto attached.

### C. BOARD MEETINGS & ATTENDANCE

#### 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Yes. The schedule of Board meetings is determined at the beginning of the year.

#### 2) Attendance of Directors<sup>27</sup>

Board	Name	Date of Election	No. of Meetings Attended (2016 Board Meetings & ASHM)	No. of Meetings Held During the Year (2016 Board Meetings & ASHM)	%
Chairman	Manuel V. Pangilinan	Jun 14, 2016 Jun 13, 2017	17	17	100
Member	Helen Y. Dee	Jun 14, 2016 Jun 13, 2017	12	17	71
Member	Ray C. Espinosa	Jun 14, 2016 Jun 13, 2017	17	17	100
Member	James L. Go	Jun 14, 2016 Jun 13, 2017	17	17	100
Member	Shigeki Hayashi	Aug10, 2017	-	-	-
Member	Hideaki Ozaki	Jun 14, 2016 Jun 13, 2017	15	17	88
Member	Ma. Lourdes C. Rausa-Chan	Jun 14 2016 Jun 13, 2017	17	17	100
Member	Albert F. del Rosario	Jul 11, 2016 Jun 13, 2017	7	7	100
Member	Atsuhisa Shirai	Aug 30, 2016 Jun 13, 2017	5	5	100
Member	Amado D. Valdez	Nov 14, 2016 Jun 13, 2017	2	2	100
Member	Marife B. Zamora	Nov 14, 2016 Jun 13, 2017	2	2	100

<sup>27</sup> The members of the Board of Directors are appointed annually for a one-year term. In this table, the dates of election pertain to the covered year 2017, i.e., for the term of office beginning on June 14, 2016 and ending June 13, 2017 and for the term of office beginning on that date and ending June 12, 2018.

Independent Director	Artemio V. Panganiban	Jun 14, 2016 Jun 13, 2017	17	17	100
Independent Director	Pedro E. Roxas	Jun 14, 2016 Jun 13, 2017	16	17	94
Independent Director	Bernido H. Liu	Jun 14, 2016 Jun 13, 2017	13	17	76

**3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?**

Yes, in accordance with Sec. 2.1.6 (d) of the *PLDT CG Manual*, the Board shall hold executive sessions with the Independent Directors and non-Executive Directors, excluding Executive Directors, at least once a year and at such other times as the Board may deem necessary or appropriate. Such executive sessions shall be presided by the Chairman of the Governance and Nomination Committee, except if said Chairman is an Executive Director, in which case, by an Independent Director or non-Executive Director designated by the Board. The Board held one executive session in 2016.

**4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.**

The *By-Laws* provide that at any meeting of the Board of Directors, a majority of the number of the Directors as specified in the *Articles of Incorporation* shall constitute a quorum. At any meeting of the Board of Directors at which there is a quorum, all matters approved by at least a majority of the Board of Directors present at such meeting shall be valid as a corporate act, except for such matters which require the vote of majority of all the members of the Board as prescribed by the law or the *By-Laws*.

This quorum requirement is consistent with Section 25 of the *Corporation Code* which provides that unless the articles of incorporation or by-laws provide for a greater majority, a majority of the number of directors as fixed in the articles of incorporation shall constitute a quorum for the transaction of corporate business, and every decision of at least a majority of the directors present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of all members of the board.

A majority of directors is apparently sufficient to constitute a quorum considering that under the *Corporation Code*, for the approval of major corporate actions (such as extension or shortening corporate term, increase or decrease in capital stock, incurrence, creation or increase in bonded indebtedness, sale or other disposition of all or substantially all of assets, investment of corporate funds in another corporation or business or for any other purpose, amendment of articles of incorporation, merger or consolidation and dissolution) the voting requirement at the Board level is only a majority vote and the two thirds (2/3) voting requirement applies to stockholders' approval/ratification of such corporate actions.

Notwithstanding the foregoing, in each of the 16 meetings of the Board of Directors held in 2016 there was a quorum consisting of more than two-thirds of the entire membership of the Board of Directors.

**5) Access to Information**

**(a) How many days in advance are board papers<sup>28</sup> for board of directors meetings provided to the board?**

Board papers are supplied at least 5 business days in advance of the meeting. In addition, Sec. 2.1.6(a) of the *PLDT CG Manual* provides that in order to enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide the Directors/Board with adequate and timely information about the matters to be taken up in their Board meetings and, upon the request of any Director or the Board, make presentations on specific topics and respond to further inquiries in relation thereto during Board meetings. The Directors shall have independent access to Management.

**(b) Do board members have independent access to Management and the Corporate Secretary?**

Yes. In accordance with Sec. 2.1.9(c) of the *PLDT CG Manual*, to ensure a high standard of governance for the Company and to promote and protect the interest of the Company, its stockholders and other stakeholders, the Board shall, among others, ensure that the Board and Board Committees are enabled to obtain independent professional advice at the Company's expense and have access to Management as they may deem necessary or appropriate to carry out their duties; and in order to enable the members of the Board to properly fulfill their duties and responsibilities, Management shall provide the Directors/Board with adequate and timely information about the matters to be taken up in their Board meetings and, upon the request of any Director or the Board, make presentations on specific topics and respond to further inquiries in relation thereto during Board meetings. The Directors shall have independent access to Management.

**(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the**

<sup>28</sup> Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents. (ACGR footnote)

**board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?**

The *PLDT CG Manual* provides the following duties and responsibilities of the Corporate Secretary or Assistant Corporate Secretary: (a) perform their duties and responsibilities set out in Article VIII of the *By-Laws*; (b) be responsible for the safekeeping and preservation of the integrity of the minutes of Board meetings and other official records of the Company; (c) work fairly and objectively with the Board, Management and stockholders; (d) inform the Directors of the schedule and agenda of Board meetings and ensure that Management provides them complete, accurate and relevant information; (e) attend all Board meetings, except when justifiable causes prevent them from doing so; and (f) ensure that all Board procedures, rules and regulations are strictly followed by the Directors.

In 2016, the positions of Corporate Secretary and Chief Governance Officer were held in concurrent capacity by the same individual. In the performance of her dual functions, the Corporate Secretary-Chief Governance Officer assists the Chairman in preparing the Board agenda, facilitating the training of directors, and keeping directors updated regarding any relevant statutory and regulatory changes.

**(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.**

Yes. In accordance with **Sec. 2.5.1(b)** of the *PLDT CG Manual*, the Corporate Secretary and Assistant Corporate Secretary shall, among others, possess appropriate administrative, interpersonal and legal skills, be aware of the laws, rules and regulations necessary in the performance of their duties or responsibilities, and have at least an understanding of basic financial and accounting matters. The current Corporate Secretary and the Assistant Corporate Secretary are both duly-licensed attorneys-at-law.

**(e) Committee Procedures**

**Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:**

Yes  No

Committee	Details of the procedures
Executive	<i>n/a</i> <sup>29</sup>
Audit: <i>Audit Committee (AC)</i>	In accordance with Sec. 4.1(c) of the <i>Audit Committee Charter, as amended ("AC Charter")</i> <sup>30</sup> , written notices of AC meetings (specifying the date, place and time, and matters to be discussed at the meeting) are sent by the AC Secretariat (Internal Audit team) to the concerned AC Members/Advisors a month before, or at least three (3) days prior to the scheduled meeting. Materials for the AC meetings are sent to concerned Members and Advisors at least three (3) days before the scheduled meeting.  Further, per Sec. 4.4(a) of the <i>AC Charter</i> , any other notice or document to be given or issued to the Members/Advisors may be served by the Committee upon any Member/Advisor either (i) personally, or (ii) by sending it by mail, postage prepaid, addressed to such Member/Advisor at his address and, in any case where the address of a Member/Advisor is outside the Philippines, by prepaid airmail or courier, or (iii) by facsimile transmission.  The AC Member or Advisor can request from the AC Secretariat for further information relevant to the AC meetings personally, or via mail, email or telephone/facsimile numbers.
Nomination: <i>Governance and Nomination Committee (GNC)</i>	In accordance with Sec. 4.1(c) of the <i>GNC Charter</i> <sup>31</sup> , written notices of GNC meetings (specifying the date, place and time, and matters to be discussed at the meeting) are sent by the GNC Secretariat (Corporate Governance Office) to the concerned GNC Members/Advisors at least three (3) days prior to the scheduled meeting, endeavoring, in practice, however to provide the notice at least two (2) weeks in advance. Materials, documents, papers and all other pertinent information are provided at least one (1) week prior to the scheduled meeting.  Further, per item 4.4(a) of the <i>GNC Charter</i> , any other notice or document to be given or issued to the Members/Advisors may be served by the Committee upon any

<sup>29</sup> The Board of Directors has not created or delegated its powers to an Executive Committee.

<sup>30</sup> A copy of the *Audit Committee Charter* is posted at: <http://pldt.com/docs/default-source/company-leadership/audit-committee-charter-.pdf?sfvrsn=2>.

<sup>31</sup> A copy of the *Governance and Nomination Committee Charter* is posted at: <http://www.pldt.com.ph/about/management/Documents/Governance%20and%20Nomination%20Committee%20Charter.pdf>.

	<p>Member/Advisor either (i) personally, or (ii) by sending it by mail, postage prepaid, addressed to such Member/Advisor at his address and, in any case where the address of a Member/Advisor is outside the Philippines, by prepaid airmail or courier, or (iii) by facsimile transmission.</p> <p>The GNC Member or Advisor can request from the GNC Secretariat for further information relevant to the GNC meetings personally, or via mail, email or telephone/facsimile numbers.</p>
Remuneration: <i>Executive Compensation Committee (ECC)</i>	<p>In accordance with Item 4.1(c) of the <i>Executive Compensation Committee Charter, as amended ("ECC Charter")</i><sup>32</sup>, written notices of ECC meetings (specifying the date, place and time, and matters to be discussed at the meeting) are sent by the ECC Secretariat (Human Resources) to the concerned ECC Members/Advisors at least three (3) days prior to the scheduled meeting. Materials, documents, papers and all other pertinent information are likewise provided at least three (3) days prior to the scheduled meeting.</p> <p>Further, per item 4.4(a) of the <i>ECC Charter</i>, any other notice or document to be given or issued to the Members/Advisors may be served by the Committee upon any Member/Advisor either (i) personally, or (ii) by sending it by mail, postage prepaid, addressed to such Member/Advisor at his address and, in any case where the address of a Member/Advisor is outside the Philippines, by prepaid airmail or courier, or (iii) by facsimile transmission.</p> <p>The ECC Member or Advisor can request from the ECC Secretariat for further information relevant to the ECC meetings personally, or via mail, email or telephone/facsimile numbers.</p>
Others (specify): <i>Technology Strategy Committee ("TSC")</i>	<p>In accordance with Item 4.1(c) of the <i>Technology Strategy Committee Charter, as amended ("TSC Charter")</i><sup>33</sup>, written notices of TSC meetings (specifying the date, place and time, and matters to be discussed at the meeting) are sent by the TSC Secretariat to the concerned TSC Members/Advisors at least three (3) days prior to the scheduled meeting. Materials, documents, papers and all other pertinent information are likewise provided at least three (3) days prior to the scheduled meeting.</p> <p>Further, per item 4.4(a) of the <i>TSC Charter</i>, any other notice or document to be given or issued to the Members/Advisors may be served by the Committee upon any Member/Advisor either (i) personally, or (ii) by sending it by mail, postage prepaid, addressed to such Member/Advisor at his address and, in any case where the address of a Member/Advisor is outside the Philippines, by prepaid airmail or courier, or (iii) by facsimile transmission.</p> <p>The TSC Member or Advisor can request from the TSC Secretariat for further information relevant to the TSC meetings personally, or via mail, email or telephone/facsimile numbers.</p>
Others (specify): <i>Risk Committee (RC)</i>	<p>In accordance with Sec. 4.1(c) of the <i>Risk Committee Charter ("RC Charter")</i><sup>34</sup>, written notices of AC meetings (specifying the date, place and time, and matters to be discussed at the meeting) are sent by the RC Secretariat (ERMD Head) to the concerned RC Members a month before, or at least three (3) days prior to the scheduled meeting. Materials for the RC meetings are sent to concerned Members and Advisors at least three (3) days before the scheduled meeting.</p> <p>Further, per Sec. 4.4(a) of the <i>RC Charter</i>, any other notice or document to be given or issued to the Members may be served by the Committee upon any Member either (i) personally, or (ii) by sending it by mail, postage prepaid, addressed to such Member at his address and, in any case where the address of a Member is outside the Philippines, by prepaid airmail or courier, or (iii) by facsimile transmission.</p> <p>The RC Member can request from the RC Secretariat for further information relevant to the RC meetings personally, or via mail, email or telephone/facsimile numbers.</p>

For all the committees listed above, the Chairman of the Committee and/or any of its Members/Advisors may meet separately with Management, the Internal Audit Head/Chief Audit Officer and/or the external auditor/s of the Company to

<sup>32</sup> A copy of the *Executive Compensation Committee Charter* is posted at:

<http://www.pldt.com.ph/about/management/Documents/Executive%20Compensation%20Committee%20Charter.pdf>.

<sup>33</sup> A copy of the *Technology Strategy Committee Charter* is posted at:

<http://www.pldt.com.ph/about/management/Documents/Technology%20Strategy%20Committee%20Charter.pdf>.

<sup>34</sup> A copy of the *Risk Committee Charter* is posted at: <http://www.pldt.com/docs/default-source/corporate-governance-files/committee-charter/risk-committee-charter.pdf>.

discuss any matter that the Committee or any of the foregoing persons or firms believe should be discussed privately. The Committee may also request any Officer, Executive or employee of the Company or the Company's outside counsel or external auditor to attend a meeting of the Committee or to meet with any Member, Advisor or consultant of the Committee. (Common provision set forth in Sec. 2.3 of the *AC Charter*, *GNC Charter*, *ECC Charter*, *RC Charter* and *TSC Charter*).

## 6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
Per Section 2.1.9(c) of the <i>PLDT CG Manual</i> , the Board shall ensure that the Board and the Board Committees are enabled to obtain independent professional advice at the Company's expense and have access to Management as they may deem necessary or appropriate to carry out their duties.	
Per Sections 2.2 and 2.3 of the Charters of the Board Committees ( <i>AC Charter</i> , <i>GNC Charter</i> , <i>ECC Charter</i> , <i>RC Charter</i> and <i>TSC Charter</i> ):	
<ul style="list-style-type: none"> <li>The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to engage and obtain external advice, counsel or consultancy services as it deems appropriate without need for Board approval.</li> <li>The Chairman of the Committee and/or any of its Members/Advisors may meet separately with Management to discuss any matter that the Committee or any of the foregoing persons believe should be discussed privately. The Committee may also request any Officer, Executive or employee of the Company or the Company's outside counsel or external auditors to attend a meeting of the Committee or to meet with any Members, Advisors or consultants of the Committee.</li> </ul>	

## 7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
Manual on Corporate Governance	A new Manual on Corporate Governance was approved and adopted by the Board on May 12, 2017.	In compliance with the Code of Corporate Governance For Publicly-Listed Companies (SEC Memorandum Circular No. 19, Series of 2016)

## D. REMUNERATION MATTERS

### 1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Guaranteed Annual Cash Compensation ("GACC") consisting of the 12 months Basic Pay ("Basic Pay"), one month Midyear Bonus, 13 <sup>th</sup> Month Pay, Christmas Bonus and Longevity Pay. Monthly Basic Pay is determined based on the salary range applicable for the position. The salary range is determined on the basis of benchmark market rates.	GACC consisting of the 12 months Basic Pay, one month Midyear Bonus, 13 <sup>th</sup> Month Pay, Christmas Bonus and Longevity Pay. Monthly Basic Pay is determined based on the salary range applicable for the position. The salary range is determined on the basis of benchmark market rates.
(2) Variable remuneration	Performance-based pay in terms of percentage of the GACC. Range is 0% to 40% of the GACC. Actual payout is dependent on the achievement of	Performance-based pay in terms of percentage of the Officer's GACC. Range is 0% to 40% of the GACC. Actual payout is dependent on the achievement of the Core Net Income target of

	the Core Net Income target of the PLDT Group.	the PLDT Group.
(3) Per diem allowance	--	--
(4) Bonus	--	--
(5) Stock Options and other financial instruments	--	--
(6) Others (specify):	--	--

## 2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Executive Directors get their regular compensation and benefits from PLDT on top of a <i>per diem</i> which is given based on attendance in Board and Board Committee Meetings (Php 250,000 per Board Meeting and Php 125,000 per Board Committee Meeting, effective January 2014).	Similar to compensation structure of other Officers of the Company.	Similar to computation of compensation of other Officers of the Company.
Non-Executive Directors	PLDT does not provide compensation and benefits for Non-Executive Directors. They are only given a <i>per diem</i> based on attendance in Board and Board Committee Meetings (Php 250,000 per Board Meeting and Php 125,000 per Board Committee Meeting, effective January 2014).	--	--

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Executive, Non-Executive and Independent Directors do not receive remuneration or benefits, in their capacity as such. They only receive <i>per diem</i> for attending Board and Board Committee Meetings. The current per diem rates for Directors is Php 250,000 per Board Meeting and Php 125,000 per Board Committee Meeting.	Not applicable. Under Sec. 30 of the <i>Corporation Code</i> , <i>per diems</i> are excluded from compensation which is subject to approval by a majority vote of stockholders. On September 30, 2014, the Board of Directors approved the increase in director's fee from P200,000 to P250,000 for Board meeting attendance and from P75,000 to P125,000 for Board Committee meeting attendance, retroactive to January 2014. The director's fee was last adjusted in January 2009. The Executive Compensation Committee recommended the increase based on the results of the survey on Board remuneration conducted by Towers Watsons Philippines, Inc., which considered the size of the PLDT Group in terms of revenues, net income and total assets, that PLDT is listed in the NYSE, and PLDT's directors do not receive compensation with a variable component other than the director's fees/per diem for attendance in Board/Board Committee meetings.

## 3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	Php 60,611,124.25	--	--
(b) Variable Remuneration	Php 7,151,860.00	--	--
(c) Per diem Allowance	Php 12,875,000.00	Php 27,000,000	Php 17,125,000
(d) Bonuses	--	--	--
(e) Stock Options and/or other financial instruments	--	--	--
(f) Others (LTIP)	--	--	--

<b>Total</b>	Php 80,637,984.25	Php 27,000,000	Php 17,125,000
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<b>Other Benefits</b>	<b>Executive Directors</b>	<b>Non-Executive Director (other than independent directors)</b>	<b>Independent Directors</b>
1) Advances	--	--	--
2) Credit granted	--	--	--
3) Pension Plan/s Contributions	--	--	--
(d) Pension Plans, Obligations incurred	--	--	--
(e) Life Insurance Premium	Php 889,860	--	--
(f) Hospitalization Plan	Actual; 100% covered	--	--
(g) Car Plan	Php 11,800,000	--	--
(h) Others (Specify)	--	--	--
<b>Total</b>	Php 12,689,860	--	--

#### 4) Stock Rights, Options and Warrants

##### (a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

<b>Director's Name</b>	<b>Number of Direct Option/Rights/Warrants</b>	<b>Number of Indirect Option/Rights/Warrants</b>	<b>Number of Equivalent Shares</b>	<b>Total % from Capital Stock</b>
--	--	--	--	--

##### (b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

<b>Incentive Program</b>	<b>Amendments</b>	<b>Date of Stockholders' Approval</b>
Long Term Incentive Plan (LTIP)	Awards under the LTIP covering the performance cycle January 1, 2012 to December 31, 2014 was paid in 2015. A new LTIP is under study.	

#### 5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

<b>Name of Officer/Position</b>	<b>Guaranteed Annual Cash Comp + Cash Benefits + Variable Pay</b>	<b>LTIP</b>	<b>Total Remuneration</b>
Ernesto R. Alberto	Php 202,600,031.88	--	Php 202,600,031.88
Rene G. Bañez*			
Anabelle L. Chua			
Isaias P. Fermin*			
Menardo G. Jimenez, Jr.			

\*Separated from service effective February 16, 2016 and January 1, 2017, respectively.





## E. BOARD COMMITTEES

### 1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	<i>n/a</i> <sup>35</sup>						
Audit: <i>Audit Committee (AC)</i>	--	--	3	<p>Committee Charter: The AC Charter was amended and approved on July 7, 2015 by the Board of Directors. The amendment aligned the risk functions of the Audit Committee and the Risk Committee which was created by the Board on June 9, 2015, and provided for the said committees' coordination on risk management.</p> <p>Functions, Key Responsibilities and Powers of the Audit Committee:</p> <p>The Audit Committee's main purpose or function is to assist the Board in fulfilling its oversight responsibilities for:</p> <ol style="list-style-type: none"> <li>1. the integrity of the Company's accounting and financial reporting principles and policies, and system of internal controls, including the integrity of the Company's financial statements and the independent audit thereof;</li> <li>2. the Company's compliance with legal and regulatory requirements; and</li> <li>3. the Company's audit process and the performance of the Company's internal audit organization and External Auditor, including the External Auditor's qualifications and independence.</li> </ol> <p>The Audit Committee's primary responsibility is oversight. The Audit Committee has oversight responsibilities and powers over the following areas:</p> <ul style="list-style-type: none"> <li>• External auditors;</li> <li>• Internal auditors;</li> <li>• Financial reporting principles and policies and system of internal control;</li> <li>• Enterprise risks; and</li> <li>• Legal and regulatory compliance</li> </ul> <p>The Audit Committee's functions, key responsibilities and powers are set forth in complete detail in the <i>AC Charter</i>. Relevant sections of the Charters of the Board Committees are set forth in Annex C-E.1.</p>			
Nomination: <i>Governance and Nomination Committee (GNC)</i>	1	1	3	<p>Committee Charter: The <i>GNC Charter</i> was approved on September 28, 2010 by the Board of Directors.</p> <p>Functions, Key Responsibilities and Powers of the Governance and Nomination Committee (GNC):</p> <p>The GNC's nomination-related primary purposes or functions are the following:</p> <ol style="list-style-type: none"> <li>1. Review and evaluate the qualifications of the persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board;</li> </ol>			

<sup>35</sup> The Board of Directors has not created or delegated its powers to an Executive Committee.

				<p>2. Identify persons believed to be qualified to become members of the Board and/or the Board Committees; and</p> <p>3. Assist the Board in making an assessment of the Board's effectiveness in the process of replacing or appointing new members of the Board and/or Board Committees.</p> <p>The GNC has key responsibilities and powers over the following nomination-related matters:</p> <ul style="list-style-type: none"> <li>• Nomination of Directors and Independent Directors;</li> <li>• Pre-screening nominee Independent Directors;</li> <li>• Preparation and recommendation to the Board of the final list of qualified nominee Directors and Independent Directors;</li> <li>• Recommending qualified Director or Independent Director in case of a vacancy;</li> <li>• Recommending qualified persons as Board Committees members; and</li> <li>• Evaluation of qualifications of persons nominated for Board-appointed positions.</li> </ul> <p>In addition to the foregoing matters that pertain to nomination, the GNC has the following functions, responsibilities and powers pertaining to governance:</p> <ol style="list-style-type: none"> <li>1. Oversee the development and implementation of corporate governance principles and policies;</li> <li>2. Assist the Board in developing and implementing the Board's performance evaluation process;</li> <li>3. Review and assess the adequacy and effectiveness of the Company's corporate governance structures, principles and policies;</li> <li>4. Establish the appropriate evaluation system for monitoring and assessing compliance with the corporate governance policies;</li> <li>5. Oversee the continuing corporate governance communication and education programs; and</li> <li>6. Consider, resolve and/or submit its recommendations to the Board on corporate governance issues.</li> </ol> <p>The GNC's nomination and governance functions, key responsibilities and powers are set forth in complete detail in the <i>GNC Charter</i>.</p>
Remuneration: Executive Compensation Committee (ECC)	1	1	3	<p>Committee Charter: The <i>ECC Charter</i> was approved on November 4, 2010 by the Board of Directors.</p> <p>Functions, Key Responsibilities and Powers of the Executive Compensation Committee (ECC):</p> <p>The ECC's primary purposes or functions are to:</p> <ol style="list-style-type: none"> <li>1. Provide guidance to and assist the Board in developing a compensation philosophy or policy consistent with the culture, strategy and control environment of the Company;</li> <li>2. Oversee the development and administration of the Company's executive compensation programs, including long term incentive plans and equity based plans for Officers and Executives; and</li> <li>3. Assist the Board in the performance evaluation of and succession planning for Officers, including the CEO, and in overseeing the development and implementation of professional development programs for Officers.</li> </ol> <p>The ECC has key responsibilities and powers over the following:</p> <ul style="list-style-type: none"> <li>• Compensation philosophy;</li> <li>• Compensation policies and programs for the President &amp; CEO, Directors and other members of management and</li> </ul>

				<p>key personnel; and</p> <ul style="list-style-type: none"> <li>• Development programs and succession planning.</li> </ul> <p>The ECC's functions, key responsibilities and powers are set forth in complete detail in the <i>ECC Charter</i>.</p>
Others (specify): <sup>36</sup> <i>Technology Strategy Committee (TSC)</i>	2	3	--	<p>Committee Charter: The <i>TSC Charter</i>, as amended, was approved on September 28, 2010 by the Board of Directors.</p> <p>Functions, Key Responsibilities and Powers of the Technology Strategy Committee (TSC):</p> <p>The TSC's primary purposes are to assist and enable the Board to:</p> <ol style="list-style-type: none"> <li>1. review and approve the strategic vision for the role of technology in the Company's overall business strategy, including the technology strategy and roadmap of the Company;</li> <li>2. fulfill its oversight responsibilities for the Company's effective execution of its technology-related strategies; and</li> <li>3. ensure the optimized use and contribution of technology to the Company's business and strategic objectives and growth targets.</li> </ol> <p>The TSC's primary responsibility is oversight. The TSC has key responsibilities and powers over the following:</p> <ul style="list-style-type: none"> <li>• Review of the Company's major technology strategy; and</li> <li>• Assisting the Board to achieve an understanding of the technologies needed for strategic growth plans.</li> </ul> <p>The TSC's functions, key responsibilities and powers are set forth in complete detail in the <i>TSC Charter</i>.</p>
<i>Risk Committee (RC)</i>	--	2	3	<p>Committee Charter: The <i>RC Charter</i> was approved on July 7, 2015 by the Board of Directors.</p> <p>Functions, Key Responsibilities and Powers of the Risk Committee:</p> <p>The primary purpose of the Committee is to assist the Board in fulfilling its governance functions relating to risk management.</p> <p>These functions include:</p> <ul style="list-style-type: none"> <li>- overseeing Management's adoption and implementation of a system for identifying, assessing, monitoring and managing key risk areas; and</li> <li>- reviewing Management's reports on the Company's major risk exposures and Management's plans and actions to minimize, control or manage the impact of such risks.</li> </ul> <p>The Risk Committee's primary responsibility is oversight. The Risk Committee's functions, key responsibilities and powers are set forth in complete detail in the <i>RC Charter</i>. Relevant sections of the Charters of the Board Committees are set forth in Annex C-E.1.</p>

## 2) Committee Members

(a) Executive Committee: *n/a*<sup>34</sup>

(b) Audit Committee (AC)<sup>37</sup>

<sup>36</sup> The Board of Directors is advised by several advisors comprising the Advisory Board/Committee, which provides guidance and suggestions, as necessary, on matters deliberated during Board meetings. While nominally referred to as the Advisory Board/Committee, it is not a separate functional committee to which the Board delegates the performance of specific Board functions or responsibilities. Six (6) advisors comprise the Advisory Board/Committee, namely, Oscar S. Reyes, Roberto R. Romulo, Benny S. Santoso, Washington Z. SyCip, Orlando B. Veja and Christopher H. Young.

