

THE PLDT GROUP

CORPORATE GOVERNANCE REPORT

Corporate Governance is the cornerstone of PLDT strategy. It is PLDT's way of doing business consistent with applicable laws, regulations, Company policies and international best practices. It is doing business mindful that what we do impacts the lives of many - our stakeholders, internal and external to the company. It is our commitment to work passionately together in order to achieve our Mission and strategic objectives and secure sustainable value for the Company to the benefit of our stakeholders. In the PLDT Group, corporate governance is everyone's business - the Board, Management and employees, who have pledged to uphold the Company's core principles of integrity, accountability, fairness, and transparency in all business dealings and transactions.

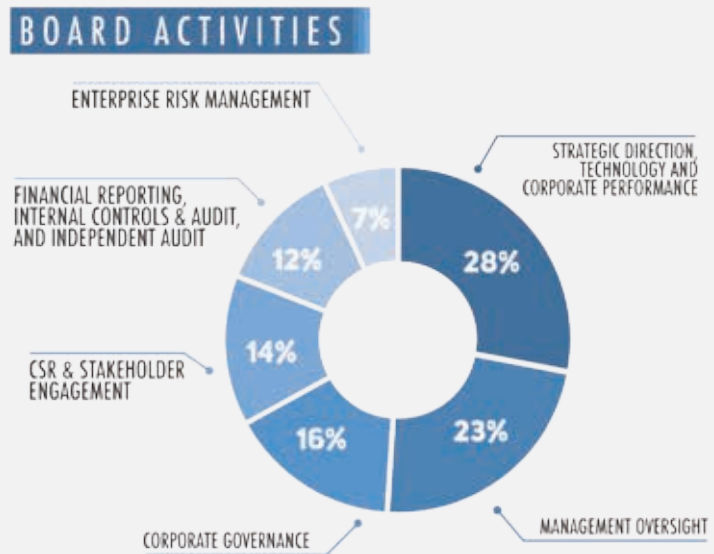
OUR LEADERSHIP

BOARD OF DIRECTORS

The primary responsibility for ensuring good corporate governance in PLDT is vested in our Board of Directors ("Board"). As the body entrusted with authority to act for and on behalf of the Company, acts of the Board are expressions of the Company's will, including its exercise of the corporate powers, conduct of business and control of the properties of the Company. Directors are expected to perform their duties diligently and in good faith and devote sufficient time and attention for such purpose. The Board and the directors are bound to act in the best interest of the Company and for the common benefit of its stockholders and other stakeholders.

To ensure a high standard of governance for the Company, the Board performs the following functions and duties with the assistance of the Board Committees:

- **Corporate Governance.** The Board, with the assistance of the Governance and Nomination Committee, establishes the Company's corporate governance framework and policies and oversees their implementation.
- **Determination and review of Company's Vision, Mission and strategic objectives.** The Board, in coordination with Management, determines the Vision, Mission and strategic objectives of the Company and reviews the same annually in relation to corporate performance in its annual strategic planning session with Management.
- **Management oversight.** The Board exercises oversight on Management in its execution of the strategic direction and implementation of the policies set by the Board.



HIGHLIGHTS IN 2018

- 11 Board Meetings and 25 Board Committee Meetings
- Annual Stockholders' Meeting
- Appointment of Chief Risk Management Officer
- Appointment of Chief Information Security Officer
- Review of Code of Business Conduct and Ethics; Conflict of Interest Policy
- Training on Sustainability Strategy in a Disruptive Business Environment: ESG Best Practices and Compliance Issues; Blockchain Technology Use Cases and Strategic Benefits, Risks and Governance Issues

- **Corporate Social Responsibility and Stakeholder engagement.** The Board oversees the Company's stakeholder engagement and corporate social responsibility programs. It ensures that the Company has an investor relations program and programs for engagement and communication with sectors of the community in which the Company operates, including the Company's disclosure of material and reportable information regarding non-financial and sustainability issues, with focus on the management of economic, environmental, social and governance (EESG) issues of the business.
- **Enterprise risk management.** The Board, with the assistance of the Risk Committee, fulfills its oversight responsibilities for the Company's assessment and management of enterprise risks, and reviews and discusses with Management the Company's major risk exposures and the corresponding risk mitigation measures.
- **Technology.** The Board, with the assistance of the Technology Strategy Committee, reviews and approves the Company's technology strategy and roadmap and capital expenditures for network and technology.
- **Succession planning, professional development and executive compensation.** The Board, through its Executive Compensation Committee, reviews the criteria for employment, promotion and professional development plans for Senior Management; keeps track of their performance, and evaluates their potential career paths. A succession planning process is facilitated within the PLDT Group referred to as the Leadership Succession Planning and Development. The Board is assisted by the Executive Compensation Committee in developing the compensation philosophy or policy consistent with the strategy, culture and control environment of the Company.
- **Selection process for directors and appointment of officers.** The Board, with the assistance of the Governance and Nomination Committee, implements a selection process to ensure that the Board has an effective and balanced mix of knowledge, expertise, experience and diversity in terms of, among others, age, gender and ethnicity, and reviews the qualifications of officers to be appointed.
- **Financial reporting, internal control, internal audit and independent audit.** The Board, with the assistance of the Audit Committee, carries out its oversight responsibilities for the Company's financial reporting, internal control system, internal audit and independent audit mechanisms.

- Annual Board assessment.**
 The Board conducts an annual self-assessment to evaluate the performance of the Board as a whole, the Board Committees and the individual directors. Each Board Committee also conducts an annual self-assessment of its performance.

Our Board and our directors have access to independent professional advice, at the Company's expense, as well as access to Management as they may deem necessary to carry out their duties.

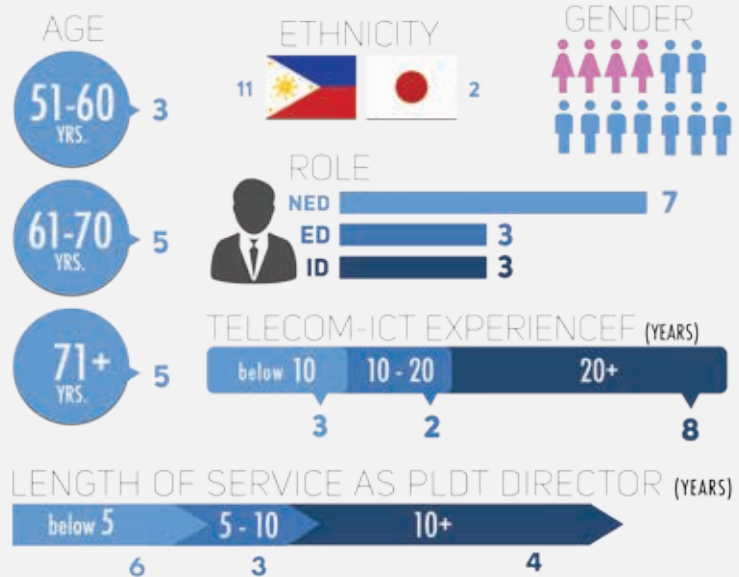
COMPOSITION

Our Board is composed of 13 members, with 3 independent directors, 7 other non-executive directors and 3 executive directors. Four directors are female and two are Japanese citizens. All the members of our Board are qualified and competent directors with diverse and complementing skills, expertise, experience and knowledge which enrich the collective processes and practices of our Board. Our directors have extensive experience in their respective fields or industries, such as telecommunications, Information and Communication Technology (ICT), business processing, infrastructure, power, banking, insurance, real property development, retail and agriculture businesses, law and public administration. At least three of our non-executive directors have extensive experience in the telecommunications industry.

Chairman. The Chairman provides leadership for the Board and ensures that the Board works effectively and performs its duties responsibly. He presides and facilitates discussions in Board meetings focusing on strategic matters, risk management, key issues and governance concerns that will affect the business operations.

The incumbent Chairman, Mr. Manuel V. Pangilinan, concurrently holds the position of President and CEO since January 1, 2016. With the guidance of the Governance and Nomination Committee, Mr. Pangilinan is managing the search for a new President and CEO of PLDT. Meanwhile, the Board is assured of the benefit of independent views with the checks and balances in place: (i) clearly defined duties and responsibilities of the Chairman and the President & CEO in the By-Laws, CG Manual and Board Charter; (ii) independent Board

BOARD DIVERSITY FACTORS



DIRECTORS' PROFESSIONAL & BUSINESS BACKGROUND



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

oversight, supported by 3 independent directors, 7 non-executive directors, Audit Committee composed entirely of independent directors, and Governance and Nomination Committee, Executive Compensation Committee and Risk Committee with independent directors constituting majority of their respective voting members; and (iii) Company policies and procedures which have been established to manage conflicts of interests.

Independent Directors. Our independent directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Pedro E. Roxas and Mr. Bernido H. Liu, were selected pursuant to the specific independence criteria set out under applicable laws and rules, our By-Laws and CG Manual. Under our CG Manual, an independent director is, broadly, "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." More specific independence standard criteria are enumerated in our By-Laws and CG Manual. On March 21, 2019, the Board appointed Hon. Artemio V. Panganiban as Lead Independent Director pursuant to the Recommendation of the Code of Corporate Governance for Publicly-Listed Companies (CG Code for PLCs).

DIVERSITY

PLDT considers having an optimally performing diverse Board as an essential element for the attainment of the Company's strategic objectives and its sustainable development. PLDT's Board Diversity Policy articulates the Company's recognition of the enhanced quality of performance and decision-making capability of a Board that is composed of a mix of directors who are equipped with knowledge, skills, professional or business experience, cultural and educational background, ethnicity, gender, age, length of service, and is a combination of executive, non-executive and independent directors. The Company's Board Diversity Policy provides that without infringing the cardinal right of the stockholders to nominate and vote for the election of directors, the Governance and Nomination Committee and the Board shall consider the appropriate mix, complementation and interplay of the various diversity aspects in the selection

of qualified director-nominees, including independent director-nominees, who will be recommended for election by the stockholders or the Board, as the case may be, for the Company to achieve the benefits of Board diversity as well as to fairly and effectively promote the interest of all the stakeholders, particularly the long term interest of the stockholders of the Company.

