



PLDT Inc. (“PLDT”) is a Philippine company with its shares of common stock listed on the Philippine Stock Exchange (“PSE”) and American Depositary Shares (“ADSs”) listed on the New York Stock Exchange (“NYSE”). As a foreign private issuer, PLDT is permitted under the NYSE listing standards to follow Philippine corporate governance practices on most corporate governance matters, and, accordingly, PLDT complies with the requirements of the Philippine Securities Regulation Code and the Revised Corporation Code of the Philippines, and, as appropriate, the recommended practices under Philippine Securities and Exchange Commission (“Philippine SEC”) Code of Corporate Governance for Publicly-Listed Companies (“CG Code for PLCs”) in respect of corporate governance matters as well as with the NYSE listing standards applicable to foreign private issuers. The CG Code for PLCs, which was issued by the Philippine SEC and which took effect on January 1, 2017, contains Code provisions with recommended corporate governance practices. In accordance with its “comply or explain” approach, the CG Code for PLCs requires publicly listed companies to state in their respective annual corporate governance reports, due on or before May 30 of the following year, whether they comply with the Code provisions or, in case of non-compliance, explain the reason for such non-compliance. PLDT’s Integrated Annual Corporate Governance Report for 2022 is available at: [https://cms.pldt.com/drupal/sites/default/files/cgdisclosures/PSE\\_IACGR\\_30May2023\\_Redacted\\_as-posted.pdf](https://cms.pldt.com/drupal/sites/default/files/cgdisclosures/PSE_IACGR_30May2023_Redacted_as-posted.pdf).

PLDT’s corporate governance practices are generally consistent with the NYSE listing standards, except that PLDT’s corporate governance practices differ from U.S. companies under the NYSE listing standards in the significant ways summarized below.

- **Number of Independent Directors.** The NYSE listing standards require majority of the board of directors to be independent. We have three independent directors out of 13 directors, which meets the requirement under Section 38 of the Philippine Securities Regulation Code that at least two (2) or twenty percent (20%) of the total members of the board, whichever is the lesser, must be independent; and Section 22 of the Revised Corporation Code that corporations vested with public interest<sup>1</sup> shall have independent directors constituting at least 20% of such Board.

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<sup>1</sup> Section 22 of the Revised Corporation Code of the Philippines defines “a corporation vested with public interest” as:

- a) Corporations covered by Section 17.2 of Republic Act No. 8799, otherwise known as “The Securities Regulation Code”, namely those whose securities are registered with the Commission, corporations listed with an exchange or with assets of at least Fifty million pesos (P50,000,000.00) and having two hundred (200) or more holders of shares, each holding at least one hundred (100) shares of a class of its equity shares;
- b) Banks and quasi-banks, NSSLAs, pawnshops, corporations engaged in money service business, pre-need, trust and insurance companies, and other financial intermediaries; and
- c) Other corporations engaged in business vested with public interest similar to the above, as may be determined by the Commission, after taking into account relevant factors which are germane to the objective and purpose of requiring the election of an independent director, such as the extent of minority ownership, type of financial products or securities issued or offered to investors, public interest involved in the nature of business operations, and other analogous factors.”

- **Director Independence Tests.** There are differences between the director independence tests applied in PLDT's corporate governance practice and those under the NYSE listing standards. In some cases the independence tests set forth in the NYSE listing standards are more stringent than those under PLDT's corporate governance practice, and in other cases the independence tests set forth in the NYSE listing standards are less stringent than those under PLDT's corporate governance practice.
- An example where the NYSE listing standards impose more stringent standards than PLDT's corporate governance practices include the "auditor affiliation" test. In contrast to the NYSE listing standards, under PLDT's By-Laws and Board Committee charters, present or previous affiliation or employment of a director's immediate family member with the external auditors does not preclude a determination that such director is independent.
- An example where PLDT's corporate governance practices impose more stringent standards than NYSE listing standards is the "material relationship with the listed company" test. PLDT's Manual on Corporate Governance ("PLDT's CG Manual") provides that a director who owns more than 2% of the shares of stock of PLDT, or whose relative is a substantial shareholder of PLDT, any of its related companies or any of its substantial shareholders cannot be considered as independent.
- **Meetings of non-management/independent directors.** The NYSE listing standards require regularly scheduled executive sessions of non-management directors without management participation or regularly scheduled executive sessions consisting of only independent directors. PLDT's CG Manual mandates that the Board shall hold executive sessions with the independent directors and non-executive directors, excluding executive directors, at least once a year and at such other times as the Board may deem necessary or appropriate, and that such executive sessions shall be presided by the chairman of the Governance, Nomination and Sustainability Committee, except if said chairman is an executive director, in which case, by an independent director or non-executive director designated by the Board.
- **Nominating/Corporate Governance Committee and Compensation Committee.** The NYSE listing standards require a listed company to maintain a nominating/corporate governance committee and a compensation committee, both composed entirely of independent directors. Our Governance, Nomination and Sustainability Committee and our Executive Compensation Committee is each normally composed of five voting members, a majority of whom are normally independent directors.
- The NYSE listing standards require the compensation committee to conduct an independent assessment with respect to any compensation consultant, legal counsel or other adviser that provides advice to the compensation committee. There is no such requirement under PLDT's CG Manual.

- **Audit Committee.** As required by NYSE listing standards, PLDT maintains an audit committee in full compliance with Rule 10A-3 promulgated under the U.S. Securities Exchange Act of 1934, as amended, and Section 303A.06 of the NYSE Listed Company Manual. All of the members of PLDT's Audit Committee are independent directors meeting the independence requirements of Rule 10A-3 as well as those under Section 303A.07 of the NYSE Listed Company Manual, except in those areas where our independence tests adopted pursuant to the CG Code for PLCs differ from those under the NYSE listing standards, as discussed above.