<sup>37</sup> Audit Committee members are appointed annually for a one-year term. In this and subsequent tables regarding Board Committees, the dates of appointment pertain to the covered year 2017, i.e., for the term of office beginning on June 14, 2016 and ending June 13, 2017 and for the term of office beginning on that date and ending June 12, 2018, and the length of service is reckoned from the date of first appointment up to December 31,

Office	Name	Date of Appointment	No. of Meetings Attended (2016)	No. of Meetings Held (2016)	%	Length of Service in the Committee (years)
Chairman (ID)	Pedro E. Roxas	Jun 14, 2016 Jun 13, 2017	11	11	100	14.8
Member (ID)	Artemio V. Panganiban	Jun 14, 2016 Jun 13, 2017	11	11	100	3.7
Member (ID)	Bernido H. Liu	Jun 14, 2016 Jun 13, 2017	9	11	82	1.3
Advisor/Audit Committee Financial Expert	Corazon S. Dela Paz-Bernardo <sup>38</sup>	Jun 14, 2016 Jun 13, 2017	11	11	100	12.8
Advisor	Roberto R. Romulo	Jun 14, 2016 Jun 13, 2017	10	10	100	14.3
Advisor (NED)	James L. Go	Jun 14, 2016 Jun 13, 2017	10	10	100	5.2
Advisor (NED)	Atsuhisa Shirai*	Aug 30, 2016 Jun 13, 2017	4	4	100	0.3

\* Mr. Atsuhisa Shirai was appointed as an advisor by the Board of Directors on August 30, 2016.

#### Disclose the profile or qualifications of the Audit Committee members.

The qualifications of Audit Committee members as provided in Section 3.2 of the *AC Charter* are as follows:

- Each Member must be financially literate and the Chairman must have accounting or related financial management expertise, as such qualifications are interpreted by the Board in its business judgment.
- Each Member shall be a Philippine citizen if so required under applicable Philippine laws and regulations and/or the *By-Laws*.

Profile of Audit Committee Members:

Mr. Pedro E. Roxas

Mr. Roxas has been a member of the PLDT Board of Directors since March 1, 2001 and has been qualified as an independent director thereof since 2003. He is also the Chairman of the Risk Committee and serves as an independent member of the Governance and Nomination and Executive Compensation Committees of the PLDT Board of Directors. Mr. Roxas is the Chairman of Roxas Holdings, Inc. and Roxas and Company, Inc., and an independent director of Manila Electric Company (“Meralco”), BDO Private Bank and CEMEX Holdings Phil. Inc., which are reporting Philippine Stock Exchange (“PSE”)-listed companies. He is also the Chairman, President or a director of companies or associations in the fields of agribusiness, sugar manufacturing and real estate development including Brightnote Assets Corporation, Club Punta Fuego, Inc., Hawaiian-Philippine Co. and Philippine Sugar Millers Association, and a member of the Board of Trustees of Philippine Business for Social Progress, Fundacion Santiago (where he is also the President) and Roxas Foundation, Inc. He obtained his diploma in Bachelor of Science in Business Administration from the University of Notre Dame, Indiana, U.S.A.

Retired Chief Justice Artemio V. Panganiban

Honorable Panganiban was elected as an independent director of PLDT on April 23, 2013 and also serves as an independent member of the Governance and Nomination, Executive Compensation and Risk Committees of the PLDT Board of Directors. Prior thereto, he served as an independent member of the Advisory Board and an independent non-voting member of the Governance and Nomination Committee of the Board of Directors of PLDT from June 9, 2009 to May 6, 2013. Currently, he is an independent director of Meralco, Petron Corporation, First Philippine Holdings Corporation, Metro Pacific Investments Corporation, Robinsons Land Corporation, GMA Network, Inc., GMA Holdings, Inc., and Asian Terminals, Inc., and a regular director of Jollibee Foods Corporation, all of which are PSE-listed companies. He is also an independent director of Metro Pacific Tollways Corporation, Tollways Management Corporation, Liberty Telecoms Holdings, Inc. and Asian Hospital, Inc., a regular director of TeaM Energy Corporation, and an adviser of Metropolitan Bank and Trust Company, Bank of the Philippine Islands and Double Dragon Properties Corporation. He is the Chairman of Pan Philippine Resources Corp. and Peecee Realty, Inc., Chairman of the Board of Trustees of the Foundation for Liberty and Prosperity and Philippine Judges Foundation, Chairman of the Board of Advisers of Metrobank Foundation, Inc., trustee of Claudio Teehankee Foundation, Tan Yan Kee Foundation and Speaker Laurel Foundation, president of the Manila Metropolitan Cathedral-Basilica Foundation, Inc., adviser of University of Asia and the Pacific College of Law, Asian Institute of Management Corporate Governance Center, De La Salle University College of Law, V. Mapa Blue Falcon Honor Society, and Johann Strauss Society,

2016.

<sup>38</sup> Appointed as Audit Committee Financial Expert since March 30, 2004, and continued as such after her resignation as a director on October 3, 2008 (per Board resolution dated November 4, 2008).

member of the Advisory Board of World Bank (Philippines), Chairman-Emeritus of the Philippine Dispute Resolution Center, Inc., Chairman of the Asean Law Association (Philippine Chapter), consultant of the Judicial and Bar Council, and a column writer of the Philippine Daily Inquirer. Hon. Panganiban served the Supreme Court of the Philippines for more than 11 years, first as Associate Justice (October 10, 1995 to December 20, 2005) and later, as Chief Justice (December 21, 2005 to December 6, 2006) during which he sat concurrently as Chairperson of the Presidential Electoral Tribunal, Judicial and Bar Council and Philippine Judicial Academy. He was the recipient of numerous awards in recognition of his role as jurist, practising lawyer, professor, civic leader, Catholic lay worker and business entrepreneur, including as “The Renaissance Jurist of the 21st Century” given by the Supreme Court on the occasion of his retirement from the Court. He obtained his Bachelor of Laws Degree *cum laude* in 1960 from the Far Eastern University, passed the bar examinations in the same year as 6<sup>th</sup> placer, and was conferred a Doctor of Laws (Honoris Causa) by the University of Iloilo (1997), Far Eastern University (2002), University of Cebu (2006), Angeles University (2006), and Bulacan State University (2006). (For more information, please login to his personal website, <https://cjpanganiban.com> or [cjpanganiban.com](https://cjpanganiban.com))

Mr. Bernido H. Liu

Mr. Liu has been an independent director of the PLDT Board of Directors since September 28, 2015. He also serves as an independent member of the Governance and Nomination, Executive Compensation and Risk Committees of the PLDT Board of Directors. Mr. Liu is the Chairman, President and Chief Executive Officer of Golden ABC, Inc. (“GABC”), a fashion retail company which creates and sells its own clothing, personal care and accessory lines marketed and retailed under a fast-growing dynamic portfolio of well-differentiated proprietary brands. He is the Group Chairman of LH Paragon Incorporated, a business holdings company which has under its management GABC and other companies from different industries, namely, Matimco Incorporated, Oakridge Realty Development Corporation, Basic Graphics Incorporated, Essentia Medical Group Incorporated, Greentree Food Solutions, Inc. and Red Logo Lifestyle, Inc., where he is the Chairman. He is also a director of GABC International Pte Limited, Children’s Hour Philippines and Mga Likha ni Inay, Inc., a trustee of Philippine Retailers Association, a member of the Visayas Advisory Council of Habitat for Humanity Philippines and an independent member of the Board of Trustees of the PLDT-SMART Foundation, Inc. Over the years, Mr. Liu has been recognized by different award-giving bodies. His awards include, among others, the Agora Award for Outstanding Achievement in Entrepreneurship from the Philippine Marketing Association, Ten Outstanding Young Men for Entrepreneurship, and Grand Bossing from PLDT SME Nation. He obtained his diploma in Bachelor of Science in Architecture from the University of San Carlos, Cebu, and completed the Executive Education Owner/President Management Program of the Harvard Business School.

**Describe the Audit Committee’s responsibility relative to the external auditor.**

The Audit Committee’s key responsibilities relative to the external auditor include the following: review of the qualification, performance and independence of the external auditor; selection and appointment of the external auditor or replacement of the external auditor as the Audit Committee may deem necessary or appropriate; review of all audit and non-audit services to be performed by the external auditor and all fees to be paid for such services; review of the external auditor’s Auditor Statement on its internal quality control procedures; ensuring the rotation at least every five (5) years or such other period as required by applicable law or regulation of the external auditor or its lead audit partner; considering reports submitted by the external auditor in accordance with applicable Auditing Standard; and ensuring that the external auditor has unrestricted access to all records , properties and personnel to enable the performance of its audit functions.

The Audit Committee’s responsibilities relative to the external auditor are set forth in complete detail in Sections 1 and 3 of the *AC Charter-Schedule, Duties and Powers* as provided in *Annex C-E.1: “Audit Committee”* hereto attached and in the *AC Charter*.

**(c) Nomination Committee: Governance and Nomination Committee (GNC)<sup>39</sup>**

Office	Name	Date of Appointment	No. of Meetings Attended (2016)	No. of Meetings Held (2016)	%	Length of Service in the Committee (years)
Chairman	Manuel V. Pangilinan (ED)	Jun 14, 2016 Jun 13, 2017	4	4	100	12.2
Member (ED)	--					
Member (NED)	Atsuhisa Shirai*	Aug 30, 2016 Jun 13, 2017	2	2	100	0.2
Member (ID)	Artemio V. Panganiban	Jun 14, 2016 Jun 13, 2017	4	4	100	7.6
	Pedro E. Roxas	Jun 14, 2016 Jun 13, 2017	4	4	100	13.9

<sup>39</sup> Governance and Nomination Committee members are appointed annually for a one-year term. See footnote no. 37.

	Bernido H. Liu	Jun 14, 2016 Jun 13, 2017	4	4	100	1.3
Member	<i>Non-Voting Members:</i> Maria Elizabeth S. Sichon**	Feb 7, 2017 Jun 13, 2017	-	-	-	-
	Ma. Lourdes C. Rausa-Chan (ED)	Jun 14, 2016 Jun 13, 2017	4	4	100	8.8

\* Mr. Atsuhisa Shirai was appointed as a member by the Board of Directors on August 30, 2016.

\*\* Ms. Maria Elizabeth S. Sichon was appointed as a member by the Board of Directors effective February 7, 2017.

**(d) Remuneration Committee: Executive Compensation Committee (ECC)**<sup>40</sup>

Office	Name	Date of Appointment	No. of Meetings Attended (2016)	No. of Meetings Held (2016)	%	Length of Service in the Committee (years)
Chairman (ED)	Manuel V. Pangilinan	Jun 14, 2016 Jun 13, 2017	1	1	100	5.5
Member (NED)	Atsuhisa Shirai*	Aug 30, 2016 Jun 13, 2017	--	--	--	0.3
Member (ID)	Artemio V. Panganiban	Jun 14, 2016 Jun 13, 2017	1	1	100	3.7
	Pedro E. Roxas	Jun 14, 2016 Jun 13, 2017	1	1	100	15.6
	Bernido H. Liu	Jun 14, 2016 Jun 13, 2017	1	1	100	1.3
Member	<i>Non-Voting Member:</i> Maria Elizabeth S. Sichon**	Feb 7, 2017 Jun 13, 2017	-	-	-	-

\* Mr. Atsuhisa Shirai was appointed as a member by the Board of Directors on August 30, 2016.

\*\* Ms. Maria Elizabeth S. Sichon was appointed effective February 7, 2017.

**(e) Others (Specify)**<sup>41</sup>

Provide the same information on all other committees constituted by the Board of Directors:

(i) Risk Committee (RC)<sup>42</sup>

Office	Name	Date of Appointment	No. of Meetings Attended (2016)	No. of Meetings Held (2016)	%	Length of Service in the Committee (years)
Chairman (ID)	Artemio V. Panganiban	Jun 14, 2016 Jun 13, 2017	4	4	100	1.6
Member (ID)	Pedro E. Roxas	Jun 14, 2016 Jun 13, 2017	4	4	100	1.6
Member (ID)	Bernido H. Liu	Jun 14, 2016 Jun 13, 2017	3	4	75	1.3
Member (NED)	James L. Go	Jun 14, 2016 Jun 13, 2017	3	4	75	1.5
Member (NED)	Atsuhisa Shirai*	Aug 30, 2016 Jun 13, 2017	2	2	100	0.3

\* Mr. Atsuhisa Shirai was appointed as a member by the Board of Directors on August 30, 2016.

(ii) Technology Strategy Committee (TSC)<sup>43</sup>

<sup>40</sup> Executive Compensation Committee members are appointed annually for a one-year term. See footnote 37.

<sup>41</sup> See footnote 36.

<sup>42</sup> Risk Committee members are appointed annually for a one-year term. See footnote 37.

<sup>43</sup> Technology Strategy Committee members are appointed annually for a one-year term. See footnote 37.

Office	Name	Date of Appointment	No. of Meetings Attended (2016)	No. of Meetings Held (2016)	%	Length of Service in the Committee (years)
Chairman (ED)	Manuel V. Pangilinan	Jun 14, 2016 Jun 13, 2017	2	2	100	9.6
Member (ED)	Ray C. Espinosa	Jun 14, 2016 Jun 13, 2017	2	2	100	9.6
Member (NED)	James L. Go	Jun 14, 2016 Jun 13, 2017	2	2	100	5.2
	Albert F. del Rosario*	Jul 11, 2016 Jun 13, 2017	--	--	--	0.5
	Atsuhisa Shirai**	Aug 30, 2016 Jun 13, 2017	--	--	--	0.3
Member (ID)	--					
Member	<i>Non-voting members:</i> Oscar S. Reyes	Jun 14, 2016 Jun 13, 2017	2	2	100	9.6
	Orlando B. Vea	Jun 14, 2016 Jun 13, 2017	2	2	100	8.6

\* Mr. Albert F. del Rosario was appointed as a member by the Board of Directors on July 11, 2016.

\*\* Mr. Atsuhisa Shirai was elected as a member by the Board of Directors on August 30, 2016.

### 3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	<i>n/a</i> <sup>44</sup>	
-	-	-

### 4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year (2016).

Name of Committee	Work Done	Issues Addressed
Executive	<i>n/a</i> <sup>45</sup>	
Audit: <i>Audit Committee (AC)</i>	<ul style="list-style-type: none"> <li>Reviewed and approved for retention the existing AC Charter until the next review in 2017.</li> <li>Discussed with the internal audit group its annual audit plan and the results of its examinations and evaluations of PLDT's risk management, controls and governance processes.</li> <li>Discussed with the external auditor its overall scope and plan, and the results of its integrated audit of PLDT Group's financial statements and internal control over financial reporting.</li> <li>Reviewed and approved all audit and non-audit services provided by external auditor to the PLDT Group and the related fees, and concluded that the non-audit fees are not significant to impair their independence.</li> <li>Discussed with external auditor the matters required to be discussed by the prevailing applicable Auditing Standard and its independence from the PLDT Group and the PLDT Group's management.</li> <li>Discussed with the PLDT Group's Enterprise Risk</li> </ul>	

<sup>44</sup> The Board of Directors has not created or delegated its powers to an Executive Committee.



	<p>Management (ERM) Officer the PLDT Group's Top Risks for 2016, and updates on the status of agreed action plans in connection with the results of Internal Audit's Group-wide Review of ERM Process.</p> <ul style="list-style-type: none"> <li>• Reviewed and discussed the audited financial statements of the PLDT Group as at and for the year ended December 31, 2015 with the PLDT Group's management, which has the primary responsibility for the financial statements, and with the external auditor responsible for expressing an opinion on the conformity of the PLDT Group's audited financial statements with PFRS.</li> <li>• Reviewed and discussed with Finance Officers PLDT's unaudited consolidated quarterly financial statements and reports in the first three quarters of 2016.</li> <li>• Reviewed SGV's performance and qualifications, including management's recommendation, and on the basis thereof, approved the appointment of SGV as the PLDT Group's external auditor.</li> <li>• Discussed with the General Counsel and the Head of Regulatory Affairs and Policies Office the matters regarding the Company's compliance with Board policies and applicable laws and regulations.</li> </ul>	
<p>Nomination: <i>Governance and Nomination Committee (GNC)</i></p>	<p>Nomination Function:</p> <ul style="list-style-type: none"> <li>• Pre-screened nominee Directors and Independent Directors.</li> <li>• Submitted to the Board the final list of qualified nominee Directors and Independent Directors for election at the Annual Stockholders' Meeting.</li> <li>• Reviewed the qualifications of officers and recommended their appointment or re-appointment.</li> <li>• Pre-screened and recommended to the Board the appointment of four directors to fill the vacancies in the Board and the Board Committees.</li> </ul> <p>Governance Function:</p> <ul style="list-style-type: none"> <li>• Reviewed corporate governance policies and their implementation.</li> <li>• Reviewed and approved the corporate governance continuing education and communication program and the corporate governance themes for the annual posters and calendars for the ensuing year.</li> <li>• Assisted the Board in implementing the Board Assessment, including the performance evaluation of Board Committees and individual Directors.</li> <li>• Reviewed, noted and, as applicable, approved the conflict of interest disclosures and the implementation of the Periodic Conflict of Interest Disclosure System.</li> <li>• Reviewed the whistleblowing cases and the handling thereof.</li> <li>• Reviewed and approved the Annual Corporate Governance Report and noted the PSE Corporate Governance Disclosure Report.</li> <li>• Received reports on governance enhancement initiatives in the Company and its subsidiaries.</li> <li>• Received updates on various proposed CG</li> </ul>	<p>Compliance with applicable regulations and conformance with the <i>PLDT CG Manual</i></p> <p>Continuous improvement of the Company's corporate governance standards</p>

	Reports/Scorecards/Awards, such as the SEC Annual Corporate Governance Report, ASEAN CG Scorecard and PSE Bell Awards.	
Remuneration: <i>Executive Compensation Committee (ECC)</i>	<ul style="list-style-type: none"> <li>Discussed and approved the payout of two (2) months variable pay for PLDT/Smart Officers and Executives and Smart staff for 2015 performance</li> <li>Discussed and approved the payout of an additional one (1) month variable pay contingent on 2016 first half results tracking the Core Income Budget</li> </ul>	Effectiveness and competitiveness of the Company's compensation strategy and its implementation
Others (specify): <i>Technology Strategy Committee (TSC)</i>	<ul style="list-style-type: none"> <li>Discussed the status of the PLDT Group's initiatives to improve the business, operation and quality of service.</li> <li>Discussed the status of and updates on the PLDT Group's technology roadmap.</li> <li>Discussed the Technology Group budget for network, platforms and IT infrastructure for 2015 and 2016 as well as the outlook for 2017.</li> </ul>	Effectiveness of the PLDT Group's technology strategy in line with, or in support of, the Group's various businesses; and optimization of the use of the PLDT Group's technology, network and IT infrastructure to achieve strategic objectives and growth targets
<i>Risk Committee (RC)</i>	<ul style="list-style-type: none"> <li>Reviewed and noted the framework and process followed by the Group Enterprise Risk Management Department (GRMD).</li> <li>Reviewed the top risks of the PLDT Group as identified by the CEO Council and the mitigation strategies to address these risks.</li> <li>Reviewed and noted the progress on the development of the risk register software.</li> <li>Reviewed and noted the progress of GRMD in conducting Enterprise Risk Management (ERM) Workshops with some subsidiaries.</li> <li>Reviewed and discussed the mitigation strategies of the Project Management Office (PMO) on the Execution Risk.</li> <li>Reviewed and discussed the PLDT Group's Business Continuity Plan with the Enterprise Business Continuity and Resiliency Head.</li> <li>Reviewed and discussed the PLDT Procurement Risk Profile with the Chief Procurement Advisor.</li> <li>Reviewed and discussed People Risk with the Human Resource Group Heads of PLDT and Smart.</li> </ul>	

## 5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	<i>n/a</i> <sup>43</sup>	
Audit: <i>Audit Committee (AC)</i>	Conduct of usual executive sessions with key operating officers regarding significant risks pertaining to their areas of responsibility	For the regular update and better understanding of the Audit Committee members
Nomination: <i>Governance and Nomination Committee (GNC)</i>	<p>Nomination Function:</p> <ul style="list-style-type: none"> <li>Pre-screening and submission to the Board of the final list of qualified nominee Directors and Independent Directors for election at the Annual Stockholders' Meeting</li> <li>Review of the qualifications of officers for appointment or re-appointment</li> </ul> <p>Governance Function:</p> <ul style="list-style-type: none"> <li>Review of the continuing education and</li> </ul>	<p>To ensure continued compliance with applicable regulations and conformance with the <i>PLDT CG Manual</i></p> <p>To sustain the continuous improvement of the Company's corporate governance</p>

	<p>communication program for incoming year, including the appropriate enhancements session for Directors and Officers and the corporate governance themes for the annual posters for the following year</p> <ul style="list-style-type: none"> <li>• Review of corporate governance policies and their implementation</li> <li>• Assist in the implementation of the Board Assessment for the current year, including the performance evaluation of Board Committees and individual Directors</li> <li>• Review of conflict of interest disclosures</li> <li>• Review of whistleblowing cases and the handling thereof</li> <li>• Review of the Corporate Governance Report for previous year and other governance-related compliance reports</li> <li>• Other governance enhancement projects, including online systems for conflict of interest and gifts disclosures and the upgrade of the corporate governance website</li> </ul>	standards
Remuneration: <i>Executive Compensation Committee (ECC)</i>	<ul style="list-style-type: none"> <li>• Annual review of compensation policy with comparatives to market and peer companies</li> <li>• Obtain information on best compensation practices of best managed companies abroad</li> </ul>	To maintain the competitiveness of the Company's compensation structures and practices
Others (specify) <i>Technology Strategy Committee (TSC)</i>	<ul style="list-style-type: none"> <li>• Update on the Group's technology roadmap</li> <li>• Briefing on the Group's technology budget</li> <li>• Briefing on new technology</li> </ul>	To enable the Technology Strategy Committee to assist the Board in the performance of its oversight responsibilities on the Company's technology strategy and roadmap
<i>Risk Committee (RC)</i>	<ul style="list-style-type: none"> <li>• Review and discuss with Management the Company's risk management framework and risk profile, and risk appetite and strategies to be recommended to the Board for approval</li> <li>• Coordinate with the Audit Committee in the latter's review of the Company's enterprise risk management system and major risk exposures, particularly risks that may have a material impact on financial reporting</li> <li>• Ensure that Management reports to the Board on known and emerging major risks and the management of such risks</li> <li>• Conduct the ERM Process with other subsidiaries and affiliates.</li> </ul>	To ensure that the performance of the Company's risk management function is effective

## F. RISK MANAGEMENT SYSTEM

### 1) Disclose the following:

#### (a) Overall risk management philosophy of the company;

The PLDT Group's commitment to effective management of risk is encompassed in the PLDT Group Risk Management Philosophy as follows:

*The PLDT Group operates in a complex and dynamic business environment which gives rise to a variety of risks that can be both threat and opportunity. Recognizing that these risks are an integral part of its business, the PLDT Group is committed to managing its overall risk exposure in a systematic way and in such a manner that supports its strategic decision-making process. Accordingly, the PLDT Group employs a comprehensive, integrated risk management program, effected across all levels of the organization, with the goal of identifying, analyzing and managing the Group's risks to an acceptable level, so as to enhance opportunities, reduce threats, and thus sustain competitive advantage. The PLDT Group believes that an effective risk management program will contribute to the attainment of objectives by PLDT and its subsidiaries, thus creating value for the business and its stakeholders.*

This philosophy statement is contained in the *PLDT Group Risk Management Policy Manual* updated in February 2016.

