

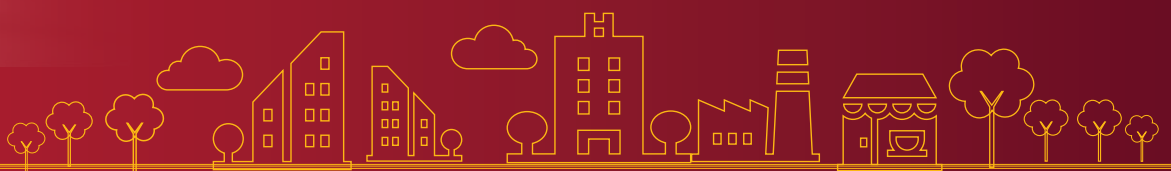
THE PLDT GROUP CORPORATE GOVERNANCE REPORT



We act with courage to connect, restore and rebuild lives and communities.

“When the pandemic broke loose in the middle of March, our immediate concern focused on our three most important constituents: first, the health and financial well-being of our employees; second, continuing connectivity and service excellence to customers; and third, assistance to the government and its agencies in addressing the needs of communities.”

*- Manuel V. Pangilinan,
PLDT Chairman and President & CEO*



2020 YEAR AT A GLANCE

Creation of the Data Privacy and Information Security Committee (DPISC) and appointment of its Chairman, Members, and Advisor (November 5)

The first Board Committee of its kind among publicly-listed companies in the Philippines and in the telecommunications industry in Southeast Asia, the DPISC assists the Board in overseeing and providing strategic direction to governance functions relating to data privacy and information security.

Commitment to United Nations Global Compact (February 19 -PLDT; February 20 -Smart)

PLDT and Smart expressed commitment to the United Nations Global Compact that calls on business leaders to demonstrate ethical leadership and good governance; invest in addressing systemic inequalities and injustices through inclusive, participatory and representative decision-making; and partnering with the UN, Government and civil society to strengthen access to justice, ensure accountability and transparency, provide legal certainty, promote equality and respect human rights.



Approval of the Revised Governance, Nomination and Sustainability Committee (GNSC) Charter highlighting its sustainability functions and appointing the Chief Sustainability Officer as Non-voting Member of the GNSC (November 5)

The Governance and Nomination Committee was renamed Governance, Nomination and Sustainability Committee with functions that include assistance to the Board for its oversight on the implementation of the Company's sustainability strategy, framework, program and policies, and the Company's social investments and commitments to making meaningful impact to communities. The revised GNSC Charter expanded the composition of the GNSC to include the Chief Sustainability Officer as Non-voting member.

Training on “How to Lead Courageously During a Crisis” by Dr. Nancy F. Koehn, Historian and Leadership Expert, Harvard Business School; and “Lessons from a Pandemic: The MPIC Hospital Group Covid-19 Experience and Best Practices” by Dr. Saturnino P. Javier, Medical Director, Makati Medical Center (September 25)

The SEC accredited governance training was attended virtually by Board and Advisory Board/Committee Members, Advisors and Officers of PLDT and the PLDT Group, together with the Board Members and Officers of other Philippine-based affiliate companies of First Pacific Company Ltd.



12 Board Meetings and 30 Board Committee Meetings with focus on strategy and management oversight; financial reporting, internal controls & audit, independent audit; and corporate governance

- 9 regular Board meetings
- 2 special Board meetings
- 1 organizational Board meeting
- 9 Audit Committee meetings
- 2 Governance, Nomination and Sustainability Committee meetings
- 3 Executive Compensation Committee meetings
- 5 Risk Committee meetings
- 11 Technology Strategy Committee meetings

Annual Stockholders' Meeting (ASM) with online voting and participation by remote communication (June 9)

PLDT held its Annual Stockholders' Meeting in virtual format on June 9, 2020, with holders of 92.86% of total outstanding shares of Common, Voting Preferred, and Non-Voting Serial Preferred Stocks as of the record date, April 13, 2020 present or represented by proxy in the meeting.



Reappointment of a Lead Independent Director (June 9)

On June 9, 2020, the Board reappointed Hon. Artemio V. Panganiban as Lead Independent Director, in compliance with Recommendation 5.5 of the Code of Corporate Governance for Publicly-Listed Companies for the designation of a Lead Director from among the Independent Directors if the Chairman is not independent, including if the Chairman of the Board and Chief Executive Officer are held by one person.



Review of the Code of Business Conduct and Ethics; and Conflict of Interest Policy (November 4)

PLDT's Board of Directors acting through its Governance, Nomination and Sustainability Committee, reviewed the Company's Code of Business Conduct and Ethics, and Conflict of Interest Policy and determined that these remain compliant with applicable law, regulations and best practices and are appropriate for the Company.

Review of PLDT Group Top Risks as identified by the Top Management Team

The PLDT Board approved the PLDT Group Top Risks as identified by the Top Management Team, which covered a review on the result of the rapid risk assessment performed by Management on the effects of Covid-19 on the PLDT Group and the results of discussions on the risk profiles of business and support groups with Group Heads and relevant Officers.

PLDT Group's Compliance with Section 404 of the Sarbanes-Oxley Act (SOX 404)

Amid the challenges of the pandemic and a system migration, Finance, Internal Audit and the external auditors have found that the Company's internal control environment and compliance structure are fundamentally strong. Digitalization has been fast-tracked, and the Control Owners were flexible in redesigning their processes and controls to adapt to the new normal. The transition to an automated tool for Controls Self-Assessment and Sub-Certification has also helped hurdle the challenges brought by the pandemic.



BOARD OF DIRECTORS



MANUEL V. PANGILINAN
CHAIRMAN OF THE BOARD, PRESIDENT AND CEO



MANUEL L. ARGEL, JR.
NON-EXECUTIVE DIRECTOR



HELEN Y. DEE
NON-EXECUTIVE DIRECTOR



RAY C. ESPINOSA
NON-EXECUTIVE DIRECTOR



JAMES L. GO
NON-EXECUTIVE DIRECTOR



SHIGEKI HAYASHI
NON-EXECUTIVE DIRECTOR



JUNICHI IGARASHI
NON-EXECUTIVE DIRECTOR



BERNIDO H. LIU
INDEPENDENT DIRECTOR



ARTEMIO V. PANGANIBAN
INDEPENDENT DIRECTOR



MA. LOURDES RAUSA-CHAN
EXECUTIVE DIRECTOR



ALBERT F. DEL ROSARIO
NON-EXECUTIVE DIRECTOR



PEDRO E. ROXAS
INDEPENDENT DIRECTOR



MARIFE B. ZAMORA
NON-EXECUTIVE DIRECTOR

OUR LEADERSHIP

BOARD OF DIRECTORS

The year 2020 was a year of great challenges for the PLDT Group, but also a year of great opportunity. It was a year when Board leadership was tasked to ensure good corporate governance amid changed circumstances – community quarantine restrictions, a quick pivot to a work from home environment for a large number of employees, health and wellness concerns, and the palpable and urgent need to actively collaborate with government and other business leaders to build back lives and assist communities in need.

As the body entrusted with authority to act for and on behalf of the Company, acts of the Board, including its exercise of corporate powers, conduct of business and control of the properties of the Company, were expressions of the will of its stockholders by whose mandate the Board was constituted. With this mandate, our Directors performed their duties diligently and in good faith and devoted sufficient time and attention for such purpose. As trustees of stockholders and other stakeholders' interests, our Board and its directors acted 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, Nomination and Sustainability Committee,¹ establishes the Company's corporate governance framework, principles and policies aligned with business objectives, and oversees their implementation and of continuing education and communication programs on good governance.

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 policies set by the Board.

SUSTAINABILITY, CORPORATE SOCIAL RESPONSIBILITY AND STAKEHOLDER ENGAGEMENT

The Board, with the assistance of the Governance, Nomination and Sustainability Committee, establishes and oversees the implementation of the Company's sustainability strategy, framework, program and policies; and oversees the Company's social investments and commitments to making meaningful impact to communities. 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.

¹ The Governance and Nomination Committee (GNC) was renamed "Governance, Nomination and Sustainability Committee" (GNSC) pursuant to the GNSC Charter which was approved and adopted by the Board of Directors on November 5, 2020.

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. It 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.