For the purpose of selecting the members of our Board, the Governance and Nomination Committee follows the Company's Guidelines on the Search, Screening and Selection of Directors and Screening Checklist which contain, among others, the criteria and qualifications for directorship and a matrix on the skills, expertise and experience relevant to the responsibilities of the Board, and considers other relevant factors, such as conflict of interest and directorships and/or positions in other corporations. The process ensures that the selection of directors and independent directors is aligned with the Board Diversity Policy and the Company's Mission, Vision and strategic objectives.

DIRECTORSHIPS IN OTHER CORPORATIONS

Our Board adheres to a performance-based standard in determining whether other directorships compromise the capacity of a director to serve or perform his/her duties and responsibilities to the Company diligently and efficiently. Differences in individual capabilities and the nature and demands of directorships in other companies are given due consideration in determining fitness and capacity to serve in our Board.

MEETINGS

Our Board meets, more or less, on a monthly basis, in accordance with the schedule of meetings that it sets at the end of the preceding year. Invariably, some of these meetings are devoted to the review and/or approval of the Company's Vision and Mission, the strategic plans and budget, business operations updates, network and technology updates, capital expenditures and investments, risk management reports and CSR programs. Once every quarter, our Board reviews the quarterly financial reports.

In 2018, our Board held 11 meetings (9 regular Board meetings, 1 special Board meeting and 1 organizational Board meeting). In each meeting, a quorum of at least two-thirds of the Board members,

including at least one independent director, was present. All independent directors were present in the Annual Stockholders' Meeting held on June 13, 2018. The respective Chairmen of the Audit, Governance and Nomination, Executive Compensation, Risk, and Technology Strategy Committees were likewise present in the said meeting.

Key agenda items in the 2018 Board meetings included the following:

- Audited financial results for the year ended December 31, 2017
- 2018 Annual Budget, business strategies and initiatives
- Financial results for each quarter of 2018
- Business updates
- Network projects and capital expenditures
- Equity and other securities transactions
- Dividend declarations
- Annual Stockholders' Meeting matters
- Appointment of members of the Advisory Board and Board Committees
- Appointment and promotion of officers
- Amended Charters of Board Committees
- Reports of Board Committees
- Enterprise Risk Management Report
- Sustainability Report
- TIP Award for 2017 Performance Cycle

COMPENSATION

All our directors are entitled to a per diem of Php250 thousand for attendance in each Board meeting and Php125 thousand for attendance in each meeting of the Board Committees in which some of them are members. Save for our executive directors, our directors do not receive stock options, performance incentives, bonuses or any other form of compensation from the Company.

TRAINING

For the orientation of new directors, the Chairman, President and CEO, Chief Financial Officer, Corporate Secretary and Chief Governance Officer give a briefing on the Company's structure, business, operating and financial highlights, responsibilities of the Board and its Committees and how each operates. The new director is also furnished with copies of all relevant corporate documents, including the Company's Articles, By-Laws, Annual Report, CG Manual, Code of

ATTENDANCE IN BOARD MEETINGS AND ANNUAL STOCKHOLDERS' MEETING			
Director	Designation	Board Meetings	Annual Stockholders' Meeting
Manuel V. Pangilinan	Executive Director	11/11	✓
Ray C. Espinosa	Executive Director	11/11	✓
Ma. Lourdes C. Rausa-Chan	Executive Director	11/11	✓
Bernido H. Liu	Independent Director	11/11	✓
Artemio V. Panganiban	Independent Director	11/11	✓
Pedro E. Roxas	Independent Director	11/11	✓
Helen Y. Dee	Non-Executive Director	8/11	
Emmanuel F. Dooc ¹	Non-Executive Director	6/7	✓
James L. Go	Non-Executive Director	11/11	✓
Shigeki Hayashi	Non-Executive Director	11/11	✓
Junichi Igarashi ²	Non-Executive Director	5/5	--
Aurora C. Ignacio ³	Non-Executive Director	2/2	--
Albert F. del Rosario	Non-Executive Director	11/11	✓
Atsuhisa Shirai ⁴	Non-Executive Director	6/6	✓
Amado D. Valdez ⁵	Non-Executive Director	1/2	✓
Marife B. Zamora	Non-Executive Director	10/11	✓

¹ Elected to the Board on March 27, 2018, vice Mr. Amado D. Valdez.

² Elected to the Board on August 9, 2018, vice Mr. Atsuhisa Shirai.

³ Elected to the Board on November 8, 2018, vice Mr. Emmanuel F. Dooc.

⁴ Until August 9, 2018.

⁵ Until March 27, 2018.

BOARD REMUNERATION IN 2018 (PHP)			
Director	Remuneration for ASM and Board Meetings Attended	Remuneration for Board Committee Meetings Attended	Total
Executive Directors			
Manuel V. Pangilinan	2,500,000	1,625,000	4,125,000
Ray C. Espinosa	2,500,000	625,000	3,125,000
Ma. Lourdes C. Rausa-Chan	2,500,000	500,000	3,000,000
Independent Directors			
Bernido H. Liu	2,500,000	2,375,000	4,875,000
Artemio V. Panganiban	2,500,000	2,500,000	5,000,000
Pedro E. Roxas	2,500,000	2,375,000	4,875,000
Non-executive Directors			
Helen Y. Dee	2,000,000	--	2,000,000
Emmanuel F. Dooc	1,500,000	250,000	1,750,000
James L. Go	2,500,000	1,750,000	4,250,000
Shigeki Hayashi	2,500,000	--	2,500,000
Junichi Igarashi	1,250,000	1,500,000	2,750,000
Aurora C. Ignacio	500,000	--	500,000
Albert F. del Rosario	2,500,000	625,000	3,125,000
Atsuhisa Shirai	1,250,000	1,375,000	2,625,000
Amado D. Valdez	250,000	--	250,000
Marife B. Zamora	2,250,000	--	2,250,000
Total	31,500,000	15,500,000	47,000,000

* Only one per diem was given to directors for attendance in the Annual Stockholders' Meeting, Regular Meeting and Organizational Meeting on June 13, 2018.



PLDT Director Ms. Helen Y. Dee, Advisory Board/Committee member Mr. Oscar S. Reyes and Director Mr. James L. Go.

Ethics, and the Charters of the Board Committees. Updates on business and governance policies and requirements principally from the PSEC, PSE, US SEC, and NYSE, and new laws applicable or relevant to the Company and its business, particularly on financial reporting and disclosures and corporate governance, are presented in Board meetings and/or furnished to the directors.

The Board keeps abreast of industry developments, business trends and legal requirements relevant to the Company and its operations. In this regard, the Company conducts an Annual In-House Corporate Governance Enhancement Session (ACGES) that provides an opportunity for leadership to engage in discussion with international and local experts on relevant topics, including

emerging trends and technologies, new laws, and best business practices. Updates on business and governance policies and requirements, and new laws applicable or relevant to the Company and its business are presented in Board meetings or furnished to directors. In 2018, in collaboration with Philippine-based affiliates of the First Pacific Company Limited, the Company conducted the ACGES for PLDT's Board and Management on the topics: (i) Sustainability Strategy in a Disruptive Business Environment: Environmental, Social and Governance (ESG) Best Practices and Compliance Issues; and (ii) Blockchain Technology Use Cases and Strategic Benefits, Risks and Governance Issues. Some members of our Board likewise attended other training sessions by external providers presented in this report.

PERFORMANCE ASSESSMENT

Our directors take part in an annual assessment process which reviews and evaluates the performance of the whole Board, the Board Committees and the individuals that comprise these bodies. This process enables the Board to identify its strengths and areas for improvement and elicit individual directors' feedback and views on the Company's strategies, performance and future direction. Each Board Committee also conducts an annual self-assessment of its performance. The Board assessment process is further discussed under the Section Monitoring and Evaluation of this report.

DIRECTORS' TRAINING 2018

Date of Training	Program	Speaker/Training Institution	Name of Director
October 19	Cybersecurity; Synopsis on Corporate Governance, Legal and Regulatory Update	Mr. Graham Winter of Gibson Dunn Pricewaterhouse Coopers/ First Pacific Company Limited Directors' Training	Manuel V. Pangilinan
November 16	Sustainability Strategy in a Disruptive Business Environment: ESG Best Practices and Compliance Issues	Dr. Matthew Bell Asia Pacific Oceania Managing Partner, Climate Change and Sustainability Services Ernst & Young (EY)/ PLDT Annual Corporate Governance Enhancement Session	Ray C. Espinosa Shigeki Hayashi Junichi Igarashi Aurora C. Ignacio Bernido H. Liu Artemio V. Panganiban Ma. Lourdes C. Rausa-Chan
	Blockchain Technology Use Cases and Strategic Benefits, Risks and Governance Issues	Mr. Paul Brody Global Innovation Leader on Blockchain Technology Ernst & Young (EY)/ PLDT Annual Corporate Governance Enhancement Session	Albert F. del Rosario Pedro E. Roxas
August 8	Corporate Governance	SGV & Co.	Artemio V. Panganiban
October 27	2018 Annual Seminar	Rizal Commercial Banking Corporation	Helen Y. Dee
November 14	Corporate Governance	Institute of Corporate Directors	Junichi Igarashi
December 6	Corporate Governance	SGV & Co.	Marife B. Zamora



ATTENDANCE IN BOARD MEETINGS AND ANNUAL STOCKHOLDERS' MEETING

Members	Designation	No. of Board Meetings	Annual Stockholders' Meeting
Oscar S. Reyes	Advisor	11/11	✓
Roberto R. Romulo	Advisor	11/11	✗
Benny S. Santoso	Advisor	11/11	✗
Orlando B. Vea	Advisor	11/11	✓
Christopher H. Young	Advisor	11/11	✓