#### (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

The Risk Committee has received from and discussed with the PLDT Group's Enterprise Risk Management Officer periodic status reports on PLDT Group's enterprise risk management activities for 2016.

In connection with its oversight responsibility to review in a general manner the Company's enterprise risk management systems and major risk exposures, particularly risks that may have a material impact on financial reporting, the Audit Committee has also discussed with the PLDT Group's Enterprise Risk Management Officer the PLDT Group's Top Risks for 2016, and updates on the status of agreed action plans in connection with the results of Internal Audit's Group-wide Review of ERM Process. The Audit Committee shall include such discussion in its *2016 Audit Committee Report*. A copy of the Audit Committee Report shall also be included in PLDT's 2016 Annual Report.

The PLDT Group Risk Management Philosophy Statement, the Enterprise Risk Management framework, the guidelines governing the process, and the roles and responsibilities for its implementation are contained in the *PLDT Group Risk Management Policy Manual*. This manual was reviewed and endorsed for approval by Mr. Manuel V. Pangilinan, President and CEO of the PLDT Group, on February 22, 2016 and was also presented and approved initially by the PLDT Audit Committee and subsequently by the Board of Directors.

#### (c) Period covered by the review;

The review covered the period from January 2016 to December 2016.

#### (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The Group Enterprise Risk Management Department (GRMD) reports to the Risk Committee on a quarterly basis and to the PLDT Board of Directors on a semi-annual basis on developments with regard to the Group's risk management activities. Discussion merits continuous evaluation of the effectiveness of the Company's risk management practices.

#### (e) Where no review was conducted during the year, an explanation why not.

A review was conducted for the year 2016, as noted above. Such will likewise be reported in the *2016 Audit Committee Report* for inclusion in PLDT's 2016 Annual Report.

### 2) Risk Policy

#### (a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
1. Competitive Situation	Strengthen brand by ensuring network reliability and excellent customer experience while closely monitoring	To rebuild market and brand leadership.

	competition.	
2. Recruitment and Retention of Appropriate Personnel	Ensure that the current workforce is empowered and equipped with the skills necessary to support changing business requirements. Management policies also include the implementation of new performance metrics that will ensure a culture of innovation, collaboration and customer experience.	To manage manpower and talent requirements given the changing industry landscape.
3. Execution of Network Roll-out	Expand network coverage and capacity and ensure network reliability.	To keep network and technological superiority and provide best customer experience.
4. Monetization of Data Traffic	Explore other non-traditional revenue opportunities.	To increase revenue thru other revenue streams.
5. Changes in Political/Regulatory Landscape	Be ready for the possible changes in the regulatory environment and security threats arising from national and international conflicts.	To closely monitor the regulatory environment and to comply with existing regulations.
6. Execution of Digital Pivot/ Transformation	Ensure that the organization's structure is suitable for a digital-focused strategy.	To institute strategic change within the company by 2019.
7. Regular Occurrence of Natural Disasters	Develop and implement business continuity plans. Management policies also acknowledge the important role of insurance in protecting the PLDT Group from losses resulting from hazardous events.	To provide high-availability service and ensure that the PLDT Group is protected from losses resulting from hazards by strengthening its Business Continuity Plans and purchasing of adequate insurance policies.
8. Dependence on Vendors	Ensure that appropriate Procurement organization and processes are in place.	To have a competitive pool of suppliers supporting business requirements.
9. Exposure to Financial Risk	Manage financial risks at acceptable levels.	To grow revenue and minimize expenses to increase market share.
10. Increase in Cybersecurity Issues	Manage information risks by protecting data from security breaches and help ensure that statutory requirements are met and penalties are avoided.	To build secure systems and infrastructure and to prevent disclosure of confidential information to unauthorized individuals

**(b) Group<sup>45</sup>**

**Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:**

Risk Exposure	Risk Management Policy	Objective
1. Competitive Situation	Strengthen brand by ensuring network reliability and excellent customer experience while closely monitoring competition.	To rebuild market and brand leadership.
2. Recruitment and Retention of Appropriate Personnel	Ensure that the current workforce is empowered and equipped with the skills necessary to support changing business requirements. Management policies also include the implementation of new performance metrics that will ensure a culture of innovation, collaboration and customer experience.	To manage manpower and talent requirements given the changing industry landscape.
3. Execution of Network Roll-out	Expand network coverage and capacity and ensure network reliability.	To keep network and technological superiority and provide best customer

<sup>45</sup> The PLDT Group adopted and implements a Group-wide approach to enterprise risk management.

		experience.
4. Monetization of Data Traffic	Explore other non-traditional revenue opportunities.	To increase revenue thru other revenue streams.
5. Changes in Political/Regulatory Landscape	Be ready for the possible changes in the regulatory environment and security threats arising from national and international conflicts.	To closely monitor the regulatory environment and to comply with existing regulations.
6. Execution of Digital Pivot/ Transformation	Ensure that the organization's structure is suitable for a digital-focused strategy.	To institute strategic change within the company by 2019.
7. Regular Occurrence of Natural Disasters	Develop and implement business continuity plans. Management policies also acknowledge the important role of insurance in protecting the PLDT Group from losses resulting from hazardous events.	To provide high-availability service and ensure that the PLDT Group is protected from losses resulting from hazards by strengthening its Business Continuity Plans and purchasing of adequate insurance policies.
8. Dependence on Vendors	Ensure that appropriate Procurement organization and processes are in place.	To have a competitive pool of suppliers supporting business requirements.
9. Exposure to Financial Risk	Manage financial risks at acceptable levels.	To grow revenue and minimize expenses to increase market share.
10. Increase in Cybersecurity Issues	Manage information risks by protecting data from security breaches and help ensure that statutory requirements are met and penalties are avoided.	To build secure systems and infrastructure and to prevent disclosure of confidential information to unauthorized individuals

**(c) Minority Shareholders**

**Indicate the principal risk of the exercise of controlling shareholders' voting power.**

There is a risk that the groups of shareholders which hold a significant number of the Company's outstanding shares with voting rights may not act in the interest of other shareholders or stakeholders of the Company. This risk is managed by the Company through compliance with laws and regulations that protect minority shareholders; oversight of the Board and Board Committees, whose independence is underscored by the involvement of Independent Directors; and the implementation of Company policies intended to protect the rights of minority shareholders, including the *PLDT CG Manual*, *Conflict of Interest Policy* and *RPT Guidelines*.

**3) Control System Set Up**

**(a) Company**

**Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:**

<b>Risk Exposure</b>	<b>Risk Assessment (Monitoring and Measurement Process)</b>	<b>Risk Management and Control (Structures, Procedures, Actions Taken)</b>
Strategic, Operational, Financial and Compliance Risks	The ERM process used by the Group Enterprise Risk Management Department is based on the ISO 31000 standard on risk management.	The ERM Framework adopted by the PLDT Group requires all its members, including PLDT, to select and implement a treatment strategy to address high-priority risks. Suitable risk treatment strategies and action plans are developed by operational units. The risk owner shall be responsible for coordinating and engaging the different teams involved in the implementation of the strategies and action plans. Appropriate resources are then made available to ensure these plans are implemented effectively.  The proper implementation of treatment strategies are documented creating an audit trail for periodic audits by Internal Audit and/or external auditors to test compliance with agreed upon policies and strategies.

(b) Group<sup>46</sup>

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Strategic, Operational, Financial and Compliance Risks	The ERM process used by the Group Enterprise Risk Management Department is based on the ISO 31000 standard on risk management.	<p>The ERM Framework adopted by the PLDT Group requires all its members to select and implement a treatment strategy to address high-priority risks. Suitable risk treatment strategies and action plans are developed by operational units. The risk owner shall be responsible for coordinating and engaging the different teams involved in the implementation of the strategies and action plans. Appropriate resources are then made available to ensure these plans are implemented effectively.</p> <p>The proper implementation of treatment strategies are documented creating an audit trail for periodic audits by Internal Audit and/or external auditors to test compliance with agreed upon policies and strategies.</p>

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:<sup>47</sup>

Committee/Unit	Control Mechanism	Details of its Functions
Risk Committee (RC)	Oversight at the Board level on the Company's risk assessment and management policies and processes.	Assist the Board in fulfilling its oversight and governance functions relating to risk management.
Audit Committee (AC)	Oversight at the Board level on the Company's risk assessment and management policies and processes, particularly on risks that may have a material impact on financial reporting.	Assists the Board in fulfilling its oversight responsibilities for, among others, the Company's management of risks that may have a material impact on financial reporting.
Governance and Nomination Committee (GNC)	Oversight at the Board level on the Company's development and implementation of corporate governance principles and policies.	Management of integrity risks and reputational risks related to unethical business and employee practices.
Group Enterprise Risk Management Department	Reports to the Risk Committee on a quarterly basis and to the PLDT Board of Directors on a semi-annual basis on developments with regard to the PLDT Group's risk management activities. Discussion merits continuous evaluation of the effectiveness of the Company's risk management practices.	Promulgates, encourages, and practices an integrated risk management framework for the organization, focusing on ensuring that critical risks are identified, evaluated, treated and monitored across all functions and units within the PLDT Group.
Internal Audit	Provides independent and objective assurance and consulting services based on approved risk-based audit plans.	Objective evaluation of the effectiveness of risk management, control, and governance processes.
Corporate Governance Office	Assists and reports to the Governance and Nomination Committee (GNC) regarding the development and implementation of corporate governance principles and policies, including the conduct of education & communication programs	Assists and reports to the GNC on the management of integrity risks and reputational risks related to unethical business and employee practices.

<sup>46</sup> See footnote 45.

<sup>47</sup> The committee and bodies of corporate governance enumerated above functionally report to the Board or Board Committees and provide control mechanisms at the entity-level and as part of the governance and oversight at the Board level. Control mechanisms are implemented at the operational level by operating units such as the Human Resources Group, Finance Group, Supply Chain, Asset Protection and Management Group, Business Continuity Committee, Integrated Revenue Management, Information Asset Protection and Assurance, and Regulatory Affairs and Policies.

	on corporate governance and implementation of the <i>Whistleblowing Policy</i> .	
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**G. INTERNAL AUDIT AND CONTROL**

**1) Internal Control System**

Disclose the following information pertaining to the internal control system of the company:

- (a) Explain how the internal control system is defined for the company;
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
- (c) Period covered by the review;
- (d) How often internal controls are reviewed and the directors’ criteria for assessing the effectiveness of the internal control system; and
- (e) Where no review was conducted during the year, an explanation why not.

The Company defines Internal Control according to the COSO Framework (Committee of Sponsoring Organizations of the Treadway Commission’s “Internal Control–Integrated Framework”) as updated in May 2013, as:

“a process, effected by the Company’s Board of Directors, Management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.”

Our Management is responsible for establishing and maintaining adequate internal controls. The Audit Committee of the Board of Directors assists the Board in fulfilling its oversight responsibilities for the Company’s system of internal controls.

In addition, starting with our annual report on Form 20-F for the year ended December 31, 2006 filed with the U.S. Securities and Exchange Commission (U.S. SEC), our Management is required to include annually its assessment of the effectiveness of our internal control over financial reporting (ICFR) in addition to the audited financial statements (FS) as at the end of the most recent fiscal year.

**2) Internal Audit**

**(a) Role, Scope and Internal Audit Function**

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/ Auditing Firm	Reporting process
Per <i>PLDT Internal Audit (IA) Charter</i> : The role of the Internal Audit Organization is to determine whether PLDT’s structure of risk management, control, and governance processes, as designed and represented by Management, is adequate and functioning.	Per <i>PLDT IA Charter</i> : The mission of the PLDT Internal Audit Organization is to provide independent, objective assurance and consulting services designed to add value and improve PLDT’s operations, and to help PLDT accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.	In-house IA function	Jun R. Florencio, (Chief Audit Executive or CAE)	Functionally to the Audit Committee, and administratively to the President and CEO

**(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?**

In accordance with Section 2.1 of the Schedule of the *Audit Committee Charter*, the Audit Committee reviews the



appointment, removal and replacement of the Internal Audit Head/Chief Audit Officer who shall functionally report directly to the Committee, and ensures that the internal audit organization shall be free from interference by outside parties in the performance of its work.

The Chief Audit Executive or the head of the internal audit organization, together with other officers, is appointed by the Board of Directors during its Organizational Meeting immediately following the Annual Meeting of Stockholders.

**(c) Discuss the internal auditor’s reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?**

In accordance with Section 3.8 of the Schedule of the *Audit Committee Charter*, the Audit Committee meets to have separate sessions periodically, with Management, with the Internal Audit Head/Chief Audit Officer and with the External Auditor as the Committee may deem necessary to surface issues warranting the attention of the Committee.

*PLDT’s Internal Audit Charter*, in pertinent part, mandates that, to provide for the independence of the Internal Audit Organization, its personnel report to the Chief Audit Executive, who reports functionally to the Audit Committee and administratively to the President and Chief Executive Officer. The Chief Audit Executive and staff of the Internal Audit Organization are authorized to: (a) have unrestricted access to all functions, records, property, and personnel; (b) have full and free access to the Audit Committee; (c) allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives; and (d) obtain the necessary assistance of personnel in units within PLDT where they perform audits, as well as other specialized services from within or outside PLDT.

**(d) Resignation, Re-assignment and Reasons**

**Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.**

Name of Audit Staff	Reason
1 auditor	Promotion to an Executive position within Internal Audit
5 auditors	Resignation

**(e) Progress against Plans, Issues, Findings and Examination Trends**

**State the internal audit’s progress against plans, significant issues, significant findings and examination trends.**

<b>Progress Against Plans</b>	The plans and objectives for the year are substantially completed at year end.
<b>Issues<sup>48</sup></b>	Overall, there are no significant issues based on the results of the reviews.
<b>Findings<sup>49</sup></b>	Overall, there are no significant findings based on the results of the reviews.
<b>Examination Trends</b>	Certain policies and procedures need updating due to various reorganizations and realignment of functions within the Company.

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1. Preparation of an audit plan inclusive of a timeline and milestones;
2. Conduct of examination based on the plan;
3. Evaluation of the progress in the implementation of the plan;
4. Documentation of issues and findings as a result of the examination;
5. Determination of the pervasive issues and findings (“examination trends”) based on single year result and/or year-to-year results;
6. Conduct of the foregoing procedures on a regular basis.]<sup>50</sup>

**(f) Audit Control Policies and Procedures**

**Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column “Implementation.”**

Policies & Procedures	Implementation
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<sup>48</sup> “Issues” are compliance matters that arise from adopting different interpretations. (ACGR footnote)

<sup>49</sup> “Findings” are those with concrete basis under the company’s policies and rules. (ACGR footnote)

<sup>50</sup> This is an explanatory statement contained in the SEC-ACGR Form.

Audit Planning and Risk Assessment Methodology	Implemented
Audit Fieldwork and Working Paper Guidelines	Implemented
Audit Reporting Guidelines	Implemented
Audit Follow-up Guidelines	Implemented
Quality Assurance and Improvement Program (QAIP)	Implemented

**(g) Mechanism and Safeguards**

**State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company’s shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):**

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
<p>Internal Auditors:</p> <p>The following procedures are being done by IA to ensure its staff’s independence and objectivity:</p> <ul style="list-style-type: none"> <li>• The IA Division Heads check the assigned auditor’s independence from the internal client, area or function to be audited through the “Division Head Review Checklist for Audit Staffing” portion of the Audit Plan.</li> <li>• IA executives and staff accomplish and update, quarterly or as necessary, the Update Information and Declaration of Relatives form. This form indicates the employee’s relative(s) in PLDT and its subsidiaries/affiliates, and is being used as references in assessing the auditor’s independence.</li> <li>• IA executives and staff are given copies of the IA Code of Ethics. IA executives and staff issue, on an annual basis, their respective signed copies of their Statement of Commitment to the Code of Ethics expressing renewal of their commitment to uphold its principles and undertake its rules of conduct.</li> <li>• Annually, the Chief Audit Executive confirms to the Audit Committee the organizational independence of IA.</li> </ul> <p>External Auditors:</p> <p>The following are the Audit Committee’s procedures for its evaluation of external auditor independence:</p> <ul style="list-style-type: none"> <li>• The Audit Committee, at least annually, evaluates all existing relationships between the external auditor and PLDT, including audit partner relationships that might affect the external auditor’s ability to act objectively. Such matters are discussed and clarified with the external auditor prior to appointment/re-appointment.</li> <li>• The Audit Committee, at least annually, requests and evaluates: <ul style="list-style-type: none"> <li>a. Information from the external auditor regarding its policies and procedures for maintaining independence.</li> <li>b. Confirmation in the engagement letter that the external auditor’s performance of the work will not impair independence</li> </ul> </li> <li>• External auditor’s required communications to the Audit Committee include a formal statement delineating all relationships between the external auditor and the Company (Statement as to Independence) as required by the prevailing applicable Independence Standards, among others.</li> </ul>			<p>The <i>Conflict of Interest Policy</i> protects the integrity of the Company’s business transactions with all entities that it deals with. The policy provides that transactions which are or may have the potential of being deemed as Conflict of Interest transactions are discouraged and must be avoided. If such a conflict of interest transaction cannot be avoided, the conflicted person is required to submit a written disclosure of such conflict to a designated approving authority in order to ensure the transparency in such transaction. Secondly, the conflicted person is required to inhibit himself/herself from being involved at any stage of the transactional flow. Finally, the conflicted person is required to secure approvals from the designated approving authority in order that appropriate safeguards are put in place.</p> <p>Moreover, the Company has established counterparty limits in order to manage and control credit risk of the financial institutions. These limits are reviewed periodically based on latest available financial data on our counterparties’ credit ratings, capitalization, asset quality and liquidity. The Company ensures that its outstanding deposits with any counterparty shall not exceed the assigned limit. In addition, the Company also limits outstanding deposits with any counterparty to a maximum of 15% of total investible funds. With these measures in place, funds are well distributed, and no bank will have more than 15% share of the Company’s investible funds at any time.</p> <p>With respect to the financial analysts, including those from the rating agencies, they are covered by their own corporate governance rules that ensure their independence. In particular, analysts are not allowed to buy stocks that they cover.</p>

**(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company’s full compliance with the SEC**

**Code of Corporate Governance.** Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Under SEC Memorandum Circular No. 5, Series of 2013, the submission of the certificate of compliance with the SEC CG Code of Corporate Governance has been discontinued. Prior to such discontinuance, or until 2012, PLDT certificate of compliance was signed by the Chief Governance Officer and President & CEO as required under SEC Memorandum Circular No. 3, Series of 2007. In case the SEC should revive or reinstate the requirement for listed companies to submit a certificate of compliance, such certificate will be attested to by the Chief Governance Officer, Chairman and President & CEO of PLDT, if so mandated by the SEC.

The *PLDT CG Manual*, which was adopted in accordance with the requirements of the *Code of Corporate Governance For Publicly-Listed Companies*, the *PLDT Code of Ethics* and other implementing policies which contain the respective duties of the directors, officers and employees have been disseminated to them and the Company implements communication and education programs on corporate governance to enhance understanding of such duties and foster a culture of good governance and ethical business practices and conduct.

## H. ROLE OF STAKEHOLDERS

### 1) Disclose the company's policy and activities relative to the following:

The Company's policy on its engagement with its various stakeholders is embodied in the *PLDT CG Manual* and the *PLDT Group's Corporate Social Responsibility (CSR) Statement*:

*At the PLDT Group of Companies, Corporate Social Responsibility is grounded on the belief that an integral part of its business is the imperative to help improve the overall well-being of the Filipino people. To achieve this goal, we will address proactively the interests of our various stakeholders. We believe that as we seek to enhance value for our shareholders, we have a responsibility to:*

- *Provide quality products and services for our customers*
- *Develop our employees*
- *Work with our suppliers and business partners in an ethical and mutually beneficial manner*
- *Care for the environment*
- *Improve our communities.*

*We are conscious about the proper management of our finite and fragile environment and are taking tangible measures to lessen our carbon footprint. We will continue to invest in technical business solutions that both cut our costs and help save the environment.*

*By succeeding as a corporation, we create wider opportunities for employment, entrepreneurship and the greater well-being of all Filipinos. We believe that as we help raise the overall economic welfare of the Filipino, we expand the market of our products and services. The creed of our business strategy is the desire to change lives for the better.*

*The Company carries out this policy through specific implementing policies, guidelines and relevant programs and activities, as set forth below.*

	Policy	Activities
Customers' welfare	<p>Our customers include residential customers, small and medium enterprises (SMEs) and corporate customers covering large companies, organizations and government.</p> <p>We strive to satisfy our customers' expectations and concerns regarding quality of service, pricing, application process, service provisioning process, repair and restoration service and the billing process. We continuously engage with our customers through various touch points and "Voice of the Customer Programs", through which we are able to know and understand our customers' communication products and service needs, address their concerns and identify areas where we could further enhance customer experience.</p>	<p><i>Enterprise:</i></p> <ul style="list-style-type: none"> <li>• Completed the upgrade of fixed line voice facilities to Internet Protocol (IP)-based Next Generation Network (NGN) system capable of triple play and continued the rollout of fiber facilities capable of high bandwidth data service (FTTH) to more homes nationwide, which will enable the offering of more innovative and cutting edge services for customers.</li> <li>• Optimized network and augmented network resiliency and redundancy by providing additional physical routes for fiber optic lines connecting network elements and replaced degraded fiber.</li> <li>• Enhanced customer experience by continuously upgrading the competencies and skills of customer service representatives, streamlining customer handling processes and providing customer feedback and advisories;</li> </ul>