DATA PRIVACY AND INFORMATION SECURITY

The Board, with the assistance of the Data Privacy and Information Security Committee,² oversees data privacy and information security governance; reviews and approves the Company's strategic plans on data privacy and information security; oversees the adoption and implementation of a system for identifying, assessing, monitoring and managing enterprise-wide data privacy and information security risks, including its framework, structure, policies, standards, and processes.

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, Nomination and Sustainability 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. Three 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, 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. Our 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, Nomination and Sustainability 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 three independent directors, including a lead independent director, eight non-executive directors, Audit Committee composed entirely of independent directors, and Governance, Nomination and Sustainability Committee, Executive Compensation Committee and Risk Committee with independent directors constituting the 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 June 9, 2020, the Board reappointed 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).

² The creation of the Data Privacy and Information Security Committee ("DPISC") and the adoption of the Data Privacy and Information Security Charter were approved by the Board on November 5, 2020.

DIVERSITY

PLDT considers having an optimally performing 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, Nomination and Sustainability 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, Nomination and Sustainability 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 Vision, Mission, and strategic objectives.

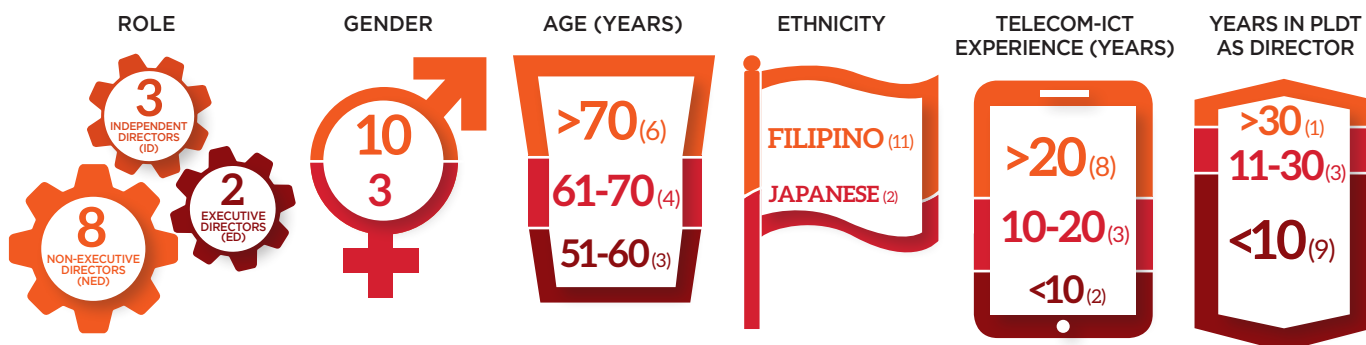
DIRECTORSHIPS IN OTHER CORPORATIONS

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

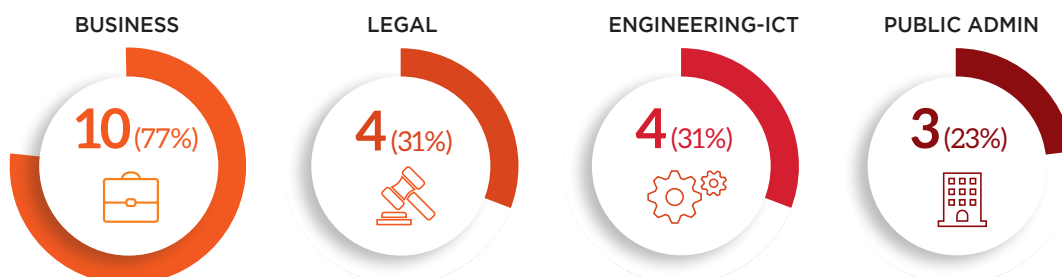
Our Board meets, more or less, on a monthly basis, in accordance with the schedule of meetings that it sets at the end of the preceding year. Invariably, some of these meetings are devoted to the review and/or approval of the Company's Vision and Mission, the strategic plans and budget, business operations 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. The Board holds executive sessions with independent directors and non-executive directors, excluding executive directors, at least once a year and at such other times as the Board may deem necessary or appropriate. The Board held one executive session in 2020.

BOARD DIVERSITY FACTORS



DIRECTORS' PROFESSIONAL BACKGROUND

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

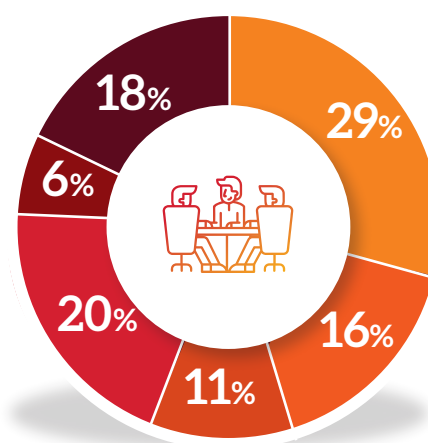


ATTENDANCE IN 2020 BOARD MEETINGS AND ANNUAL STOCKHOLDERS' MEETING (ASM)			
Director	Designation	Board Meetings	ASM
Manuel V. Pangilinan	Executive Director	12/12	✓
Ma. Lourdes C. Rausa-Chan	Executive Director	12/12	✓
Bernido H. Liu	Independent Director	11/12	✓
Artemio V. Panganiban	Independent Director	12/12	✓
Pedro E. Roxas	Independent Director	12/12	✓
Manuel L. Argel, Jr.	Non-executive Director	12/12	✓
Helen Y. Dee	Non-executive Director	11/12	✓
Ray C. Espinosa	Non-executive Director	12/12	✓
James L. Go	Non-executive Director	12/12	✓
Shigeki Hayashi	Non-executive Director	12/12	✓
Junichi Igarashi	Non-executive Director	12/12	✓
Albert F. del Rosario	Non-executive Director	12/12	✓
Marife B. Zamora	Non-executive Director	12/12	✓

ATTENDANCE IN 2020 BOARD MEETINGS AND ANNUAL STOCKHOLDERS' MEETING (ASM)			
Name	Designation	Board Meetings	ASM
Oscar S. Reyes	Advisor	12/12	✓
Roberto R. Romulo	Advisor	12/12	✓
Benny S. Santoso	Advisor	12/12	✓
Orlando B. Vea	Advisor	12/12	✓
Christopher H. Young	Advisor	12/12	✓

In 2020, 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 9, 2020. The respective Chairmen of the Audit; Governance, Nomination and Sustainability; Executive Compensation; Risk; and Technology Strategy Committees were likewise present in the said meeting. Key agenda items in the 2020 Board meetings included the following:

- Audited financial results for the year ended December 31, 2019
- 2020 Annual Budget, business strategies and initiatives
- Financial results for each quarter of 2020
- Dividend declarations
- Business updates
- Update on the impact of and management response to Covid-19
- 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
- Sustainability Report
- Approval of the Amended Governance, Nomination and Sustainability Charter, appointment of the Chief Sustainability Officer as a non-voting member of the Committee
- Creation of the Data Privacy and Information Security Committee, approval of its Charter, and appointment of its Chairman, members, and advisor
- Corporate Social Responsibility Projects



BOARD ACTIVITIES

- CORPORATE GOVERNANCE
- ENTERPRISE RISK MANAGEMENT
- FINANCIAL REPORTING, INTERNAL CONTROLS & AUDIT, AND INDEPENDENT AUDIT
- SUSTAINABILITY, STAKEHOLDER ENGAGEMENT AND CSR
- STRATEGIC DIRECTION, TECHNOLOGY & CORPORATE PERFORMANCE
- MANAGEMENT OVERSIGHT

ATTENDANCE IN 2020 BOARD COMMITTEE MEETINGS

MEMBER	AUDIT COMMITTEE (AC)	GOVERNANCE, NOMINATION AND SUSTAINABILITY COMMITTEE (GNSC)	EXECUTIVE COMPENSATION COMMITTEE (ECC)	RISK COMMITTEE (RC)	TECHNOLOGY STRATEGY COMMITTEE (TSC)
Manuel V. Pangilinan		2/2	2/3		9/11
Ma. Lourdes C. Rausa-Chan**		2/2			
Bernido H. Liu*	9/9	2/2	3/3	5/5	
Artemio V. Panganiban*	9/9	2/2	3/3	5/5	
Pedro E. Roxas*	9/9	2/2	2/3	4/5	
Ray C. Espinosa					11/11
James L. Go***	9/9			5/5	11/11
Junichi Igarashi***	9/9	2/2	3/3	5/5	11/11
Albert F. del Rosario					11/11
Roberto R. Romulo***	9/9				
Oscar S. Reyes**					11/11
Orlando B. Vea**					9/11
Corazon S. de la Paz-Bernardo***	9/9				
Gina Marina P. Ordoñez **		2/2	3/3		