ATTENDANCE IN BOARD COMMITTEE MEETINGS

Member	Audit Committee (AC)	Governance & Nomination Committee (GNC)	Executive Compensation Committee (ECC)	Risk Committee (RC)	Technology Strategy Committee (TSC)
Manuel V. Pangilinan		4/4	4/4		5/5
Ray C. Espinosa					5/5
Ma. Lourdes C. Rausa-Chan***		4/4			
Bernido H. Liu*	7/8	4/4	4/4	4/4	
Artemio V. Panganiban*	8/8	4/4	4/4	4/4	
Pedro E. Roxas*	8/8	4/4	3/4	4/4	
Emmanuel F. Dooc					2/3
James L. Go**	8/8			1/4	5/5
Shigeki Hayashi					
Junichi Igarashi	3/3	2/2	2/2	2/2	3/3
Albert F. del Rosario					5/5
Atsuhisa Shirai**	4/5	2/2	2/2	2/2	1/2
Roberto R. Romulo**	8/8				
Oscar S. Reyes					5/5
Orlando B. Vea					5/5
Corazon S. Dela Paz-Bernardo**	8/8				
Maria Elizabeth S. Sichon***		2/2	3/3		

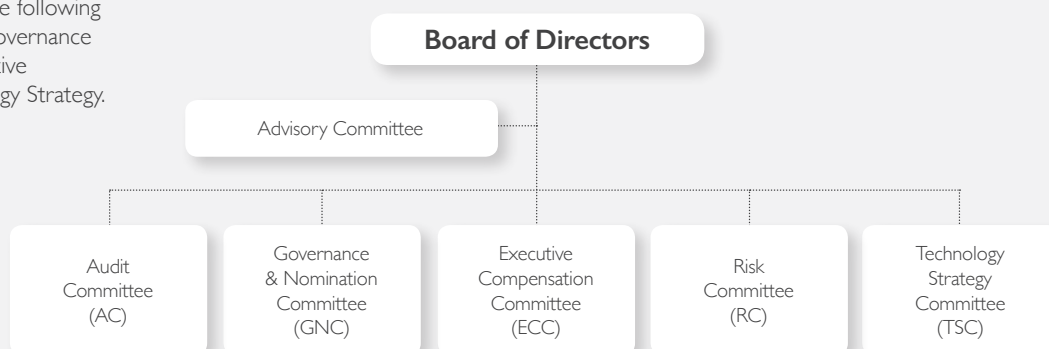
*Independent Director

**Advisor to the Audit Committee

***Non-voting member

BOARD COMMITTEES

To aid in ensuring compliance with the principles of good corporate governance, our Board has constituted the following Board Committees: Audit, Governance and Nomination, Risk, Executive Compensation, and Technology Strategy.



ADVISORY BOARD/COMMITTEE

Our Board is supported by an Advisory Committee that provides guidance and suggestions, as necessary, on matters deliberated upon during Board meetings. Our Advisory Committee is composed of Mr. Roberto R. Romulo, Mr. Benny S. Santoso, Mr. Orlando B. Vea, Mr. Christopher H. Young, and Mr. Oscar S. Reyes.

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

AUDIT COMMITTEE (AC)

The Audit Committee assists the Board in fulfilling its oversight responsibility for: (i) the integrity of the Company's accounting and financial reporting principles and policies, and system of internal controls, including the integrity of financial statements and the independent audit thereof; (ii) the Company's compliance with legal and regulatory requirements; and (iii) the Company's audit process and the performance of the internal audit organization and the external auditors, including the external auditors' qualifications and independence. For efficiency, the Board has determined that in lieu of creating a distinct Related Party Transaction Committee, the AC's functions shall include the review of material related transactions and significant unusual transactions, in accordance with the materiality threshold set in the Guidelines on the Proper Handling of Related Party Transactions or by the Board.

Our AC is composed of three members, all of whom are independent directors, and four advisors. The AC members are Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Bernido H. Liu and Mr. Pedro E. Roxas, who is the chairman of this committee. The four AC advisors are Mr. Junichi Igarashi and Mr. James L. Go, who are non-independent members of our Board, Mr. Roberto R. Romulo, a member of our Advisory/ Board Committee, and Ms. Corazon S. de la Paz-Bernardo, a former member of our Board of Directors. All of the members of our AC are financially literate and Ms. Corazon S. de la Paz-Bernardo has expertise in accounting and financial management. She was a former Chairman and Senior Partner of Joaquin Cunanan & Company, now Isla Lipana & Co., a member firm of Pricewaterhouse Coopers (PwC).



PLDT Advisory Board/Committee member Mr. Christopher H. Young and Director Ms. Aurora C. Ignacio.



Independent Director Retired Chief Justice Artemio V. Panganiban and Advisory Board/Committee member Mr. Roberto R. Romulo.

The charter of the AC may be viewed and downloaded from the PLDT website through the following link: <http://pldt.com/docs/default-source/corporate-governance-files/committee-charter/amended-ac-charter-jan22-2018.pdf>. The purposes, duties and powers of the AC are set forth in its charter.

AC Activities in 2018

The Audit Committee held five regular meetings and three joint meetings with the Audit Committees of Smart Communications, Inc. (SMART) and Digital Telecommunications Philippines, Inc. (Digitel), which covered the following important activities:

With respect to the external auditor SyCip, Gorres, Velayo and Co (SGV & Co.), a member practice of Ernst & Young Global Limited (EY), the AC discussed, reviewed, evaluated and approved, or noted:

- the summary of audit, audit-related and non-audit services and fees of SGV & Co. and EY that were approved by the AC in 2017;
- SGV & Co.'s report on the results of the integrated audit of PLDT's 2017 financial statements prepared in accordance with Philippine Financial Reporting Standards (PFRS) and International Financial Reporting Standards (IFRS), and internal controls over financial reporting (ICFR);
- SGV & Co.'s required communications (to the AC) including their independence from PLDT, within the meaning of the Securities Act of the Philippine Securities Regulation Code and the U.S. Securities Exchange Act, and SGV & Co.'s opinion that the PLDT Group maintained, in all material respects, effective ICFR as of December 31, 2017, based on the COSO's 2013 Internal Control – Integrated Framework;
- SGV & Co.'s performance for 2017 and, re-appointment of SGV & Co. as PLDT's external auditor for the year 2018;
- SGV & Co.'s plan for (and status reports on) the integrated audit of PLDT's and its subsidiaries' 2018 financial statements and review of ICFR; and

- various audit and non-audit engagements of SGV & Co. and Ernst & Young LLP (Singapore) in 2018.

With respect to the internal auditors, the AC discussed, reviewed and approved, or noted:

- PLDT Internal Audit and Fraud Risk Management Group's performance report for the year 2017;
- Internal Audit Group (IAG) Head's statement of compliance with the International Standards for the Professional Practice of Internal Auditing, and confirmation of the organizational independence of PLDT Internal Audit organization;
- periodic status reports regarding PLDT Group's readiness for SOX 404 compliance as of yearend 2017 and as of yearend 2018, IAG's major internal audit and fraud risk management activities and accomplishments and organizational updates, SMART and Digitel Mobile Philippines, Inc. Internal Audit's major internal audit activities and accomplishments, PayMaya Internal Audit's major internal audit activities and accomplishments, and updates on significant audit open items, and launch of Project OWN, which aims to promote ownership and accountability, and ultimately build a culture of compliance;
- PLDT Group's scoping and approach for 2018 SOX 404 compliance;
- the Group-wide Internal Audit Plan for 2019, jointly with the SMART and Digitel Audit Committees; and
- the existing PLDT Internal Audit Charter for retention until the next review in 2019.

With respect to financial reporting and controls, the AC reviewed, discussed and approved:

- the final results and report of SGV & Co. on its integrated audit of 2017 PFRS and IFRS financial statements and ICFR;
- PLDT Group's 2017 audited financial statements in accordance with PFRS and IFRS, Annual Report on Form 17-A (for PSEC filing), and 2017 Annual Report on Form 20-F (for U.S. SEC filing);

- PLDT's unaudited consolidated financial results and reports for the first quarter of 2018, second quarter and first half of 2018, and the third quarter of 2018 and nine months ended September 30, 2018, and the related party and significant unusual transactions in 2018; and

- information regarding industry comparison with respect to unaudited financial results for both fixed line and wireless businesses for the first, second and third quarters of 2018, and for the six months ended June 30, 2018 and nine months ended September 30, 2018.

With respect to governance, general internal controls and risk management process, the AC discussed, reviewed and approved, or noted the following:

- summary results of AC's Self-Assessment and Performance Evaluation for 2017;
- 2017 PLDT AC Report for inclusion in the Annual Report;
- 2018 annual stockholders' meeting, (Notice and Agenda, Information Statement, materials for the Proxy Form), the Company's compliance system, and significant legal matters;
- updates on regulatory matters and compliance with applicable regulations;
- Group-wide Whistleblowing Status Reports on whistleblower complaints received, pending or closed during the last quarter of 2017 and each of the first three quarters of 2018;
- PLDT Group top risks for 2018, and updates on ERM activities, processes, and coverage;
- related party transactions including the (i) transfer of SMART's interest in Voyager to PLDT Communications and Energy Ventures (PCEV), PCEV's investment in Voyager Group and in Smart Perpetual Notes, and the lease out of PLDT's AW139 Aircraft to Pacific Global One Aviation Company, Inc., (ii) the advisory services agreement between SMART and First Pacific Investment Management Limited (FPIML); and (iii) the renewal of PLDT's and SMART's Property Insurance for 2018-2019;

- updates on tax matters including pending tax audits, and tax assessments and settlements as of December 31, 2017; and
- Customer experience (CX) transformation programs, user access management and technology asset management program.

GOVERNANCE AND NOMINATION COMMITTEE (GNC)

The GNC assists the Board in the performance of its functions to: (i) establish the Company's corporate governance framework, principles and policies and oversee their implementation; (ii) develop and implement the Board's performance evaluation process; (iii) review and evaluate the qualifications of the persons nominated to the Board and to other positions requiring appointment by the Board; (iv) identify persons qualified to become members of the Board and/or the Board Committees; and (v) make an assessment of the effectiveness of the Company's nomination and selection process for the Board and Board Committees.