		<p>and expanding existing customer touch points through digital/online channels and self-care facilities.</p> <ul style="list-style-type: none"> <li>• Developed and promoted such products as: PLDT Fibr, myBro, Cloud UCaaS, Telpad Dual Core, Negosyo Boost with Sun Fixed Load Plan and Cloud Managed Security.</li> </ul> <p><i>Home:</i></p> <ul style="list-style-type: none"> <li>• Continuous speed upgrade to provide better, fast and reliable internet connection to our Home customers.</li> <li>• Launched Optical Network &amp; Fiber Management System that proactively detects fiber breaks and degradation in our network.</li> <li>• Continuous expansion of our TD-LTE base stations for better internet experience of Ultra customers.</li> <li>• Completed system upgrades that enable real-time posting of bill payments made in our accredited payment centers.</li> </ul> <p>Improved our Store experience with the increase of new flagship stores and continuous renovation of existing stores.</p> <ul style="list-style-type: none"> <li>• Put more intelligence in our Hotline's Interactive Voice Response System (IVRS) such as auto routing to proper agents to handle specific concerns.</li> <li>• Augmented our Hotline manpower complement to meet global answer level and service level standards.</li> <li>• Expanded our Customer Panel (launched in 2015) to continuously crowdsource ideas/solutions from our customers.</li> </ul>
<p>Supplier/ contractor selection practice</p>	<p>PLDT shall promote and implement standards of relationship with its suppliers that embody the principles of the <i>PLDT Code of Ethics</i> as well as the corporate governance values of fairness, integrity, transparency and accountability.</p> <p>PLDT has around 950 accredited suppliers which serve the requirements of the PLDT Group, ranging from capital expenditures to operating expenditure items. The Company aspires to maintain mutually beneficial relationships only with suppliers that uphold PLDT's core values of fairness, accountability, integrity, and transparency in their own businesses. Pursuant to this, the Company's <i>Supplier/Contractor Relations Policy ("Supplier Relations Policy")</i> provides for the general principles to be followed in vendor selection. Suppliers must be accredited before they may engage in business with PLDT. Among the criteria for accreditation are financial capability, technical capability, compliance with applicable laws, including those pertaining to industrial relations, environment, health and safety and intellectual property rights. Majority of the Company's purchases, as a general rule, are made on the basis of competitive bidding of accredited and qualified suppliers, in accordance with the aforementioned policy.</p> <p>See: <a href="http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices">http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices</a></p>	<ul style="list-style-type: none"> <li>• Accreditation of suppliers conducted based on established standards.</li> <li>• Competitive bidding implemented as the primary mode for supplier selection</li> <li>• Adoption of relevant contract terms that confirm and guarantee supplier's agreement to abide with laws, rules and PLDT standards relating to industrial relations obligations, environment, health and safety, intellectual property rights and other applicable laws</li> <li>• Communication of the Company's corporate governance policies to suppliers.</li> <li>• Regulation of gifts, entertainment and other forms of gratuities given by suppliers to PLDT employees, officers, and vice versa.</li> <li>• Establishment of a Procurement Policy that institutionalized a Vision Statement and a Mission Statement representing the overarching goals of the PLDT/Smart Supply Chain transformation, and created a Senior Management Council to ensure, promote and maintain the highest standards of integrity, transparency, professionalism and ethics in all practices and activities pertaining to all procurement related activities, and to establish and ensure smooth implementation of policies and guidelines on all procurement matters.</li> <li>• Rationalization of the PLDT/Smart supplier base to best practice level.</li> <li>• Adoption of an information and</li> </ul>

		performance management system for suppliers to have significant improvement in data management and facilitate qualification and performance assessment process.
Environmentally friendly value-chain	<p>The Company's policy on the environment is embodied in the <i>PLDT Group's Corporate Social Responsibility (CSR) Statement</i> which provides, in pertinent part, that we believe that as we seek to enhance value for our shareholders, we have a responsibility to, among others, care for the environment and improve our communities.</p> <p>We are conscious about the proper management of our finite and fragile environment and are taking tangible measures to lessen our carbon footprint. We will continue to invest in technical business solutions that both cut our costs and help save the environment.</p> <p>The Company implements this policy through various environmental and community programs. It also has an Environmental, Health and Safety Committee which ensures adherence of the Company's environmental programs to government regulatory requirements and the establishment and implementation of programs for the conservation of energy and water.</p>	<ul style="list-style-type: none"> <li>• <i>Balik Baterya</i> Program in partnership with PBSP and Motolite which promotes recycling of used lead-acid batteries (ULAB) and proper disposal of hazardous waste from batteries.</li> <li>• PLDT <i>TELEpuno</i> tree-planting in the Marikina Watershed and Infanta-Real Quezon Watershed</li> <li>• Tree-planting project in Cavite</li> <li>• Mangrove planting in Iloilo</li> <li>• Facilities electricity, fuel and water conservation initiatives</li> <li>• Earth Hour 2016: Lights Off</li> <li>• Meralco Peak / Off-Peak (POP) Program for Facilities</li> <li>• Migration to energy efficient Telco IP-Based Next Generation Network System</li> <li>• Pollution Control Officers appointments and training</li> <li>• Waste segregation and minimization program</li> <li>• Generator sets emission monitoring</li> <li>• CDP reporting of Greenhouse Gas emission</li> </ul>
Community Interaction	<p>PLDT operates in communities all over the Philippines, which include local residents, non-governmental organizations and other sectors in the said communities, and is aware that these communities are concerned about PLDT's products and services and how they are affected by the operations of the Company. 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. As a corporation, PLDT creates wider opportunities for employment, entrepreneurship and greater well-being. As a corporate citizen, PLDT engages with the communities, including the sectors directly affected by its operations, through CSR projects in education, health, community, environment, livelihood development, youth development and sports, and disaster relief operations.</p>	<ol style="list-style-type: none"> <li>1. Education and Arts <ul style="list-style-type: none"> <li>▪ PLDT Infoteach Outreach Program</li> <li>▪ Teachers Development Programs</li> <li>▪ Donation of school/learning facilities, personal computers</li> <li>▪ <i>Gabay Guro</i> (2G) Program: provides scholarship to aspiring teachers</li> </ul> </li> <li>2. Environment <ul style="list-style-type: none"> <li>▪ Supported Balik-Baterya Program</li> </ul> </li> <li>3. Disaster Resilience and Recovery <ul style="list-style-type: none"> <li>▪ Butterfly houses for families in Leyte</li> <li>▪ Disaster relief operations</li> </ul> </li> <li>4. Other Community Activities <ul style="list-style-type: none"> <li>▪ Empowering grassroots sports</li> </ul> </li> </ol> <p>(See also Item L on CSR Initiatives)</p>
Anti-corruption programmes and procedures	<p>The Company's policy against corruption and bribery is set forth in PLDT's <i>Code of Ethics</i> and <i>Policy on PLDT's Gift-Giving Activities</i>, and further reinforced in specific policies, such as the <i>Gifts Policy</i>, <i>Supplier Relations Policy</i> and <i>Corporate Governance Guidelines for Suppliers</i>, which likewise prohibit bribery involving third parties in business dealings with the Company. These policies are implemented through anti-corruption programs and measures such as internal controls, training and communication, the whistle blowing system, third party due diligence, and support for and participation in multisectoral anti-corruption initiatives to eliminate graft and corruption.</p>	<ol style="list-style-type: none"> <li>1. Continuing Corporate Governance Education and Communication <ul style="list-style-type: none"> <li>▪ Training and enhancement sessions on corporate governance, which includes anti-bribery and anti-corruption</li> <li>▪ Communication initiatives: advisories and updates on corporate governance, newsletters, newsbriefs, posters, videos and other publications</li> </ul> </li> <li>2. Compliance and Controls Monitoring <ul style="list-style-type: none"> <li>▪ PLDT's SOX 404 internal control systems; accounting and auditing controls</li> <li>▪ Vendor accreditation and performance review</li> <li>▪ Anti-bribery and corporate governance provisions in procurement contracts</li> <li>▪ Guidelines on handling of donations</li> <li>▪ Policy on PLDT's Gift-Giving Activities</li> </ul> </li> <li>3. Enforcement</li> </ol>

		<ul style="list-style-type: none"> <li>▪ Implementation of the whistleblowing system</li> <li>▪ Penalty of dismissal for bribery</li> </ul>
Safeguarding creditors' rights	<p>The Company's policy towards creditors and other business partners and the safeguarding of creditors' rights are embodied in the <i>Code of Ethics</i> and the <i>General Practice on Stakeholder Engagement</i>. The Company shall observe and maintain its core business principles of accountability, integrity, fairness, and transparency in its relationships with its creditors and other business partners.</p> <p>See: <a href="http://pldt.com/corporate-governance-in-pldt/our-stakeholders">http://pldt.com/corporate-governance-in-pldt/our-stakeholders</a></p>	<ul style="list-style-type: none"> <li>▪ Periodic submission to creditors of Certified Financial Statements, No Default Certification and Certification on Compliance with Financial Ratio Limits</li> <li>▪ Full financial disclosures in SEC Forms 17-A &amp; 17-Q (Annual and Quarterly Reports)</li> <li>▪ Disclosure of material information, such as earning results and risk exposures relating to loan covenants</li> <li>▪ Managing the debt profile with debt maturities well spread out to comply with financial ratios and other loan covenants. PLDT's credit ratings with <i>Fitch</i>, <i>Moody's</i> and <i>Standard and Poor's</i> remain at investment grade in 2016. In 2012, PLDT became the first Philippine corporation accorded investment grade status with the upgrade of its foreign and local credit ratings by the said three credit rating agencies.</li> </ul>

2) **Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?**

Yes, the Company's 2016 Annual Report and Sustainability Report.  
(<http://www.pldt.com/investor-relations/annual-and-sustainability-reports>)

PLDT has incorporated its corporate social responsibility (CSR) report in its Annual Report while the PLDT-Smart Foundation (PSF) publishes its own annual report. PSF is one of the vehicles through which PLDT carries out its CSR strategy and activities.

3) **Performance-enhancing mechanisms for employee participation.**

(a) What are the company's policy for its employees' safety, health, and welfare?

Our employees have a broad range of concerns which includes working conditions, skills training, career opportunities, health and safety, and work-life balance.

The Company ensures that its employees are provided relevant training programs suited to their needs. Dedicated staff and facilities are made available for the training and development programs of the Company.

The Company organizes programs that support the well-being of employees, allows them to participate in PLDT's CSR activities and obtains their feedback on company concerns. In accordance with the *PLDT Human Resources Manual*, the Company provides medical benefits for our employees, which include hospitalization, doctor consultation, medicines and laboratory tests. The Company monitors and submits reports on employee health and safety in accordance with applicable regulations.

(b) **Show data relating to health, safety and welfare of its employees.**

For safety:

The Environmental, Health and Safety (EHS) programs being implemented by the Company resulted to an accumulation of 1,000,960 safe man-hours without lost time accidents as of December 2016.

For health and welfare:

The Company shoulders the medical cost for employees who become ill, inclusive of medicines, hospital confinements and post-operative rehabilitation. Part of the preventive medical approach is to subject employees to Annual Physical Examination (92% compliance rate as of December 2016). Continuous medical education fora are being conducted monthly to address common health issues such as diabetes, hypertension, and cardio-pulmonary disease (82 conducted in 2016).

The Company ensures that work-life balance is achieved by promoting sports and recreation programs with 152 various events (talent shows, voice, theater and dance workshops, song writing, basketball, bowling, volleyball, badminton, track and field, frisbee, dodgeball, table tennis, football, billiard, tennis, chess, darts, yoga, family fun day, fitness/wellness program, etc.) that covered and engaged employees in 2016. Likewise, the Company aims to empower its employees by providing them livelihood workshops and seminars (baking, food processing, reflexology, etc.) to engage them in productive activities that have potential for family income augmentation.

We file with the Bureau of Working Conditions of the Department of Labor and Employment the following: (a) Annual Medical Report; (b) Annual Work Accident/Illness Exposure Data Report; and (c) Report on Health and Safety Organization.

These reports contain data such as preventive/emergency occupational health services, summary report of diseases, report of immunization program, health education and counseling services, hazards in the workplace, work-related injuries (disabling and non-disabling), and occupational safety and health programs undertaken by the Company.

**(c) State the company's training and development programmes for its employees. Show the data.**

PLDT has an established Training and Development program for all its employees covering behavioral, business skills, telecoms and IP technology, business systems as well as supervisory and leadership training. Annually, it trains its employees on various courses covering the different course categories earlier mentioned. It operates a Telecommunications Training and Education Center (TelTEC) at its Innolab Building in Mandaluyong City where most of the trainings are delivered, and also conducts trainings in its regional offices. TelTEC houses a good number of standard training rooms and technical training laboratories, a well-equipped corporate library, as well as dorm facilities that are being used by employees for training and development activities.

As of December 2016, PLDT's Training Development and Career Center produced 23,102 classroom and computer-based training graduates. Training is delivered by around 34 full time trainers and more than 100 training resource persons coming from line, as well as training service providers from outside PLDT.

PLDT provides continuous training for its Board and Management. The highlight of this continuing education and communication program is the annual enhancement session which is conducted by internationally-known experts who share their experience, expertise and insights to PLDT's Board and Management. PLDT has organized and conducted annual enhancement sessions for the Board since 2007. The Company provides continuous training for its Board, Management and employees. In 2017, the Company organized corporate governance enhancement sessions for our Board and Management on the following topics: (i) *Charting the Digital Age, its Risks and Strategies, through Governance, and a Responsive Corporate Culture*; (ii) *People and Culture Transformation Strategies in the Digital Age*; and (iii) *Governance & Customer Experience: A Survey of Global Customer Experience Strategies*.

**(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.**

The PLDT Group's compensation philosophy establishes the guiding principles for the compensation plan of each company under the PLDT Group, and has the following major principles and objectives:

- The primary aim is to attract and retain quality employees.
- *Pay for Position*: incorporates pay for the importance of the position with respect to the internal organization and considers the external market covering the pay practices of competitors and other comparator companies.
- *Pay for Performance*:
  - incorporates pay for performance focusing on Company, team, and individual performance to help achieve business objectives;
  - Pay for Performance is to be given more weight and importance than other pay components;
  - provides for long term incentives through stock options to promote an ownership mindset. Long-term incentives shall include home mortgage plans, shadow (phantom) stock plans and other forms of Golden Handcuffs for better performers; and
  - provides for short term incentives through variable pay to reward individual and team performance that contribute to the achievement of corporate goals and objectives. Short-term incentives shall include sales incentives and non-cash recognition awards.
- *Pay for Person*: incorporates pay for competencies and skills of the individual that are valuable to the Company.
- The compensation philosophy is communicated to all employees.

**4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.**

Under the relevant Company's policies, employees may submit their complaints, including concerns, to the immediate Executive Head, the Human Resources Group (HR) or through the Company's whistleblowing system.

**A. Immediate Executive Head**

Upon receipt of complaint, the Executive Head shall issue a Notice To Explain (NTE) to the concerned employee/s. The Executive Head evaluates the employee's explanation and submits his recommendation to HR-Industry/Labor Relations. HR-Industry/Labor Relations validates the recommendation submitted to ensure that the administrative sanction to be applied is justified. For sanctions of less than 30 calendar days suspension or reprimand/final warning, HR-Industry/Labor Relations notifies the Executive Head to implement the recommendation. For sanctions of more than 30 days suspension or dismissal, HR-Industry/Labor Relations endorses the case to the Committee on Employee Discipline (CED). The CED deliberates and resolves the case. HR-Industry/Labor Relations thereafter notifies the Executive Head to implement the CED's decision and monitors compliance.

**B. Human Resources Group**

Upon receipt of complaint, HR-Industry/Labor Relations refers the matter to the appropriate investigating unit. The report on the investigation results is forwarded to the concerned Executive Head. The Executive Head handles the said report in the same manner as in the procedure for handling complaints submitted directly to him by employees, as described above.

### C. Whistleblowing System

Upon receipt of a complaint through the whistleblowing reporting system, the Corporate Governance Office (CGO) conducts a preliminary evaluation of the complaint. Should the CGO find the complaint sufficient in form and substance, it shall refer the complaint to the appropriate investigating unit for handling and further investigation. The report on the investigation results is submitted to the CGO for monitoring and endorsement to the immediate Executive Head, or other appropriate authority, for the conduct of the due process procedures and the imposition of the appropriate sanction as may be warranted, in accordance with the abovementioned Company procedures. The CGO monitors the developments in the cases reported and ensures proper reporting to the Audit Committee and the Governance and Nomination Committee (GNC).

For complaints about violations of the *PLDT CG Manual*, the GNC, after proper investigation, notice and hearing, determines and recommends to the Chairman of the Board, the appropriate penalty for any such violation, subject to further review and approval by the Board. The Audit Committee is mandated to obtain and consider any reports and responses thereto submitted by the External Auditor as required in the applicable Auditing Standards, including reports related to detection of fraud and illegal acts, whether or not material, that involve Management or other employees who have a significant role in the Company's internal controls, and that cause a material misstatement of the financial statements.

In all processes and activities related to the handling of a report, complaint or disclosure under the *Whistleblowing Policy*, whether or not submitted anonymously, the identities of the whistleblower and witnesses are kept strictly confidential. Retaliation against a whistleblower or any witness to a case is prohibited and shall be dealt with by the Company.

## I. DISCLOSURE AND TRANSPARENCY

### 1) Ownership Structure

#### (a) Holding 5% shareholding or more

*Class of Shares: COMMON*

Shareholder	Number of Shares	Percent (to Class)	Beneficial Owner
Philippine Telecommunications Investment Corporation <sup>51</sup>	26,034,263 <sup>52</sup>	12.05	Same as record owner
Metro Pacific Resources, Inc. <sup>53</sup>	21,556,676 <sup>52</sup>	9.98	Same as record owner
NTT Communications Corporation <sup>54</sup>	12,633,487	5.85	(54)
NTT DOCOMO, Inc. <sup>55</sup>	22,796,902 <sup>56</sup>	10.55	(55)
JG Summit Group <sup>57</sup>	17,308,526	8.01	(57)

<sup>51</sup> Based on a resolution adopted by the Board of Directors of Philippine Telecommunications Investment Corporation, or PTIC, the Chairman of the Board of PTIC, Mr. Manuel V. Pangilinan, has the continuing authority to represent PTIC at any and all meetings of the stockholders of a corporation in which PTIC owns of record or beneficially any shares of stock or other voting security, and to sign and deliver, in favor of any person he may deem fit, a proxy or other power of attorney, with full power of delegation and substitution, authorizing his designated proxy or attorney-in-fact to vote any and all shares of stock and other voting securities owned of record or beneficially by PTIC at any and all meetings of the stockholders of the corporation issuing such shares of stock or voting securities.

<sup>52</sup> In addition to the 26,034,263 and 21,556,676 common shares owned of record respectively by PTIC and Metro Pacific Resources, Inc., or MPRI, both of which are Philippine affiliates of First Pacific Company Limited, or First Pacific, 7,653,703 common shares registered under PCD represent approximately 3.54% of the outstanding common stock of PLDT, are owned by a non-Philippine wholly-owned subsidiary of First Pacific. The common shares and the underlying common shares of the ADS owned by PTIC, MPRI and the non-Philippine wholly-owned subsidiary of First Pacific (referred to herein as "First Pacific Group") collectively represents 25.57% of the outstanding common stock of PLDT as of June 30, 2017.

<sup>53</sup> Based on a resolution adopted by the Board of Directors of MPRI, Mr. Manuel V. Pangilinan has been appointed as proxy or duly authorized representative of MPRI to represent and vote the PLDT shares of common stock of MPRI in the Annual Meeting.

<sup>54</sup> Based on publicly available information, NTT Communications Corporation, or NTT Communications, is a wholly-owned subsidiary of Nippon Telegraph and Telephone Corporation, or NTT. Based on a certification signed by a duly authorized officer of NTT Communications, Mr. Shuichi Sasakura or Mr. Daisuke Kuroda is authorized to execute for and on behalf of NTT Communications, endorsements, transfers and other matters relating to the PLDT shares of common stock held by NTT Communications.

<sup>55</sup> Based on publicly available information, NTT DOCOMO, Inc., or NTT DOCOMO, is a majority-owned and publicly traded subsidiary of NTT. Based on a certification signed by a duly authorized officer of NTT DOCOMO, Mr. Katsuhiko Yamagata or Mr. Keisuke Yoshizawa is authorized to execute for and on behalf of NTT DoCoMo, endorsements, transfers and other matters relating to the PLDT shares of common stock held by NTT DOCOMO.

<sup>56</sup> In addition to the 22,796,902 common shares owned on record by NTT DOCOMO, NTT DOCOMO also owns 8,533,253 ADSs whose underlying common shares represent approximately 3.95% of the outstanding common stock of PLDT. The common shares and the underlying common shares of the ADS owned by NTT DOCOMO collectively represents 14.50% of the outstanding common stock of PLDT as of June 30, 2017.



PCD Nominee Corporation <sup>58</sup>	75,075,033	34.75	(58)
J.P. Morgan Hong Kong Nominees Limited <sup>59</sup>	28,067,542	12.99	(59)

*Class of Shares: VOTING PREFERRED*

Shareholder	Number of Shares	Percent	Beneficial Owner
BTF Holdings, Inc. <sup>60</sup>	150,000,000	100	Same as record owner

*Class of Shares: NON-VOTING PREFERRED (SERIES IV CUMULATIVE NON-CONVERTIBLE)*

Shareholder	Number of Shares	Percent	Beneficial Owner
RCBC Trust Account No. 75044-2	300,000,000	100	PLDT Beneficial Trust Fund

Name of Senior Management	Number of Direct Shares (Common)	Number of Indirect shares / Through (name of record owner)	% of Capital Stock	
			% of Common Capital Stock	% of Total Outstanding Capital Stock
Manuel V. Pangilinan	252,450	--	0.116845	0.037902
Ernesto R. Alberto	--	--	--	--
Alejandro O. Caeg	--	200/PCD Nominee Corp.	0.000093	0.000030
Anabelle L. Chua	11,258	770/PCD Nominee Corp.	0.005567	0.001806
Ray C. Espinosa	13,043	2,700/PCD Nominee Corp.	0.007287	0.002364
Jun R. Florencio	15	500/PCD Nominee Corp.	0.000238	0.000077
Menardo G. Jimenez, Jr.	22	--	0.000010	0.000003
Ma. Lourdes C. Rausa-Chan	39	160/PCD Nominee Corp.	0.000092	0.000030
June Cheryl A. Cabalo-Revilla	-	-	-	-
Ma. Elizabeth S. Sichon	-	-	-	-
Victorico P. Vargas	-	1,470/PCD Nominee Corp	0.000680	0.000221

<sup>57</sup> The shareholders comprising the JG Summit Group are JG Summit Holdings, Inc. ("JGS") which owns 17,208,753 shares, Express Holdings, Inc. which owns 86,723 shares and Ms. Elizabeth Yu Gokongwei who owns 13,050 shares or a total of 17,308,526, representing 8.01% of the outstanding common stock of PLDT as of June 30, 2017. Based on a certification signed by a duly authorized officer of JGS, under the By-Laws of JGS, each of the Chairman and Chief Executive Officer of JGS (Mr. James L. Go) and President and Chief Operating Officer of JGS (Mr. Lance Y. Gokongwei) is authorized to vote the 17,208,753 common shares of PLDT owned by JGS and to appoint and/or sign proxies in behalf of JGS in connection with the Annual Meeting. Based on Section 3(h) of Article IV of the By-Laws of Express Holdings, Inc., the President Mr. Lance Gokongwei shall exercise, among others, the function of representing the corporation at all functions and proceedings.

<sup>58</sup> PCD Nominee Corporation, PCD, is the registered owner of shares held by participants in the Philippine Depository and Trust Co., or PDTC, a private company organized to implement an automated book entry system of handling securities transactions in the Philippines. Under the PDTC procedures, when an issuer of a PDTC-eligible issue will hold a stockholders' meeting, the PDTC will execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy, with full voting rights and powers as registered owner of such shares. For shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients.

Based on available information, none of the owners of the PLDT common shares registered under PCD, owned more than 5% of PLDT's outstanding common stock as of June 30, 2017, except The Hongkong and Shanghai Banking Corporation Ltd Clients Account and Deutsche Bank Manila Clients Account, which owned approximately 9.18% and 5.01%, respectively of PLDT outstanding common stock as of such date. PLDT has no knowledge if any beneficial owner of the shares under The Hongkong and Shanghai Banking Corporation Ltd Clients Account and Deutsche Bank Manila Clients Account, owned more than 5% of PLDT's outstanding common stock as of June 30, 2017.

<sup>59</sup> J. P. Morgan Hong Kong Nominees Limited (formerly J. P. Morgan Asset Holdings (HK) Limited) holds shares as nominee of JP Morgan Chase Bank, successor depository under the Common Stock Deposit Agreement, dated October 14, 1994, as amended on February 10, 2003, between JP Morgan Chase Bank and the holders of ADRs, evidencing ADSs, representing shares of common stock of PLDT (the "Deposit Agreement"). Under the Deposit Agreement, if the depository does not receive voting instructions from a holder of ADRs, such holder will be deemed to have instructed the depository to provide a discretionary proxy to a person designated by PLDT for the purpose of exercising the voting rights pertaining to the shares of common stock underlying ADS of such holder of ADRs, except that no discretionary proxy will be given with respect to any matter as to which substantial opposition exists or which materially and adversely affects the rights of the holders of such ADRs.

This account also includes 8,533,253 shares of PLDT common stock underlying ADS beneficially owned by NTT DOCOMO.

<sup>60</sup> A wholly-owned company of the Board of Trustees for the Account of the Beneficial Trust Fund Created Pursuant to the Benefit Plan of PLDT Co., or PLDT BTF. Based on a resolution adopted by the Board of Directors of BTF Holdings, Inc., the Chairman of the Board of PLDT has been appointed as proxy or duly authorized representative of BTF Holdings, Inc. to represent and vote the PLDT shares of voting preferred stock of BTF Holdings, Inc in the Annual Meeting.

<b>TOTAL</b>	276,827	5,800	0.130812	0.042433
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*\*As per SEC Forms 17-C and 23-B filed with the SEC.*

**2) Does the Annual Report disclose the following: Yes.**

*Responses below are in reference to PLDT's Annual Reports (2016):*

- 17-A Annual Report*
- 20-F Annual Report*
- Annual Report (Main Section and Financial Section)*

**Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.**

Key risks	Yes <sup>61</sup>
Corporate objectives	Yes <sup>62</sup>
Financial performance indicators	Yes <sup>63</sup>
Non-financial performance indicators	Yes <sup>64</sup>
Dividend policy	Yes <sup>65</sup>
Details of whistle-blowing policy	Yes <sup>66</sup>
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes <sup>67</sup>
Training and/or continuing education programme attended by each director/ commissioner	Yes <sup>68</sup>
Number of board of directors/commissioners meetings held during the year	Yes <sup>69</sup>
Attendance details of each director/ commissioner in respect of meetings held	Yes <sup>70</sup>
Details of remuneration of the CEO and each member of the board of directors/commissioners	Yes <sup>71</sup>

**3) External Auditor's fee**

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co. <sup>72</sup>	Php 43M	Php 23M

**4) Medium of Communication**

**List down the mode/s of communication that the company is using for disseminating information.**

For Shareholders/Investing Public:

- Disclosure and filings: submissions to the SEC, United States Securities and Exchange Commission, PSE and New York Stock Exchange of disclosures of material events and transactions and of financial reports in accordance with the applicable laws and regulations
- Annual report: annual compilation primarily of the Company's financial and operating results, industry outlook, corporate and CSR milestones, corporate governance report, enterprise risk management, board of directors and key

<sup>61</sup> See 17-A Annual Report, Item 6 – Risks and Uncertainties.

<sup>62</sup> See 17-A Annual Report, Item 1 – Description of Business; Strategy.

<sup>63</sup> See 17-A Annual Report, Item 6 – Selected Financial Data and Key Performance Indicators (Financial).

<sup>64</sup> See 17-A Annual Report, Item 6 – Selected Financial Data and Key Performance Indicators (Non-Financial) and Item 1 – Description of Business.

