

# THE PLDT GROUP CORPORATE GOVERNANCE REPORT

## Appointment of Lead Independent Director (March 21)

In compliance with the Code of Corporate Governance for Publicly Listed Companies, Retired Supreme Court Chief Justice Artemlo V. Panganiban was appointed Lead Director from among the Independent Directors to ensure independent views and perspectives.



## Annual Stockholders Meeting (June 11)

Attended by stockholders who own or hold a total number of shares representing 86.19% of the total outstanding shares of Common & Voting Preferred Stocks as of Record Date, April 12, 2019.



## Adoption of Material Related Party Transactions Policy (September 24)

In compliance with the Securities and Exchange Commission (SEC) Memorandum Circular (MC) No. 10, Series of 2019 or the Rules on Material Related Party Transactions for Publicly-Listed Companies, the Policy provides the processes, controls and safeguards for the proper handling of related party transactions, including review, approval and disclosure of MRPTs.



## 12 PLDT Board Meetings and 28 Board Committee Meetings

- 9 regular Board meetings
- 2 special Board meetings
- 1 organizational Board meeting
- 8 Audit Committee Meetings
- 4 Governance and Nomination Committee Meetings
- 2 Executive Compensation Committee Meetings
- 6 Risk Committee Meetings
- 8 Technology Strategy Committee Meetings



## Training on 5G Technology Strategy and Governance: Market Trends and New Business Applications, Risks and Challenges; and Cyber Security: Protecting Critical Business Infrastructure (September 26)

Attended by Board and Advisory Board/Committee Members, Advisors and Officers of PLDT and certain PLDT subsidiaries, together with the Board Members and Officers of other Philippine-based affiliate companies of First Pacific Company Ltd.



## PLDT Group Data Privacy and Cyber Security Summit (September 27)

Attended by over 300 leaders and executives from across the PLDT Group of Companies and graced by Commissioner Raymund Liboro of the National Privacy Commission ("NPC") as keynote speaker.



## Review of Gifts, Entertainment and Sponsored Travel Policy; Policy on Gift-Giving Activities; Expanded Whistleblowing Policy; and Supplier/Contractor Relations Policy (November 4)

PLDT's Board of Directors through the Governance and Nomination Committee reviewed the Policy on Gifts, Entertainment and Sponsored Travel; Expanded Whistleblowing Policy; and Supplier/Contractor Relations Policy, and determined that the policies remain compliant with applicable law, regulations and best practices and are appropriate for the Company.



## Appointment of Chief Sustainability Officer (December 3)

Consistent with international best practices, Ms. June Cheryl A. Cabal-Revilla was appointed Chief Sustainability Officer in order to improve business practices and institutionalize sustainability management throughout the Company.



# 2019

## YEAR AT A GLANCE

# 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 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.

### Corporate Social Responsibility and Stakeholder Engagement

The Board, with the assistance of the Governance and Nomination Committee, 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.

### 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.



### **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 for other critical roles and leadership paths.

A succession planning process is facilitated within the PLDT Group referred to as the critical talent program.

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.

### **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.

## **COMPOSITION**

Our Board is composed of 13 members, with three independent directors, eight other non-executive directors and two 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 continues to manage 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 oversight, supported by 3 independent directors, including a lead independent director; 8 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.

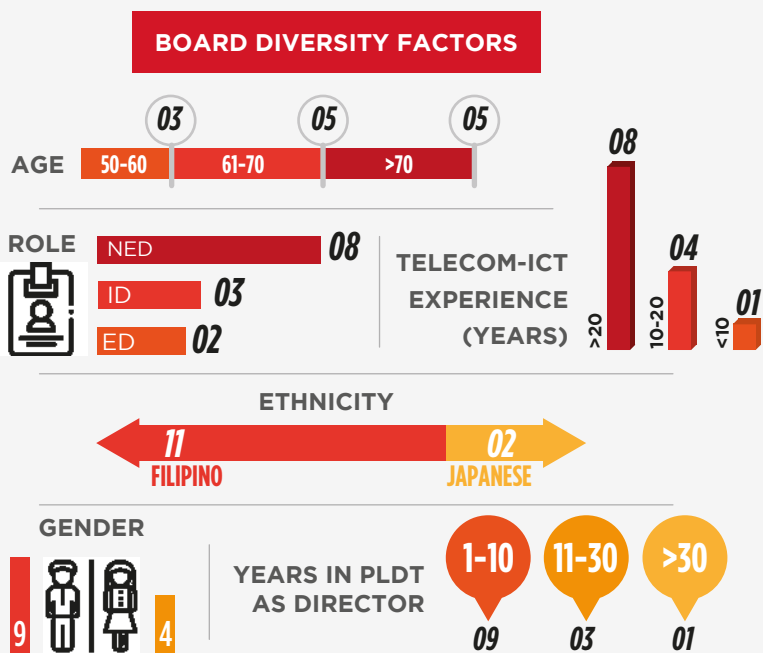
**Independent Directors.** Our independent directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Pedro E. Roxas and Mr. Bernido H. Liu, were selected pursuant to the specific independence criteria set out under applicable laws and rules, our By-Laws and CG Manual. Under our 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 directorships in other companies 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

#### **2019 ATTENDANCE IN BOARD MEETINGS AND ANNUAL STOCKHOLDERS' MEETING (ASM)**

<b>Director</b>	<b>Designation</b>	<b>Board Meetings</b>	<b>ASM</b>
Manuel V. Pangilinan	Executive Director	12/12	✓
Ma. Lourdes C. Rausa-Chan	Executive Director	11/12	✓
Bernido H. Liu	Independent Director	11/12	✓
Artemio V. Panganiban	Independent Director	12/12	✓
Pedro E. Roxas	Independent Director	12/12	✓
Ray C. Espinosa	Non-Executive Director	12/12	✓
Helen Y. Dee	Non-Executive Director	10/12	✓
James L. Go	Non-Executive Director	12/12	✓
Shigeki Hayashi	Non-Executive Director	11/12	✓
Junichi Igarashi	Non-Executive Director	12/12	✓
Aurora C. Ignacio*	Non-Executive Director	12/12	✓
Albert F. del Rosario	Non-Executive Director	12/12	✓
Marife B. Zamora	Non-Executive Director	12/12	✓

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

#### **2019 ATTENDANCE IN BOARD MEETINGS AND ANNUAL STOCKHOLDERS' MEETING (ASM)**

	<b>Designation</b>	<b>Board Meetings</b>	<b>ASM</b>
Oscar S. Reyes	Advisor	11/11	✓
Roberto R. Romulo	Advisor	10/12	x
Benny S. Santoso	Advisor	11/11	x
Orlando B. Veja	Advisor	11/11	✓
Christopher H. Young	Advisor	11/11	✓

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 sustainability programs. Once every quarter, our Board reviews the quarterly financial reports.