* Independent Director/**Non-voting member/***/Audit Committee Advisor

2020 BOARD REMUNERATION (PHP)

Director	ASM and Board Meetings Attended	Board Committee Meetings Attended	Total
Executive Directors			
Manuel V. Pangilinan	2,750,000	1,625,000	4,375,000
Ma. Lourdes C. Rausa-Chan	2,750,000	250,000	3,000,000
Independent Directors			
Bernido H. Liu	2,500,000	2,375,000	4,875,000
Artemio V. Panganiban	2,750,000	2,375,000	5,125,000
Pedro E. Roxas	2,750,000	2,125,000	4,875,000
Non-executive Directors			
Manuel L. Argel, Jr.	2,750,000	-	2,750,000
Helen Y. Dee	2,500,000	-	2,500,000
Ray C. Espinosa	2,750,000	1,375,000	4,125,000
James L. Go	2,750,000	3,125,000	5,875,000
Shigeki Hayashi	2,750,000	-	2,750,000
Junichi Igarashi	2,750,000	3,750,000	6,500,000
Albert F. del Rosario	2,750,000	1,375,000	4,125,000
Marife B. Zamora	2,750,000	-	2,750,000
Total	35,250,000	18,375,000	53,625,000

Note: Only one per diem was given to directors for attendance in the Annual Stockholders' Meeting, Regular Meeting, and Organizational Meeting on June 9, 2020.

COMPENSATION

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

TRAINING

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

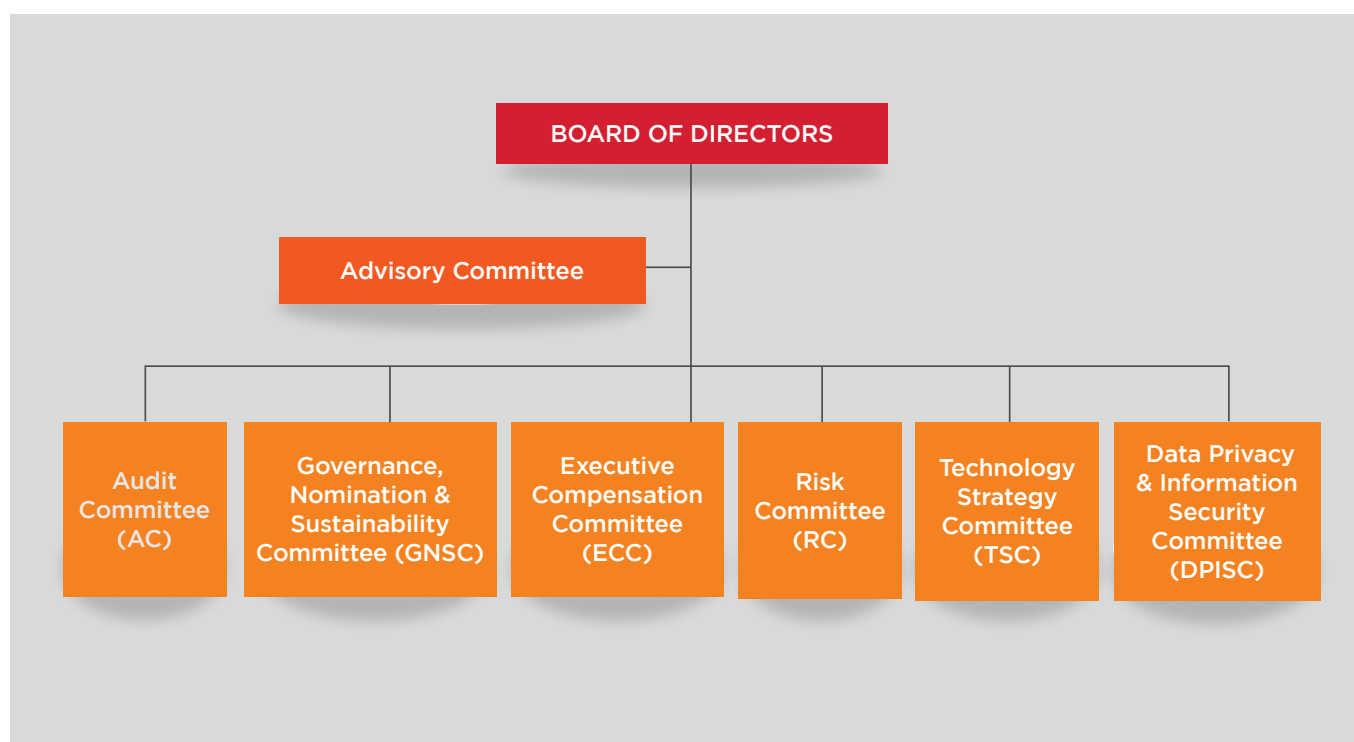
new laws, and best business practices. Updates on business and governance policies and requirements, and new laws applicable or relevant to the Company and its business are presented in Board meetings or furnished to directors. In 2020, in collaboration with Philippine-based affiliates of First Pacific Company Ltd., the Company conducted the ACGES for PLDT's Board and Management on the topics: (i) How to Lead Courageously During a Crisis; and (ii) Lessons from a Pandemic: The MPIC Hospital Group Covid-19 Experience and Best Practices. The ACGES was likewise attended by select guests from the business academe.

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, Nomination and Sustainability; Risk; Executive Compensation; Technology Strategy; and Data Privacy and Information Security.



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, Nomination and Sustainability; Executive Compensation; Risk; Technology Strategy; and Data Privacy and Information Security 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; (iii) the Company's audit process; and (iv) 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 directors, 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 a 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 QR code:



AC Activities in 2020

The PLDT AC held a total of nine joint meetings with the Audit Committees of Smart Communications, Inc. (Smart) and Digital Telecommunications Philippines, Inc. (Digitel).

The joint meetings of the PLDT, Smart, and Digitel Audit Committees (AC) covered a variety of topics including the approval of the Group-wide Internal Audit (IA) Plan for 2020. The AC likewise discussed, reviewed and noted the comprehensive reports of the PLDT Group Internal Audit Head on various topics, including online sales channels, install and repair, handling of customer complaints, information

security and data privacy management, among others. The AC discussed and noted the reports by IA on its Sarbanes-Oxley Act Section 404 (SOX 404) year-round activities in coordination with Finance and the Control Owners across the PLDT Group. In line with initiatives to streamline processes and ensure continuous improvements, the AC also approved the engagement of external consultants for: (i) IA's External Quality Assurance Review, and (ii) the SOX 404 compliance program (Project WinSOX). As part of IA's initiatives to strengthen the culture of ownership and accountability across the PLDT Group, the AC likewise regularly monitored and received updates on Project OWN's key accomplishments such as the timely remediation of audit issues and the conduct of ownership culture-building trainings during the year together with People Group and the Business Transformation Office.

The AC reviewed, with the Chief Financial Officer (CFO) and the PLDT Group Controller, the quarterly financial results, 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 2019 Annual Reports on Form 17-A for the Philippine Securities and Exchange Commission (SEC), and on Form 20-F for the U.S. SEC.

The AC recommended to the Board the reappointment of SyCip, Gorres, Velayo & Co. (SGV) as the external auditors for the Company and its subsidiaries for 2020. It approved SGV's various audit and non-audit engagements; and verified that such non-audit services would not compromise their independence. The AC discussed with SGV their plan and status reports for the integrated audit of the FS for 2020 and the effectiveness of internal controls over financial reporting (ICFR). It also approved SGV's report on the results of the integrated audit of the FS and the effectiveness of ICFR for 2019.

In 2020, the AC reviewed and approved all RPTs discussed and endorsed by the CFO. The AC also reviewed the Corporate Governance Office's status reports on complaints received pursuant to the Company's Expanded Whistleblowing Policy. It also confirmed the continued validity of the AC Charter and the IA Charter until its next review in 2021.