<sup>65</sup> See 17-A Annual Report, Item 5 - Dividends.

<sup>66</sup> See 17-A Annual Report, Exhibit I-ACGR, Sec. B.1(i) – CG Policies: Expanded Whistleblowing Policy; and 2016 Annual Report-CG Report: Policies and Practices-Expanded Whistleblowing Policy.

<sup>67</sup> See 17-A Annual Report, Item 9 – Directors and Officers.

<sup>68</sup> See 17-A Annual Report, Exhibit I-ACGR, Sec. A.6-Board Matters: Orientation and Education Program; and 2016 Annual Report-CG Report: Training and Education.

<sup>69</sup> See 17-A Annual Report, Exhibit I-ACGR, Sec. C.2-Board Meetings and Attendance; and 2016 Annual Report-CG Report: Board Meetings.

<sup>70</sup> See 17-A Annual Report, Exhibit I-ACGR, Sec. C.2-Board Meetings and Attendance; and 2016 Annual Report-CG Report: Board Meetings.

<sup>71</sup> See 17-A Annual Report, Exhibit I-ACGR, Sec. D-Remuneration; and 2016 Annual Report-CG Report: Board Compensation.

<sup>72</sup> See 17-A Annual Report, Item 8 – Information on Independent Auditors.

officers which are mailed to all stockholders, posted on the Company website, and filed with the PSE and NYSE, which in turn post it on their respective websites

- PLDT Company website
- Email: Investor Relations mailing list and mailbox
- Social Media: Company announcements of significant late-breaking news and features using Facebook, Twitter and Instagram
- Stockholders' Meeting: annual gathering of the Company's stockholders and stakeholders during which the Board of Directors reports on the year's financial and operating results and industry outlook
- Investors/Analyst Briefings: presentations at hotel for Half and Full Year Financial and Operating Results; conference calls for Quarterly Financial and Operating Results; announcement of important transactions; individual scheduled calls with Management
- One-on-one meetings with the investing community (investors, buy side and sell side analysts, and credit ratings agency analysts) whether via company visits, participation in investor conferences, or non-deal roadshows
- Press Conferences/Briefings: quarterly reports of the Company's financial and operating results to the telco press

For Employees:

- ACC:ESS magazine: the Company's official monthly publication featuring various significant corporate news, cutting-edge products and services as well as Company events, awards and recognitions
- ACC:ESS Lite: an online version of ACC:ESS magazine featuring late-breaking news, major Company events and awards and undertakings
- PLDT Media E-Mail Blasts: urgent corporate announcements for employees sent via e-mail
- Daily News Clippings: daily round-up of Company news and events and significant breakthroughs and industry news

#### 5) Date of release of audited financial report:

*March 7, 2017 (2016 Audited Financial Statements)*

#### 6) Company Website

**Does the company have a website disclosing up-to-date information about the following?**

**Should any of the foregoing information be not disclosed, please indicate the reason thereto.**

Business operations	Yes <sup>73</sup>
Financial statements/reports (current and prior years)	Yes <sup>74</sup>
Materials provided in briefings to analysts and media	Yes <sup>75</sup>
Shareholding structure	Yes <sup>76</sup>
Group corporate structure	Yes <sup>77</sup>
Downloadable annual report	Yes <sup>78</sup>
Notice of AGM and/or EGM	Yes <sup>79</sup>
Company's constitution (company's by-laws, memorandum and articles of association)	Yes <sup>80</sup>

#### 7) Disclosure of RPT

**When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?**

PLDT's *Guidelines on the Proper Handling of Related Party Transactions* (the "**RPT Guidelines**")<sup>81</sup> provides the process of review, approval and disclosure of the Company's RPTs. Guided by PAS 24, RPTs are reviewed and approved by appropriate authorities designated in the *RPT Guidelines*. The review determines whether an RPT meets the following standards: (1) the RPT is on arm's length terms; and (2) the RPT is in the best interest of PLDT and its stakeholders, as a whole, considering the

<sup>73</sup> See <http://pldt.com/about-us/pldt's-business>

<sup>74</sup> See <http://pldt.com/investor-relations/press-releases-and-disclosures/financial-results> and <http://pldt.com/investor-relations/financial-results>

<sup>75</sup> See <http://pldt.com/investor-relations> and <http://pldt.com/investor-relations/presentations>

<sup>76</sup> See <http://pldt.com/investor-relations/shareholder-information/shareholding-structure>

<sup>77</sup> See <http://pldt.com/about-us/pldt's-business>

<sup>78</sup> See <http://pldt.com/investor-relations/annual-reports>

<sup>79</sup> See <http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news>

<sup>80</sup> See <http://pldt.com/investor-relations>

<sup>81</sup> See <http://pldt.com/corporate-governance-in-pldt/our-stakeholders>

relevant circumstances. Material RPTs are reviewed by the Audit Committee, which is composed entirely of Independent Directors, and approved by the Board. The Board of Directors may require that an RPT it has approved be submitted to the stockholders for consideration and ratification.

The Head of Financial Reporting and Controllershship Sector, in coordination with the Company's Disclosure Committee, shall be responsible for the disclosure of RPTs in the relevant financial reports of the Company as required under PAS 24 and other applicable disclosure requirements.

*Summary of outstanding balances as at June 30, 2017 of related party transactions:*

RPT	Relationship	Nature	Value (in Million Php)
<i>Indirect investment in joint ventures through PCEV:</i> MERALCO	Joint Ventures	Accrued expenses and other current liabilities; electricity charges; pole rental	255
Meralco Industrial Engineering Services Corporation (MIESCOR)	Subsidiary of Meralco	Accrued expenses and other current liabilities	-
Metro Pacific Investments Corporation (MPIC)	Associate	Advances and other noncurrent assets; trade and other receivables	11,524 3,750
<i>Indirect investment in associate through ACeS Philippines:</i>  AIL	Associate	Accounts payable; accrued expenses and other current liabilities	-
Transactions with major stockholders, directors and officers:			
NTT Finance Corporation	Associate of Major Stockholder of PLDT	Interest-bearing financial liabilities	2,522
Asia Link B.V. (ALBV)	Associate of Major Stockholder of PLDT	Accounts payable	-
NTT World Engineering Marine Corporation	Associate of Major Stockholder of PLDT	Accrued expenses and other current liabilities	29
NTT Communications	Major Stockholder of PLDT	Accrued expenses and other current liabilities	23
NTT Worldwide Telecommunications Corporation	Associate of Major Stockholder of PLDT	Accrued expenses and other current liabilities	2
JGSHI and Subsidiaries	Major Stockholder of PLDT	Accounts payable and accrued expenses and other current liabilities	9
NTT DOCOMO	Major Stockholder of PLDT	Accrued expenses and other current liabilities	22
Malayan Insurance Co., Inc.	Common Director	Accrued expenses and other current liabilities	11
Various	Various	Trade and other receivables	2,073

*Summary of transactions for the year ended June 30, 2017 that had been entered into with related parties:*

RPT	Relationship	Nature	Value (in Million Php)
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<i>Indirect investment in joint ventures through PCEV:</i> MERALCO	Joint Ventures	Repairs and maintenance Rent	1,213 153
MIESCOR	Subsidiary of Meralco	Repairs and maintenance Construction in progress	48 40
Republic Surety and Insurance Co., Inc.	Subsidiary of Meralco	Insurance and security services	1
<i>Indirect investment in associate through ACeS Philippines:</i> AIL	Associate	Cost of sales	-
<i>Transactions with major stockholders, directors and officers</i> JGSHI and Subsidiaries	Major Stockholder of PLDT	Rent Repairs and maintenance Communication, training, travel	59 36 1
ALBV	Associate of Major Stockholder of PLDT	Professional and other contracted services	92
Malayan Insurance Co., Inc.	Common Director	Insurance and security services	108
Gotuaco del Rosario and Associates	Common Director	Insurance and security services	62
NTT DOCOMO	Major Stockholder of PLDT	Professional and other contracted services	50
NTT World Engineering Marine Corporation	Associate of Major Stockholder of PLDT	Repairs and maintenance	8
NTT Worldwide Telecommunications Corporation	Associate of Major Stockholder of PLDT	Selling and promotions	4
NTT Finance Corporation	Associate of Major Stockholder of PLDT	Financial costs	23
NTT Communications	Major Stockholder of PLDT	Professional and other contracted services Rent	44 3
Various	Various	Revenues Expenses	262 272

## J. RIGHTS OF STOCKHOLDERS

### 1) Right to participate effectively and vote in Annual/Special Stockholders' Meetings

#### (a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

<b>Quorum Required</b>	Majority of the shares issued and outstanding and entitled to vote at the annual/special meeting, except as otherwise provided by law. ( <i>By-Laws</i> , Section 1, Article III)
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#### (b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

<b>System Used</b>	"One share, One vote" ( <i>By-Laws</i> , Section 3, Article III)
<b>Description</b>	Each stockholder is entitled to one vote for each share of stock held by him. For election of directors, stockholders elect directors individually and cumulative voting applies. i.e., a stockholder may vote his shares for as many persons as there are directors to be elected, or cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or distribute such votes on the same principle among as many candidates as he shall think fit. ( <i>By-Laws</i> , Section

**(c) Stockholders' Rights**

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
<i>Rights Concerning Annual/Special Stockholders' Meeting:</i>	
1. To be furnished with written notice of annual meetings at least two weeks prior to an annual meeting or one week prior to a special meeting, which notice must state the time and place of the meeting	The Company sends to its stockholders notice of annual meeting or special meeting at least 15 business days prior to the meeting. The notice contains not only the time and place thereof but also the agenda for the meeting, which includes each matter to be voted upon by the stockholders. In addition to the notice and agenda, the Company provides each stockholder with the Information Statement and Annual Report required under SRC Rule 20. These materials are also posted on PLDT's website at least 21 days prior to the meeting as soon as they have been cleared by the SEC.
2. To attend and vote in person or by proxy at stockholders meeting	
3. To elect and remove directors	
4. To request for voting by ballot for the purpose of electing directors	<ul style="list-style-type: none"> <li>The Company implements voting by poll by means of written voting instructions which are validated, tabulated and cast (as opposed to by show of hands) in stockholders' meeting.</li> </ul>
5. To receive at the annual meeting a financial report of the operations of the corporation for the preceding year, which shall include financial statements, duly signed or certified by an independent certified public accountant	<ul style="list-style-type: none"> <li>The voting results on matters presented for stockholders' approval at the meeting are posted on the Company website immediately after the meeting.</li> <li>The Company sends to its stockholders its Annual Report containing the audited financial statements at least 15 business days prior to the annual meeting. The highlights of the financial report are included in the President's Report rendered during the meeting.</li> </ul>
6. To approve certain corporate acts	
7. To petition for the calling of meeting of stockholders when for any cause there is no person authorized to call a meeting	
<i>Other Rights</i>	
8. To issuance of certificate of stock or other evidence of stock ownership and be registered as shareholder	
9. To receive dividends as may be declared by the board of directors out of unrestricted retained earnings	
10. To participate in the distribution of corporate assets upon dissolution	
11. To be furnished with the Company's most recent financial statements, upon written request.	<ul style="list-style-type: none"> <li>Without need for any request, the Company sends to all its stockholders its financial statements, at least 15 business days prior to its annual meeting.</li> </ul>
12. To inspect records of business transactions and minutes of any meeting, subject to refusal under the circumstances stated in Section 74 of the <i>Corporation Code</i> (such as when a stockholder is not acting in good faith or for a legitimate purpose).	

13. Preemptive right or right to subscribe to all issues or disposition of shares any class in proportion to their shareholdings, unless such right is denied in the Articles of Incorporation or an amendment thereto	
14. Appraisal right or the right of a dissenting stockholder to demand for the fair value of his shares in any of those instances provided in Section 81 of the <i>Corporation Code</i> .	

## Dividends

The Company pays final and interim cash dividends on common shares in such amount declared by the Board, and fixed cash dividends on preferred shares in such amount or rate and frequency provided in the terms and features of such preferred shares. On August 5, 2014, the PLDT Board of Directors approved the amendment of our dividend policy, increasing the dividend payout rate to 75% from 70% of our core earnings per share as regular dividends. In 2016, in view of our elevated capital expenditures to support the build-out of a resilient and reliable data network, lower EBITDA primarily due to higher subsidies to grow the data business and defend market share and the resources required to support the acquisition of SMC's telecommunications business, we have lowered our regular dividend payout to 60% of our core income. In declaring dividends, we take into consideration the interest of our shareholders, as well as our working capital, capital expenditures and debt servicing requirements. The retention of earnings may be necessary to meet the funding requirements of our business expansion and development programs. However, in the event that no investment opportunities arise, we may consider the option of returning additional cash to our shareholders in the form of special dividends of up to the balance of our core earnings or to undertake share buybacks. We were able to pay out approximately 100% of our core earnings for seven consecutive years from 2007 to 2013, approximately 90% of our core earnings for 2014, 75% of our core earnings for 2015 and 60% of our core earnings in 2016. The accumulated equity in the net earnings of our subsidiaries, which form part of our retained earnings, are not available for distribution unless realized in the form of dividends from such subsidiaries. Dividends are generally paid in Philippine pesos. In the case of shareholders residing outside the Philippines, PLDT's transfer agent in Manila, Philippines, as the dividend-disbursing agent, converts the Philippine peso dividends into U.S. dollars at the prevailing exchange rates and remits the dollar dividends abroad, net of any applicable withholding tax.

### Common Stock

Class	Declaration Date	Record Date	Payment Date
Common (Regular)	Aug 10, 2017	Aug 25, 2017	Sep 8, 2017
	Mar 7, 2017	Mar 21, 2017	Apr 6, 2017

### Voting Preferred Stock

Declaration Date	Record Date	Payment Date
Jun 13, 2017	June 27, 2017	July 15, 2017
Mar 7, 2017	Mar 30, 2017	Apr 15, 2017

### 10% Cumulative Convertible Preferred Stock

SIP Series	Declaration Date	Record Date	Payment Date
Series JJ	May 12, 2017	Jun 1, 2017	Jun 30, 2017

### Series IV Cumulative Non-Convertible Preferred Stock

Declaration Date	Record Date	Payment Date
Aug 10, 2017	Aug 25, 2017	Sep 15, 2017
May 12, 2017	May 26, 2017	Jun 15, 2017
Feb 7, 2017	Feb 24, 2017	Mar 15, 2017

## (d) Stockholders' Participation

1-7. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit

and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	Communication Procedure
<p>Publication of the notice of the meeting and the posting and sending out of comprehensive Notice and Agenda of Annual Meeting of Stockholders and Information Statement</p> <p>See:  <i>PLDT's Notice, Agenda and Information Statement for the 2017 Annual Meeting ("AGM Notice, Agenda and Information Statement")</i>            Posted at: <a href="http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news">http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news</a></p> <p><i>Proxy Form for the 2017 Annual Meeting ("Proxy Form")</i>            Posted at: <a href="http://www.pldt.com/docs/default-source/annual-meeting-of-stockholders/2017/2017-agm_proxy-form.pdf?sfvrsn=0">http://www.pldt.com/docs/default-source/annual-meeting-of-stockholders/2017/2017-agm_proxy-form.pdf?sfvrsn=0</a></p>	<p>Written or printed notice of every annual stockholders' meeting, which notice shall state the date, time and place of the meeting and the purpose or purposes for which the meeting is called, shall be given by the Secretary or the by the Assistant Secretary to each stockholder. Such notice may be delivered to the stockholders personally, or enclosed in an envelope with the postage thereon fully prepaid, addressed to each stockholder at his or her last place of residence or business, and posted at a Post Office in the Philippines or in the United States of America. Such Notice must be made at least fifteen business days before the date fixed for the meeting. (<i>By-Laws</i>, Section 1, Article II)</p> <p>Copies of the Information Statement and Annual Report containing the information and disclosures prescribed in SRC Rule 20 are also sent to the stockholders together with the Notice and Agenda.</p>
<p>Disclosure of policy to encourage all shareholders to attend the Annual Meeting and to exercise their right to appoint a proxy in case they could not personally attend said meeting, as set forth in the <i>PLDT CG Manual</i> and which is implemented through the issuance of letters of the President and CEO to ADR and OTC stockholders and the Annual Meeting Notice and Agenda.</p>	<p>On top of sending out the Notice and Agenda, Information Statement and Annual Report as described above, the following are posted in the Company website and made publicly available through access of these links:</p> <ul style="list-style-type: none"> <li>• <i>PLDT CG Manual, Sec. 3.1.1(c)</i>            Posted at: <a href="http://www.pldt.com/docs/default-source/corporate-governance-files/CG-Manual-pldt-manual-on-corporate-governance.pdf?sfvrsn=0">http://www.pldt.com/docs/default-source/corporate-governance-files/CG-Manual-pldt-manual-on-corporate-governance.pdf?sfvrsn=0</a></li> <li>• <i>Letter of the President for ADR holders</i>            Posted at: <a href="http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news">http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news</a></li> <li>• <i>Letter of the President for OTC holders</i>            Posted at: <a href="http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news">http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news</a></li> <li>• <i>AGM Notice, Agenda and Information Statement</i>            Posted at: <a href="http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news">http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news</a></li> </ul>
<p>Shareholders are given the opportunity to raise questions regarding each item of the agenda or express their views or comments on other matters during the Annual Meeting.</p>	<p>Questions may be asked from the floor and the Chairman, any director or responsible officer may respond to such questions or, as necessary or appropriate, the Chairman may refer the matter to the Board, Board Committee or Management for further consideration or resolution.</p>
<p>The <i>PLDT CG Manual</i> provides that stockholders may elevate their concerns relating to the business of the Company to the Corporate Secretary, Investor Relations Officer, Management or the Board.</p>	<p>Stockholders may write or call the relevant numbers indicated in the Annual Report and posted in PLDT's Company website.</p>

**8. State the company policy of asking shareholders to actively participate in corporate decisions regarding:**

**a. Amendments to the company's constitution**

The Company complies with Sec. 16 of the *Corporation Code* which provides that any provision in the articles of incorporation may be amended by a majority vote of the board of directors and the vote or written assent of the stockholders representing at least 2/3 of the capital stock without prejudice to the appraisal right of dissenting stockholders. Accordingly, any proposed amendment to the *Articles of Incorporation* will be fully disclosed to the Company's shareholders through the Notice and Agenda and Information Statement for the stockholders' meeting in which such amendment will be presented for stockholders' approval. As a matter of policy, stockholders are encouraged to attend and vote their shares in stockholders meetings, personally or by proxy.

**b. Authorization of additional shares**

The Company complies with Sec. 38 of the *Corporation Code* which provides, among others, that no corporation shall increase its capital stock unless approved by a majority vote of the board of directors and approved by 2/3 of the



outstanding capital stock at a stockholders' meeting duly called for the purpose. Accordingly, any increase in authorized capital stock and issuance of additional shares from such increase in authorized capital stock will be fully disclosed to the Company's shareholders through the Notice and Agenda and Information Statement for the stockholders' meeting in which such increase in capital stock and corresponding amendment to the *Articles of Incorporation* will be presented for stockholders' approval. As a matter of policy, stockholders are encouraged to attend and vote their shares in stockholders meetings, personally or by proxy.

**c. Transfer of all or substantially all assets, which in effect results in the sale of the company**

The Company complies with Sec. 40 of the *Corporation Code* which provides, among others, that a corporation may sell, lease, exchange, mortgage, pledge or otherwise dispose all or substantially all of its property and assets upon such terms and conditions and for such consideration as its board of directors may deem expedient, when authorized by at least 2/3 of the outstanding capital stock at a stockholders' meeting duly called for the purpose. Accordingly, any transfer of all or substantially all of the assets of the Company will be fully disclosed to the Company's shareholders through the Notice and Agenda and Information Statement for the stockholders' meeting in which any sale or transfer of all or substantially all of the assets of the Company will be presented for stockholders' approval. As a matter of policy, stockholders are encouraged to attend and vote their shares in stockholders meetings, personally or by proxy.

**9. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?**

The *By-Laws* and *SRC* Rule 20 only require 15 business days for giving out such notices.

- a. Date of sending out notices: [May 5, 2017](#)
- b. Date of the Annual/Special Stockholders' Meeting: [June 13, 2017](#)

The Notice and Agenda of the AGM and the Definitive Information Statement for the AGM were posted also on the Company's Investor Relations webpage on [May 9, 2017](#).

Section 1, Article II of the *By-Laws*: Delivery or mailing of notice must be done at least fifteen (15) business days before the date fixed for the meeting and the statement of service of such delivery or mailing shall be entered upon the minutes of meeting and the said minutes as certified correct by the secretary of the meeting and attested by the chairman of the meeting shall be conclusive on the question of service.

**10. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.**

The questions or matters raised by the stockholders for discussion or clarification and the responses thereto are set forth in the Minutes of the Annual Meeting of Stockholders held on [June 13, 2017](#), a copy of which is posted at [http://www.pldt.com/docs/default-source/annual-meeting-of-stockholders/2017/minutes-of-annual-meeting-of-stockholders\\_june-13-2017.pdf?sfvrsn=0](http://www.pldt.com/docs/default-source/annual-meeting-of-stockholders/2017/minutes-of-annual-meeting-of-stockholders_june-13-2017.pdf?sfvrsn=0).

**11-23. Result of Annual/Special Stockholders' Meeting's Resolutions**

June 13, 2017 Annual Meeting

Resolution	Approving	Dissenting	Abstaining
Approval of the audited financial statements for the fiscal year ending <a href="#">December 31, 2016</a> contained in the Company's 2016 Annual Report.	318,852,112	5,188	348,217

Election of Directors (2017)	
Name of Director	Votes Received
Bernido H. Liu	319,231,716
Artemio V. Panganiban	316,476,557
Pedro E. Roxas	316,087,025
Helen Y. Dee	315,784,740
Ray C. Espinosa	317,265,615
James L. Go	315,185,368
Hideaki Ozaki	316,046,455
Manuel V. Pangilinan	319,143,338
Ma. Lourdes C. Rausa-Chan	317,273,051
Albert F. Del Rosario	318,458,886

Atsuhisa Shirai	315,627,848
Amado D. Valdez	317,076,631
Marife B. Zamora	317,078,459

**24. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:**

June 13, 2017

See: PLDT Annual Stockholders Meeting: Summary of Attendance and Votes

Posted at: <http://www.pldt.com/investor-relations/shareholder-information/latest-shareholders'-news>

[http://www.pldt.com/docs/default-source/annual-meeting-of-stockholders/2017/pse\\_sec\\_results-of-2017-asm.pdf?sfvrsn=0](http://www.pldt.com/docs/default-source/annual-meeting-of-stockholders/2017/pse_sec_results-of-2017-asm.pdf?sfvrsn=0)

**(e) Modifications**

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

None

Modifications	Reason for Modification
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**(f) Stockholders' Attendance**

**(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:**

Type of Meeting	Names of Board members/Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, instruments with voting instructions)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	Artemio V. Panganiban Pedro E. Roxas Bernido H. Liu Helen Y. Dee Ray C. Espinosa James L. Go Atsuhisa Shirai Manuel V. Pangilinan Hideaki Ozaki Albert F. Del Rosario Ma. Lourdes C. Rausa-Chan Marife B. Zamora Amado D. Valdez  <i>Officers:</i> Ernesto R. Alberto Anabelle L. Chua Maria Elizabeth Sichon Victorico P. Vargas Alejandro O. Caeg Florentino D. Mabasa Jr. Leo I. Posadas June Cheryl A. Cabal-Revilla Melissa V. Vergel De Dios Ramon R. Isberto Albert Mitchell Locsin Criselda B. Guhit Gil Samson Garcia Juan Victor I. Hernandez	June 13, 2017	By poll/proxy instruments with voting instructions	3.35% <sup>(82)</sup>	84.77 <sup>(82)</sup>	88.12% <sup>(82)</sup>

<sup>82</sup> Based on outstanding Common Shares and Voting Preferred Shares entitled to vote as of record date.

Katrina Luna-Abelarde Luis Ignacio A. Lopa Martin Rio Oscar Enrico A. Reyes Victor Y. Tria						
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**(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?**

Yes, SyCip Gorres Velayo & Company (SGV) performed agreed upon procedures for the Company’s tabulation, registration and reporting system following the Philippine Standards on Related Services 4400 Engagements on Agreed-Upon Procedures issued by the Auditing Standards and Practices Council. In addition, representatives from SGV were present at the Annual Meeting to observe the registration, determination of quorum and tabulation of votes.

**(iii) Do the company’s common shares carry one vote for one share?**

**If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.**

Yes, shares of Common Stock carry one vote per share.

Shares of Voting Preferred Stock have voting rights at any meeting of the stockholders for the election of directors and for all other purposes, with one vote in respect of each share of Voting Preferred Stock.

Shares of Non-Voting Serial Preferred Stock have no voting rights except as otherwise provided by law. With respect to the corporate actions enumerated in Section 6 of the *Corporation Code*, each share of Non-Voting Serial Preferred Stock entitled to vote carries one vote.