In 2019, our Board held 12 meetings (nine regular Board meetings, two special Board meetings and one 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 11, 2019. 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 2019

Board meetings included the following:

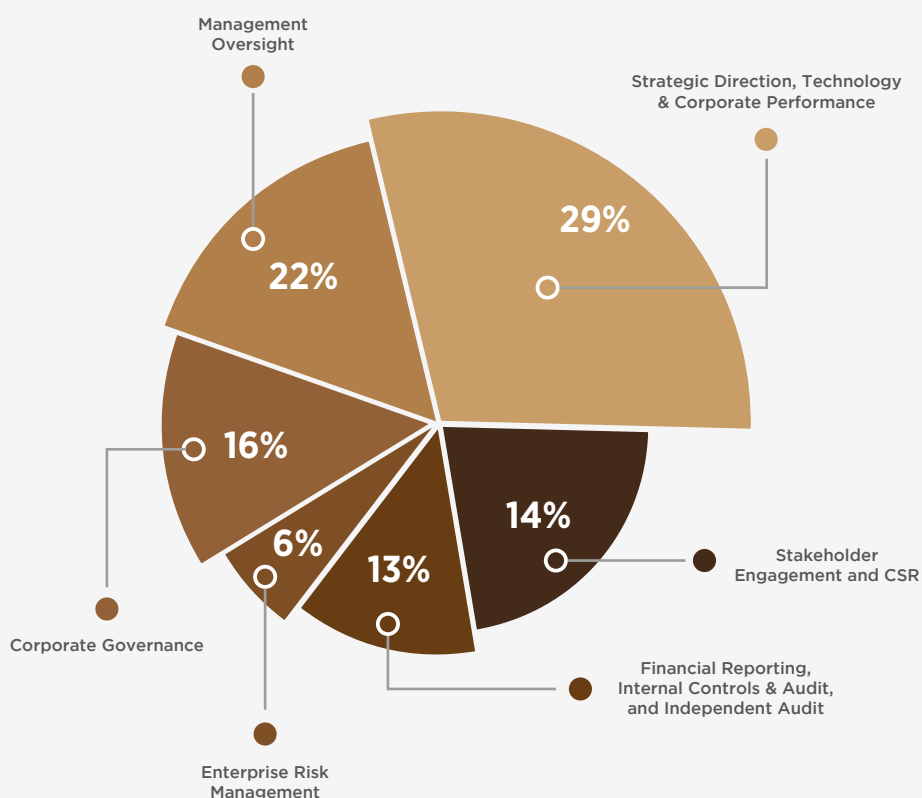
- Audited financial results for the year ended December 31, 2018
- 2019 Annual Budget, business strategies and initiatives
- Financial results for each quarter of 2019
- Business updates
- Network projects and capital expenditures
- Equity and other securities transactions
- Annual Stockholders' Meeting matters
- Appointment of members of the Advisory Board and Board Committees
- Appointment and promotion of officers
- Appointment of Lead Independent Director

- Reports of Board Committees
- Enterprise Risk Management Report
- Dividend declarations
- Sustainability Report
- Approval of Material Related Party Transactions Policy
- Creation of Sustainability Office and Appointment of Chief Sustainability Officer
- Corporate Social Responsibility Projects

### 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 com-

### BOARD ACTIVITIES



## 2019 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	2/2		6/8
Ma. Lourdes C. Rausa-Chan***		3/4			
Bernido H. Liu*	7/8	2/4	1/2	5/6	
Artemio V. Panganiban*	8/8	4/4	2/2	6/6	
Pedro E. Roxas*	8/8	2/4	1/2	6/6	
Ray C. Espinosa					8/8
James L. Go**	8/8			6/6	8/8
Junichi Igarashi**	8/8	4/4	2/2	6/6	8/8
Albert F. del Rosario					8/8
Roberto R. Romulo**	8/8				
Oscar S. Reyes					8/8
Orlando B. Vea					8/8
Corazon S. de la Paz-Bernardo**	8/8				
Gina Marina P. Ordoñez***		3/3	1/1		

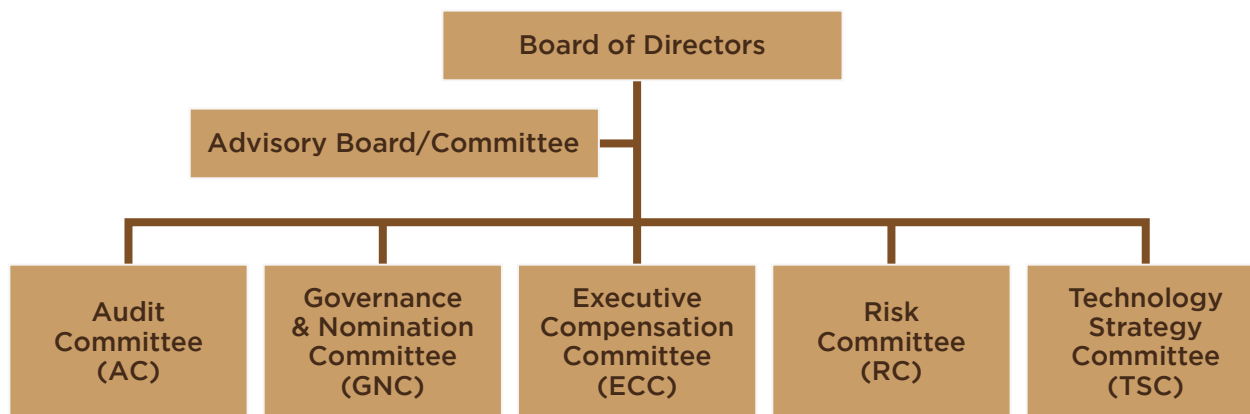
\* Independent Director | \*\* Advisor to the Audit Committee | \*\*\* Non-voting member