Our GNC is composed of five voting members, all of whom are regular members of our Board of Directors, and two non-voting members. Three of the voting members are independent directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Pedro E. Roxas and Mr. Bemido H. Liu, and two are non-independent directors, namely, Mr. Junichi Igarashi and Mr. Manuel V. Pangilinan, who is the chairman of this committee. The non-voting members are Atty. Ma. Lourdes C. Rausa-Chan and effective March 21, 2019, Ms. Gina Marina P. Ordonez.

The charter of the GNC may be viewed and downloaded from the PLDT website through the following link: <http://pldt.com/docs/default-source/corporate-governance-files/committee-charter/amended-gnc-charter-jan22-2018.pdf>. The purposes, duties and powers of the GNC are set forth in the charter.

GNC Activities in 2018

The activities of the GNC pursuant to its oversight function on governance-related matters included the following:

On policy review and development:

- reviewed the (i) Code of Business Conduct and Ethics, and (ii) Conflict of Interest Policy, and determined that the said policies remain to be compliant with applicable law, regulations and best practices and are appropriate for the Company, and approved the recommendation to continue to strengthen the implementation of the said policies; and
- discussed PLDT's Integrated Annual Corporate Governance Report that was submitted to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE) in compliance with the SEC Code of Corporate Governance for Publicly Listed Companies and related SEC and PSE memorandum circulars.

On education and communication:

- provided guidance on and approved the speakers for and the content of PLDT's Annual Corporate Governance Enhancement Session (ACGES) for Directors and Officers. The ACGES themes were: (a) *Sustainability Strategy in a Disruptive Business Environment: ESG Best Practices and Compliance Issues*, and (b) *Blockchain Technology Use Cases and Strategic Benefits, Risks and Governance Issues*;
- reviewed, selected and approved the theme entitled, #ItsNotComplicated and related creative concepts for the 2019 Corporate Governance communication materials; and
- reviewed and noted the Corporate Governance e-Learning Refresher Course of PLDT and SMART, and the results of the 12-point Ethics Survey; and
- reviewed and approved PLDT's Corporate Governance Report for 2017.

On compliance and enforcement:

- reviewed the reports on PLDT's Expanded Whistleblowing (EWB) cases and the investigation and dispositions thereof, and those of SMART, PLDT Global Corporation, ePLDT, Inc., Digital Telecommunications Philippines, Inc. and Digitel Mobile Philippines, Inc.;

- reviewed and noted or approved, as applicable, the Conflict of Interest (COI) Disclosures of key employees;
- discussed and recommended Voyager Group's establishment of appropriate governance structures, including the creation of audit, governance and other board committees, and adoption of relevant corporate governance policies; and
- assisted in implementing the Board Performance Assessment for 2017 performance, which included the performance evaluation of the Board Committees and Individual Directors.

The activities of the GNC pursuant to its oversight function on nomination related matters included the following:

- pre-screened candidates nominated to become Directors and the qualifications of candidates for Independent Directors, and submitted to the Board the final list of qualified Director and Independent Director nominees for election at the 2018 Annual Stockholders' Meeting;
- screened and recommended to the Board the appointment of three directors to fill the vacancies in the Board;
- reviewed and confirmed People Group's evaluation of the qualifications of officers and recommended their re-appointment as such at the 2018 Organizational Meeting of the Board of Directors;
- reviewed and confirmed People Group's evaluation of proposed appointments of new officers and promotions to officer rank for approval by the Board; and
- reviewed and noted the engagement of new key advisors.

EXECUTIVE COMPENSATION COMMITTEE (ECC)

The ECC assists the Board in the performance of its functions to: (i) oversee the development of a compensation philosophy or policy consistent with the strategy, culture and control environment of PLDT; (ii) oversee the development and administration of PLDT's executive compensation programs, including long term incentive

⁶ Committee of Sponsoring Organizations of the Treadway Commission (COSO)

plans and equity-based plans for officers and executives; (iii) oversee the development and administration of the Company's performance management framework to monitor and assess the performance of Management; (iv) review the succession plan for officers, including the CEO, and (v) oversee the development and implementation of professional development programs for officers.

Our ECC is composed of five voting members, all of whom are regular members of our Board of Directors, and one non-voting member. Three of the voting members are independent directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Pedro E. Roxas and Mr. Bernido H. Liu, and two are non-independent directors, namely, Mr. Junichi Igarashi and Mr. Manuel V. Pangilinan, who is the chairman of this committee. The non-voting member is Ms. Gina Marina P. Ordonez, effective March 21, 2019.

Our ECC is composed of five voting members, all of whom are regular members of our Board of Directors, and one non-voting member. Three of the voting members are independent directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Pedro E. Roxas and Mr. Bernido H. Liu, and two are non-independent directors, namely, Mr. Junichi Igarashi and Mr. Manuel V. Pangilinan, who is the chairman of this committee. The non-voting member is Ms. Gina Marina P. Ordonez, effective March 21, 2019.

The charter of the ECC may be viewed and downloaded from the PLDT website through the following link: <http://pldt.com/docs/default-source/corporate-governance-files/committee-charter/amended-ecc-charter-mar8-2018.pdf>. The purposes, duties and powers of the ECC are set forth in the charter.

ECC Activities in 2018

The ECC discussed and approved or endorsed to the Board for approval the following:

- amendments to the charter of the ECC;
- payout of the 2017 PLDT and SMART Short-Term Incentive Plan (STIP);
- proposed 2018 and 2019 PLDT and SMART STIP;
- 2018 Merit Increase and Promotions for Officers and Executives;

- 2017 award under the PLDT and SMART Long-Term Incentive Plan, referred to as the Transformation Incentive Plan (TIP);
- 2018 Grant under Cycle I of the TIP;
- proposed amendments to the 2019 Grant and the over-achievement award under Cycle I of the TIP; and
- proposed changes to the PLDT Retirement Benefit Plan and Medical Benefit Plan.

RISK COMMITTEE (RC)

The RC assists the Board in the performance of its functions to: (i) oversee Management's adoption and implementation of a system for identifying, assessing, monitoring and managing key risk areas; (ii) review Management's reports on the Company's major risk exposures; and (iii) review Management's plans and actions to minimize, control or manage the impact of such risks.

Our RC is composed of five voting members, all of whom are regular members of our Board of Directors. Three of the voting members are independent directors, namely, Mr. Pedro E. Roxas, Mr. Bernido H. Liu and Retired Supreme Court Chief Justice Artemio V. Panganiban, who is the chairman of this committee, and two are non-executive non-independent directors, namely, Mr. Junichi Igarashi and Mr. James L. Go.

The Charter of the RC may be viewed and downloaded from the PLDT website through the following link: <http://pldt.com/docs/default-source/corporate-governance-files/committee-charter/amended-rc-charter-jan-22-2018.pdf>. The purposes, duties and powers of the RC are set forth in the charter.

RC Activities in 2018

The RC reviewed and discussed with the Group Enterprise Risk Management (GRMD) and Management, and noted or approved the following:

- framework and process followed by the GRMD;
- Risk Appetite Statement of the PLDT Group;
- top risks of the PLDT Group as identified by the Top Management Team;
- purchase of a Cyber Insurance Policy for the PLDT Group;
- progress of GRMD in conducting Enterprise Risk Management Workshops with core operational groups; and (i) the Risk Profile of

the Technology Group, the Business Transformation Office, the Corporate Services Group, the Revenue Office, and Voyager/PayMaya; (ii) the Regulatory Risks; (iii) the IT Transformation Project; and (iv) the risks surrounding data privacy, data security and data management.

TECHNOLOGY STRATEGY COMMITTEE (TSC)

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

Our TSC is composed of five voting members and two non-voting members. The five voting members are non-independent directors Mr. Manuel V. Pangilinan, who is the chairman of the committee, former Ambassador Albert F. del Rosario, Atty. Ray C. Espinosa, Mr. James L. Go and Mr. Junichi Igarashi; and the two non-voting members are Mr. Oscar S. Reyes and Mr. Orlando B. Veja, who are members of our Advisory Board/Committee.

A copy of the charter of the TSC may be viewed and downloaded from the PLDT website through the following link: <http://www.pldt.com/docs/default-source/corporate-governance-files/committee-charter/amended-tsc-charter-jan22-2018.pdf?sfvrsn=2>. The purposes, duties and powers of the TSC are set forth in the TSC Charter.

TSC Activities in 2018

The TSC reviewed and discussed with the Technology Group and Management, and approved or endorsed to the Board for approval the following:

- technology budget items;
- status of the network, including upgrades on network roll-out and performance;
- technology strategies, programs, projects, initiatives and plans, including, among others, core & transport network capacity expansion and IT transformation; and
- projects in support of business operations including, among others, the consolidated device buying plan.



The President & CEO has general care, management and administration of the business operations of the Company. He ensures that the business and affairs of the Company are managed in a sound and prudent manner and that 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.

MANAGEMENT

Our Board exercises oversight on Management in accordance with the standards set forth in our CG Manual. The roles of Management and other offices involved in ensuring implementation of the corporate governance policies and requirements are discussed below.

President and CEO. The President and CEO has general care, management and administration of the business operations of the Company. He ensures that the business and affairs of the Company are managed in a sound and prudent manner and that 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. He provides leadership for Management in developing and implementing business strategies, plans and budgets to the extent approved by the Board. In order to enable the members of the Board to properly fulfill their duties and responsibilities, the CEO provides the Board with a balanced and understandable account of the Company's performance, financial condition, results of operations and prospects on a regular basis. He directs Management to provide the Board/directors with adequate and timely information about the matters to be taken up in their Board meetings. He ensures that the directors have independent access to Management. The President and CEO: (i) communicates and implements the Company's vision, mission, values and overall strategy and promotes the appropriate enhancement in the organization or its stakeholder engagement in relation to the same; and (ii) serves as the link between internal operations and external stakeholders. Management formulates, under the oversight of the Audit Committee, financial reporting and internal control systems, rules and procedures. Other duties of the President are set forth in the CG Manual.

Corporate Secretary. The Corporate Secretary assists the Board in the conduct of its meetings, including the preparation of the schedule and agenda of Board meetings, and ensures that all Board procedures, rules and regulations are observed by the directors, and Management provides the Board with complete and accurate information

necessary for judicious decision making. The Corporate Secretary is responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board and Board Committees, as well as other official records of the Company, and contributes to the flow of information between the Board and Management, the Board and its Committees, and the Board and the Company's stakeholders, including stockholders.