See: *By-Laws*, Section 3, Article III

**(g) Proxy Voting Policies**

**State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders’ Meeting.**

	Company’s Policies
Execution and acceptance of proxies	<p>The <i>Proxy Form</i> must be completed, signed and dated by the stockholder or his duly authorized representative and received by the office of the Corporate Secretary at least seven days before the day of the meeting. The <i>Proxy Form</i> is distributed to the stockholders together with the printed Notice and Agenda, Information Statement and Annual Report.</p> <p>If the shares of stock are owned by two or more joint owners, the proxy form must be signed by all of the joint owners.</p> <p>If the shares of stock are owned in an “and/or” capacity, the proxy form must be signed by either one of the owners.</p> <p>If the shares of stock are owned by a corporation, association, partnership or unincorporated entity, the proxy form must be accompanied by a certification, signed by a duly authorized officer, partner or representative of such corporation, association, partnership or unincorporated entity, to the effect that the person signing the proxy form has been authorized by the governing body or has the power pursuant to the <i>By-Laws</i>, constitutive documents or duly approved policies of such corporation, association, partnership or unincorporated entity, for such purpose.</p> <p>A proxy form given by a broker or dealer in respect of shares of stock carried by such broker or dealer for the account of a customer must be supported by a sworn certification that the same is given with the express prior authorization of such customer.</p> <p>If any customer of a broker or dealer who is the beneficial owner of shares of stock executes a sub-proxy, the broker or dealer shall certify that the signature on the sub-proxy is the true and genuine signature of its customer.</p> <p>See: <i>By-Laws</i>, Section 3, Article III <i>Proxy Form</i>, Items 3 (a), (b), (c), (d), (e) and (f) <i>AGM Notice, Agenda and Information Statement for 2017</i> (which is distributed to stockholders together with the <i>Proxy Form</i>)</p>
Notary	<p>Proxies need not be notarized.</p> <p>See: <i>Proxy Form</i>, Item 3(a)</p>

	<i>AGM Notice, Agenda and Information Statement for 2017</i>
Submission of Proxy	The proxy form must be completed, signed and dated by the stockholder or his duly authorized representative, and received at the principal office and mailing address of the Company not later than seven days before the day of the meeting. See: <i>By-Laws</i> , Section 3, Article III <i>Proxy Form</i> , Item 3 (a) <i>AGM Notice, Agenda and Information Statement for 2017</i>
Several Proxies	Where the Company receives more than one (1) proxy from the stockholder and they are all undated, the postmark dates shall be considered. If the proxies are made on the same date, the one bearing the latest time of day of postmark is counted. If proxies are not mailed, then the time of their actual presentation is considered. That which is presented last will be recognized. Where the same stockholder gives two (2) or more proxies, the latest one given is to be deemed to revoke all former proxies. If a stockholder designates several proxies, the number of shares of stocks represented by each proxy should be specifically indicated in the proxy form. If the proxy forms do not indicate the number of shares, the total shareholdings of the stockholder shall be tallied and the balance thereof, if any, shall be allotted to the holder of the proxy form without the number of shares, If all the proxy forms are in blank, the stocks will be distributed equally among the proxies. (SRC Rule 20, Section 11)
Validity of Proxy	A proxy is valid for the meeting in respect of which it was issued, unless otherwise provided in the proxy. See: <i>By-Laws</i> , Section 3, Article III
Proxies executed abroad	Solicitation of proxies executed in the United States is done through a proxy solicitation firm. The cost and expenditures incidental to the proxy solicitation is borne by the Company. Proxies executed abroad need not be authenticated unless the Corporate Secretary so requests, on a case to case basis, to determine the authenticity of the signatures on the proxies or the due execution of the proxies.
Invalidated Proxy	An owner of shares of stock who has given a proxy has the power to revoke it by a written instrument duly signed and dated, which must be received at the Company's principal office and mailing address or at the office of the Company's transfer agent for common shares, not later than 3 days before the day of the meeting. A proxy is also considered revoked if an individual stockholder attends the meeting in person and expresses his intention to vote in person. See: <i>Proxy Form</i> , Item 4 <i>AGM Notice, Agenda and Information Statement for 2017</i>
Validation of Proxy	Validation of proxies shall be done at least five days before the day of the meeting by the Secretary or by a special committee of inspectors composed of the Secretary, Assistant Secretary, and a representative of the transfer agent of the corporation. The decision of the Secretary or the special committee of the inspectors, as the case may be, on the validity of proxies shall be final and binding until and unless set aside by a court of competent jurisdiction. See: <i>By-Laws</i> , Section 3, Article III
Violation of Proxy	Unless otherwise provided in the proxy, a proxy shall be valid only for the meeting in respect of which such proxy was issued. See: <i>By-Laws</i> , Section 3, Article III

**(h) Sending of Notices**

**State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.**

Policies	Procedure
The Company's policy is to send the notices for the Annual Stockholders' Meeting at least 15 business days prior to the fixed date of the meeting.	Written or printed notice of every annual stockholders' meeting, which notice shall set the date, time and place of the meeting and purpose or purposes for which the meeting is called, shall be given by the Secretary or by the Assistant Secretary to each stockholder. Such notice may be delivered to the stockholders personally, or enclosed in an envelope with the postage thereon fully prepaid, addressed to each stockholder at his or her last known place of residence or

	business, and posted at a Post Office in the Philippines or in the United States of America. See: <i>BY-LAWS</i> , Section 1, Article II
The Company's policy is to send/deliver the notices for a special meeting at least 15 business days prior to the fixed date of the meeting and the statement of service by such delivery or mailing shall be entered upon the minutes of meeting and the said minutes as certified correct by the secretary of the meeting and attested by the chairman of the meeting shall be conclusive on the question.	Special meetings of the stockholders may be called at any time by the Chairman of the Board or 3 of the Directors or by any number of stockholders representing 2/3 of the subscribed capital stock. Notice in writing of such meeting, stating the date, time and place thereof, and the purpose or purposes for which the meeting is called, shall be given by the Secretary or by the Assistant Secretary or in case of his absence, inability, refusal or neglect to act, then by the President, Directors or stockholders calling the said meeting. Such notice may be delivered to the stockholders personally, or enclosed in an envelope with the postage thereon fully prepaid, addressed to each stockholder at his or her last known place of residence or business, and posted at a Post Office in the Philippines or in the United States of America. See: <i>BY-LAWS</i> , Section 2, Article II

**(i) Definitive Information Statements and Management Report**

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	June 13, 2017 Annual Stockholders Meeting: 11,761
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	Philippines: June 13, 2017 Annual Stockholders Meeting: May 5-22, 2017 USA: <i>ADR Holders:</i> June 13, 2017 Annual Stockholders Meeting: May 11, 2017 <i>OTC Holders:</i> June 13, 2017 Annual Stockholders Meeting: May 19, 2017
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	Philippines: June 13, 2017 Annual Stockholders Meeting: May 5-22, 2017 USA: <i>ADR Holders:</i> June 13, 2017 Annual Stockholders Meeting: May 11, 2017 <i>OTC Holders:</i> June 13, 2017 Annual Stockholders Meeting: May 19, 2017
State whether CD format or hard copies were distributed	June 13, 2017 Annual Stockholders Meeting: Copies of the Information Statement and Proxy Form (in printed form) and 2016 Annual Report (in compact disc (CD) format) were delivered personally or by mail to Philippine residents and overseas holders of the Company's shares of stock as of April 17, 2017. Copies of the unaudited consolidated financial statements with Management Discussions and Analysis of Financial Condition and Results of Operations for the three months ended March 31, 2017 under SEC Form 17-Q ("Quarterly Report") were distributed to the stockholders at the Annual Meeting in compact disc (CD) format.
If yes, indicate whether requesting stockholders were provided hard copies	Stockholders who requested for hard copies of the 2016 Annual Report and Quarterly Report were provided with copies thereof at the Annual Meeting.

**(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:**

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

The appointment of independent auditors for the ensuing year was disclosed in the Information Statement for the [June 13, 2017 Annual Stockholders' Meeting](#), which was sent together with the Notice and Agenda. However, the said action does not require stockholders' approval. Under Section 2, Article XII of the *By-Laws*, the Audit Committee shall appoint the independent auditors at its regular meeting immediately preceding the Annual Meeting of Stockholders.

**Should any of the foregoing information be not disclosed, please indicate the reason thereto.**

## 2) Treatment of Minority Stockholders

### (a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
<p>Shareholders shall have the right to nominate candidates directors, including independent directors, and the right to cumulative voting.</p> <p>See: <i>By-Laws</i>, Section 4, Article III and Section 7, Article V</p>	<p>The Company respects these shareholders rights which are measures intended to enable minority shareholder representation in the Board.</p> <p>See: <i>Proxy Form</i> <i>AGM Notice, Agenda and Information Statement for 2017</i></p>
<p>The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. Stockholders should be encouraged to personally attend stockholders' meetings and they should be apprised ahead of time of their right to appoint a proxy in case they could not personally attend such meeting. The exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor, subject to the requirements of the applicable laws, regulations and the <i>By-Laws</i>.</p> <p>See: <i>PLDT CG Manual, Sec. 3.1.1(c)</i></p>	<p>All stockholders, regardless of the size of their stockholdings, are encouraged to personally attend stockholders meetings. Aside from issuing a comprehensive Notice, Agenda and Information Statement with attached <i>Proxy Form</i> to all stockholders, PLDT's CEO writes to all ADR and OTC holders calling for their participation in such meetings and in case of inability to do so in person, to exercise their right to be represented and vote their shares, through a proxy.</p> <p>See: <i>PLDT CG Manual, Sec. 3.1.1(c)</i> <i>Letter of the President for ADR holders</i> <i>Letter of the President for OTC holders</i> <i>AGM Notice, Agenda and Information Statement for 2017</i></p>
<p>The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' participation in meetings, whether in person or by proxy. Relevant and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.</p> <p>See: <i>PLDT CG Manual, Sec. 3.1.1(d)</i></p>	<p>All postage and courier fees for the delivery of the written notice to the Annual Stockholders' Meeting are fully prepaid by the Company. Likewise, the cost and expenditures incidental to the solicitation of proxies are borne by the Company. Documentary stamps due on executed proxies are also paid by the Company.</p> <p>See: <i>By-Laws</i>, Sections 1 and 2, Article II; <i>Proxy Form</i> <i>AGM Notice, Agenda and Information Statement for 2017</i></p>
<p>It is the duty of the Board to promote the rights of all stockholders, including the minority stockholders, and facilitate the exercise thereof. Stockholders may seek redress for violation of their rights as such in accordance with applicable laws.</p> <p>See: <i>PLDT CG Manual, Sec. 3.1.1(a)</i></p>	<p>Stockholders who have matters for discussion or concerns directly relating to the business of the Company may initially elevate such matters or concerns to: (a) the Corporate Secretary; (b) the Investor Relations Officer; (c) Management; or (d) the Board.</p> <p>See: <i>PLDT CG Manual, Sec. 3.1.1(a)</i></p>
<p>The Board shall be composed of a majority of Non-Executive Directors which includes at least three (3) Independent Directors, representing twenty percent (20%) of the total membership of the Board.</p> <p>As a rule: (i) all of the members of the Audit Committee, including the Chairman thereof, must be Independent Directors, and each member of the Audit Committee must be financially literate and the Chairman must have accounting or related financial management expertise, as such qualifications are interpreted by the Board based on its business judgment; (ii) at least a majority of the voting members, including the Chairman, of each of the Governance and Nomination Committee, Executive</p>	<p>The Company complies with the said policies which serve to protect the rights of minority stockholders through the increase in the quality of board oversight and decrease in the risks arising from conflicts of interest. Independent directors play an important role in the review and handling of conflicts of interest and related party transactions.</p> <p>All members of the Audit Committee are independent directors and majority of the voting members of the Governance and Nomination Committee and Executive Compensation Committee are independent directors.</p>

Compensation Committee and Risk Committee, must be Independent Directors; and (iii) at least a majority of voting members, including the Chairman, of the Technology Strategy Committee, must be Directors.

See: *PLDT CG Manual*, Secs. 2.1.1(a) and (b)

**(b) Do minority stockholders have a right to nominate candidates for board of directors?**

Yes. See *By-Laws*, Section 4, Article III and Section 7, Article V.

**K. INVESTORS RELATIONS PROGRAM**

**1) Discuss the company’s external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.**

The Company’s external and internal communications policies are reviewed on a regular basis by the Board of Directors and top management and then cascaded to Public Affairs Group and Center Heads, and thereafter to senior managers and managers for implementation, evaluation and assessment.

In accordance with the Company’s Internal Disclosure Controls and Procedures, major company announcements are reviewed and approved by the Company’s Disclosure Committee, which is composed of certain members of senior management, and by the Board of Directors or the Audit Committee, as applicable.

**2) Describe the company’s investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.**

	Details
(1) Objectives	<ul style="list-style-type: none"> <li>To achieve optimum value for PLDT shares by making available to the investing community sufficient, timely and accurate information about the Company’s financial and operating performance and its strategic direction</li> <li>To keep the lines of communication open with the investing community to be able to gather and address their feedback and concerns, and communicate these with senior management</li> </ul>
(2) Principles	PLDT’s Investor Relations program is anchored on several principles, including: ensuring the timeliness, accuracy, and sufficiency of information; transparency; and accessibility to both senior management and information.
(3) Modes of Communications	Investor briefings, investor conferences, one-on-one meetings, and conference calls  See also the response under Item I.4 on <i>Medium of Communication</i> under <i>Disclosure and Transparency</i> .
(4) Investors Relations Officer	Melissa V. Vergel De Dios Head – PLDT Investor Relations Center 12/F Ramon Cojuangco Building, Makati Avenue, Makati City Telephone no.: (632) 816-8024 Facsimile: (632) 810-7138 Email address: <a href="mailto:PLDT_IR_Center@pldt.com.ph">PLDT_IR_Center@pldt.com.ph</a>

**3) What are the company’s rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?**

**Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.**

The Company complies with the documentary, substantive and procedural requirements under the *Corporation Code*, *Securities*

*Regulation Code and its Implementing Rules and Regulations*, and rules and regulations of the SEC and PSE, regarding acquisition of corporate control in the capital markets, extraordinary transactions such as mergers, and sales of substantial portions of corporate assets. Such requirements include, without limitation, approvals by the Board of Directors and, as applicable, by the stockholders in meetings duly called and convened for such purposes, prompt, full and fair disclosure of the material terms thereof, conduct of a tender offer (in case of any acquisition of 35% or more of the equity shares of a public company or the acquisition of even less than 35% that would result in ownership of over 51% of the equity shares of a public company), and a fairness opinion from an independent financial adviser. It is also the Board's policy to create a Special Committee composed of independent directors that is authorized to independently review the terms and conditions of any acquisition of corporate control or extraordinary transaction, with the assistance of an independent financial adviser.

In 2014, PLDT engaged Delta Partners Corporate Finance Limited (Delta Partners) as an independent financial adviser in connection with PLDT's global strategic partnership with Rocket Internet AG (Rocket), which involves PLDT's investment of Euro 333 million for a 10% stake in Rocket. As PLDT's financial adviser, Delta Partners assisted in, among others, the commercial due diligence and valuation analysis/review of Rocket.

In 2012, PLDT engaged UBS AG as independent financial advisor in connection with the contemplated sale of PLDT's business process outsourcing business owned by its wholly owned subsidiary PLDT Global Investments Holdings, Inc. (formerly, SPI Global Holdings, Inc.). The sale transaction was completed on April 30, 2013.

In 2011, PLDT's Board of Directors engaged ING Bank N.V. as PLDT's independent financial adviser in connection with the acquisition of 51.55% of the outstanding common shares of Digital Telecommunications Phils., Inc. (Digitel) from the JG Summit Holdings, Inc. Group, and CLSA Exchange Capital as PLDT's independent financial adviser in connection with the acquisition of the remaining 48.45% outstanding common shares of Digitel held by the public shareholders, pursuant to a mandatory tender offer.

## L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

### Discuss any initiative undertaken or proposed to be undertaken by the company.

In 2016, PLDT and its subsidiaries pursued their various corporate social responsibility programs with a more pronounced digital thrust in various fields – particularly education, disaster preparedness and resiliency, health, livelihood and sports. And garnered recognition along the way.

Initiative	Beneficiary
<p><b>Propagating Digital Literacy.</b> Education continued to be a major focus of the PLDT Group's CSR efforts.</p>	
<p>In 2016, <i>Gabay Guro</i> (2G) supported 542 public school teacher scholars of which 150 graduated – 34 with distinction. Moreover, 79 2G scholars passed the Licensure Examinations for Teachers (LET).</p>	
<p>The flagship program of the PLDT Smart Foundation (PSF) and the PLDT Managers Club, 2G also entered into a partnership agreement with 51Talk, an online English tutorial service for Chinese-speaking students, to provide opportunities for over 2,500 teachers to augment their income.</p>	
<p>In line with its school building program, 2G has turned over 43 classrooms – an ongoing project until March 2017. In partnership with Asian Carriers Conference and Huawei, 2G provided 50 laptops and 50 Samsung tablets to 3 public high schools in Cebu province during the 2016 Asian Carrier Convention. The program also donated three laptops to the Arnel Pineda Foundation, Inc. under its <i>Libreng Aral Libreng Turo Tuwing Linggo</i> Project.</p>	
<p>To date, 2G has built strong partnerships with 47 universities and colleges.</p>	
<p>The <i>PLDT Infoteach Outreach Program</i> provided digital and computer literacy training to some 3,000 student and 3,320 teachers from 139 public schools in 10 school divisions of the Department of Education in 18 cities and municipalities in Luzon, the Visayas and Mindanao. Over the past 12 years, the program has benefitted 26,140 student and teacher graduates of its training courses.</p>	
<p>In cooperation with the University of the Philippines Open University (UPOU), the program also provides scholarship grants to outstanding teachers, enabling them to enroll in the Diploma in Computer Science program or other programs offered online by the UPOU. Participants eligible for this grant are the Division level grand champion winners per area during the PLDT Home DSL Broadband Quiz which is held at the end of the training program.</p>	
<p>Managed by PLDT's Community Relations, the program won an Excellence Award for Best Presentation and Content at the International Conference on Education and Social Science in Singapore.</p>	
<p>PLDT also supported the launching of the PLDT Community Outreach Alternative Learning System Community Learning. Program mentors were teacher-graduates of the PLDT Infoteach Outreach Program at Brgy. Lanit, Iloilo City. It is the only learning center for the indigenous people or <i>ati</i> in the City of Iloilo.</p>	
<p>To enlist high technology in nation-building, PSF and leading educators Dr. Chris and Marivic Bernido, designed the <i>Semana de Trabajo</i> program for experts from different universities to gather and discuss the potential impact of Big Data on</p>	



businesses and the challenge of addressing shortage of skills in this area.

PLDT's mobile subsidiary Smart Communications had a bumper crop of awards for its education programs.

The *Smart Wireless Engineering Education Program* (SWEEP), which helps colleges and universities produce industry-ready graduates and future technology entrepreneurs, was recently included in the yearly "Change the World" list of *Fortune* magazine. This recognition is given to 50 companies around the world that "do well by doing good". Smart was particularly cited for helping improve engineering and ICT education in the country. In 2016, SWEEP provided training to 995 students and faculty, bringing the grand total to 34,676 over the past 13 years.

The *Smart Technocart* program won two international awards – the Social Contribution Award at the Asia Communication Awards in Singapore and the World Communications Awards in the United Kingdom. The Technocart is a mobile digital laboratory that helps public school kindergarten students learn to read and write. It contains 20 tablets, a laptop loaded with various educational applications bundled with a projector and mobile WiFi unit. In 2016, Smart deployed 20 Technocarts in public schools in different parts of the country.

Smart also launched *School-in-a-Bag*, a learning tool package donated to public schools in remote areas without electricity. The bag contains a solar panel and battery, LED TV, laptop and tablet for the teacher, five tablets for students, lapel mic, hard drive, and pocket WiFi with starter load. It also includes teachers' training on a 21<sup>st</sup> century teaching pedagogy, K+12 content, learning activity sheets, and a learning management system. Smart donated 20 units to remote schools in Luzon, Visayas, and Mindanao.

School-in-a-Bag nicely complements the Smart Technocart and both have evolved into easy-to-implement partnership programs. For example, UBS Philippines, a subsidiary of the global financial firm, struck a partnership with the PLDT Smart Foundation in order to provide educational assistance to remote communities. UBS donated P1 million to the PLDT Smart Foundation in order to fund the deployment of 10 School-in-Bags to schools of their choice.

### **Rallying for Disaster Resilience and Recovery**

Disaster resilience begins at home – and the work place. In this spirit, PLDT launched a new mobile app called *Handa* through which employees can receive relevant safety information, real-time situation updates in their area, and send calls for help with their location details. The app was developed by the Enterprise Business Continuity and Resilience Office of the PLDT Group of Companies.

Working with the US Agency for International Development, PLDT turned over 30 "butterfly houses", in Tacloban, Leyte for the benefit of the families rendered homeless by Super typhoon Yolanda. This was part of the joint effort of the US AID and the Philippine Disaster Resilience Foundation (PDRF) to help families in Leyte get back on their feet through the Building Resilient and Economically Adept Communities and Households (BREACH) program.

PLDT won the UPS International Disaster Relief Award at the Business in the Community's 2016 Annual Responsible Business Gala in London. PLDT's award was in recognition for its role in developing the PDRF into an effective platform for collaboration between the private sector, national and local government, and international agencies for disaster resiliency programs. Initially set up after Typhoon Ondoy, PLDT helped PDRF to effectively mobilize the resources of the private sector in response to Super typhoon Yolanda.

Working with the National Disaster Risk Reduction and Management Council (NDRRMC), Smart helped organize disaster communications summits, or, ICT Bayanihans in 8 regions of the country. Each summit was attended by at least 100 representatives from the police and military, radio and TV broadcast companies, local two-way radio groups, schools, government agencies and businesses that have communications equipment. The summit participants threshed out disaster communications protocols and set up rapid emergency telecoms teams (RETTs) in each region in order to respond to disaster situations. Smart network teams have become part of these RETTs.

Smart also kicked off a disaster-readiness educational caravan nationwide, dubbed "Tropang Ready" especially designed for children, featuring the video series *Maging Laging Handa* which covers precautionary measures and safety tips for various calamities. *Maging Laging Handa* materials are also being used by DepEd as additional resources for the disaster risk reduction education of elementary students.

MVP Tulong Kapatid, the CSR consortium of the companies led by MVP in partnership with the provincial government of Davao Oriental, formally turned over 266 housing units to the families rendered homeless by Typhoon Pablo. The five-hectare resettlement site in Barangay Lambajon was developed by PSF, with support from TV 5's Alagang Kapatid Foundation, One Meralco Foundation, First Pacific Leadership Academy, MPIC Foundation, First Pacific, North Luzon Expressway, Makati Medical Center Foundation, Philex Group Foundation, and Maynilad.

### **Enabling Livelihood Opportunities**

PLDT Smart SME Nation and PSF, with the Micro Business and Micro Business Group, hosted the kick-off meeting of the leaders of the ASEAN Business Women Working Group and the ASEAN Women Entrepreneurs' Network. The group launched the GREAT Women Forum, a Stakeholders "Market Match" Forum and Trade Exchange. Empowering women's economic growth, the event encouraged stakeholders to purchase and source from women vendors under the GREAT WOMEN Platform.

PLDT Smart SME Nation, in partnership with PSF, Business and Professional Women Makati, and IBM Philippines developed the GREAT WOMEN ICT Platform to enable women entrepreneurs to use broadband internet connectivity and digital services

to grow their businesses. PSF is also one of the members of the Gender Responsive Economic Actions for the Transformation of Women program led by the Philippine Commission on Women.

#### Promoting Better Health Care

In 2016, Smart launched SHINE OS+, the mobile app version of the Secured Health Information Network and Exchange (SHINE) — an open-source electronic medical record (EMR) platform developed in partnership with Ateneo Java Wireless Competency Center (AJWCC). In 2016, SHINE was used by 34 municipalities mostly in Central and Western Visayas, generating over 160,000 records.

To promote the use of SHINE OS+, Smart, in partnership with the Department of Health and the Department of Science and Technology-Philippine Council for Health Research and Development, held #ThinkOpenHealth, the country's first health hackathon where developers were challenged to design plug-ins and modules for SHINE OS+ that can be customized to fill current gaps in the health sector.

Smart and the Ateneo Java Wireless Competency Center piloted the Operation Smile Patient Mapping App which aims to track cleft patients, digitize their medical information and store it for future reference and further research.

#### Protecting the Environment

Advocating clean and greener environment, PLDT has consistently supported the *Balik-Bateria* Program of Motolite and Philippine Business for Social Progress. The program aims to encourage proper disposal and recycling of used batteries. Funds from donated used batteries are used to support CSR projects of PLDT and PBSP. In 2016, PLDT donated 163,000 kilos of batteries amounting to almost Php 4 million.

PLDT remains to be the biggest benefactor of the program with a total donation of two million kilos of used-lead acid batteries (ULABs) amounting to Php48 million as of December 2016.

#### Empowering Grassroots Sports

The MVP Sports Foundation (MVPSF) maintained its support for collegiate and national programs in such sports as basketball, boxing, golf, and cycling.

MVPSF forged partnerships with universities, associations, and organizations such as the *Samahang Basketbol ng Pilipinas* (SBP), Association of Boxing Alliances in the Philippines (ABAP), LBC Sports Development Corp., National Golf Association of the Philippines (NGAP), San Beda College, and the Ateneo de Manila University.