## 2019 BOARD REMUNERATION (PHP)

Directors	Remuneration for ASM and Board Meetings Attended	Remuneration for Board Committee Meetings Attended	Total
<b>Executive Directors</b>			
Manuel V. Pangilinan	2,750,000	1,500,000	4,250,000
Ma. Lourdes C. Rausa-Chan	2,500,000	375,000	2,875,000
<b>Independent Directors</b>			
Bernido H. Liu	2,500,000	1,875,000	4,375,000
Artemio V. Panganiban	2,750,000	2,500,000	5,250,000
Pedro E. Roxas	2,750,000	2,125,000	4,875,000
<b>Non-executive Directors</b>			
Ray C. Espinosa	2,750,000	1,000,000	3,750,000
Helen Y. Dee	2,250,000	-	2,250,000
James L. Go	2,750,000	2,750,000	5,500,000
Shigeki Hayashi	2,500,000	-	2,500,000
Junichi Igarashi	2,750,000	3,500,000	6,250,000
Aurora C. Ignacio*	2,750,000	-	2,750,000
Albert F. del Rosario	2,750,000	1,000,000	3,750,000
Marife B. Zamora	2,750,000	-	2,750,000
<b>Total</b>	<b>34,500,000</b>	<b>16,625,000</b>	<b>51,125,000</b>

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

Note: Only one per diem was given to directors for attendance in the Annual Stockholders' Meeting, Regular Meeting, and Organizational Meeting on June 11, 2019.



DIRECTORS' TRAINING 2019			
Date of Training	Program	Speaker/Training Institution	Name of Director
September 26	5G Technology Strategy and Governance: Market Trends and New Business Applications, Risks and Challenges	Ms. Claudia Hyunah Park Dr. Byungsuk Kim PLDT Annual Corporate Governance Enhancement Session	Manuel V. Pangilinan Albert F. del Rosario Ray C. Espinosa Junichi Igarashi Bernido H. Liu
	Cyber Security: Protecting Critical Business Infrastructure	Mr. Rob Partridge Mr. Craig A. Gonzales PLDT Annual Corporate Governance Enhancement Session	Artemio V. Panganiban Ma. Lourdes C. Rausa-Chan Pedro E. Roxas Marife B. Zamora
May 2	Corporate Governance Orientation Program	Institute of Corporate Directors	Aurora C. Ignacio
October 26	2019 Annual Seminar: Sustainability Reporting and CDD and Trade-Based Money Laundering	Rizal Commercial Banking Corporation	Helen Y. Dee
December 5	2019 Seminar on Corporate Governance	SGV & Co	Shigeki Hayashi

pensation 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 of Incorporation, By-Laws, Annual Report, CG Manual, Code of Ethics, and the Charters of the Board Committees. Updates on business and governance policies and requirements principally from the Securities and Exchange

Commission (SEC), Philippine Stock Exchange (PSE), US SEC, and New York Stock Exchange (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 2019, 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) 5G Technology Strategy and Governance: Market Trends and New Business Applications, Risks and Challenges; and (ii) Cyber Security: Protecting Critical Business Infrastructure. Some members of our Board likewise attended other training sessions by external providers presented in the table on Board Trainings.



## 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 director's 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.

## 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. Veja, 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 (FS) 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 Transactions (RPT) Committee, the AC's functions shall include the review of material RPTs and significant unusual transactions, in accordance with the materiality threshold set in the Material Related Party Transactions Policy and the Guidelines on the Proper Handling of RPTs 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. The AC advisors include 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. All the members of our AC are financially literate and Ms. de la Paz-Bernardo has expertise in accounting and financial management. She is the former Chairman and Senior Partner of Joaquin Cunanan & Company, now Isla Lipana & Co., a member firm of Pricewaterhouse Coopers (PwC).

The purposes, duties and powers of the AC are set forth in its charter. The charter of the AC may be viewed and downloaded from the PLDT website

through the following QR code.



## AC Activities in 2019

The PLDT AC held a total of eight meetings including two regular meetings and six joint meetings with the Audit Committees of Smart Communications, Inc. (SMART) and Digital Telecommunications Philippines, Inc. (Digitel).

Jointly with the SMART and Digitel Audit Committees, the PLDT AC approved the Group-wide Internal Audit (IA) Plan for 2019. The AC discussed, reviewed and noted the comprehensive reports of the PLDT Group Internal Audit Head on various topics, including service revenues, network capital expenditures, commercial inventories, customer experience and user access management. The AC also discussed and noted the reports by IA on its SOX 404 compliance readiness activities, being done in coordination with Finance and the Control Owners across the PLDT Group, which culminated in Management's sign-off for year-end 2018 in March 2019. The AC also approved the web-based platform, spearheaded by IA, which will help manage audit projects, data analytics, and SOX 404, and subsequently received updates on the cascades and trainings, and its launch in October 2019. Finally, the AC was also updated on the following key accomplishments of Project OWN initiative, which involves the cross-functional collaboration of about 120 Officers and Executives, and aims to strengthen the culture of ownership and accountability across the PLDT Group: (1) the launch in November 2019 of the Ownership Champions program; and (2) the remediations of prior years' audit items.

The AC reviewed with the Chief

Financial Officer (CFO) and the PLDT Group Controller the quarterly unaudited FS, accounting policies, new accounting standards and their impact to the PLDT Group, and management's estimates and judgments. The AC also discussed with them the Company's 2018 Annual Reports on Form 17-A for the Philippine Securities and Exchange Commission (SEC), and on Form 20-F for the US SEC.

The AC recommended to the Board the re-appointment of SyCip, Gorres, Velayo & Co. (SGV) as the external auditors for the Company and its subsidiaries for 2019. They approved SGV's various audit and non-audit engagements, and verified that such services would not compromise their independence. The AC discussed with SGV their plan and status reports for the integrated audit of the FS and the effectiveness of internal controls over financial reporting (ICFR). They also discussed SGV's identified control deficiencies, and management's remediation plans. They also approved SGV's report on the results of the integrated audit of the FS and the effectiveness of ICFR for 2018. The AC also recommended to the Board the approval of the Company's policy on Material Related Party Transactions, in compliance with the SEC's Rules on Material RPT for Publicly-Listed Companies, and reviewed and approved all RPTs discussed and endorsed by the CFO.

The AC reviewed the Corporate Governance Office (CGO's) status reports on complaints received through the Company's whistleblowing policy. It also confirmed the continued validity of the AC Charter and the IA Charter until their next review in 2020. In 2019, the AC also invited the Head of Enterprise Business Continuity and Resilience Office, the Chief Legal Counsel, the Chief Revenue Officer, the Chief Information Security Officer, the Chief Technology and Information Adviser, the Chief Information Officer, the Sector Heads of Finance, and the Head

of Joint Strategic Operations, to provide updates on risks mitigations or remediations of the noted audit items.