Internal Audit Organization. Our Internal Audit organization determines whether the Company's structure of risk management, control and governance processes are adequate and functioning to ensure that:

- Risks are appropriately identified, managed and reported;
- Significant financial, managerial, and operating information are accurate, reliable and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently and are adequately protected;
- Programs, plans and objectives are achieved;
- Quality and continuous improvement are fostered in our control processes; and
- Significant legislative or regulatory issues impacting the Company are recognized and addressed appropriately.

The Chief Audit Officer/Internal Audit Head reports functionally to the AC and administratively to the President and CEO. In the discharge of his duties, the Chief Audit Officer/Internal Audit Head is required to:

- Provide annually, an assessment on the adequacy and effectiveness of the Company's processes for controlling activities and managing risks;
- Report significant issues related to the processes of controlling activities, including potential improvements to such processes, as well as provide information concerning such issues; and
- Periodically provide information on the status and results of the annual internal audit plan and the sufficiency of our internal audit organization's resources.

The charter of the Internal Audit organization complies with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. Other duties of the Chief Audit Officer/Internal Audit Head are set forth in the CG Manual.

External Auditor. The Company's external auditor is appointed by the AC which reviews its qualifications, performance and independence. To ensure objectivity in the performance of its duties, the external auditor is subject to the rules on rotation and change, every five years; general prohibition on hiring by the Company of the external auditor's staff; and full and appropriate disclosure to, and prior approval by, the AC of all audit and non-audit services and related fees. Approval of non-audit work by the external auditor is principally tested against the standard of whether such work will conflict with its role as an independent auditor or would compromise its objectivity or independence as such. Our external auditor is SGV & Co., a member practice of EY.

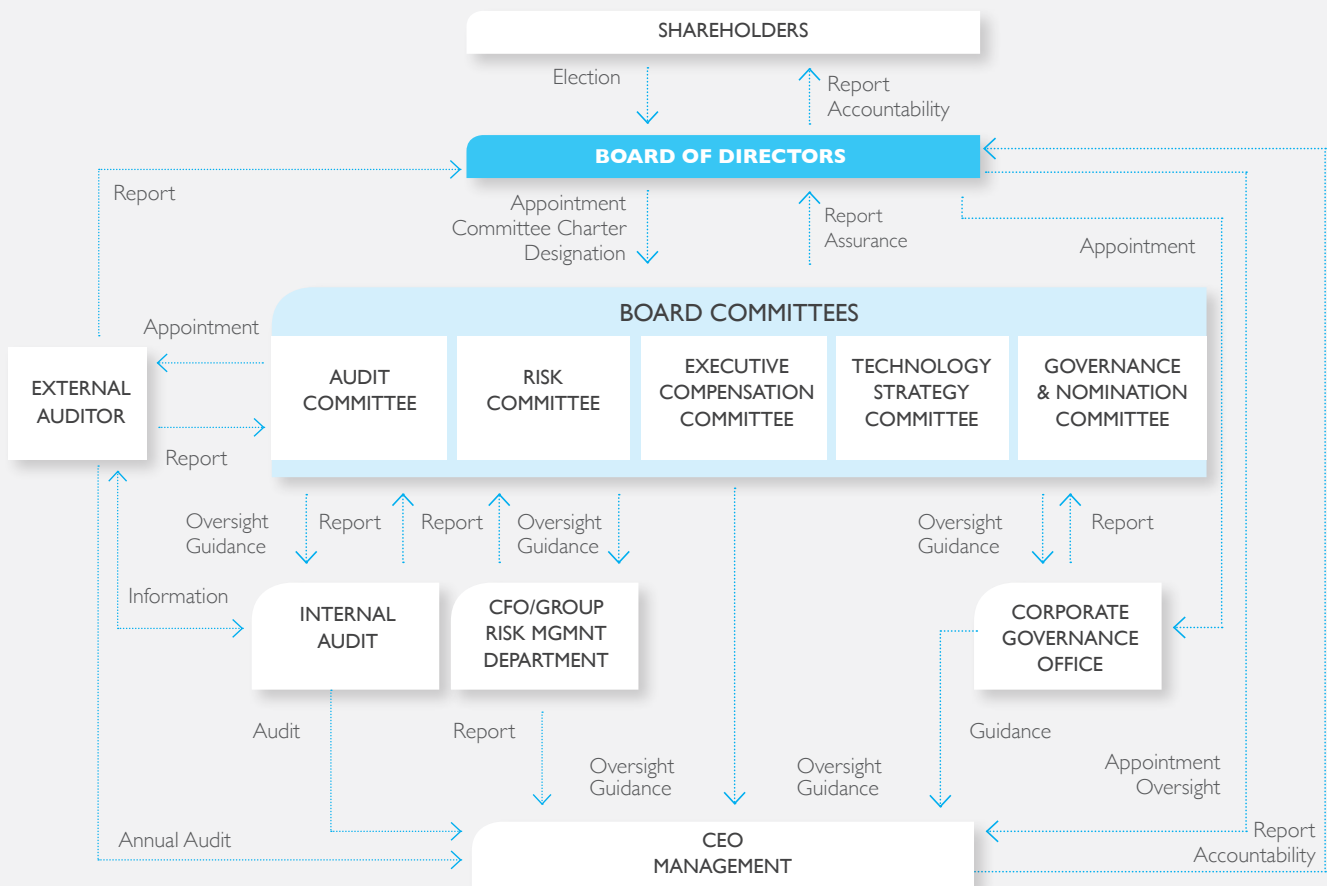
Chief Risk Management Officer and Group Enterprise Risk Management Department (GRMD). The GRMD, under the leadership of the Chief Risk Management Officer; implements an integrated risk management program with the goal of identifying, analysing and managing the PLDT Group's risks to an acceptable level so as to enhance opportunities, reduce threats, and thus sustain competitive advantage. The implementation of the enterprise risk management (ERM) process ensures that high-priority risks are well understood and effectively managed across all functions and units within the PLDT Group. The GRMD identifies and analyzes key risk exposures relating to economic, environmental, social and governance factors and the achievement of the organization's strategic objectives, evaluates and categorizes identified risks, and develops a risk mitigation plan for the most important risks of the Company. It communicates and reports significant risk exposures, including business risks, control issues and risk mitigation plan to the Risk Committee. The ERM process used by the GRMD is based on the ISO 31000 standard on risk management. The GRMD Head supervises the entire ERM

process and spearheads the development, implementation, maintenance and continuous improvement of ERM processes and documentation, and communicates the top risks and status of implementation of risk management strategies and action plans to the Risk Committee and the Board.

Chief Governance Officer. The primary responsibilities of the Chief Governance Officer include monitoring compliance with the provisions and requirements

of corporate governance laws, rules and regulations, reporting violations and recommending the imposition of disciplinary actions, and adopting measures to prevent the repetition of such violations. The Chief Governance Officer assists the Board and the GNC in the performance of their governance functions. Under the supervision and direction of the Chief Governance Officer, the Corporate Governance Office (CGO) assists in the implementation of the corporate governance policies adopted by the Board.

CORPORATE GOVERNANCE & COMPLIANCE SYSTEM



POLICIES AND PRACTICES

PLDT follows the corporate governance standards prescribed by Philippine law or recommended under rules and regulations of the Philippine Securities and Exchange Commission (PSEC) and the Philippine Stock Exchange (PSE). As a foreign private issuer with American Depositary Shares listed and traded in the New York Stock Exchange (NYSE), PLDT also complies with governance standards laid out in the relevant laws of the U.S. and rules and regulations of the U.S. Securities and Exchange Commission (US SEC) and NYSE. Being an associated company of First Pacific Company Ltd., a company listed in the Hong Kong Stock Exchange, PLDT also benchmarks with the governance standards of Hong Kong.

PLDT's corporate governance framework is embodied in the integrated system of governance structures, policies and processes set forth in PLDT's Articles of Incorporation, By-Laws, Manual on Corporate Governance (CG Manual), Code of Business Conduct and Ethics (Code of Ethics) and Corporate Social Responsibility Statement. Our business principles are threshed out in implementing policies including the Supplier/Contractor Relations Policy, Conflict of Interest Policy, Expanded Whistleblowing Policy, Policy on Gift-Giving Activities, Policy on Gifts, Entertainment and Sponsored Travel, Guidelines on Related Party Transactions, and Disclosure Rules, among others. The Company promotes a culture of good corporate governance through the implementation of these corporate governance (CG) policies, including the CG Manual, Code of Ethics and related policies. PLDT's key subsidiaries have adopted corporate governance rules and policies similar in substance and form to the foregoing corporate governance policies and suited to their particular business environments and contexts, and appointed their respective corporate governance or compliance officers.

All CG policies of the Company are reviewed at least once every two years to ensure that they are appropriate for PLDT, benchmarked with global best practices, and compliant with applicable law and regulations. In 2018, PLDT's Board of Directors reviewed the Company's Code of Business Conduct and Ethics and Conflict of Interest Policy, and determined that these policies

remain compliant with applicable law, regulations and best practices and are appropriate for the Company.

CG Manual. Our CG Manual defines our corporate governance framework and structure. Supplementary to PLDT's Articles of Incorporation and By-Laws, it assigns and delineates functions and responsibilities, and entrusts powers, authorities and resources for the execution of such functions and responsibilities. The 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. A copy of the CG Manual is posted at <http://pldt.com/docs/default-source/corporate-governance-files/cg-manual/pldt-manual-on-corporate-governance.pdf?sfvrsn=0>.

Code of Business Conduct and Ethics (Code of Ethics). Our Code of Ethics defines the Company's corporate governance values of integrity, accountability, transparency and fairness, 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. A copy of the Code of Ethics is posted at: <http://pldt.com/docs/default-source/policies/pldt-code-of-business-conduct-and-ethics.pdf?sfvrsn=4>.