The AC likewise invited the Chief Legal Counsel, the Heads of the Chief Revenue Office, the Heads of PLDT Regulatory and Strategic Affairs and Smart Legal and Regulatory, the Chief Information Officer, the Sector Heads of Finance, and the Heads of the Business Transformation Office, to provide updates on risk mitigations or remediations for the noted audit items.

GOVERNANCE, NOMINATION AND SUSTAINABILITY COMMITTEE (GNSC)

The GNSC 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 and of continuing education and communication programs on good governance; (ii) develop and implement the Board's performance evaluation process, as well as the evaluation process for the annual review of Board Committees and individual directors' performance; (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; (v) make an assessment of the effectiveness of the Company's nomination and selection process for the Board and Board Committees; (vi) establish the Company's sustainability strategy, framework, program, policies and oversee their implementation; and (vii) oversee the Company's social investments and commitments to making meaningful impact to communities.

Our GNSC is composed of five voting members, all of whom are regular members of our Board of Directors, and three 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 the Chief Governance Officer, the Chief People Officer and the Chief Sustainability Officer.

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



GNSC Activities in 2020

The PLDT GNSC held two meetings in 2020. In lieu of a meeting in March, the Committee unanimously adopted three resolutions pursuant to Section 4.1 (h) (iii) of its Charter. The GNSC's activities pursuant to its oversight function on governance-related matters included the following:

On policy review and development, the GNSC reviewed the (i) Code of Ethics, and (ii) Conflict of Interest Policy and determined that the said policies remain to be compliant with applicable law, regulations and best practices and are appropriate for the Company, and approved the recommendation to continue to strengthen the implementation of the said policies. The GNSC 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 GNSC provided guidance on and approved the speakers and the content of PLDT's Annual Corporate Governance Enhancement Session (ACGES) for Directors and Officers. The ACGES themes in 2020 were: (i) How to Lead Courageously During a Crisis by leadership expert, world-renowned author and historian at the Harvard Business School, Dr. Nancy F. Koehn; and (ii) Lessons from a Pandemic: The MPIC Hospital Group Covid-19 Experience and Best Practices by Makati Medical Center's Medical Director, Dr. Saturnino P. Javier. The GNSC likewise reviewed and approved PLDT's Corporate Governance Report for 2019.

On compliance and enforcement, the GNSC 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. The GNSC also assisted in implementing the Board Performance Assessment for 2019 performance, which included the performance evaluation of the Board Committees and Individual Directors. The GNSC's activities pursuant to its oversight function on

nomination related matters included the following: (i) 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 2020 Annual Stockholders' Meeting; (ii) 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 2020 Organizational Meeting of the Board of Directors; (iii) reviewed and confirmed People Group's evaluation of proposed appointments of new officers and promotions to officer rank for approval by the Board; and (iv) reviewed and noted the creation of the Data Privacy and Information Security Committee and recommended to the Board the appointment of its Chairman, members and advisor.

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 is the Chief People Officer.

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 QR code:



ECC Activities in 2020

The ECC held three meetings in 2020. Its activities for the year included the discussion and approval of the following: (i) payout of 2019 PLDT-Smart Short-Term Incentive Plan (STIP); (ii) settlement of the 2019 PLDT Group Transformation Incentive Plan (TIP) grant concluding the 2017-2019 TIP; (iii) Management's proposed revised Core Net Income Target for the 2020 STIP and recommendation for differentiated incremental STIP pay-out beyond the Core Net Income Target; (iv) Management's proposed revised Cumulative Consolidated Core Net Income (CCNI) Target covering the two-year performance period 2020 to 2021 and the proposed revised budget under the 2020-2021 Long-Term Incentive Plan (LTIP); (v) Management's recommendation to pay out one month advance 2020 STIP to eligible PLDT and Smart officers and executives based on the projected Core Net Income performance for 2020; and (vi) Management's proposed 2021 STIP based on Core Net Income Target for 2021.

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 its charter. The charter of the RC may be viewed and downloaded from the PLDT website through the QR code:



RC Activities in 2020

The RC held five meetings in 2020. Its activities included the following: (i) review of the PLDT Group Top Risks as identified by the Top Management Team, led by the head of the PLDT Group Risk Management Department (GRMD); (ii) review and notation of the result of the rapid risk assessment performed by Management on the effects of COVID-19 on the PLDT Group with the Head of the PLDT GRMD and the Chief People Officer; (iii) review and discussion with Heads and relevant officers of the risk profiles of the (a) Enterprise Group, (b) Technology Group, (c) Cyber Security Operations Group, (d) Business Transformation Office, (e) People Group, (f) Supply Chain Management Group, (g) Corporate Affairs and Legal Services Group, (h) Business Continuity and Resiliency Office, (i) Data Privacy and Information Security Governance Group; (iv) review and endorsement of the renewal of the Property Insurance Policy and Cyber Insurance Policy with the Center Head for Insurance; (v) review and monitoring of progress on the rollout of the Enhanced Enterprise Risk Management Framework with the Head of the PLDT GRMD; (vi) update of the risk profile of the Revenue Group with the Chief Revenue Officer and his Leadership Team; and (vii) discussion and notation of the Top Ten Risks in Telecommunications as presented by Ernst & Young (EY).

TECHNOLOGY STRATEGY COMMITTEE (TSC)

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

Our TSC is composed of five voting members and two non-voting members. The five voting members are non-independent directors Mr. Manuel V. Pangilinan, who is the Chairman, 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.

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 QR code:



TSC Activities in 2020

The TSC held eleven meetings in 2020. Its activities included review and discussion with the Technology Group and Management, and where appropriate, endorsement to the Board for approval of the following: (i) technology budget items; (ii) enhancement of the network, both mobile and fixed, to support government projects (e-Learning, online application and approval of permits, digital transactions, etc.); (iii) enhancement of the network to support private business (digital transactions); (iv) technology strategies, programs, projects, initiatives and plans, including, among others, LTE Expansion and Support Facilities projects; and (v) projects in support of business operations including, among others, the consolidated device buying plan.

DATA PRIVACY AND INFORMATION SECURITY COMMITTEE (DPISC)

The DPISC assists the Board in the performance of its functions to (i) promote and foster a culture of data privacy and information security governance; (ii) review and approve the Company’s strategic plans on data privacy and information security; (iii) ensure accountability for compliance with regulatory standards and best practices on data privacy and information security; and (iv) oversee Management’s adoption and implementation of a system for identifying, assessing, monitoring and managing enterprise-wide data privacy and information security risks, including its framework, structure, policies, standards, and processes.

Our DPISC is composed of four voting members and an advisor. The four voting members are non-independent directors Mr. Manuel V. Pangilinan, who is the Chairman; Atty. Ray C. Espinosa; Mr. Junichi Igarashi; and independent director, Mr. Bernido H. Liu. Its advisor is Mr. Alfredo S. Panlilio.

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



2020 TRAINING

Date	Program	Speaker/Training Institution	Name
September 25, 2020	How to Lead Courageously During a Crisis	Nancy F. Koehn, Ph.D. PLDT Annual Corporate Governance Enhancement Session	Directors Manuel V. Pangilinan Manuel L. Argel, Jr. Helen Y. Dee Albert F. del Rosario Ray C. Espinosa Shigeki Hayashi Junichi Igarashi Bernido H. Liu Artemio V. Panganiban Ma. Lourdes C. Rausa-Chan Pedro E. Roxas Marife B. Zamora
	Lessons from a Pandemic: The MPIC Hospital Group Covid-19 Experience and Best Practices	Saturnino P. Javier, M.D. PLDT Annual Corporate Governance Enhancement Session	Advisory Board/Committee Members Oscar S. Reyes Roberto R. Romulo Benny S. Santos Orlando B. Vea Christopher H. Young Audit Committee Advisor Corazon S. de la Paz-Bernardo GNSC and ECC Non-voting Member Gina Marina P. Ordoñez

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.