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

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. Bernido H. Liu, and two are non-independent directors, namely, Mr. Junichi Igarashi and Mr. Manuel V. Pangilinan, who is the Chairman. The non-voting members are Atty. Ma. Lourdes C. Rausa-Chan and effective March 21, 2019, Ms. Gina Marina P. Ordoñez.

The purposes, duties and powers of the GNC are set forth in the charter. The charter of the GNC may be viewed and downloaded from the PLDT website through the following QR code:



### **GNC Activities in 2019**

The PLDT GNC held four meetings in 2019. The GNC's activities pursuant to its oversight function on governance-related matters included the following:

On policy review and development, the GNC reviewed the (i) Policy on Gifts, Entertainment and Sponsored Travel, (ii) Policy on Gift-Giving Activities, (iii) Expanded Whistleblowing Policy, and (iv) Supplier/Contractor Relations 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. The GNC likewise discussed PLDT's Integrated Annual Corporate Governance Report that was submitted to the SEC and PSE in compliance with the CG Code for PLCs and related SEC and PSE memorandum circulars.

On education and communication, the GNC 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 in 2019 were: (i) 5G Technology Strategy and Governance: Market Trends and New Business Applications, Risks and Challenges; and (ii) Cyber Security: Protecting Critical Business Infrastructure. The GNC likewise reviewed, selected and approved the theme entitled, #IfNotNow-When and related creative concepts for the 2020 Corporate Governance communication materials; and reviewed and approved PLDT's Corporate Governance Report for 2018.

On compliance and enforcement, the GNC 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., Digitel and Digitel Mobile Philippines, Inc. It likewise reviewed and noted or approved, as applicable, the Conflict of Interest (COI) Disclosures of key employees. In 2019, the GNC assisted in implementing the Board Performance Assessment for 2018 performance, which included the performance evaluation of the Board Committees and Individual Directors. The GNC's activities pursuant to its oversight function on nomination related matters included the following:

The GNC 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 2019 Annual Stockholders' Meeting. It likewise screened and recommended to the Board the appointment of a Lead Independent Director; and reviewed and confirmed People Group's evaluation of the qualifications of officers and recommended their appointment or re-appointment as such at the 2019 Organizational Meeting of the Board of Directors. Additionally, the GNC 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 creation of PLDT's Sustainability Office and recommended to the Board the appointment of a Chief Sustainability Officer.

### **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 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. The non-voting member, effective March 21, 2019, is Ms. Gina Marina P. Ordoñez.

The purposes, duties and powers of the ECC are set forth in its charter. The charter of the ECC may be viewed and downloaded from the PLDT website through the following QR code:



### **ECC Activities in 2019**

The ECC held two meetings in 2019. Its activities for the year included discussion and approval of the following: (i) payout of 2018 PLDT-SMART Short-Term Incentive Plan (STIP) given the above-target achievement of the 2018 Core Net Income Target; (ii) settlement of the 2018 PLDT-SMART Transformation Incentive Plan (TIP) grant; (iii) Management's proposed Grant under the 2019

PLDT-SMART TIP which is a combination grant of PLDT common shares and cash; (iv) an allotment from the approved 2017-2019 TIP budget to be paid out as a Special Incentive to recognize select few individuals who are considered critical talents and who are able to contribute significantly to the achievement of the Company's goals and objectives; the payout mechanics and cost estimate for the 2019 PLDT-SMART STIP; Management's recommendation to pay out an advance STIP to PLDT and SMART Officers and Executives corresponding to the 2019 core net income performance; Management's proposal on the structure of the 2020 PLDT-SMART STIP; and Management's proposal on the structure of the Cycle 2 of the PLDT-SMART TIP covering the two (2) year period 2020 and 2021. The ECC likewise reviewed the Talent Strategy and developments on the different programs and initiatives under the Talent Management program.

### **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, and two are non-executive non-independent directors, namely, Mr. Junichi Igarashi and Mr. James L. Go.

The purposes, duties and powers of the RC are set forth in the charter. The charter of

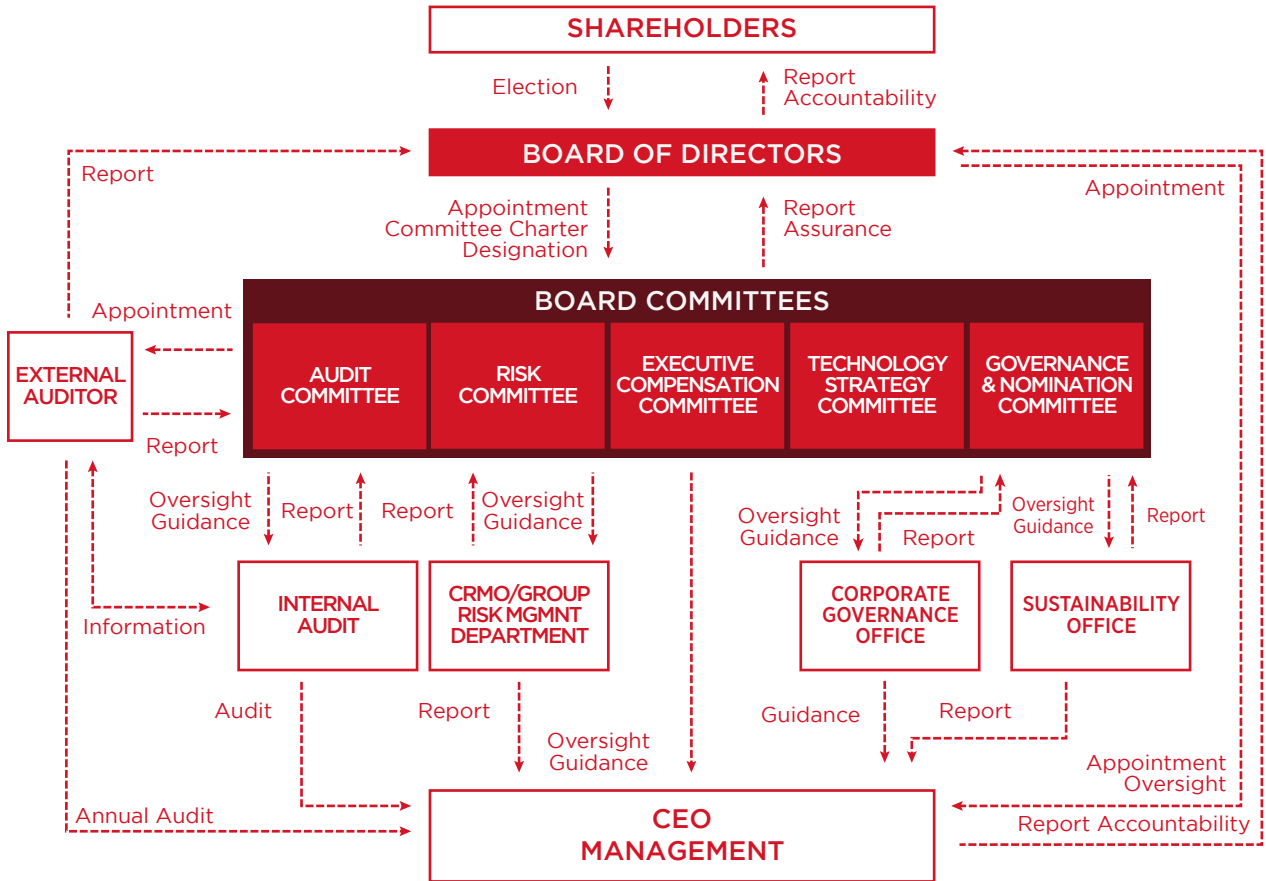
the RC may be viewed and downloaded from the PLDT website through the following QR code:



### 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

The purposes, duties and powers of the TSC are set forth in the TSC Charter. A copy of the charter of the TSC may be viewed and downloaded from the PLDT website through the following QR code:



### RC Activities in 2019

The RC held six meetings in 2019. Its activities included review and discussion with the Group Enterprise Risk Management (GRMD) and Management, and noting or approval of the following: (i) improvements made to the risk management framework and process; (ii) Risk Appetite Statement of the PLDT Group; (iii) top risks of the PLDT Group as identified by the Top Management Team; (iv) purchase of a Cyber Insurance Policy for the PLDT Group; and (v) Risk Profile of the Technology Group, the Business Transformation Office, the Corporate Services Group, the Revenue Office, People Group, and Finance.

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, 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.



### TSC Activities in 2019

The TSC held eight meetings in 2019. Its activities included review and discussion with the Technology Group and Management, and where appropriate, endorsement to the Board for approval the following: (i) technology budget items; (ii) status of the network, including upgrades on network performance and network roll-out; (iii) technology strategies, programs, projects, initiatives



and plans, including, among others, core network expansion and transport network transformation; and (iv) projects in support of business operations including, among others, the consolidated device buying plan and unified revenue assurance & fraud management.

## 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 engage-

ment 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 (CRMO) 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 critical risks are well understood and effectively managed across all functions and units within the PLDT Group. The GRMD sets guidelines for the identification and analysis of key risk exposures relating to economic, environmental, social and governance factors and the achievement of the organization's strategic objectives, and evaluates and categorizes identified risks. It assists in the development of risk mitigation plans 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.

**Chief Sustainability Officer.** The Chief Sustainability Officer heads the Sustainability Office and assists the President and Chief Executive Officer and the Board in overseeing the Company's overall sustainability strategy, and that the Company institutionalizes sustainability management towards the cultivation of a strong culture of corporate responsibility.

## POLICIES AND PRACTICES

PLDT follows the corporate governance and sustainability standards prescribed by Philippine law or recommended under rules and regulations of the SEC and the PSE. As a foreign private issuer with American Depositary Shares listed and traded in the NYSE, PLDT also complies with governance standards laid out in the relevant laws of the US and rules and regulations of the 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.

**Corporate Governance Framework.** 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, Material Related Party Transactions Policy, 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 2019, PLDT's Board of Directors reviewed the Company's Policy on Gifts, Entertainment and Sponsored Travel; Policy on Gift-Giving Activities; Expanded Whistleblowing Policy; and the Supplier/Contractor Relations 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 can be found at the PLDT website through the following QR code:



**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 found at the PLDT website through the following QR code:



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 warrant-

ed, the person concerned should obtain appropriate approvals and inhibit himself from any action, transaction or decision involving an existing or potential COI. The Company has established an online COI disclosure system to facilitate the immediate disclosure of conflicts of interests.

**Material Related Party Transactions (MRPT) Policy and Guidelines on the Proper Handling of Related Party Transactions (RPT Guidelines).**

In September 2019, the Board adopted the MRPT Policy pursuant to the Company's CG Manual and in compliance with SEC Memorandum Circular No. 10, Series of 2019 or the Rules on Material Related Party Transactions for Publicly Listed Companies. The Policy provides the processes, controls and safeguards for the proper handling of related party transactions, including review, approval and disclosure, consistent with applicable laws and regulations. The MRPT Policy applies to related party transactions that meet the Materiality Threshold as therein defined and covers PLDT and the PLDT Group. On the other hand, related party transactions that are below the Materiality Threshold in the MRPT Policy are covered by the RPT Guidelines. The RPT Guidelines provides the process of review, approval and disclosure of the Company's RPTs that 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. MRPTs 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 Controllarship 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.** PLDT's Gifts Policy provides safeguards in the receipt and acceptance of gifts given by third parties to ensure that such gifts would not affect the objective, independent or effective performance by directors, officers and employees of their duties to the Company. The Policy on Gift-Giving Activities provides guidance and procedural safeguards with respect to gift-giving activities to government officials and employees and to business partners, for or on behalf of, PLDT. The Policy seeks to ensure that such activities are compliant with applicable laws, respectful of the intended recipient's gifts policy, and consistent with the Company's core values and policies.

**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 2019, there were two new whistleblowing complaints received by the CGO. One case was deemed closed while the other case is under preliminary evaluation. The complaints covered allegations of violation of the Code of Ethics, Policy on Gifts, Entertainment and Sponsored Travel, Supplier/ Contractor Relations Policy and the Human Resources Manual. The three cases, which were under investigation/administrative proceeding as of December 31, 2018, were closed in 2019. No complaint on retaliation was received in 2019. Moreover, CGO received five concerns that fall under the jurisdiction of line Management, which were referred to the subject employees' respective immediate heads for further evaluation and handling. SMART, PLDT Global Corporation, ePLDT, Inc., and Digitel, and the latter's subsidiary, Digitel Mobile Philippines, Inc. did not receive any whistleblowing complaint or complaint

on retaliation in 2019. However, SMART received three new concerns that fall under the jurisdiction of line management.

#### 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.

The Chief Information Security Officer (CISO) was appointed in 2018 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 of the security policy.