The implementation of the Code of Ethics is reinforced by enabling policies such as the *Supplier/Contractor Relations Policy, Expanded Whistleblowing Policy, Gifts, Entertainment and Sponsored Travel Policy, and Policy on Gift-Giving Activities* which, in conjunction with the Code of Ethics, embodies the Company's anti-corruption policy.

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

COI disclosure system to facilitate the disclosure of conflicts of interests.

Guidelines on the Proper Handling of Related Party Transactions (RPT Guidelines). This guidelines provides the process of review, approval and disclosure of the Company's related party transactions (RPTs). RPTs are subject to review and approval by the designated authorities. The review's principal focus is on whether an RPT is on arm's length terms and in the best interest of PLDT and its shareholders as a whole, considering all relevant circumstances. Material RPTs are reviewed by the AC, which is composed entirely of independent directors, and subject to approval by the Board. The Head of Financial Reporting and Controllership Sector, in coordination with the Company's Disclosure Committee, is responsible for the disclosure of RPTs in the relevant financial reports of the Company as required under Philippine Accounting Standard 24, Related Party Disclosures, and other applicable disclosure requirements.

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

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

Expanded Whistleblowing Policy (EWB Policy). This policy provides guidelines on handling employee disclosures or complaints regarding (i) violations of corporate governance rules, including the aforementioned policies; (ii) questionable accounting and auditing matters; and (iii) violations or offenses (other than those in (i) and (ii) above) covered by the Company's Human Resources Manual. The EWB Policy protects whistleblowers from retaliation, and to ensure confidentiality and fairness in the handling of a disclosure or complaint, PLDT maintains a Whistleblowing Hotline and other reporting facilities, such as a dedicated electronic mailbox, post office box and facsimile transmission system. All employees and stakeholders who come forward in good faith to report violations or any act that may be considered as contrary to the Company's values may submit a disclosure or complaint regarding such violation to the CGO. Anonymous disclosures or complaints are allowed and duly processed, subject to certain conditions.

In all processes and activities related to a whistleblowing disclosure/complaint, utmost confidentiality is observed in order to ensure the integrity of the process and protect the parties, employees or officers who are allegedly involved therein.

For 2018, there were five new whistleblowing complaints received by the CGO. Two of these cases were deemed closed while three cases are under investigation/administrative proceeding. The complaints covered allegations of violation of the Code of Ethics, Conflict of Interest Policy, Gifts Policy, Supplier/

Contractor Relations Policy, Procurement Policy, Guidelines on Management and Protection of Company Documents; Acceptable Use of Technology Resources and Standards; Policy on Employees Running for or Elected to Public Office and the Human Resources Manual. Moreover, the CGO received two concerns that fall under the jurisdiction of line Management, which were referred to the subject employees' respective immediate heads for further evaluation and handling. There were no complaints on retaliation received in 2018.

SMART received four whistleblowing cases which are under investigation. PLDT subsidiaries, PLDT Global Corporation, ePLDT, Inc., and Digital Telecommunications Philippines, Inc., and the latter's subsidiary, Digitel Mobile Philippines, Inc. did not receive any whistleblowing complaint or complaint on retaliation in 2018.

Protection of Technology Resources and Information. PLDT has a Unified Information Technology Policy that is applicable to PLDT, SMART and Digitel Mobile Philippines, Inc., and which contains policy statements on social media and data privacy, and provides for the protection of information assets and the proper use of technology resources.

In 2018, the Chief Information Security Officer (CISO) was appointed to oversee the implementation and management of information and cyber security processes, especially regarding compliance with the business directions and applicable local and international laws and regulations. PLDT also established the Cyber Security Operations Group, headed by the

CISO, to create, implement and operate the Information Security Management Systems framework and to support the review and update the security policy.

Protection of Data Privacy. In 2017, the Chief Data Privacy Officer for the PLDT Group was appointed. PLDT has a Personal Data Privacy Policy which aims to ensure that the Company complies with the relevant data protection laws and regulations, protects the rights of its data subjects, is transparent about how it processes personal data, and protects itself from the risk of data breach.

Blackout Periods/Restriction on Trading of Shares. PLDT's Code of Ethics prohibits directors, officers and employees from dealing in the Company's shares when in possession of material non-public information about and involving the Company. During blackout periods, dealing in Company shares by directors, officers, and employees in possession of material non-public information is prohibited and in any exceptional case, prior notice to the Company should be made of any such dealing in Company shares, in accordance with the Company's policy on Blackout Period/Restriction on Trading of Shares. Directors and officers are enjoined to report to the Company their dealings in the Company's shares, regardless of whether such dealings were effected during or outside the blackout period, within three trading days from the date of the transaction, to enable the timely filing of the required disclosures to the PSEC and the PSE.

2018 RESTRICTIONS ON BUYING AND/OR SELLING PLDT SHARES

PLDT 2018 Results/Reports	Date of Release	Blackout Period
Q1	May 10	April 25 – May 15 ⁷
Q2	August 9	July 25 – August 13
Q3	November 8	October 24 – November 12
Full Year (unaudited)	March 7, 2019	January 29 – March 25, 2019
Full Year (audited)	March 21, 2019	

⁷ Trading restriction period was extended to May 15, 2018 due to the declaration of May 14, 2018 as a special non-working holiday.

2018 SHAREHOLDINGS OF THE BOARD AND OFFICERS

	Number of PLDT Shares ⁸					Number of PLDT Shares ⁸			
	Starting Balance ⁹	Acquired	Disposed	Ending Balance ¹⁰		Starting Balance ⁹	Acquired	Disposed	Ending Balance ¹⁰
A. Directors									
1. Manuel V. Pangilinan	252,450	8,300	1,794	258,956	8. Bernido H. Liu	1			1
2. Helen Y. Dee	25,080 ¹¹			25,080	9. Artemio V. Panganiban	1,771			1,771
3. Ray C. Espinosa	17,743	1,000		18,743	10. Maria Lourdes C. Rausa-Chan	199	3,300	1,099	2,400
4. James L. Go	135,914	104,295		240,209	11. Albert F. Del Rosario	142,410			142,410
5. Shigeki Hayashi	1			1	12. Pedro E. Roxas	231			231
6. Junichi Igarashi ¹²	1 ¹³			1	13. Marife B. Zamora	5			5
7. Aurora C. Ignacio ¹⁴	1 ¹³			1					
B. Officers									
1. Ernesto R. Alberto	0	4,300		4,300	37. Jerameel A. Azurin	0	500	140	360
2. Anabelle L. Chua	12,028	3,800		15,828	38. Rafael M. Bejar	0	500		500
3. Victorico P. Vargas	1,470	3,800		5,270	39. Jose Arnilo S. Castañeda	0	500		500
4. Marilyn A. Victorio-Aquino ¹⁵	0 ¹⁶			0	40. Gerardo Jose V. Castro	0	500	143	357
5. Gina Marina P. Ordoñez ¹⁷	2,199 ¹⁶			2,199	41. Gene S. de Guzman	0	500	137	363
6. Alejandro O. Caeg	200	3,300		3,500	42. Elisa B. Gesalta	0	500		500
7. Juan Victor I. Hernandez	0	3,300		3,300	43. John John R. Gonzales	0	500	141	359
8. Menardo G. Jimenez, Jr.	22	3,300	1,093	2,229	44. Ma. Gillian Y. Gonzales	0	291		291
9. June Cheryl C. Revilla	0	2,425		2,425	45. Ma. Criselda B. Guhit	1,250	500		1,750
10. Oscar Enrico A. Reyes	0	3,370		3,370	46. Silverio S. Ibay, Jr.	0	170		170
11. Florentino D. Mabasa, Jr.	0	1,200	359	841	47. Gary F. Ignacio	0	170		170
12. Leo I. Posadas	10	1,200		1,210	48. Marven S. Jardiel	0	500		500
13. Katrina L. Abelarde	0	1,500	473	1,027	49. Princesita P. Katigbak	0	500		500
14. Marco Alejandro T. Borlongan	0	1,200		1,200	50. Alexander S. Kibanoff	0	500		500
15. Alfredo B. Carrera	300	1,200	357	1,143	51. Javier C. Lagdameo	0	500		500
16. Marisa V. Conde	0	500		500	52. Luis Ignacio A. Lopa	0	1,370	1,199	171
17. Gil Samson D. Garcia	0	500	500	0	53. Czar Christopher S. Lopez	0	170		170
18. Joseph Ian G. Gendrano	0	500		500	54. Paolo Jose C. Lopez	0	500		500
19. Leah Camilla R. Besa-Jimenez	0	1,200		1,200	55. Ma. Carmela F. Luque	0	500		500
20. Albert Mitchell L. Locsin	0	1,083		1,083	56. Melanie A. Manuel ²⁰	125 ²¹			125
21. Dale M. Ramos	0	1,100		1,100	57. Ronaldo David R. Mendoza ²⁰	125 ²¹			125
22. Aileen D. Regio	0	860	843	17	58. Oliver Carlos G. Odulio	0	500	141	359
23. Luis S. Reñon ¹⁸	0 ¹⁶			0	59. Carlo S. Ople	0	500	145	355
24. Martin T. Rio	0	1,200	353	847	60. Harold Kim A. Orbase	0	418	116	302
25. Ricardo M. Sison	4,200	1,200	357	5,043	61. Charles Louis L. Orcena ²²	0 ¹⁶			0
26. Juan Alfonso D. Suarez ¹⁹	0 ⁹			0	62. Eduardo H. Rafuson ²⁰	170 ²¹			170
27. Emiliano R. Tanchico, Jr.	1,539	1,200		2,739	63. Ricardo C. Rodriguez	5,712			5,712
28. Annette Yvette W. Tirol	0	600	195	405	64. Genaro C. Sanchez	4,460	500		4,960
29. Victor Y. Tria	0	500	148	352	65. Maria Christina C. Semira	30	170		200
30. Melissa V. Vergel de Dios	0	1,200		1,200	66. Ma. Mercedes T. Siapuatco	0	170		170
31. Maria Cecilia H. Abad ²⁰	270 ²¹			270	67. Arvin L. Siena	50	500		550
32. Minerva M. Agas	0	500		500	68. Carla Elena A. Tabuena	0	418		418
33. Benedict Patrick V. Alcoseba	0	500	246	254	69. Patrick S. Tang	570	500	142	928
34. Elizabeth S. Andojar ²⁰	370 ²¹			370	70. Jecyn Aimee C. Teng ²⁰	170 ²¹			170
35. Tito Rodolfo B. Aquino, Jr. ²⁰	170 ²¹			170	71. John Henri C. Yanez	0	170		170
36. Ariel G. Aznar	0	170		170	72. Radames Vittorio B. Zalameda ²³	0 ¹⁶			0

⁸ Includes directly and indirectly owned shares in the Company. Changes in shareholdings were disclosed in the *Statements of Changes in Beneficial Ownership of Securities* filed with the Securities Exchange Commission and Philippine Stock Exchange, Inc. and posted on the Company website at [PLDT Investor Relations>Shareholder Information>Beneficial Ownership](#).