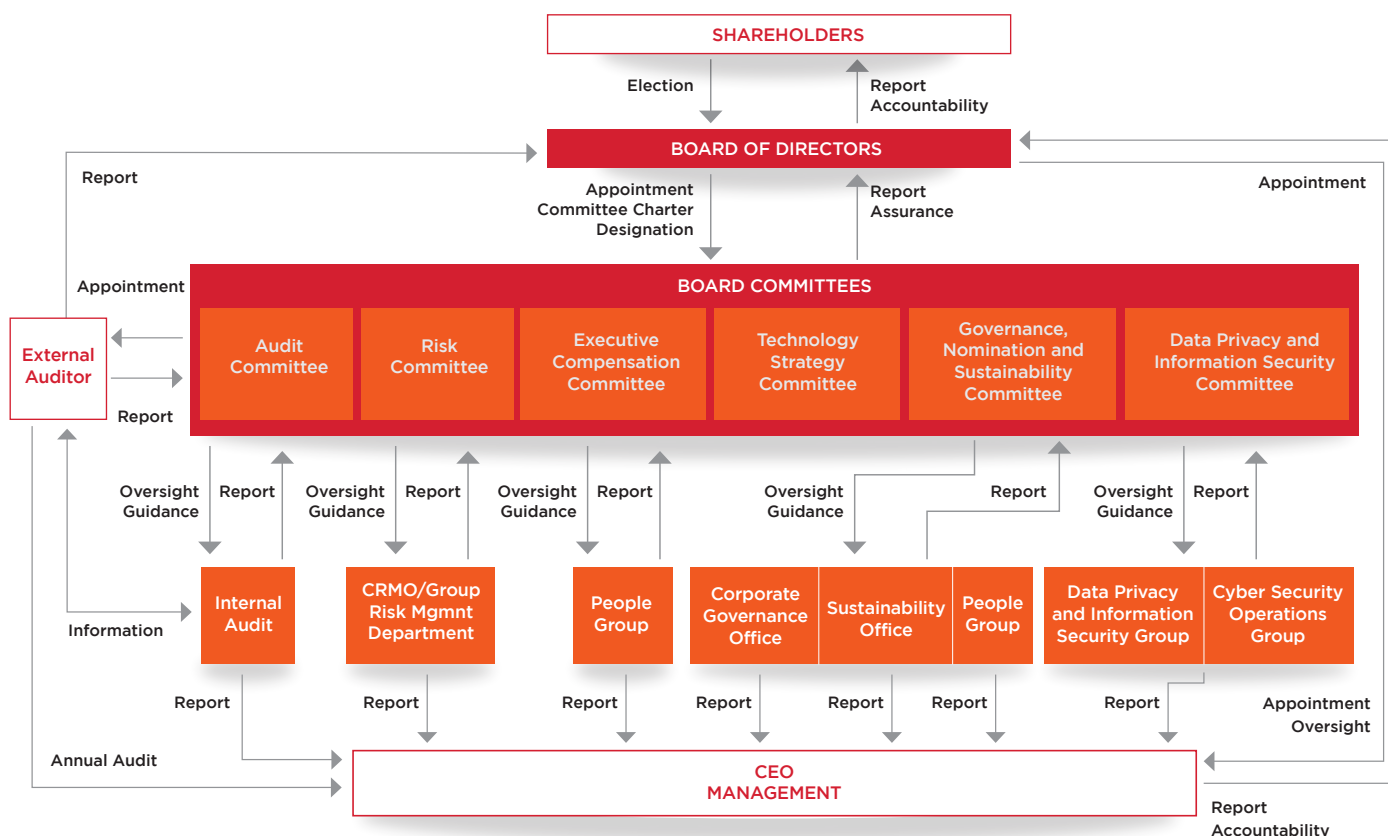
President and CEO. The President and CEO has general care, management and administration of the business operations of the Company. He ensures that the business and affairs of the Company are managed in a sound and prudent manner and that operational, financial and internal controls are adequate and 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 likewise ensures that the directors have independent access to Management. The President and CEO: (i) communicates and implements the Company's vision, mission, values and overall strategy and promotes the appropriate enhancement in the organization or its stakeholder engagement in relation to the

same; and (ii) serves as the link between internal operations and external stakeholders. Management formulates, under the oversight of the Audit Committee, financial reporting and internal control systems, rules and procedures. Other duties of the President are set forth in the CG Manual.

In 2020, well aware of the impact of the Covid-19 pandemic on the nation, our President and CEO identified three most important constituents for the organization in his President's Report to stockholders and other stakeholders during the Company's first virtual Annual Stockholders Meeting: *first*, the health and financial well-being of our employees; *second*, continuing connectivity and service excellence to our customers; and *third*, assistance to government and its agencies in addressing the needs of Filipinos.³

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. In 2020, as the Company quickly adapted to a digital work environment, our Corporate Secretary worked to facilitate the transformation of in-person Board meetings to an interactive, secure and productive online environment.

³ Excerpt from PLDT President & CEO, Mr. Manuel V. Pangilinan's Report to Stockholders on the June 9, 2020 PLDT Annual Stockholders' Meeting.



Internal Audit Organization. Our Internal Audit organization determines whether the Company’s structure of risk management, control and governance processes are adequate and functioning, and provides reasonable assurance that, among others, significant financial, management, and operating information are accurate, reliable and timely and employees’ actions are in compliance with policies, standards, procedures, and applicable laws and regulations.

It provides a systematic and disciplined approach in the evaluation and improvement of the effectiveness of such processes. Internal audit examinations cover, at the minimum, the evaluation of the adequacy and effectiveness of controls covering the Company’s financial reporting, governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with laws, rules, regulations and contracts. The Chief Audit Officer/Internal Audit Head oversees and is responsible for the internal audit activities of the Company, including any portion thereof that is outsourced to a third-party service provider. He reports functionally to the AC and administratively to the President and CEO. 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.

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. 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 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 GNSC 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 Risk Management Officer. The Chief Risk Management Officer (CRMO) is tasked to: (i) plan the overall strategy of the different risk management units of the PLDT Group; (ii) review individual risk management activities and controls of the operational units; (iii) review internal and external factors that can negatively affect the PLDT Group risk profile; (iv) influence, and when necessary, challenge material risk decisions and initiatives; (v) monitor that risks are within the bounds of the risk appetite of the PLDT Group; and (vi) review and escalate risks to the Top Management Team, the Risk Committee and the Board, as necessary, advising them on requisite actions.

Group Enterprise Risk Management Department (GRMD). The GRMD implements an integrated risk management program with the goal of identifying, analyzing and managing the PLDT Group's risks to an acceptable level in order 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, operational, environmental, social and governance factors that may affect the achievement of the organization's strategic objectives. It assists in the evaluation and categorization of identified risks, as well as 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 plans 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 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.

Chief Data Privacy Officer. The Chief Data Privacy Officer (CDPO) heads the Data Privacy Office and is tasked to (i) ensure the PLDT Group's compliance with data privacy laws, regulations, and best practices; (ii) provide direction to and coordinate closely with PLDT Group business units to ensure effective implementation of data privacy strategies including policies, procedures, processes, and compliance review; and (iii) collaborate with data protection authorities on behalf of the PLDT Group.

Chief Information Security Officer. The Chief Information Security Officer (CISO) heads the Cyber Security Operations Group and is tasked to (i) improve, develop and implement information and cybersecurity-related policies, processes and technologies; (ii) ensure compliance with applicable laws, regulations and standards; (iii) manage cybercrime-related cases; (iv) collaborate with government and other private entities in the campaign against cyber threats and/or cybercrimes foreign and domestic; and (v) ensure alignment of all PLDT Group companies on information and cybersecurity-related practices.

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 Depository 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 2020, PLDT's Board of Directors acting through its Governance, Nomination and Sustainability Committee, reviewed the Company's Code of Ethics and the Conflict of Interest Policy, and determined that these policies remain compliant with applicable law, regulations and best practices and are appropriate for the Company.

CG Manual. Our CG Manual defines our corporate governance framework and structure. Supplementary to PLDT's Articles of Incorporation and By-Laws, it assigns and delineates functions and responsibilities, and entrusts powers, authorities and resources for the execution of such functions and responsibilities. The CG Manual provides, among other matters, the composition and responsibilities of the Board, the Company's duties towards its shareholders in general, its minority shareholders and its other stakeholders, and the Company's obligation to comply with applicable disclosure rules.

A copy of the CG Manual can be found at the PLDT website through the QR code:



Code of Business Conduct and Ethics (Code of Ethics). Our Code of Ethics defines the Company's corporate governance principles 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 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 (COI Policy). This policy enjoins PLDT's directors, employees and consultants to promptly disclose conflict of interest (COI) situations to the relevant authorities. If warranted, the person concerned should obtain appropriate approvals and inhibit 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 interest.