In 2019, the group cyber security strategy was calibrated to focus its efforts and resources in protecting the company's critical assets. It continued operationalizing its cyber security operations framework and as a result, achieved the following:

- full deployment of endpoint security to all corporate workstations to detect,

prevent, and respond to attacks;

- contained and responded to security incidents within less than one minute, on average;
- prevented attacks to our corporate websites through enrollment to our web application firewall;
- automated the access review of all SOX applications;
- blocked access to phishing, scamming and malware-distribution sites;
- identified and added indicators of compromise in our threat intelligent database used for real-time threat correlation;
- expanded security visibility by enrolling active IP-based assets to our 24x7 Security Operations Center; and
- conducted various campaigns, through weekly awareness and phishing testing, to address the human aspect of cyber security. Anchored on the belief that our employees are an integral part of our strategy, it becomes crucial to shape behavior and motivate employees to make risk-based decisions, and to do the right thing. Bottom-up engagement of employees is one key success factor employed for effective cyber security program execution.

The PLDT Group continues to

### RESTRICTIONS ON BUYING AND/OR SELLING PLDT SHARES

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

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



The Company has clear policies regarding trading by Directors, Officers and employees in the Company's own securities intended to align their interests with those of the shareholders and other stakeholders. Trading in Company shares by directors and officers in the year 2019 are set forth in the table below.

## 2019 SHAREHOLDINGS OF DIRECTORS AND OFFICERS

Number of PLDT Shares <sup>1</sup>				
	Starting Balance <sup>2</sup>	Acquired	Disposed	Ending Balance <sup>3</sup>
<b>A. Directors</b>				
Manuel V. Pangilinan	258,956	10,975	2,320	267,611
Helen Y. Dee	25,080 <sup>4</sup>			25,080
Ray C. Espinosa	18,743	3,000		21,743
James L. Go	240,209	535,945		776,154
Shigeki Hayashi	1			1
Junichi Igarashi	1			1
Aurora C. Ignacio <sup>5</sup>	1			1
Bernido H. Liu	1			1
Artemio V. Panganiban	1,771			1,771
Ma. Lourdes C. Rausa-Chan	2,400	4,100		6,500
Albert F. del Rosario	142,410			142,410
Pedro E. Roxas	231			231
Marife B. Zamora	5			5
<b>B. Officers</b>				
Alfredo S. Panlilio <sup>6</sup>	3,000 <sup>7</sup>			3,000
Anabelle L. Chua	15,828	4,750		20,578
Victorico P. Vargas	5,270	4,750	475	9,545
Marilyn A. Victorio-Aquino	0			0
Gina Marina P. Ordoñez	2,199	1,500	465	3,234
Alejandro O. Caeg	3,500	4,100	1,435	6,165
Juan Victor I. Hernandez	3,300	4,320	5,235	2,385
Menardo G. Jimenez, Jr.	2,229	4,100	1,435	4,894
June Cheryl A. Cabal-Revilla	2,425	4,100	1,435	5,090
Oscar Enrico A. Reyes <sup>8</sup>	3,370	4,335	1,435	6,270
Florentino D. Mabasa, Jr.	841	1,500	480	1,861
Katrina L. Abelarde	1,027	1,860	651	2,236
Marco Alejandro T. Borlongan	1,200	1,650	577	2,273
Mary Julie C. Carceller <sup>9</sup>	0 <sup>7</sup>			0
Alfredo B. Carrera <sup>10</sup>	1,143	1,500	465	2,178
Bernard H. Castro <sup>11</sup>	0 <sup>7</sup>			0
Marisa V. Conde	500	625		1,125
Mary Rose L. Dela Paz <sup>12</sup>	2,480 <sup>7</sup>			2,480
Gil Samson D. Garcia	0	625	622	3
Joseph Ian G. Gendrano	500	625	193	932
Ma. Criselda B. Guhit	1,750	625	181	2,194
Leah Camilla R. Besa-Jimenez	1,200	1,500		2,700
Princesita P. Katigbak	500	650	195	955
Albert Mitchell L. Locsin	1,083	1,500	1,060	1,523
Leo I. Posadas	1,210	1,500	525	2,185
Dale M. Ramos	1,100	1,300	455	1,945
Aileen D. Regio	17	1,500	245	1,272
Luis S. Reñon	0	1,500	525	975
Martin T. Rio	847	1,500	465	1,882
Juan Alfonso D. Suarez	0			0
Emiliano R. Tanchico, Jr.	2,739	1,500	480	3,759
Victor Y. Tria	352	1,500	465	1,387
Melissa V. Vergel De Dios	1,200	1,500	465	2,235
Maria Cecilia H. Abad	270	270	83	457

## 2019 SHAREHOLDINGS OF DIRECTORS AND OFFICERS

Number of PLDT Shares <sup>1</sup>				
	Starting Balance <sup>2</sup>	Acquired	Disposed	Ending Balance <sup>3</sup>
<b>B. Officers</b>				
Minerva M. Agas	500	625		1,125
Benedict Patrick V. Alcosoba	254	625		879
Christopher B. Almazan <sup>13</sup>	0 <sup>7</sup>			0
Elizabeth S. Andojar	370	220		590
Roy Victor E. Añonuevo <sup>14</sup>	440 <sup>7</sup>			440
Tito Rodolfo B. Aquino, Jr.	170	220		390
Mitchie M. Arcaina <sup>15</sup>	0 <sup>7</sup>			0
Jerameel A. Azurin	360	625	181	804
Rafael M. Bejar	500	625	175	950
Wilson S. Bobier <sup>14</sup>	442 <sup>7</sup>			442
Luis Gregorio D. Casas <sup>14</sup>	190 <sup>7</sup>			190
Ma. Monica M. Consing <sup>16</sup>	0 <sup>7</sup>			0
Gene S. de Guzman	363	625	181	807
Joan A. De Venecia-Fabul <sup>17</sup>	0 <sup>7</sup>			0
Aniceto M. Franco III <sup>18</sup>	458 <sup>7</sup>			458
Elisa B. Gesalta <sup>13</sup>	500	500		1,000
John John R. Gonzales	359	625	181	803
Ma. Gillian Y. Gonzales <sup>13</sup>	291	625		916
Silverio S. Ibay, Jr.	170	625		795
Gary F. Ignacio	170	625	187	608
Marven S. Jardiel	500	625	181	944
Alexander S. Kibanoff	500	625	181	944
Javier C. Lagdameo	500	625		1,125
Czar Christopher S. Lopez	170	950		1,120
Paolo Jose C. Lopez	500	600		1,100
Ma. Carmela F. Luque	500	625		1,125
Melanie A. Manuel	125	220		345
Ronaldo David R. Mendoza	125	220		345
Mary Eleanor Lydia P. Nadal-Wei <sup>19</sup>	0 <sup>7</sup>			0
Oliver Carlos G. Odulio	359	625		984
Carlo S. Ople	355	675	202	828
Harold Kim A. Orbase	302	625	927	0
Charles Louis L. Orcena	0			0
Raymond A. Racho <sup>14</sup>	406 <sup>7</sup>			406
Eduardo H. Rafuson	170	220		390
Ricardo C. Rodriguez	5,712			5,712
Genaro C. Sanchez	4,960	625	187	5,398
Maria Christina C. Semira	200	625	181	644
Ma. Merceditas T. Siapatco	170	625		795
Arvin L. Siena	550	625	187	988
Carla Elena A. Tabuena	418	625	181	862
Patrick S. Tang	928	675	195	1,408
Jecyn Aimee C. Teng	170	220	63	327
Milan M. Topacio <sup>14</sup>	346 <sup>7</sup>			346
John Henri C. Yanez	170	675	202	643
Radames Vittorio B. Zalameda	0	625	193	432