⁹ As at December 31, 2017.

¹⁰ As at December 31, 2018.

¹¹ Includes 2,780 shares 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 shares 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.

¹² Mr. Igarashi was elected as director on August 9, 2018 replacing Mr. Atsuhisa Shirai who resigned on August 08, 2018.

¹³ As at date of election as director.

¹⁴ Ms. Aurora C. Ignacio was elected as director on November 8, 2018 replacing Mr. Emmanuel F. Dooc who resigned on even date.

¹⁵ Appointment as Chief Legal Counsel effective December 1, 2018 was approved by the Board of Directors in the meeting held on August 09, 2018.

¹⁶ As at date of appointment as officer.

¹⁷ Sppointed as Head of People Group effective March 21, 2019.

¹⁸ Appointment as First Vice President effective July 1, 2018 was confirmed by the Board of Directors in the meeting held on August 9, 2018.

¹⁹ Appointment as First Vice President effective October 1, 2018 was confirmed by the Board of Directors in the meeting held on November 8, 2018.

²⁰ Promoted to Vice President effective November 8, 2018.

²¹ As at date of promotion as officer.

²² Appointment as Vice President effective July 9, 2018 was confirmed by the Board of Directors in the meeting held on August 09, 2018.

²³ Appointment as Vice President effective January 1, 2018 was confirmed by the Board of Directors in the meeting held on August 09, 2018.

TRAINING AND EDUCATION

The Company provides orientation and continuous training for its Board, Management and employees. For its directors and officers, the Company likewise conducts an Annual In-House Corporate Governance Enhancement Session (ACGES) that provides an opportunity for leadership to engage in discussion with international and local experts on relevant topics, including emerging trends and technologies, new laws, and best business practices. In 2018, the Company's ACGES was conducted on the topics: (i) Sustainability Strategy in a Disruptive Business Environment: ESG Best Practices and Compliance Issues; and (ii) Blockchain Technology Use Cases and Strategic Benefits, Risks and Governance Issues. It included discussions among directors, officers, and resource persons and live streaming of speaker presentations to PLDT and SMART executives. One of our directors, Mr. James L. Go, has been granted by the PSEC permanent exemption from its corporate governance training requirement. Updates on business and governance policies and requirements, and new laws applicable or relevant to the Company and its business are presented in Board meetings or furnished to directors.

For employees, the Company conducts orientation and periodic training sessions on Company policies, including corporate governance policies; skills building; and wellness and development, supplemented with appropriate communication materials and feedback mechanisms. In addition to orientation sessions on corporate governance policies for new employees, the Company also conducted corporate governance refresher courses for newly-promoted PLDT executives, while a corporate governance refresher course was conducted with the Technology Group in SMART. A CG eLearning refresher course with twelve-point ethics survey was likewise conducted for PLDT and SMART executives and employees, and made available to officers. Education and training is supplemented by the production and dissemination of relevant communication materials, including thematic posters and calendars and advisories on corporate governance.





Top L-R: Blockchain technology resource speaker Mr. Paul Brody; ACGES host Mr. Ramon R. Isberto (PLDT and Smart); ESG resource speaker Dr. Matthew Bell and ACGES attendees; ESG moderator Dr. Daniela Luz Laurel (One News, Signal TV, Bloomberg TV Ph) and Dr. Bell. *Bottom L-R:* ESG panel discussion with Atty. Michael T. Toledo (Philex Mining), Mr. Raymond B. Ravelo (Meralco), Atty. Roel S. Espiritu (Maynilad) and Ms. June Cheryl Cabal-Revilla (PLDT and Smart); Dr. Bell and ACGES attendees.

MONITORING AND EVALUATION

PLDT monitors and evaluates the effectiveness of its corporate governance through the annual performance self-assessment conducted by the Board and the Board Committees, the periodic review of the effectiveness of the implementation of the Company's CG policies, the annual compliance evaluation conducted by Management, and other tools employed to monitor the implementation of the CG policies. In 2018, PLDT confirmed its compliance with its CG Manual which contains relevant provisions of the PSEC Code of Corporate Governance for Publicly-Listed Companies (CG Code for PLCs) and certain corporate governance standards under the US Securities Exchange Act and NYSE Listed Company Manual. In compliance with the respective memorandum circulars of the PSEC and the PSE, PLDT filed its Integrated Annual Corporate Governance Report (IACGR) on May 30, 2018.

An annual self-assessment is conducted by the Board to evaluate the performance of the Board as a whole as well as each Board Committee, and the individual directors. The process, which also includes an evaluation of the performance of the CEO and Management, enables the Board to identify strengths and areas for improvement and to elicit individual director's feedback and views on the Company's strategy, performance and future direction. Each Board Committee also conducts an annual self-assessment of its performance. The members of the Board and the Board Committees accomplish their respective self-assessment questionnaires for this purpose. In 2018, the Board and Board Committees' assessment questionnaires were enhanced and expanded to include certain good governance practices recommended in the CG Code for PLCs. The Board's self-assessment questionnaire contains the following criteria based on leading practices and principles on good governance: (i) for the Board – Structure, Leadership, Roles and Responsibilities, Internal Control, Code of Conduct and other CG Policies, Independence, Stewardship, Resources, Internal Governance, Reporting and Disclosure, and Shareholder and other Stakeholder Engagement; (ii) for the Board Committees – the respective purposes, functions and duties of the Committees; and (iii) for individual directors - the

specific duties and responsibilities of a director. On the other hand, the Board Committees' self-assessment questionnaire contains the following criteria: performance, compliance and committee governance. The report on the results of the assessment process for the 2017 performance period was submitted to the directors in 2018. Prospectively, the annual self-assessment shall, as practicable, be supported by an external facilitator every three years and allow for a feedback mechanism for stockholders, to conform with the recommendation in the CG Code for PLCs.

PLDT monitors and evaluates compliance with the CG rules through a cross-functional evaluation system whereby the heads of the various business and support groups/units conduct an evaluation of their group/unit's compliance. The process uses an evaluation questionnaire consisting of the governance standards set forth in the CG Code for PLCs which are applicable and relevant to their respective functions. The results of the evaluation conducted by the heads are consolidated as input to the Company's IACGR submitted to the PSEC and PSE.

In line with all of these, PLDT has incorporated CG standards in the performance evaluation of employees and has included violations of CG rules as a cause for disqualification from incentives and rewards in its Policy on Employee Qualification for Incentives and Rewards.

PLDT conducts focus group discussions and employee surveys in order to gain insights into the effectiveness of its CG programs and initiatives. Valuable information is also obtained and analyzed from the results of and feedback from our education activities, reports from business partners, customer complaints, reported violations and other sources of relevant information.

STAKEHOLDER ENGAGEMENT

In fulfilling our commitments to our stakeholders, we are guided by our Code of Ethics and Corporate Social Responsibility Statement (CSR Statement). The CSR Statement is the articulation of our belief that helping to improve the overall well-being of the Filipino people is an integral part of our business. The CSR Statement enumerates the broad responsibilities that PLDT

assumes as it operates and conducts its business. A copy of the CSR Statement is posted at <http://pldt.com/corporate-governance-in-pldt/our-stakeholders>.

Pursuant to the CSR Statement, the PLDT Group's social programs leverage its communications and digital services and the volunteer spirit of its employees to implement projects in education, health, livelihood, disaster preparedness and resiliency, the environment, digital tourism and sports that aim to help Filipinos change their lives for the better. These CSR programs and activities are presented in the Corporate Social Responsibility section of this Annual Report.

Investors/Shareholders. PLDT respects, promotes and upholds shareholders' rights such as: the right to vote; preemptive right; the right to inspect corporate books and records, including minutes of Board meetings and stock registries, subject to certain conditions; right to timely receive relevant information, whether in printed or digital form; right to dividends; and appraisal right.

The Board promotes transparency and fairness in the conduct of the annual and special stockholders' meetings of the Company. The Company explores and implements steps to reduce excessive or unnecessary costs and other administrative impediments to stockholders' participation in annual and special stockholders' meetings. Stockholders are encouraged to personally attend such meetings, raise questions and exercise their voting rights. Within a reasonable period of time before the meeting, stockholders are apprised of their right to appoint a proxy in case they could not personally attend such meetings, and give their voting instructions in the proxy form provided. Relevant meeting materials such as the Notice, Agenda, Information Statement and Annual Report are made available to the stockholders in printed or digital form and through the Company's website to enable them to make a sound judgment on all matters tabled for their consideration or approval. The Board ensures the disclosure and filing of reports with the PSEC, PSE and, as applicable, US SEC and NYSE and posting on the Company's website, immediately after the meeting or the day after the meeting, of all significant actions taken in the meeting and the votes obtained for each of such actions.



Makati City

2018 Full Year Results

Press Briefing



PLDT's Chief Financial Officer and Chief Risk Management Officer, Ms. Anabelle L. Chua; President & CEO, Mr. Manuel V. Pangilinan; Chief Revenue Officer, Mr. Ernesto R. Alberto; Chief Corporate Services Officer, Atty. Ray C. Espinosa during the announcement of PLDT's Full Year 2018 (FY2018) Financial and Operating results at the Makati Shangri-La Hotel.