MVPSF also extended its support to Filipino athletes who competed during the 2016 Olympics held in Rio de Janeiro, Brazil. Since its inception in 2011, MVPSF has contributed to the growth of the Taekwondo and Boxing programs in the Philippines, which greatly helped the three Filipino Olympians competing in these two sports. .

As MVPSF strives to expand its reach in Philippine Sports, it has been recognized as a partner of the Philippine Weightlifting Association (PWA) in growing the sport in the Philippines. Bouyed by the success of 2016 Olympic Silver Medalist, Hidilyn Diaz, MVPSF and PWA have both committed to further develop weightlifting through grassroots initiatives and programs in the Philippines.

## M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
<b>Board of Directors</b>	The Board conducts, at the end of each calendar year, an annual self-assessment to evaluate the performance of the Board as a whole, the Board Committees and individual directors. The process includes an evaluation of the performance of the CEO and Management. In addition, each Board Committee conducts an annual self-assessment of its performance. Members of the Board and the Board Committees accomplish their respective Self-Assessment Questionnaires for this purpose. Results of the assessment process are duly reported to the Board of Directors.	For the Board: Leadership, Roles and Responsibilities, Independence, Stewardship, Reporting and Disclosure, Shareholders' Benefits and Training (in relation to their function as stated in the By-Laws and PLDT CG Manual)
<b>Board Committees</b>		For the Board Committees: Performance, Compliance and Governance (in relation to their functions as stated in their respective Charters)
<b>Individual Directors</b>		For Individual Directors: Specific Duties and Responsibilities of a Director (including understanding of the Company's mission/ vision and values, independent judgment, and

	The Board Self-Assessment Questionnaire contains criteria that are based on leading practices and principles on good governance.	attendance and active participation at meetings)
CEO/President		For the President & CEO: Leadership, Stewardship and Independence

See: <http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices/monitoring-and-evaluation>

## N. INTERNAL BREACHES AND SANCTIONS

**Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees**

*The Chief Governance Officer shall be responsible for promptly reporting to the Chairman and the Governance and Nomination Committee any violation of the PLDT CG Manual. The Governance and Nomination Committee shall, after proper investigation, notice and hearing, determine and recommend to the Chairman of the Board the appropriate penalty for such violation, subject to further review and approval by the Board.*

Violations	Sanctions
PLDT’s Addendum to the Table of Penalties specifically includes this violation: “Acts or Omissions Violating the Company’s Manual on Corporate Governance”  Policy: PLDT Human Resources Manual-Table of Penalties	The aforementioned violation/offense is penalized as follows: 1 <sup>st</sup> Offense – Reprimand; 2 <sup>nd</sup> Offense – Suspension (duration shall depend on gravity of the violation); and 3 <sup>rd</sup> offense – Removal from Office.

See: PLDT CG Manual, *Sec. 4.2*; GNC Charter, *Schedule, Sec. 2.6*

## ANNEX A

### DEFINED TERMS

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

<b>“17-A Annual Report”</b>	PLDT’s 2016 Annual Report on Philippine SEC Form 17-A which includes Management’s Discussion and Analysis of Financial Condition and Results of Operations and Audited Financial Statements
<b>“20-F Annual Report”</b>	PLDT’s 2016 Annual Report on SEC Form 20-F pursuant to the U.S. Securities Exchange Act of 1934, as amended
<b>“2016 Annual Report”  (“2015 Annual Report”)</b>	PLDT’s glossy Annual Report for year 2016 (2015) to be distributed to stockholders in connection with the Annual Stockholders’ Meeting
<b>“AC”</b>	PLDT’s Audit Committee
<b>“AC Charter”</b>	PLDT’s Audit Committee Charter
<b>“AGM Notice, Agenda and Information Statement for 2016”  (“AGM Notice, Agenda and Information Statement for 2015”)</b>	PLDT’s Notice, Agenda and Information Statement for the 2016 (2015) Annual Meeting
<b>“Articles of Incorporation”</b>	PLDT’s Articles of Incorporation
<b>“By-Laws”</b>	PLDT’s By-Laws, as amended
<b>“Conflict of Interest Policy”</b>	PLDT’s Conflict of Interest Policy
<b>“Corporation Code”</b>	Corporation Code of the Philippines
<b>“ECC”</b>	PLDT Executive Compensation Committee
<b>“ECC Charter”</b>	PLDT Executive Compensation Committee Charter
<b>“Gifts Policy”</b>	PLDT’s Policy on Gifts, Entertainment and Sponsored Travel
<b>“GNC”</b>	PLDT Governance and Nomination Committee
<b>“GNC Charter”</b>	PLDT Governance and Nomination Committee Charter
<b>“Letter of the President to ADR holders”</b>	Letter of the President to ADR holders
<b>“Letter of the President to OTC holders”</b>	Letter of the President to OTC holders
<b>“PAS 24”</b>	Philippine Accounting Standard 24 for Related Party Disclosures
<b>“PLDT CG Manual”</b>	PLDT’s Manual on Corporate Governance
<b>“PLDT Code of Ethics”</b>	PLDT’s Code of Business Conduct and Ethics
<b>“PLDT Human Resources Manual”</b>	PLDT’s Human Resources Policies and Procedures Manual
<b>“Proxy Form”</b>	PLDT’s Proxy Form for the 2015 Annual Stockholders’ Meeting (distributed to stockholders together with the <i>AGM Notice, Agenda and Information Statement for 2016</i> )
<b>“RPT Guidelines”</b>	PLDT’s Guidelines on the Proper Handling of Related Party Transactions
<b>“SEC CG Code”</b>	<a href="#">Code of Corporate Governance For Publicly-Listed Companies (SEC Memorandum Circular No. 19. Series of 2016)</a>
<b>“SRC”</b>	Securities Regulation Code
<b>“Supplier Relations Policy”</b>	PLDT’s Supplier/Contractor Relations Policy
<b>“TSC”</b>	PLDT’s Technology Strategy Committee
<b>“TSC Charter”</b>	PLDT’s Technology Strategy Committee Charter
<b>Whistleblowing Policy</b>	PLDT’s Expanded Whistleblowing (EWB) Policy

**TABLE OF WEBLINKS**

The following weblinks which are referenced in the ACGR are publicly available at the Company website unless otherwise indicated.

<b>17-A Annual Report</b>	PLDT's 2016 Annual Report on Philippine SEC Form 17-A which includes Management's Discussion and Analysis of Financial Condition and Results of Operations and Audited Financial Statements <a href="http://pldt.com/investor-relations/annual-and-sustainability-reports">http://pldt.com/investor-relations/annual-and-sustainability-reports</a>
<b>20-F Annual Report</b>	PLDT's 2016 Annual Report on SEC Form 20-F pursuant to the U.S. Securities Exchange Act of 1934, as amended <a href="http://pldt.com/investor-relations/annual-and-sustainability-reports">http://pldt.com/investor-relations/annual-and-sustainability-reports</a>
<b>2016 Annual Report (2015 Annual Report)</b>	PLDT's glossy Annual Report for year 2016 (2015) for distribution to stockholders in connection with the Annual Stockholders' Meeting. <a href="http://pldt.com/investor-relations/annual-and-sustainability-reports">http://pldt.com/investor-relations/annual-and-sustainability-reports</a>
<b>AGM Notice, Agenda and Information Statement for 2016 (AGM Notice, Agenda and Information Statement for 2015)</b>	PLDT's Notice, Agenda and Information Statement for the Annual Stockholders' Meeting <a href="http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news">http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news</a>
<b>Articles of Incorporation</b>	PLDT's Articles of Incorporation <a href="http://pldt.com/docs/default-source/Articles-of-Incorporation-and-By-laws/pldt-articles-of-incorporation-(latest-amended)_july-2016.pdf?sfvrsn=0">http://pldt.com/docs/default-source/Articles-of-Incorporation-and-By-laws/pldt-articles-of-incorporation-(latest-amended)_july-2016.pdf?sfvrsn=0</a>
<b>Audit Committee Charter (AC Charter)</b>	PLDT's Audit Committee Charter <a href="http://pldt.com/docs/default-source/company-leadership/audit-committee-charter-.pdf?sfvrsn=2">http://pldt.com/docs/default-source/company-leadership/audit-committee-charter-.pdf?sfvrsn=2</a>
<b>By-Laws</b>	PLDT's By-Laws, as amended <a href="http://pldt.com/docs/default-source/Articles-of-Incorporation-and-By-laws/pldt-by-laws-(latest-amended-version)-_nov-14-2016-.pdf?sfvrsn=0">http://pldt.com/docs/default-source/Articles-of-Incorporation-and-By-laws/pldt-by-laws-(latest-amended-version)-_nov-14-2016-.pdf?sfvrsn=0</a>
<b>Code of Business Conduct and Ethics (PLDT Code of Ethics)</b>	PLDT Code of Business Conduct and Ethics <a href="http://pldt.com/docs/default-source/policies/pldt-code-of-business-conduct-and-ethics.pdf?sfvrsn=4">http://pldt.com/docs/default-source/policies/pldt-code-of-business-conduct-and-ethics.pdf?sfvrsn=4</a>
<b>Company website</b>	PLDT's Company website <a href="http://www.pldt.com">http://www.pldt.com</a>
<b>Corporate Governance website</b>	PLDT's corporate governance website <a href="http://pldt.com/corporate-governance-in-pldt">http://pldt.com/corporate-governance-in-pldt</a>
<b>Conflict of Interest Policy</b>	PLDT's Conflict of Interest Policy <a href="http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices">http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices</a>
<b>Corporate Governance Policies</b>	PLDT's Corporate Governance Policies <a href="http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices">http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices</a>
<b>Dividend Policy and Declaration of Dividends (Disclosures to PSE, SEC, US SEC, and NYSE)</b>	PLDT's Dividend Policy and Declaration of Dividends <a href="http://www.pldt.com/investor-relations/shareholder-information/dividend-info">http://www.pldt.com/investor-relations/shareholder-information/dividend-info</a>
<b>Executive Compensation Committee Charter (ECC Charter)</b>	PLDT's Executive Compensation Committee Charter <a href="http://www.pldt.com.ph/about/management/Documents/Executive%20Compensation%20Committee%20Charter.pdf">http://www.pldt.com.ph/about/management/Documents/Executive%20Compensation%20Committee%20Charter.pdf</a>

<b>Expanded Whistleblowing Policy</b> (Whistleblowing Policy)	PLDT's Expanded Whistle Blowing (EWB) Policy <a href="http://pldt.com/corporate-governance-in-pldt/resources-for-personnel">http://pldt.com/corporate-governance-in-pldt/resources-for-personnel</a>
<b>Governance and Nomination Committee Charter</b> (GNC Charter)	PLDT's Governance and Nomination Committee Charter <a href="http://www.pldt.com.ph/about/management/Documents/Governance%20and%20Nomination%20Committee%20Charter.pdf">http://www.pldt.com.ph/about/management/Documents/Governance%20and%20Nomination%20Committee%20Charter.pdf</a>
<b>Guidelines on the Proper Handling of Related Party Transactions</b> (RPT Guidelines)	PLDT's Guidelines on the Proper Handling of Related Party Transactions <a href="http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices">http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices</a>
<b>Guidelines on the Search, Screening and Selection of Directors</b>	PLDT's Guidelines on the Search, Screening and Selection of Directors <a href="http://pldt.com/docs/default-source/compliance/corporate-governance-materials/acgs/guidelines-on-the-search-screening-and-selection-of-directors-.pdf?sfvrsn=0">http://pldt.com/docs/default-source/compliance/corporate-governance-materials/acgs/guidelines-on-the-search-screening-and-selection-of-directors-.pdf?sfvrsn=0</a>
<b>Letter of the President to ADR holders</b>	Letter of the President to ADR holders <a href="http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news">http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news</a>
<b>Letter of the President to OTC holders</b>	Letter of the President to OTC holders <a href="http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news">http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news</a>
<b>Manual on Corporate Governance</b> (PLDT CG Manual)	PLDT's Manual on Corporate Governance <a href="http://www.pldt.com/corporate-governance-in-pldt/policies-processes-and-practices">http://www.pldt.com/corporate-governance-in-pldt/policies-processes-and-practices</a>
<b>Policy on Gifts, Entertainment and Sponsored Travel</b> (Gifts Policy)	PLDT's Policy on Gifts, Entertainment and Sponsored Travel <a href="http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices">http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices</a>
<b>Proxy Form</b>	PLDT's Proxy Form for the 2015 Annual Stockholders' Meeting <a href="http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news">http://pldt.com/investor-relations/shareholder-information/latest-shareholders'-news</a>
<b>Risk Committee Charter</b>	PLDT's Risk Committee Charter <a href="http://pldt.com/docs/default-source/company-leadership/risk-committee-charter.pdf?sfvrsn=2">http://pldt.com/docs/default-source/company-leadership/risk-committee-charter.pdf?sfvrsn=2</a>
<b>Statements of Changes in Ownership of Shares</b>	Accessible through the PSE and the PLDT websites at: <a href="http://edge.pse.com.ph/">http://edge.pse.com.ph/</a> (>Listed Company Directory>PLDT Inc.>TEL>Corporate Disclosures) <a href="http://pldt.com/investor-relations/shareholder-information/beneficial-ownership">http://pldt.com/investor-relations/shareholder-information/beneficial-ownership</a>
<b>Supplier/Contractor Relations Policy</b> (Supplier Relations Policy)	PLDT's Supplier/Contractor Relations Policy <a href="http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices">http://pldt.com/corporate-governance-in-pldt/policies-processes-and-practices</a>
<b>Technology Strategy Committee Charter</b> (TSC Charter)	PLDT's Technology Strategy Committee Charter <a href="http://www.pldt.com.ph/about/management/Documents/Technology%20Strategy%20Committee%20Charter.pdf">http://www.pldt.com.ph/about/management/Documents/Technology%20Strategy%20Committee%20Charter.pdf</a>

<b>ACGR Item A.4: "Other Executive, Non-Executive and Independent Directors"</b>
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**Provide the company's definition of "independence" and describe the company's compliance to the definition.**

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

- (i) is not an officer or director of the Company or any of its related companies or any of its substantial shareholders (other than as an Independent Director of any of the foregoing);
- (ii) was not an officer or a director of the Company or any of its related companies or any of its substantial shareholders (other than an Independent Director of any of the foregoing) within the three (3) years immediately preceding the date of his election;
- (iii) was not the chairman *emeritus* or an *ex-officio* director/officer, or a member of the advisory board of the Company or any of its related companies or any of its substantial shareholders, or otherwise appointed in a capacity to assist the board of directors of any of the foregoing in the performance of its duties and responsibilities within the last three (3) years immediately preceding the date of his election;
- (iv) is not an owner of more than two percent (2%) of the shares of stock of the Company or any of its related companies or any of its substantial shareholders;
- (v) is not a relative of any director, officer or substantial shareholder of the Company or any of its related companies or any of its substantial shareholders. For this purpose, "relatives" includes spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- (vi) is not acting as a nominee or representative of any director or substantial shareholder of the Company or any of its related companies or any of its substantial shareholders, pursuant to a deed of trust or under any contract or arrangement;
- (vii) is not retained or, within the last three (3) years immediately preceding the date of his election, has not been retained as a professional adviser, auditor, consultant or counsel of the Company or any of its related companies or any of its substantial shareholders, either personally or through his firm;
- (viii) does not engage or has not engaged in any transaction with the Company or any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and could not materially interfere with or influence the exercise of independent judgment;
- (ix) is not employed, or within the last three (3) years immediately preceding the date of his election, has not been employed as an executive officer of another entity where any of the Company's executive officers serves on that entity's Compensation Committee;
- (x) is not employed or, within the last three (3) years immediately preceding the date of his election, has not been employed by the Company's present or former external auditors;
- (xi) is not a securities broker-dealer of listed companies and registered issuers of securities or a person holding any office of trust and responsibility in a securities broker-dealer firm which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, associated person or salesman, and an authorized clerk of the broker or dealer; or
- (xii) is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or any of its substantial shareholders.

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

To qualify for nomination as an Independent Director, a person must possess all of the qualifications and have none of the disqualifications for directorship in the Company as set forth in Annexes A and B of the *PLDT CG Manual*, respectively, and must meet the independence criteria enumerated above and such other criteria provided under applicable law or regulation or determined by the Board of Directors or the Governance and Nomination Committee.

An incumbent Independent Director shall be disqualified from continuing to be such during the remainder of his tenure if, upon determination by the Board or the Governance and Nomination Committee: (a) he ceases to meet any of the independence criteria provided above, or (b) he becomes disqualified from directorship based on any of the grounds for disqualification in accordance with Annex B of the *PLDT CG Manual*.

**(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension**

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

**a. Selection/Appointment**

**(i) Executive Directors**

Process Adopted

1. All nominations for election of directors by stockholders shall be submitted in writing to the Board of Directors through the Chairman of the Board and the Secretary at the Company's principal place of business at least 60 working days before the regular or special meeting of stockholders for the purpose of electing directors.
2. All nominations for appointment of a director by the Board of Directors to fill a vacancy in the Board of Directors for any cause or reason whatsoever, other than by removal by the stockholders or by the expiration of term of office, shall be submitted in writing to the Board of Directors through the Chairman of the Board and the Secretary at the Company's principal place of business at least 30 working days before the meeting of the Board of Directors for the aforesaid purpose.
3. The Governance and Nomination Committee (GNC) shall then pre-screen and shortlist candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications set forth in the *By-Laws*, *PLDT CG Manual* and *GNC Charter* and such other factors which the Committee may deem appropriate such as judgment, skill, experience with other business organizations of a size comparable to that of the Company, the interplay of a candidate's experience with the experience of other Directors, and possible conflict of interest. Thereafter, the GNC will determine, identify and prepare a final list of the qualified Director and Independent Director nominees and recommend that the Board approve such final list and recommend to stockholders the qualified nominees included in the final list for election in the annual meeting of stockholders. In case a vacancy in the Board other than by removal of a Director or expiration of the term of office of a Director occurs, determine and identify the qualified director/ Independent Director nominee and recommend that the Board elect such qualified nominee to fill the vacancy.

Criteria

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

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

**c. Permanent Disqualification**

**(i) Executive Directors**

Criteria

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



2. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the Commission or any court or administrative body of competent jurisdiction from: (a) acting as an underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in subparagraphs (a) and (b) above.

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

3. Any person found guilty by final judgment or order of a foreign court or equivalent securities or banking regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct enumerated in Sections 1 and 2 above;

4. Any person convicted by final judgment of an offense punishable by imprisonment for more than six (6) years, or a violation of the *Corporation Code* committed within five (5) years prior to the date of his election or appointment;

5. Any person judicially declared as insolvent;

6. Any employee, officer, manager, director or controlling person or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation (other than one in which the Company owns at least thirty per cent (30%) of the capital stock) or entity engaged in a business that the Board, by at least a majority vote, determines to be competitive or antagonistic to that of the Company or any of its subsidiaries;

7. Any employee, officer, manager, director or controlling person or the owner (either of record or beneficially) of ten percent (10%) or more of any outstanding class of shares of any corporation or entity engaged in any line of business of the Company or any of its subsidiaries, when in the judgment of the Board, by at least a majority vote, the laws against combinations and restraint of trade shall be violated by such person's membership in the Board; and

8. Any nominee, as determined by the Board, in the exercise of its judgment in good faith and by at least a majority vote, of any person set forth in Item 6 and 7 above.

#### **d. Temporary Disqualification**

##### **(i) Executive Directors**

###### Procedure/Process Adopted

1. The GNC may consider and recommend to the Board temporary disqualification of a Director based on the grounds specified in PLDT's *By-Laws* and *PLDT CG Manual*.

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

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

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

###### Criteria

1. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations, which disqualification shall be in effect as long as said refusal persists;

2. Absence in more than fifty percent (50%) of all Board meetings, both regular and special, during his incumbency or any twelve (12) month period during said incumbency, unless the absence is due to justifiable causes such as illness, death of an immediate family member or serious accident. This disqualification applies for purposes of the succeeding election;

3. Dismissal or termination for cause as director of any corporation covered by the SEC's Revised Code of Corporate Governance. This disqualification shall be in effect until he has cleared himself of any involvement in the cause that gave rise to his dismissal or termination;

4. Being under preventive suspension by the Company (in the case of an Executive Director); and

5. If any of the judgments or orders cited in the grounds for permanent disqualification has not yet become final.

#### **e. Removal**

##### **(i) Executive Directors**

###### Procedure/Process Adopted

PLDT follows the procedure set forth under Sec. 28 of the *Corporation Code*, i.e., any director of the company may be removed from office by a vote of the stockholders holding or representing at least two-thirds (2/3) of the outstanding capital stock. Provided, That such removal shall take place either at a regular meeting of the company or at a special meeting called for the purpose, and in either case, after previous notice to stockholders of the company of the intention to propose such removal at the meeting. A special meeting of the stockholders of the company for the purpose of removal of directors, or any of them, must be called by the secretary on order of the president or on the written demand of the stockholders representing or holding at least a majority of the outstanding capital stock. Should the secretary fail or refuse to call the special meeting upon such demand or fail or refuse to give the notice, or if there is no secretary, the call for the meeting may be addressed directly to the stockholders by any stockholder of the company signing the demand. Notice of the time and place of such meeting, as well as of the intention to propose such removal, must be given by publication or by written notice prescribed in the *Corporation Code*. Removal may be with or without cause; Provided, That removal without cause may not be used to deprive minority stockholders of the right of representation to which they may be entitled under Section 24 of the *Corporation Code*.

## 6) Alternative Dispute Resolution

**Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.**

Corporation & Stockholders (Alternative Dispute Resolution System)

1. The Board should promote stockholders' rights and facilitate the exercise thereof. Stockholders may seek redress for violation of their rights as such in accordance with applicable laws.
2. The Board should be transparent and fair in the conduct of the annual and special stockholders' meetings of the Company. Stockholders should be encouraged to personally attend such meetings and they should be apprised ahead of time of their right to appoint a proxy in case they could not personally attend such meetings. The exercise of that right should not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor, subject to the requirements of applicable laws, regulations and the *By-Laws*.
3. The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to stockholders' participation in meetings, whether in person or by proxy. Relevant and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.

Stockholders who have matters for discussion or concerns directly relating to the business of the Company may initially elevate such matters or concerns to: (a) the Corporate Secretary; (b) the Investor Relations Officer; (c) Management; or (d) the Board.

Corporation & Third Parties/ Corporation & Regulatory Authorities (Alternative Dispute Resolution System)

The Company complies with, abides and is guided by the policy set forth in Republic Act No. 9285, otherwise known as the "Alternative Dispute Resolution Act of 2004", in handling conflicts or differences between the Company and its stockholders as well as third parties in that:

1. The Company promotes party autonomy in the resolution of disputes or the freedom of the parties to make its own arrangements, together with the counter-party, to resolve their disputes.
2. The Company shall encourage and actively promote the use of Alternative Dispute Resolution (ADR) as an important means to achieve speedy and impartial justice and declog court dockets.
3. The Company shall provide means for the use of ADR as an efficient tool and an alternative procedure for the resolution of appropriate cases.
4. The Company shall consider and explore with the other party or parties involved mutually acceptable alternative means or procedures for resolving such dispute that are provided by law prior to resorting to court action, to the extent that such is feasible and will not prejudice the rights and interests of the Company.

**Audit Committee ("Committee"): Functions, Key Responsibilities and Powers**

The primary purpose of the Committee is to assist the Board in fulfilling its oversight responsibilities for:

1. the integrity of the Company's accounting and financial reporting principles and policies, and system of internal controls, including the integrity of the Company's financial statements and the independent audit thereof;
2. the Company's compliance with legal and regulatory requirements; and
3. the Company's audit process and the performance of the Company's internal audit organization and External Auditor, including the External Auditor's qualifications and independence.

The primary responsibility of the Committee is oversight. Management is responsible for the integrity of the Company's financial statements and disclosures and for maintaining effective internal controls. The External Auditor is responsible for the proper audit and review of the Company's financial statements as may be required prior to the filing thereof with various stock exchanges and government entities. In fulfilling their responsibilities hereunder, it is recognized that Members are not full-time employees of the Company and are not, and do not represent themselves to be, accountants or auditors by profession or experts in the fields of accounting or auditing. As such, as it is not the duty or responsibility of the Committee or its Members to conduct "field work" or other types of auditing or accounting reviews or procedures and each Member will be relying in part on the expertise of Management and the External Auditor. Each Member shall be entitled to rely on:

- the integrity of those persons and organizations within and outside the Company that it receives information from;
- the accuracy of the financial and other information provided to the Committee by such persons or organizations absent actual knowledge to the contrary (which shall be promptly reported to the Board); and
- the representations made by Management as to any information technology, internal audit and other non-audit services provided by the External Auditor to the Company.

The External Auditor shall report directly to the Committee. The Committee has the direct responsibility for the appointment, setting of compensation, retention, removal and oversight of the work of the External Auditor.