Material Related Party Transactions (MRPT) Policy and Guidelines on the Proper Handling of Related Party Transactions (RPT Guidelines). 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 Controllership Sector, in coordination with the Company's Disclosure Committee, is responsible for the disclosure of RPTs in the relevant financial reports of the Company as required under Philippine Accounting Standard 24, Related Party Disclosures, and other applicable disclosure requirements.

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

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

Expanded Whistleblowing Policy (EWB Policy). This Policy provides guidelines on handling employee disclosures or complaints regarding (i) violations of corporate governance rules, including the aforementioned policies; (ii) questionable accounting and auditing matters; and (iii) violations or offenses (other than those in (i) and (ii) above) covered by the Company's Human Resources Manual. The EWB Policy protects whistleblowers and witnesses 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.

As of December 31, 2020, two new whistleblowing complaints were received by PLDT CGO. These cases were consolidated and jointly investigated by PLDT CGO and Internal Audit and the investigation was completed in 2020. The complaints covered allegations of violation of the Code of Ethics, Conflict of Interest Policy, Procurement Policy, Supplier/Contractor Relations Policy and the Human Resources Manual. One case that was under preliminary evaluation as of December 31, 2019 was determined to fall outside the scope of the EWB Policy and was referred to line management for investigation. Thereafter, administrative proceeding was initiated, and the appropriate disciplinary action was imposed. Four other concerns were referred to line management or the Company's relevant subsidiary for further evaluation and handling. No Complaint on Retaliation was received. Smart received one EWB case, which was closed in 2020, and two new concerns that fall outside the scope of the EWB Policy, which are ongoing investigation. PLDT Global Corporation (PGC), ePLDT, Digital Telecommunications Philippines, Inc. (DTPI) and Digitel Mobile Philippines, Inc. (DMPI) did not receive an EWB case or Complaint on Retaliation in 2020.

Protection of Technology Resources and Information. PLDT has a Unified Information Technology Policy that is applicable to PLDT, Smart and DMPI, 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.

PLDT's Cyber Security Operations Group, headed by the CISO, is tasked to create, implement and operate the Information Security Management Systems framework of the Group and to support the review and update of its security policy. In 2020, the Group cyber security strategy continued to focus on protecting the Company's critical assets. This meant operationalizing its cyber security operations framework leading to the following achievements: (i) full deployment of endpoint security to all corporate workstations

to detect, prevent, and respond to attacks; (ii) containment of and response to security incidents within less than one minute, on average; (iii) prevention of attacks to our corporate websites through enrollment in our web application firewall; (iv) automation of access review of all SOX applications; (v) blocking of access to phishing, scamming and malware distribution sites; (vi) identification and addition of indicators of compromise in our threat intelligent database used for real-time threat correlation; (vii) expansion of security visibility by enrolling active IP-based assets to our 24x7 Security Operations Center; (viii) conduct of various campaigns, through weekly awareness and phishing testing, to address the human aspect of cyber security; and (ix) support for the secure deployment of new systems, products and services within the organization. Anchored on the belief that employees are an integral part of our strategy, it becomes crucial to shape employee behavior and provide motivation for risk-based decisions and doing the right thing. Hence, a robust, no-nonsense Cybersecurity Awareness Program has become one of the pillars of our employee engagement strategy. Efforts in this regard led to the prevention of possible incidents of phishing and other email-based scams in PLDT, Smart and/or ePLDT.

The PLDT Group continues to 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. In 2020, PLDT's Privacy Management Program pivoted from a statutory compliance-focused paradigm to one focused on maturing the practice of Data Privacy in its operations. Towards this goal, the Company's Data Privacy Office (DPO) identified activities aimed at organizational and people development while providing seamless support to operational units within the PLDT Group. The DPO launched the Data Privacy Management Assurance Platform, starting with the rollout of a unified Cookie Notice and consent solution across Company channels. Critical development of processes, particularly for privacy assessments, meant that new projects with limited personal data processing and low privacy risks were

identified, assessed, and quickly launched, resulting in more agile product development and more responsive customer service. The DPO also developed its own Privacy Maturity Framework based on local and international privacy laws and best practices. In parallel, an enhanced Data Privacy Compliance Methodology was developed to better assess the Company's privacy programs. The methodology is based on ISO 19011:2018 (Guidelines on Auditing Management Systems) and includes guidance on conducting compliance assessments remotely. The development of the Privacy Maturity Framework and improvement of the Data Privacy Compliance Methodology are critical inputs to improving the maturity level of Privacy practice within PLDT. Significant releases and updates were also made on the following standards and processes: the Privacy Management Program Standards which guide Data Protection Officers of the Company's component units in developing and implementing their respective privacy programs, Privacy Impact Assessment, Breach Management, Exercise of Rights of Data Subjects, and Risk Management.

The DPO also played a key role in the shift to remote work arrangements in the PLDT Group as the country coped with the COVID-19 pandemic. The DPO provided guidance to business and support units to ensure that Company and stakeholders' data remain protected.

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 accordance with the Company's Policy on Blackout Period/Restriction on Trading of Shares. To enable the timely filing of the required disclosures to the SEC and the PSE, Directors and officers are enjoined to report to the Company their dealings in the Company's shares, within three trading days from the date of the transaction, regardless of whether such dealings were effected during or outside the blackout periods.

2020 BLACKOUT PERIODS (RESTRICTED PERIODS FOR TRADING IN COMPANY SHARES)		
PLDT Results/Report	Results/Report Release Date	Blackout/Restricted Period
Q1	May 7	April 22 - May 11
Q2	August 6	July 22 - August 10
Q3	November 5	October 21 - November 9
Full Year	March 4, 2021	February 2 - March 8, 2021

PLDT DIRECTORS' AND OFFICERS' SHAREHOLDINGS IN THE COMPANY IN THE YEAR 2020

The Company has clear policies regarding the trading by directors, officers and employees in the Company's own securities intended to align their interests with those of shareholders and other stakeholders. Please see discussion on Restriction on Trading of Shares. Trading in Company shares by directors and officers in the year 2020 are shown in the table below.

NUMBER OF COMPANY SHARES ¹				
	Starting Balance ²	Acquired	Disposed	Ending Balance ³
A. Directors				
1. Manuel V. Pangilinan	267,611	17,300		284,911
2. Manuel L. Argel, Jr. ⁴	1 ⁵			1
3. Helen Y. Dee	25,080 ⁶			25,080
4. Ray C. Espinosa	21,743	10,000		31,743
5. James L. Go	776,154	100,000		876,154
6. Shigeki Hayashi	1			1
7. Junichi Igarashi	1			1
8. Bernido H. Liu	1			1
9. Artemio V. Panganiban	1,771	3,600		5,371
10. Maria Lourdes C. Rausa-Chan	6,500	3,300		9,800
11. Albert F. Del Rosario	142,410			142,410
12. Pedro E. Roxas	231			231
13. Marife B. Zamora	5			5
B. Officers				
1. Alfredo S. Panlilio	3,000	12,505		15,505
2. Anabelle L. Chua	20,578	3,800		24,378
3. Victorico P. Vargas	9,545	3,800	380	12,965
4. Marilyn A. Victorio-Aquino	0	11,630	1,330	10,300
5. Gina Marina P. Ordoñez	3,234	2,933	1,026	5,141
6. Mary Rose L. Dela Paz	2,480	1,200	420	3,260
7. Mario G. Tamayo ⁷	6,575 ⁸			6,575
8. Alejandro O. Caeg	6,165	3,150		9,315
9. Juan Victor I. Hernandez	2,385	3,450	1,102	4,733
10. Menardo G. Jimenez, Jr.	4,894	3,150		8,044
11. June Cheryl A. Cabal-Revilla ⁹	5,090	3,300		8,390
12. Florentino D. Mabasa, Jr. ¹⁰	1,861	1,800		3,661
13. Katrina L. Abelarde	2,236	2,275	630	3,881
14. Marco Alejandro T. Borlongan	2,273	1,200	420	3,053

¹ 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*.

² As at December 31, 2019

³ As at December 31, 2020

⁴ Mr. Argel was elected as director on January 28, 2020, replacing Ms. Aurora C. Ignacio who resigned on January 28, 2020

⁵ As of date of election as director

⁶ 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.