The Company held its Annual Stockholders' Meeting on June 13, 2018, with holders of 87.19% of total outstanding capital present or represented by proxy in the meeting. To view the Minutes of the 2018 PLDT Annual Stockholders' Meeting, please access this link: [http://pldt.com/docs/default-source/annual-meeting-of-stockholders/2018/2018_june13_annual-meeting-\(as-of-06-18-18\)_final.pdf](http://pldt.com/docs/default-source/annual-meeting-of-stockholders/2018/2018_june13_annual-meeting-(as-of-06-18-18)_final.pdf).

The Board ensures that material information and transactions that could potentially affect the market price of the Company's shares are timely disclosed and filed with the PSEC, PSE and as applicable, with the US SEC and NYSE. In this regard, information on, among other matters, 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 are promptly and accurately disclosed.

PLDT regularly conducts analysts and investors' briefings to discuss financial and operating results for the second quarter and full year, and teleconferences to discuss first and third quarter results. Our Investor Relations Center also conducts regular dialogues with our investors. Shareholders who wish to raise matters or concerns relating to the business of the Company, their investments and

rights may elevate such matters to the Corporate Secretary, the Investor Relations Officer, concerned units of PLDT's Management or the Board.

The Company's dividend policy provides a regular dividend payout rate of 60% of Core Earnings Per Share as regular dividends. The dividend policy takes into account: (i) the elevated levels of capital expenditures to build a robust, superior network to support the continued growth of data traffic; (ii) plans to invest in new adjacent businesses that will complement the current business and provide future sources of profits and dividends; and (iii) management of cash and gearing levels. In the event that no investment opportunities arise, the Company may consider the option of returning additional cash to shareholders in the form of special dividends or share buybacks. PLDT was able to pay out approximately 60% of its core earnings for the year 2018. Information on PLDT's 2018 Dividend Declarations is available at <http://pldt.com/docs/default-source/shareholders-information/dividend-info/2018/2018-dividend-declaration12418.pdf?sfvrsn=0>.

Customers. PLDT serves a broad range of customers from individuals, residential, micro, small and medium enterprise (SME) and large enterprise, including the public sector. PLDT strives to satisfy its customers' requirements and expectations regarding innovative

products and services, 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 touchpoints with the end in view of knowing and understanding their product and service needs, promptly addressing their concerns and identifying areas where we could further enhance customer experience.

In 2018, the following improvements were completed, among others, as part of PLDT Home's Customer Care Service Transformation Program:

- **Improved hotline call experience.** Multiple hotline numbers for PLDT Home consumers were unified into one customer care number (171). This hotline number is supported by a new and improved voice recording system (IVRS) with simplified IVRS options and additional customer enabling features such as requesting for billing statements, inquiring about outstanding balances, reporting payment, and requesting for service reconnection using the automated system in the IVRS.
- **Increased engagement in social media.** Digital customer care experience was improved by optimizing channel data analysis in order to provide the appropriate tone and voice of engagement. Initiative in this area

resulted in a 40% decrease in social media customer waiting time and a 20% increase in online customer engagement.

- **Improved self-help website tools.** PLDT Home's customer support page was enhanced to enable customer access to frequently asked questions and a guide to troubleshooting and device set-up. A YouTube playlist within the PLDT Home channel that provides instruction videos and troubleshooting tip videos for customers was also made available.
- **Data privacy.** In compliance with the Data Privacy Act (R.A. No. 10173), PLDT reviewed existing business policies and processes to ensure the protection of customers' personal information and/or sensitive personal information.

Additionally, the following were made available, among others, for the convenience of PLDT customers:

- **PLDT myHome self-service App.** PLDT released a new myHome App that enables customers to subscribe to new PLDT products, check and pay for their PLDT bills, view their account information, and submit service requests digitally through the app.
- **At Your Service Program.** PLDT launched the *At Your Service Program* to address customer concerns in particular areas, and to bring service teams closer to communities.

PLDT Enterprise customer care program included, among others:

- **Improved self-help touch points.** The PLDT Enterprise 177 Mobile App was enhanced to address after-sales concerns of PLDT Enterprise clients, and to allow the creation of customer tickets in real time. The PLDT Enterprise website's customer support page was also enhanced with a live chat function.
- **Improved engagement in social media.** PLDT embarked on a customer engagement management tool that provides faster response time and a single view of customer complaints in various social media platforms.

Employees. PLDT respects the dignity, rights, and interests of its employees, among which are the right to self-organization, safe and healthy working conditions, professional development, and community-building social activities. The value of employees to the business is underscored by the inclusion of people and culture transformation among the shared Company goals. Identifying, developing, and retaining talent is a core responsibility and accountability of every leader. Anchored on the foundational premise that the Company's treatment of its employees will influence how employees, in turn, deliver service to customers, PLDT embeds employee experience at the core of all people initiatives, programs, and processes. Three principles guide the employee experience design: leader-led, employee-owned, digital-enabled.

The vision for digital market leadership is hinged on a high-performing culture, and PLDT continuously engages employees to aspire for this goal by aligning groups and individuals to the Company's shared goals and ensuring that the Company's performance management system is performance-driven and coaching-centered. A digital platform has been implemented to enable a standard performance management system across PLDT and SMART. Supporting the objective of shaping a high-performing culture is a Total Rewards Program that is merit-based and addresses both short-term and long-term transformation goals. Compensation and incentives are determined on the bases of performance and accomplishment. Management has approved two major rewards programs, the Short-term Incentive Plan (STIP) and the Transformation Incentive Plan (TIP).

To support the success of the ongoing organization transformation, PLDT has renewed its talent strategy to remain relevant to the business and the talent market. Working with the Leaders on present requirements is an urgent groundwork activity while building the talent pipeline and ecosystem for the next horizon of products and services becomes a strategic priority. This includes the creation and application of programs for Leadership Development and Top Talents, series of targeted hiring in local and global markets who will form part of the Executive Development Pipeline as well as Management Associate pool and the introduction of a revitalized internship play to re-shape our new foundational footprint in the academe.

A digital environment requires a strong learning and development ecosystem. PLDT's comprehensive corporate university that utilizes a combination of classroom and mobile learning methodologies, supports the organization's capability-building needs. Adequate opportunity for career management and development is provided to employees. The digital curriculum Workforce Learning 2020 anchors on the digital transformation skills requirements, new leadership competency mandates, 2020 technologies for fixed and wireless, and foundational compliance training requirements such as Data Privacy.

PLDT organizes engagement programs that prioritize the well-being of employees and strengthen the quality of work relationships. These allow employees to engage in a broad range of character-developing and relationship-building activities through CSR, sports, special interest groups, and family-oriented programs. Formal channels for employee feedback are made available through engagement surveys conducted at regular intervals to give employees the opportunity to share their perspectives about relevant Company matters. Digital and social platforms are optimized for employee crowdsourcing and internal communication. Management-led digital dialogues provide opportunity for employees across various parts of the country to directly interact and voice out their suggestions and recommendations to top management.

Regulators. PLDT operates within relevant legislative and regulatory frameworks and complies with the requirements thereunder which are applicable to it. We participate in public policy forums, conferences and hearings conducted by governmental and regulatory agencies relative to initiatives in the fields of Information and Communication Technology (ICT), corporate governance and labor-related matters. Our "Internet for All" advocacy and investments in network infrastructure and technologies to provide the widest coverage and superior quality of service at affordable prices are aligned with and support the Government's objectives set out in the Public Telecommunications Policy Act.

Suppliers. PLDT aspires to maintain mutually beneficial relationships only with like principled suppliers that uphold PLDT's core values of fairness,

accountability, integrity and transparency in their own businesses. Suppliers are required to undergo an accreditation process before they engage in business with PLDT. Among the criteria for accreditation are financial and technical capability, compliance with applicable laws, including those pertaining to industrial relations, environment, health and safety, and intellectual property rights. The Company's purchases, as a general rule, are made on the basis of competitive bidding among accredited and qualified suppliers.

Creditors. In accordance with our Code of Ethics, we protect the rights of our creditors by publicly disclosing all material information, such as earnings results and risk exposures relating to loan covenants. Our disclosure controls and procedures also include periodic reports to our creditors such as our latest certified financial statements, no default certification, and certification on compliance with financial ratio limits. PLDT's credit has been rated at investment grade by the three major international credit rating agencies.

Communities. Serving the community is an integral part of the mission of promoting inclusive development. With their technology and services, PLDT and

SMART are well-positioned to provide much needed assistance to communities. As good corporate citizens, PLDT and SMART are leveraging their infrastructure and services to act as enablers, especially in communities with greatest need, through their CSR programs in education, health, community, environment, livelihood development, youth development and sports, and disaster relief operations. These CSR programs are discussed in the Corporate Social Responsibility Report section of this Annual Report.

ADVOCACY AND NETWORKING

PLDT supports the advocacy for better governance and ethics in business as manifested in the Company's policy against corruption and bribery set forth in its Code of Ethics and reinforced in specific policies such as the Policy on Gift-Giving Activities, Gifts Policy, Supplier/Contractor Relations Policy, Corporate Governance Guidelines for Suppliers, which prohibit bribery or acts which may be construed as 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, whistleblowing system, third party due diligence, and support for and participation in multi-sectoral anti-corruption initiatives to eliminate graft and corruption.

PLDT continues to work with institutions and organizations engaged in programs and advocacy efforts in the corporate governance, compliance and business ethics field. As a sponsoring partner member of the Ethics and Compliance Initiative (ECI), PLDT has access to ECI's vast online library on governance and related topics and opportunities to interact with other governance and ethics professionals around the world, and is able to benchmark its governance practices against those of leading companies. Locally, PLDT is a premium member of the Integrity Initiative, Inc. and a member of the Good Governance Advocates and Practitioners of the Philippines (GGAPP). PLDT also participates in the activities of the Institute of Corporate Directors (ICD) and its sister-institute in the public sector, the Institute for Solidarity in Asia (ISA).

PLDT recognizes that corporate governance will be one of the key factors in its business transformation journey. The Company's determined focus to achieve its Mission and strategic objectives shall be sustained by PLDT's commitment to its customers, shareholders, employees and other stakeholders and adherence to the principles of good governance.