<sup>1</sup> 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*

<sup>2</sup> As at December 31, 2018

<sup>3</sup> As at December 31, 2019

<sup>4</sup> 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

<sup>5</sup> Resigned as representative director of the Social Security System effective January 28, 2020

<sup>6</sup> Appointment as Chief Revenue Officer effective July 01, 2019 was confirmed by the Board in a meeting held on May 9, 2019

<sup>7</sup> As of date of appointment as officer

<sup>8</sup> Separation from service effective February 28, 2020

<sup>9</sup> Appointment as First Vice President effective July 31, 2019 was confirmed by the Board

in a meeting held on November 7, 2019

<sup>10</sup> Retired from service effective February 01, 2020

<sup>11</sup> Appointment as First Vice President effective July 31, 2019 was confirmed by the Board in a meeting held on August 8, 2019

<sup>12</sup> Appointment as First Vice President effective July 16, 2019 was confirmed by the Board in a meeting held on August 8, 2019

<sup>13</sup> Separated from service effective January 1, 2020

<sup>14</sup> Promoted to Vice President effective November 7, 2019

<sup>15</sup> Appointment as Vice President effective June 17, 2019 was confirmed by the Board in a meeting held on November 7, 2019

<sup>16</sup> Appointment as Vice President effective January 7, 2019 was confirmed by the Board in a meeting held on August 8, 2019

<sup>17</sup> Appointment as Vice President effective April 1, 2019 was confirmed by the Board in a meeting held on August 8, 2019

<sup>18</sup> Appointment as Vice President effective January 16, 2019 was confirmed by the Board in a meeting held on November 7, 2019

<sup>19</sup> Appointment as Vice President effective August 26, 2019 was confirmed by the Board in a meeting held on November 7, 2019

strive to protect the delivery of digital services that the organization needs to be successful, agile and resilient. Beyond protection, the Group aims to continue its pursuit of cyber security operational excellence, mature and sustain its competencies and serve as a frontline contributor to the growth of the business.

**Personal Data Protection.** The PLDT Group values the trust it earns from its customers. It is this trust that fuels the Data Privacy Office (DPO)'s objective to protect the personal data of the Group's data subjects.

Driven by the vision to be a Center of Excellence in Privacy and Personal Data Protection in the country, and a leader in the local and global privacy community, the DPO aims to continuously uphold the privacy rights of customers and empower the PLDT Group to bring responsible innovations to the Filipino market by instilling a Culture of Privacy in the workplace. Nurturing a Culture of Privacy amongst employees is also necessary to further the organization's privacy maturity. It is in this light that the DPO continuously defines, and enforces policies approved by the respective Companies' Boards, that govern the proper use and disclosure of personal data. It has also taken meaningful steps toward steering the organization to a heightened state of maturity through the development of a "Privacy Maturity Framework" for the PLDT Group.

The DPO is committed to respect and protect customers' fundamental right to privacy by providing meaningful advice and guidance to the various stakeholders in the organization regarding the latest privacy regulations, principles, and best practices.

In 2019, the DPO ramped up the PLDT Group's compliance effort by adding to its roster of privacy practitioners who have obtained certifications from the International Association of Privacy Professionals' Certification Programs. Together with

the Cyber Security Operations Group, the inaugural PLDT Group Data Privacy and Cyber Security Summit was held in September, which gathered over 300 leaders and executives from across the PLDT Group. Supported by the Top Management Team, the Summit was also graced by Commissioner Raymond Liboro of the Philippines' National Privacy Commission (NPC), who delivered the keynote address. The DPO's institutional Privacy Campaign called "Handle With Care" was also recognized and awarded by the Public Relations Society of the Philippines (Anvil Awards), the National Association of Data Protection Officers of the Philippines (Datos Privados Awards), and the International Association of Business Communicators (Philippine Quill Awards). PLDT's Chief Data Privacy Officer, Ms. Leah Camilla B. Jimenez, also received the distinction of being elected the first president of the Data Privacy Council of the Philippines.

**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 periods, within three trading days from the date of the transaction, to enable the timely filing of the required disclosures to the SEC and the PSE.

## TRAINING AND EDUCATION

The Company provides orientation and continuous training for its Board, Management and employees. New directors are briefed by the Chairman, President and CEO, Chief Financial Officer, Corporate Secretary, and Chief Governance Officer on the Company's structure, business, operating and financial highlights, responsibilities of the Board and its Committees and how each operates. At or before such orientation, copies of all relevant corporate documents, including the Company's Articles of Incorporation, By-laws, Annual Report, CG Manual, Code of Ethics, and the Charters of the Board Committees are furnished to new directors. For the continuous training of its directors and officers, 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.

In 2019, the Company's ACGES was conducted on the topics: (i) 5G Technology Strategy and Governance: Market Trends and New Business Applications, Risks and Challenges; and (ii) Cyber Security: Protecting Critical Business Infrastructure. It included panel discussions among directors, officers, and resource persons; live streaming of speaker presentations to PLDT and SMART executives, and digital support throughout the event. The ACGES was attended by members of PLDT's Advisory Board/Committee, nine of PLDT's thirteen Directors, and 71 of the Company's Officers. PLDT Directors who were unable to attend the ACGES attended external corporate governance trainings accredited by the SEC. One of our directors, Mr. James L. Go, has been granted by the SEC permanent exemption from its corporate governance training requirement. Updates on business and governance policies and requirements, and



In the ACGES, left to right: (1) PLDT and SMART's Head of Public Affairs and Host, Mr. Ramon R. Isberto; (2) PLDT Audit Committee Advisor, Ms. Corazon S. dela Paz-Bernardo; the Chairman, President & CEO, Mr. Manuel V. Pangillinan; and MPIC Director, Mr. Edward S. Go; and (3) Mr. Manuel V. Pangillinan delivering the Welcome Remarks.