**Duties and Powers**

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

1. With respect to the External Auditor:
  - 1.1 review and evaluate the qualifications, performance and independence of the External Auditor and its lead audit partner primarily responsible for the audit of the Company's financial accounts;
  - 1.2 select and appoint the External Auditor and remove or replace the External Auditor as the Committee may deem necessary or appropriate;
  - 1.3 review and approve in consultation with the Internal Audit Head/Chief Audit Officer and the head of the finance organization, all audit and non-audit services to be performed by the External Auditor and all fees to be paid to the External Auditor for such services; and ensure that non-audit services, if allowed or approved, are disclosed in the Company's annual report;
  - 1.4 periodically review fees for non-audit services paid to the External Auditor in relation to their significance to the total annual income of the External Auditor and to the Company's overall consultancy expenses, and disallow any non-audit services that will conflict with the External Auditor's duties to the Company as such or may pose a threat to its independence;
  - 1.5 ensure that the External Auditor prepares and delivers annually a formal written statement delineating all relationships between the External Auditor and the Company (Statement as to Independence) as required by the prevailing applicable Independence Standards, and discuss with the External Auditor and evaluate any relationships or services disclosed in such Statement that may impact the objectivity, independence or quality of services of the External Auditor and take appropriate action in response to such Statement to satisfy itself of the External Auditor's independence;
  - 1.6 review, based upon the External Auditor's formal written statement (Auditors' Statement) submitted at least annually, the External Auditor's internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review of the External Auditor, or by any inquiry or investigation by governmental or professional authorities within the preceding five (5) years, regarding one or more independent audits carried out by the External Auditor; and any steps taken to deal with any such issues; and
  - 1.7 ensure that the External Auditor, or its lead audit partner primarily responsible for the audit or review of the Company's financial accounts is rotated at least once every five (5) years or such shorter or longer period provided under applicable laws and regulations.
2. With respect to internal audit:

- 2.1 review the appointment, removal and replacement of the Internal Audit Head/Chief Audit Officer who shall functionally report directly to the Committee, and ensure that the internal audit organization shall be free from interference by outside parties in the performance of its work;
  - 2.2 advise the Internal Audit Head/Chief Audit Officer that he is expected to provide to the Committee summaries of and, as appropriate, significant reports to Management prepared by the Internal Audit Head/Chief Audit Officer and Management's responses thereto;
  - 2.3 review and approve the audit plan (which shall include the audit scope, resources and budget necessary to implement it) of the internal audit organization, and ensure that internal audit examinations cover at least the evaluation of adequacy and effectiveness of controls encompassing the Company's governance, operations, information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules and regulations;
  - 2.4 require the Internal Audit Head/Chief Audit Officer to render to the Committee an annual report on the internal audit organization's activities, purposes, and authorities, responsibilities and performance relative to the audit plans and strategies approved by the Committee. Such annual report shall include significant risk exposures and control issues, corporate governance issues and other matters requested by the Committee or the Board;
  - 2.5 require a statement from the Internal Audit Head/Chief Audit Officer that the activities of the internal audit organization are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing; if otherwise, a disclosure that the internal audit organization has not yet fully achieved compliance with the International Standards for the Professional Practice of Internal Auditing; and
  - 2.6 conduct an annual review and, if deemed appropriate, cause an update, of the Company's Internal Audit Charter.
3. With respect to financial reporting principles and policies and system of internal controls:
- 3.1 advise Management and the External Auditor that they are expected to provide to the Committee a timely analysis of significant/critical financial reporting issues and practices;
  - 3.2 obtain and consider any reports or communications (and Management's and/or the Internal Audit Head/Chief Audit Officer's responses thereto) submitted to the Committee by the External Auditor as required by or referred to in the prevailing applicable Auditing Standard, including reports and communications related to:
    - 3.2.1 the External Auditor's responsibility under generally accepted auditing standards;
    - 3.2.2 the External Auditor's responsibility for other information in documents containing audited financial statements;
    - 3.2.3 consideration of fraud in a financial statement audit;
    - 3.2.4 detection of fraud and illegal acts, whether or not material, that involve Management or other employees who have a significant role in the Company's internal controls, and that cause a material misstatement of the financial statements;
    - 3.2.5 significant/critical accounting policies and practices and any major issues regarding, or significant changes in, accounting principles or financial statement presentation;
    - 3.2.6 methods of accounting for significant unusual transactions and for controversial or emerging areas for which there is a lack of authoritative guidance;
    - 3.2.7 Management's judgments and accounting estimates;
    - 3.2.8 all alternative treatments of financial information within generally accepted accounting principles that have been discussed by the External Auditor with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the External Auditor;
    - 3.2.9 the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements;
    - 3.2.10 the External Auditor's judgments about the quality of the Company's accounting principles;
    - 3.2.11 significant deficiencies and material weaknesses noted in the audit in the design or operation of internal controls;
    - 3.2.12 adjustments arising from the audit;
    - 3.2.13 any material written communication between the External Auditor and Management such as any management letter or schedule of unadjusted differences;
    - 3.2.14 any significant disagreements with Management;
    - 3.2.15 major issues discussed with Management in connection with initial or recurring retention;
    - 3.2.16 consultation by Management with other accountants;
    - 3.2.17 any restriction on audit scope and the External Auditor's activities or access to requested information;

- 3.2.18 difficulties encountered with Management while performing the audit; and
- 3.2.19 reviews of interim financial information conducted by the External Auditor as may be required under applicable laws and regulations.
- 1.3 meet with Management, the Internal Audit Head/Chief Audit Officer and/or the External Auditor to:
  - 3.3.1 discuss the scope of the annual audit;
  - 3.3.2 review and discuss the quarterly unaudited financial statements and the annual audited financial statements (including the disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations) with particular focus on, among other matters: (a) any change(s) in significant/critical accounting policies and practices, and issues related thereto; (b) major Management judgmental areas; (c) going concern assumptions, (d) compliance with applicable accounting standards, and (e) significant adjustments arising from the audit of the full year financial statements.
  - 3.3.3 discuss any earnings press releases, and financial information and earnings guidance provided to analysts and rating agencies; and
  - 3.3.4 discuss any significant changes to the Company's auditing and accounting principles, policies, controls, procedures and practices proposed or contemplated by the External Auditor, the Internal Audit Head/Chief Audit Officer or Management.
- 3.4 obtain from the External Auditor assurance that the audit was conducted in a manner consistent with certain procedures to be followed in any audit of financial statements required under the applicable rules of the relevant stock exchange, securities and exchange commission and other regulatory bodies;
- 3.5 ensure that Management has established and maintains and periodically reviews/evaluates the adequacy and effectiveness of the Company's internal control system;
- 3.6 review on a semi-annual basis (a) internal control, (b) financial reporting, (c) internal audit activities, (d) external audit activities, (e) regulatory, legal and tax matters, (f) reporting responsibilities;
- 3.7 resolve disagreements between Management and the External Auditor regarding financial reporting;
- 3.8 have separate sessions periodically, with Management, with the Internal Audit Head/Chief Audit Officer and with the External Auditor as the Committee may deem necessary to surface issues warranting the attention of the Committee; and
- 3.9 ensure that the External Auditor and the internal audit organization act independently from each other, and that the Company or Management grants the External Auditor and the internal audit organization unrestricted access to all records, properties and personnel to enable the performance of their respective audit functions.
- 4. With respect to enterprise risks, in accordance with applicable regulations and in coordination with the Risk Committee:
  - 4.1 review in a general manner the Company's enterprise risk management system and major risk exposures, particularly risks that may have a material impact on financial reporting; and
  - 4.2 obtain assurance that the Company's internal audit plan is aligned with auditable risk management activities.
- 5. With respect to legal and regulatory compliance:
  - 5.1 monitor compliance and adherence by the Company with all applicable laws and regulations pursuant to which the Company conducts its operations and business activities;
  - 5.2 in case of failure by the CEO or the General Counsel to adopt, as necessary, appropriate remedial measures or sanctions with respect to any reported material violation of securities law or breach of fiduciary duty or similar violations by the Company, consider such reported violation and recommend the appropriate sanction therefor; and
  - 5.3 discuss with the Company's General Counsel or Chief Governance Officer/Compliance Officer any significant legal matters that may have a material effect on the financial statements, the Company's compliance policies, including material notices to or inquiries from governmental agencies.
- 6. With respect to reporting and recommendations:
  - 6.1 establish or assess the procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
  - 6.2 conduct investigations of identified irregularities in the operations of the Company and anomalies on matters relating to finance and of funds disbursement which bear strategic significance to the Company and recommend to the Board the necessary actions to remedy, correct and prevent the repetition of such anomalies;
  - 6.3 set clear hiring policies for employees or former employees of the External Auditor;
  - 6.4 prepare any report, including any recommendation of the Committee, required by the rules of the Securities and Exchange

Commission to be included in the Company's annual proxy / information statement;

- 6.5 review this Charter at least annually and recommend any necessary changes to the Board;
- 6.6 report the Committee's activities to the Board at least once each year and make such recommendations with respect thereto and other matters as the Committee may deem necessary or appropriate; and
- 6.7 prepare and review with the Board an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of its Charter, set forth the goals and objectives of the Committee for the ensuing year and include any recommendation to the Board on any improvements to this Charter deemed necessary or desirable by the Committee; provided that such report to the Board may take the form of an oral report by the Chairman of the Committee or any other Member designated by the Committee to make such report.

## ACGR Item E.1: "Nomination Committee (Governance and Nomination Committee)"

### Governance and Nomination Committee ("Committee"): Functions, Key Responsibilities and Powers

The primary purposes of the Committee are to:

1. Oversee the development and implementation of corporate governance principles and policies;
2. Review and evaluate the qualifications of the persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board;
3. Identify persons believed to be qualified to become members of the Board and/or the Board Committees;
4. Assist the Board in making an assessment of the Board's effectiveness in the process of replacing or appointing new members of the Board and/or Board Committees; and
5. Assist the Board in developing and implementing the Board's performance evaluation process.

### Duties and Powers

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

#### A. Governance Function

1. Corporate Governance Principles, Structures and Policies
  - 1.1 Assist the Board in ensuring and overseeing the development of appropriate corporate governance, principles, structures and policies for the Company in order to establish and maintain good governance and high ethical standards in the Company;
  - 1.2 Oversee the review and assessment once every two (2) years of the adequacy and effectiveness of the Company's corporate governance principles, structures and policies, including the CG Manual and the Code of Ethics, and ensure their compliance with applicable laws and regulations, and to recommend any desirable changes thereto for approval by the Board; and
  - 1.3 Assist the Board in overseeing the development of corporate governance principles, structures, and policies in the Company's subsidiaries.
2. Compliance and Implementation
  - 2.1 Ensure that the Company establishes and reviews at least once every two (2) years, an implementation mechanism and structure for its CG Manual and the Code of Ethics, and related policies that may be issued pursuant thereto, such as policies on whistle-blowing and non-retaliation for reports of violation;
  - 2.2 Oversee the implementation of the Company's corporate governance principles and policies and the Company's compliance therewith and with applicable laws and regulations on corporate governance;
  - 2.3 Establish the appropriate evaluation system for purposes of monitoring and assessing compliance with the CG Manual and the applicable provisions of the Governance Code by the Company, Board and Management, which evaluation system shall be approved by the Board;
  - 2.4 Assist the Board in the establishment and implementation of an appropriate performance evaluation/self-assessment process for the Board, the individual Board members and the Board Committees;
  - 2.5 Consider, resolve and/or submit its recommendation to the Board on corporate governance issues including, but not limited to, requests for waivers of any of the provisions of the Code of Ethics;
  - 2.6 After proper investigation, notice and hearing, determine and recommend to the Chairman of the Board the appropriate penalty for violations of the CG Manual as may be reported by the Chief Governance Officer, subject to further review and approval by the Board;
  - 2.7 Conduct or delegate to appropriate sub-committees, business units in the Company or independent third parties, as the Committee may deem appropriate, investigations of identified violations of the CG Rules by a Director, the Chief Executive Officer or any other Officer, and recommend to the Board the necessary actions to remedy, correct and prevent the repetition of such infractions;
  - 2.8 Oversee the continuing corporate governance communication and education programs for the Board members and employees of the Company;
  - 2.9 Review the appointment and replacement of the Chief Governance Officer;
  - 2.10 Advise the Chief Governance Officer that he is expected to provide to the Committee summaries of and, as appropriate, the significant reports to Management prepared by the CGO and Management's responses thereto; and
  - 2.11 Recommend to the Board such actions in relation to the Company's corporate governance that are in the best interest of the Company as the Committee shall deem appropriate or as may be otherwise required by governmental or regulatory bodies having jurisdiction.



## **B. Nomination Function**

### **1. Nomination of Directors and Independent Directors**

1.1 Pre-screen and shortlist candidates nominated to become a member of the Board in accordance with the qualifications and disqualifications set forth in Annexes B and C hereof and such other factors which the Committee may deem appropriate such as judgment, skill, experience with other business organizations of a size comparable to that of the Company, the interplay of a candidate's experience with the experience of other Directors, and possible conflict of interest.

(a) In the screening of candidates for directorship, the Committee shall, likewise, determine whether such candidates' directorships in other corporations would affect his capacity to serve and perform his duties as a Director diligently and efficiently. For the purposes of making such a determination and recommending to the Board any limit on the number of directorships in other corporations of a Director, the Committee shall consider the following, among other factors:

(i) the nature of the business of the Company;

(ii) the number of directorships/active memberships and officerships of a Director in other corporations or organizations;

(iii) any possible conflict of interest; and

(iv) the age of the Director.

(b) The Committee shall ensure that the Executive Directors, the Independent Directors, and non-Executive Directors who serve as full-time executives in other corporations shall submit themselves to a low-indicative limit on directorships in other corporations. In any case, the capacity of said directors to serve and perform their duties and responsibilities to the Company diligently and efficiently shall not be compromised.

1.2 Pre-screen the candidates nominated for election as Independent Directors and determine if they are eligible for election as such, taking into consideration the qualifications specified in Annex B hereof, the independence criteria/standards provided in Annex A hereof and such other independence criteria/standards as may be considered and recommended by the Committee and approved by the Board.

1.3 Determine, identify and prepare a final list of the qualified Director and Independent Director nominees and recommend that the Board approve such final list and recommend to stockholders the qualified nominees included in the final list for election in the annual meeting of stockholders.

1.4 In case a vacancy in the Board other than by removal of a Director or expiration of the term of office of a Director occurs, determine and identify the qualified director/Independent Director nominee and recommend that the Board elect such qualified nominee to fill the vacancy.

1.5 Identify and recommend Directors to fill vacancies in any of the Board Committees, taking into consideration the factors set out in the respective Charters of said Committees as well as any other factors it deems appropriate.

### **2. Related Functions**

2.1 Make recommendations to the Board, from time to time, as to changes which the Committee believes desirable to the size of the Board.

2.2 Ensure that the Company shall have at least two (2) Independent Directors or such Independent Directors shall constitute at least twenty percent (20%) of the members of the Board, whichever is lesser, or such minimum number of Independent Directors as may be required by applicable law or regulation.

2.3 Redefine, in consultation with the Board, the roles, duties and responsibilities of the President/Chief Executive Officer, if the Committee believes that such is necessary in order to integrate the dynamic requirements of the business as a going concern and the future plans of the Company, subject at all times to the principles of sound corporate governance.

## **C. Reporting and Recommendations**

1. Report the Committee's activities to the Board of Directors at least once each year and make such recommendations with respect thereto and other matters as the Committee may deem necessary or appropriate.

2. Prepare an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of its Charter, set forth the goals and objectives of the Committee for the ensuing year and include any recommendation to the Board on any improvements to this Charter deemed necessary or desirable by the Committee; provided that such report to the Board may take the form of an oral report by the Chairman of the Committee or any other Member designated by the Committee to make such report.

## ACGR Item E.1: "Remuneration Committee (Executive Compensation Committee)"

### Executive Compensation Committee ("Committee"): Functions, Key Responsibilities and Powers

The primary purposes of the Committee are to:

1. Provide guidance to and assist the Board in developing a compensation philosophy or policy consistent with the culture, strategy and control environment of the Company;
2. Oversee the development and administration of the Company's executive compensation programs, including long term incentive plans and equity based plans for Officers and Executives; and
3. Assist the Board in the performance evaluation of and succession planning for Officers, including the CEO, and in overseeing the development and implementation of professional development programs for Officers.

### Duties and Powers

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

#### I. Compensation Philosophy

- (i) Oversee the formulation and development of a corporate compensation philosophy and strategy consistent with the Company's culture, business strategy and the control environment in which it operates, and recommend approval thereof by the Board of Directors; and
- (ii) Review the effectiveness and appropriateness of the Company's compensation philosophy and strategy and its implementation at least every two (2) years.

#### II. Compensation Policies and Programs

##### A. President and CEO

- (i) Review and approve corporate goals and objectives relevant to the compensation of the President and CEO, evaluate the performance of the President and CEO in light of those goals and objectives, and set the compensation level of the President and CEO based on this such evaluation; and
- (ii) In determining the long-term incentive component of the compensation of the President and CEO consider, among other factors, the Company's performance and relative shareholder return, the value of similar incentive awards to chief executive officers at comparable companies and the awards given to the President and CEO in the past years.

##### B. Other Members of Management and Key Personnel

- (i) Assist in the development of the Company's over-all compensation and retirement policies and programs based on the Board-approved compensation philosophy, including but not limited to the following:
  - (a) The design of the compensation, retention and retirement plans or programs;
  - (b) The range of the compensation or retention packages based on appropriate benchmarks and performance metrics; and
  - (c) A formal and transparent procedure for implementation.
- (ii) Review and recommend to the Board for approval, any long term incentive plans and equity-based plans for Officers, Executives and other key personnel and discharge any responsibilities imposed on the Committee by any of these plans; and
- (iii) Review and recommend to the Board for approval any retention, or severance or similar plans or arrangements applicable to current or former Officers, Executives and other key personnel of the Company and payments proposed to be made pursuant thereto.

##### C. Directors

- Periodically evaluate and, if the Committee deems appropriate, recommend to the Board adjustments in the amount of per diems taking into consideration the compensation practices of other listed companies of comparable size and the performance of the Company. The Committee may also recommend to and review with the Board any proposal to grant compensation or other forms of remuneration, such as stock options, to Directors, provided that any such proposal shall be subject to stockholders' approval as required by law. The Directors shall not decide on their own compensation, other than per diems.
- Ensure that Directors shall not receive any compensation, as such, except for reasonable per diems, unless such compensation is provided in the *By-Laws* or granted by a vote of the stockholders representing at least a majority of the outstanding capital stock of the Company.

#### III. Development Programs and Succession Planning

- (i) Cause the development of a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming Officers, Executives and other key personnel which, among other requirements, compel all such Officers,

Executives and key personnel to declare all their existing business interests or shareholdings that may directly or indirectly conflict with the performance of their duties. Failure to properly disclose such interests shall be subject to the relevant rules and policies of the Company;

- (ii) Review any existing Human Resources Development or Personnel Handbook, and consider and approve recommendations of the Company's Human Resources Head for strengthening provisions on conflict of interest, salaries and benefits, promotions and career advancement directives and ensuring compliance by personnel concerned with all statutory requirements that must be met as a condition for maintaining their employment or, in the absence of such Personnel Handbook, to cause the development of such, covering the same parameters of governance stated above;
- (iii) Review the general criteria for the employment and promotion of Officers, Executives and key personnel, consider and approve any proposed update to such criteria as well as any training and development plans for such Officers, Executives and key personnel which may be recommended by the Company's Human Resources Head, and keep track of the performance and development of such Officers, Executives and key personnel;
- (iv) Review and, as the Committee may deem necessary, recommend to the Board for approval any amendments to any executive performance evaluation system of the Company; and
- (v) Review potential career paths for selected high-potential Officers, Executives and key personnel of the Company and Management's succession plan as developed or recommended by the President and CEO and/or Human Resources Head.

#### IV. Reporting and Recommendations

- (i) Cause the preparation of a clear, concise and understandable disclosure of the compensation of the Officers and other key personnel for the previous fiscal year and the ensuing year which are required to be included in the Company's annual report, proxy/information statements and other reports pursuant to the requirements of the Securities Regulation Code and its Implementing Rules and Regulations;
- (ii) Report the Committee's activities to the Board at least once a year and make such recommendation with respect thereto and other matters as the Committee may deem necessary or appropriate; and prepare and present to the Board a summary of the actions taken at each Committee meeting; and
- (iii) Prepare and review with the Board an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter, set forth the goals and objectives of the Committee for the ensuing year and include any recommendation to the Board on any improvements to this Charter deemed necessary or desirable by the Committee; provided that such report to the Board may take the form of an oral report by the Chairman of the Committee or any other member of the Committee designated by the Committee to make such report.

**Technology Strategy Committee ("Committee"): Functions, Key Responsibilities and Powers**

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

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

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

**Duties and Powers**

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

1. Review, evaluate and make recommendations to the Board regarding:
  - a. the Company's major technology strategy, competitiveness and position relative to existing, emerging and future trends and opportunities in technologies relevant to the business of the Company; and
  - b. the application of technology in the pursuit of the Company's strategic goals and objectives.
2. Assist and enable the Board to achieve an understanding of the technologies necessary to carry out the Company's strategic growth plans, as well as technology issues, opportunities and risks relevant to the Company's overall business strategy;
3. Review the soundness of and risks associated with the technologies in which the Company has invested or intends to invest, and make the appropriate recommendations to the Board based on such review;
4. Review and make recommendations to the Board relative to the Company's technology budget, proposals for major technology-related acquisitions, transactions, investment levels, partnerships and alliances;
5. Review, report and make recommendations to the Board relative to Management's formulation, execution, and overall performance in achieving technology-related strategic goals and objectives;
6. Oversee the technology strategies of the Company's subsidiaries and their implementation.
7. Recommend to the Board appropriate technology-related training and programs for the Board members;
8. Have unrestricted access to Management, employees and information the Committee considers relevant to its role, purposes and duties;
9. Review this Charter at least once every two (2) years and recommend any necessary changes hereto to the Board;
10. Report the Committee's activities to the Board at least once a year and make such recommendations with respect thereto and other matters as the Committee may deem necessary or appropriate; and
11. Prepare an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter, set forth the goals and objectives of the Committee for the ensuing year and include any recommendation to the Board on any improvements to this Charter deemed necessary or desirable by the Committee; provided that such report to the Board may take the form of an oral report by the Chairman of the Committee or any other Member designated by the Committee to make such report.

**Risk Committee ("Committee"): Functions, Key Responsibilities and Powers**

The primary purpose of the Committee is to assist the Board in fulfilling its governance functions relating to risk management. These functions include overseeing Management's adoption and implementation of a system for identifying, assessing, monitoring and managing key risk areas, and reviewing Management's reports on the Company's major risk exposures and Management's plans and actions to minimize, control or manage the impact of such risks.

The primary responsibility of the Committee is oversight. Management is responsible for establishing and implementing a comprehensive, updated and effective enterprise risk management system.

**Duties and Powers**

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

1. In coordination with Management:
  - (a) review and discuss Management's reports on the Company's risk management framework, structure, and policies and processes in identifying, assessing, monitoring, managing, reporting and communicating risks and enforcing risk management policies;
  - (b) review and discuss Management's reports on the Company's risk profile, with focus on known or emerging major risk exposures, and the steps proposed to be taken by Management to monitor and manage such risks;
  - (c) review and discuss the risk appetite and risk tolerance of the Company and the risk management objectives and strategies to be recommended to the Board for approval;
2. Periodically obtain reasonable assurance from Management that:
  - (a) the Company's risk management framework, processes and policies are comprehensive, updated and effective;
  - (b) the risk management capabilities within the Company's organization are adequate;
  - (c) risk assessment is part of the decision making process in the organization and that risks taken by the Company are within the risk appetite/tolerance level set by the Board;
  - (d) the performance of the Company's risk management function is effective in terms of, among others, enhancing opportunities, creating business value and managing threats, including risks that may arise from changes in the conditions of the business, developments in the industry and innovations in technology;
3. Coordinate with the Audit Committee in the latter's review of the Company's enterprise risk management system and major risk exposures, particularly risks that may have a material impact on financial reporting, and to obtain assurance that the Company's internal audit plan is aligned with auditable risk management activities; and the Chairman of the Committee shall coordinate with the Chairman of the Audit Committee to help ensure that both the Committee and the Audit Committee have received all information necessary to permit them to fulfill their duties and responsibilities with respect to risk assessment and risk management;
4. Ensure that Management presents to the Board at least once each year a report on known and emerging major risks and Management's methodologies for identification, assessment, measurement, prioritization, treatment, monitoring and reporting of risks;
5. Report to the Board, independent of Management, the Committee's views as to whether there are any significant gaps in Management's capabilities for managing major risks and the status of any initiatives to address those gaps;
6. In consultation with the President/Chief Executive Officer and Chief Financial Officer, review the appointment/replacement and performance of the ERMD Head;
7. Report the Committee's activities to the Board at least once each year and make such recommendations with respect thereto and other matters as the Committee may deem necessary or appropriate;
8. Conduct an annual evaluation of the Committee's performance, which evaluation must compare the performance of the Committee with the requirements of this Charter and the goals and objectives of the Committee for the relevant year, and report to the Board the results of such evaluation; provided that such report to the Board may take the form of an oral report by the Chairman of the Committee or any other Member designated by the Committee to make such report; and
9. Review this Charter annually and recommend changes or improvements thereto that the Committee may deem necessary or desirable, including those that are necessary to respond to new risk-oversight needs and changes in regulatory and other requirements.