⁷ Appointed as Senior Vice President/Technology Group Head effective January 1, 2021

NUMBER OF COMPANY SHARES ¹				
	Starting Balance ²	Acquired	Disposed	Ending Balance ³
15. Mary Julie C. Carceller	0			0
16. Bernard H. Castro	0			0
17. Marisa V. Conde ¹¹	1,125	1,200		2,325
18. Joan A. De Venecia-Fabul	0	375	131	244
19. Gil Samson D. Garcia	3	1,200	1,170	33
20. Joseph Ian G. Gendrano	932	1,200	420	1,712
21. Ma. Criselda B. Guhit	2,194	500		2,694
22. Leah Camilla R. Besa-Jimenez	2,700	1,200	420	3,480
23. Princesita P. Katigbak	955	520		1,475
24. Albert Mitchell L. Locsin	1,523	1,375	420	2,478
25. Leo I. Posadas	2,185	1,300	420	3,065
26. Dale M. Ramos	1,945	1,100	385	2,660
27. Angel T. Redoble ¹²	1,105 ⁸			1,105
28. Aileen D. Regio	1,272	1,200	420	2,052
29. Luis S. Reñon	975	1,200	2,120	55
30. Bernadette C. Salinas ¹³	669 ⁸			669
31. Emiliano R. Tanchico, Jr. ¹⁴	3,759	1,200	420	4,539
32. Victor Y. Tria	1,387	1,200	420	2,167
33. Jude Michael H. Turcuato ¹⁵	0 ⁸			0
34. Melissa V. Vergel de Dios	2,235	1,200		3,435
35. John Henri C. Yanez	643	500	175	968
36. Catherine Y. Yang ¹⁶	0 ⁸	1,900		1,900
37. Maria Cecilia H. Abad	308	500	175	633
38. Minerva M. Agas	1,125	500		1,625
39. Benedict Patrick V. Alcoseba	879	575		1,454
40. Cecille M. Alzona ¹⁷	266 ⁸			266
41. Elizabeth S. Andojar	590	500		1,090
42. Roy Victor E. Añonuevo	440	170	59	551
43. Tito Rodolfo B. Aquino, Jr.	390	500		890
44. Mitchie M. Arcaina	0	250		250
45. Jerameel A. Azurin	804	500		1,304
46. Francis A. Bautista ¹⁸	767 ⁸			767
47. Rafael M. Bejar	950	500	175	1,275
48. Dianne M. Blanco ¹⁹	20 ⁸			20
49. Wilson S. Bobier	442	170		612
50. Luis Gregorio D. Casas	190	270	249	211

⁸ As of date of appointment as officer

⁹ Retirement effective on the close of business hour on December 31, 2020

¹⁰ Separated as First Vice President effective February 1, 2021 but will continue to serve as Assistant Corporate Secretary for the unexpired term of his appointment to said office or until the Board elects his successor to said office

¹¹ Separated from service effective February 1, 2021

¹² Appointment as First Vice President effective February 16, 2020 was confirmed by the Board in a meeting held on August 6, 2020

¹³ Appointment as Vice President effective January 1, 2020 was confirmed by the Board in a meeting held on August 6, 2020. Promoted to First Vice President effective November 5, 2020

¹⁴ Separated from service effective January 1, 2021

¹⁵ Appointment as First Vice President effective July 16, 2020 was confirmed by the Board in a meeting held on November 5, 2020

¹⁶ Appointment as First Vice President effective July 31, 2020 was confirmed by the Board in a meeting held on August 6, 2020

¹⁷ Appointment as Vice President effective November 1, 2020 was confirmed by the Board in a meeting held on November 5, 2020

¹⁸ Promoted to Vice President effective November 5, 2020

NUMBER OF COMPANY SHARES ¹				
	Starting Balance ²	Acquired	Disposed	Ending Balance ³
51. Jose Michael Vincent G. Co ²⁰	0 ⁸			0
52. Ma. Monica M. Consing	0	458	160	298
53. Branden B. Dean ²¹	0 ⁸			0
54. Gene S. de Guzman	807	500	175	1,132
55. Aniceto M. Franco III	458	458	160	756
56. John John R. Gonzales	803	500	175	1,128
57. Leonard A. Gonzales ²²	0 ⁸			0
58. Silverio S. Ibay, Jr.	795	500		1,295
59. Gary F. Ignacio	608	500		1,108
60. Marven S. Jardiel	944	500		1,444
61. Alexander S. Kibanoff	944	500		1,444
62. Javier C. Lagdameo	1,125	650		1,775
63. Armando Dodjie T. Lim ¹⁸	532 ⁸			532
64. Czar Christopher S. Lopez	1,120	850		1,970
65. Paolo Jose C. Lopez	1,100	400		1,500
66. Ma. Carmela F. Luque	1,125	510		1,635
67. Melanie A. Manuel ¹⁴	345	500	175	670
68. Ronaldo David R. Mendoza ¹⁴	345	500	175	670
69. Loreevi Gail O. Mercado ²³	0 ⁸			0
70. Oliver Carlos G. Odulio	984	500		1,484
71. Jonston Prince W. Ong ²⁴	0 ⁸			0
72. Carlo S. Ople	828	685	175	1,338
73. Charles Louis L. Orcena	0	500	175	325
74. Serviliano L. Padiz, Jr. ¹⁸	499 ⁸			499
75. Raymond A. Racho	406	170		576
76. Eduardo H. Rafuson ¹⁴	390	500		890
77. Ricardo C. Rodriguez ¹⁴	5,712			5,712
78. Genaro C. Sanchez	5,398	500	175	5,723
79. Maria Christina C. Semira	644	500	175	969
80. Ma. Mercedes T. Siapatco	795	500		1,295
81. Arvin L. Siena	988	500		1,488
82. Carla Elena A. Tabuena	862	500		1,362
83. Ma. Magdalene A. Tan ¹⁸	0 ⁸			0
84. Patrick S. Tang	1,408	500		1,908
85. Jecyn Aimee C. Teng	327	500	175	652
86. Milan M. Topacio	346	170	59	457
87. Radames Vittorio B. Zalameda	432	500		932

¹⁹ Appointment as Vice President effective January 16, 2020 was confirmed by the Board in a meeting held on November 5, 2020

²⁰ Appointment as Vice President effective August 1, 2020 was confirmed by the Board in a meeting held on November 5, 2020

²¹ Appointment as Vice President effective May 1, 2020 was confirmed by the Board in a meeting held on August 6, 2020

²² Appointment as Vice President effective September 1, 2020 was confirmed by the Board in a meeting held on November 5, 2020

²³ Appointment as Vice President effective October 16, 2020 was confirmed by the Board in a meeting held on November 5, 2020

²⁴ Appointment as Vice President effective March 16, 2020 was confirmed by the Board in a meeting held on August 6, 2020

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. Updates on business and governance policies and requirements, and new laws applicable or relevant to the Company and its business are presented in Board meetings or furnished to directors. For 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 2020, the Company's first online ACGES was conducted on the topics: (i) How to Lead Courageously During a Crisis; and (ii) Lessons from a Pandemic: the MPIC Hospital Group Covid-19 Experience and Best Practices. It included panel discussions among directors, officers, and resource persons; and was attended by directors and key officers of Philippine-based affiliate companies of First Pacific Company, Ltd. and select guests from the business academe. In PLDT, the ACGES was attended by all members of PLDT's Advisory Board/Committee; all Directors, not otherwise exempt from governance training;⁴ the Audit Committee Advisor; ECC's and GNSC's non-voting member; and 75 of the Company's Officers.

For employees, the Company conducts orientation and periodic training sessions on Company policies, including corporate governance policies; skills building; and wellness and development, supplemented by appropriate communication materials and feedback mechanisms. In addition to orientation sessions on corporate governance policies for new employees, in 2020, the Company also conducted online corporate governance refresher courses for newly promoted PLDT management employees, officers, and Network Field Service employees. Additionally, employees who were unable to complete the corporate governance eLearning refresher course in the previous year were enjoined to complete the same in 2020. Due to the predominantly remote work environment in 2020, education and training were mostly conducted online and supplemented by the production and dissemination of relevant communication materials, including information on CGO Helplines, remote access to CG Policies, guidance on COI disclosure, anti-corruption, Gifts receiving, Company principles and screensavers on good governance and sustainability.