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, in 2019, the Company also conducted corporate governance refresher courses for newly-promoted PLDT executives, while a corporate governance eLearning refresher course was conducted across the ranks. Education and training is supplemented by the production and dissemination of relevant communication materials, including thematic posters and calendars and advisories on corporate governance.

## MONITORING AND EVALUATION

PLDT monitors and evaluates the effectiveness of its corporate governance through the following, among other initiatives: (i) an annual performance self-assessment conducted by the Board and the Board Committees, (ii) the periodic review of the effectiveness of the implementation of the Company's CG policies, (iii) the annual compliance evaluation conducted by Management, and other tools employed to monitor the implementation of the CG policies.

In 2019, an annual self-assessment was conducted by the Board to evaluate its perfor-

mance as the Board, as well as each Board Committee, and the individual directors. The annual 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 year, Board Committees also conduct 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.

Additionally, the Board and Board Committees' assessment questionnaires contained 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 contained the following criteria: performance, compliance and committee governance. The report on the results of the assessment process for the 2018 performance period was submitted to the directors in 2019. 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. Additionally, in 2019, PLDT monitored and evaluated its compliance with 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 CG compliance. The periodic 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 Integrated Annual Corporate Governance Report (I-ACGR) submitted to the SEC and PSE.

PLDT likewise confirmed its compliance with its Manual which contains relevant provisions of the 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 SEC and the PSE, PLDT filed its I-ACGR on May 29, 2019.

In line with all 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. As applicable, 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 analysed from the results of and feedback from our education





In the ACGES, left to right: (1) 5G Technology panel discussion, PLDT Advisory Board/Committee member Mr. Roberto R. Romulo; (2) Cyber security speakers, Mr. Rob Partridge and Mr. Craig A. Gonzales; and (3) 5G Technology speaker, Ms. Claudia Hyunah Park.

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 found at the PLDT website through the following QR code:



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, agrilivelihood, disaster preparedness, the environment, digital tourism and sports that aim to help Filipinos change their lives for the better. The Company's CSR programs and activities are reported in the Company's Sustainability Report that is released annually since 2016.

**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 and 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 are unable to 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 and informed judgment on all matters tabled for their consideration or approval. The Board ensures the disclosure and filing of reports with the SEC, 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.

The Company held its Annual Stockholders' Meeting on June 11, 2019, with holders of 86.19%

of total outstanding capital present or represented by proxy in the meeting. To view the Minutes of the 2019 PLDT Annual Stockholders' Meeting, please access this QR code:



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 SEC, 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.



In the ACGES, left to right: (1) 5G Technology speaker, Dr. Byungsook Kim; (2) 5G Technology panel discussion, PLDT Lead Independent Director, Retired Chief Justice Artemio V. Panganiban; and (3) Cyber Security panel discussion moderator, PLDT Group Deputy Chief Information Security Officer, Ms. Marilene P. Tayag with panelists: Maynilad Head of IT Security and Data Protection Officer, Mr. Francis Noel A. Hernandez; PLDT Group Chief Information Security Officer, Mr. Angel T. Redoble; PLDT Group Chief Data Privacy Officer, Ms. Leah Camilla B. Jimenez; and speakers, Mr. Rob Partridge and Mr. Craig A. Gonzales.

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 2019. Information on PLDT's 2019 Dividend Declarations is available at:



**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.

In 2019, the following were completed, among others, to

continuously improve on customer support services and engagement:

- *Speed Boost for loyal customers.* Eligible customers were given higher internet speeds for the same subscription plan, at no additional cost.
- *Other channels to buy our products.* Off-the-shelf products launched in 2019 such as the PLDT Prepaid Home Wifi were made available in the online retail store Lazada. This is consistent with the intent of making our products and services easily accessible to prospective customers.
- *Improved hotline call experience.* After introducing the unified customer care number 171 in 2018, PLDT continued to improve its hotline services by introducing a new and improved Interactive Voice Response System (IVRS). In addition to customer enabling features such as reporting payments and self-service reconnection, customers are also now able to request a callback, receive updates via SMS, and know the estimated holding time before their call is answered.
- *Issue resolution.* Efforts were introduced in 2019 to PLDT's technical support services to improve remote issue resolution, therefore reducing the need for most customers to wait for a technician to visit and check on their service. First Contact Resolution for internet-related technical issues has improved significantly from previous year.

- *Keeping customers informed.* Customers who will be affected by scheduled maintenance and network upgrade activities are given proactive notifications. Customer education efforts also increased in 2019, with PLDT sharing more billing & payment tips, troubleshooting guidelines, and other information that are relevant to our customers via social media and the company's website support page.
- *Alternative service.* PLDT continuously strives to provide fault-free services to all its customers. However, in exigent situations involving service interruptions, PLDT has started to provide alternative services to its broadband customers using data load top ups or providing home wifi devices to ensure service continuity.
- *Proactive Fibr migration.* Proactive offering of migration whenever a Fibr facility is available is being done for customers who engaged through our channels.
- *Technology Talks.* The Visual Arts Competition Talk Series was introduced in 2019 as part of activities in the annual PLDT-DPC Visual Arts Competition. It involved lectures delivered by art experts that provided an alternative classroom learning experience and encouraged young Filipino Fine Arts students to showcase their skill in visual arts. To reach a wider audience, the Talk Series was streamed online through the PLDT Home Facebook page powered by PLDT Home.



Left to right: (1) PLDT Chairman, President & CEO, Mr. Manuel V. Pangilinan; (2) PLDT Director, Atty. Ray C. Espinosa; and (3) PLDT Advisory Board/Committee member, Mr. Oscar S. Reyes; Director, Ms. Helen Y. Dee; Director, Mr. Shigeki Hayashi; Independent Director, Retired Chief Justice Artemio V. Panganiban; and Advisory Board/Committee member, Mr. Roberto R. Romulo.

**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. Two major rewards programs are in place; 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.** In the spirit of service to Filipino communities, the PLDT Group continues to build on its CSR programs by leveraging on its expertise, technological strength, and corporate culture. Serving the community is an integral part of

making technology accessible to all. With their technology and services, PLDT and SMART are well-positioned to provide much needed assistance to communities. Their role and core competence is that of an 'enabler'—providing the technical skills, technologies and resources in key areas where PLDT and SMART have chosen to help develop communities: education, livelihood, disaster preparedness and response, environment, and agriculture.

### 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 anticorruption 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.