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 2020, an annual self-assessment was conducted by the Board to evaluate its performance as the Board, as well as each Board Committee, and the individual directors. The process, which also includes an evaluation of the performance of the CEO and Management, enables the Board to identify strengths and areas for improvement and to elicit individual director's feedback and views on the Company's strategy, performance, and future direction. The members of the Board and the Board Committees accomplish their respective self-assessment questionnaires for this purpose.

The Board and Board Committees' assessment questionnaires contain 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 contain the following criteria: performance, compliance, and committee governance. The report on the results of the assessment process for the 2019 performance period was submitted to the directors in 2020. 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.

In 2020, 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 CG 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 July 27, 2020, within the extended deadline of the SEC for submission due to the Covid-19 pandemic.

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

⁴Mr. James L. Go has been granted by the SEC permanent exemption from its corporate governance training requirement.

*"Let us all rise to this occasion, and be better from it.
Lilipas din ito."*

- Manuel V Pangilinan

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 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, agriculture, livelihood, health, arts, disaster preparedness, the environment, digital tourism, sports, internet safety and digital wellness 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. Online voting and participation by remote communication was made available to all stockholders in 2020, consistent with the Revised Corporation Code and related SEC issuances and in keeping with Covid-19 precautions.

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. In 2020, pursuant to SEC guidelines, the Company's Information Statement, Proxy Form, Management Report/Annual Report, SEC Form 17-A and SEC Form 17-Q were posted on the Company's website instead of physical delivery or distribution to the stockholders.

The Company held its Annual Stockholders' Meeting in virtual format on June 9, 2020, with holders of 92.86% of total outstanding shares of Common, Voting Preferred, and Non-Voting Serial Preferred Stocks as of the record date, April 13, 2020 present or represented by proxy in the meeting. To view the Minutes of the 2020 PLDT Annual Stockholders' Meeting, please access this QR code:



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 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. Disclosures/organizational announcements for the year 2020 may be accessed on the Company's website through the QR code:



PLDT regularly conducts analysts and investors' briefings to discuss financial and operating results for the second quarter and full year, and teleconferences to discuss first and third quarter results. Our Investor Relations Center also conducts regular dialogues with our investors. Shareholders who wish to raise matters or concerns relating to the business of the Company, their investments and rights may elevate such matters to the Corporate Secretary, the Investor Relations Officer, concerned units of PLDT's Management or the Board.

The Company's dividend policy provides a regular dividend payout rate of 60% of Core Earnings Per Share as regular dividends. The dividend policy takes into account: (i) the elevated levels of capital expenditures to build a robust, superior network to support the continued growth of data traffic; (ii) plans to invest in new adjacent businesses that will complement the current business and provide future sources of profits and dividends; and (iii) management of cash and gearing levels. In the event that no investment opportunities arise, the Company may consider the option of returning additional cash to shareholders in the form of special dividends or share buybacks. PLDT was able to pay out approximately 60% of its core earnings for the year 2020. Information on PLDT's 2020 Dividend Declarations is available through the QR code:



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 2020, in order to address the heightened needs of customers amid the pandemic, the following projects were initiated:

- PLDT Home Facebook Messenger Digital Assistant launch**

The PLDT Home FB Messenger chatbot was launched in May to provide self-care solutions to prospective and existing customers, including requests for bill access, bills payment, restricted account reconnection, service issue reports, paperless billing enrollment, subscription application or upgrade, among others.
- Improvements to PLDT Facebook Page and PLDT Cares Facebook Page launch**

The PLDT Cares FB page was launched in July to house customer education materials on common billing, payment, troubleshooting and account management topics in the form of instructional videos, text, and graphics. Service advisories for scheduled and emergency outages were posted on the PLDT Facebook page (PLDT Inc.'s official corporate Facebook page) to advise affected customers and the public.
- Digital adoption push for paperless billing and bills payment via online channels**

In keeping with Covid-19 precautions, in March 2020, the Company promoted digital channels for customers to receive and pay their bills, including auto-charge arrangements with partner banks to ensure continued use of our products and services.

- Community Quarantine Programs: free NDD & speedboost, payment extension & installment payment**

In solidarity with customers who grappled with the effects of the pandemic in 2020, the Company offered a payment deadline extension for accounts with overdue balances and proactively implemented a six-month installment payment scheme for accumulated bills. Additionally, customers were given a speedboost of at least 25mbps to support an increase of online activities, including work from home arrangements, remote learning, business and recreation activities. For a limited time, customers were likewise provided free NDD calls to keep them connected during the local community quarantine.
- Installation complaints reporting facility**

To strengthen accountability among business partners, an email address, subsequently converted to an online form was created to cater to reports by existing and prospective customers of alleged illegal installations by contracted partners. This led to the imposition of penalties on the erring vendors and the improvement of checks & balances within the organization.
- Sales and Service Center (SSC) online booking through virtual appointment**

An online booking facility was made available in PLDT Home's website to give customers the option to conveniently book appointments and facilitate live online transactions through video chat with SSC frontliners. This initiative significantly boosted online appointments for typically in-person transactions to support the well-being and safety needs of customers and employees. For customers who still preferred in-person transactions, health and safety protocols were strictly enforced in stores nationwide.
- PLDTHOMEBILL SMS channel launch**

An SMS Help Channel was launched in November 2020 to cater to simple billing and payment-related concerns of customers. The SMS channel may be used by customers to quickly access information on their outstanding balance, to request for a copy of their e-Statement of Account and to get instructions on how to pay their bills using some of our authorized online payment channels.





- PLDT Home Express Upgrade hotline 170 launch**
 The PLDT Home Express Upgrade hotline is an agentless hotline that allows eligible customers to easily upgrade the speed of their internet plan without need of an aftersales hotline, visiting our SSCs or applying through the website. Upgrading through this hotline only takes a few digital steps, no documents are required for submission and the upgrade process only takes 24 hours to complete.
- Proactive migration to Fibr**
 To ensure that customers enjoy the best quality of internet connection, the Company is continuously expanding the roll-out of the latest fiber-to-the-home (FTTH) technology in various areas nationwide. Customers are offered an upgrade to a Fibr plan as soon as facilities become available. The upgrade is free and will ensure better internet experience.

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, digitally-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 ensure that we enable the best integrated telco strategy, PLDT relentlessly pursues its agenda on succession management. Working with our Leaders on present requirements is an urgent groundwork activity while creating a talent pipeline and ecosystem for the next horizon of products and services. This includes the development and implementation of capability building initiatives, series of targeted hiring in local and global markets and the revival of the Management Associate program.

A digital environment requires a strong learning culture. This is supported by PLDT's corporate university that utilizes all learning modalities for the best reach and an internal career opportunity marketplace to enable talent mobility for all its employees.

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, as well as legislative hearings relative to initiatives and proposed legislation 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 as of yearend 2020.

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 our technology and services, PLDT and Smart are well-positioned to provide much needed assistance to communities. Our 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, health, arts, disaster preparedness and response, environment, agriculture, internet safety and digital wellness.

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.

On February 19 and 20, 2020, PLDT Chairman and President & CEO, Mr. Manuel V. Pangilinan and Smart President and CEO, Mr. Alfredo S. Panlilio joined over 1,000 international leaders when they signified their respective companies' commitments to the United Nations Global Compact (UNGC) by signing the "Statement from Business Leaders for Renewed Global Cooperation". PLDT and Smart are registered under the UNGC as the only Philippine telco participants, a tier higher than signatories limited to local engagement. Participants actively engage with the UNGC at the global level to integrate into their companies' operations, the organization's Ten Principles on human rights, labor, environment and anti-corruption.

PLDT continues to work with institutions and organizations engaged in programs and advocacy efforts in the field of corporate governance, compliance and business ethics. 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 attend and participate in discussion groups and training sessions, as well as interact with other governance and ethics professionals around the world. In the process, PLDT 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 is committed to making the UNGC principles part of company strategy, culture, and day-to-day operations, and to engage in collaborative projects in order to attain the UN Sustainable Development Goals (UNSDGs)."

*- Manuel V. Pangilinan,
PLDT Chairman and President & CEO*



"The UNGC Statement for Renewed Global Cooperation underscores the commitment of PLDT and Smart to help in nation-building. We are guided by the business basics, espoused in the UNGC Principles, which are essential in creating shared value for business and society."

*- Alfredo S. Panlilio,
Smart President and CEO and concurrent PLDT Chief Revenue Officer*