



2015 Annual Report

Virtual is Real.





OUR COVER

It's as real as the air around you. Like the scent of roses or the soft caress of a summer breeze. Virtual is the environment in which you choose to live. Whether for a week, a day, or a fleeting moment, virtual is there to bring you the magic of life. It's as if you were there. As if it's real. Because it is.

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PLDT is the leading telecommunications service provider in the Philippines. Through its principal business segments – wireless, digital, fixed line and others – PLDT offers the largest and most diversified range of telecommunications services across the Philippines' most extensive fiber optic backbone, wireless and fixed line networks.

PLDT is listed on the Philippine Stock Exchange (PSE:TEL) and its American Depositary Shares are listed on the New York Stock Exchange (NYSE:PHI). In 2015, PLDT was one of the largest Philippine-listed companies in terms of market capitalization.

MISSION/VISION

PLDT will be the preferred full service provider of voice, video and data at the most attractive levels of price, service quality, content and coverage, thereby bringing maximum benefit to the Company's stakeholders.

VALUES

ACCOUNTABILITY

We take full responsibility for our actions and decisions.

INTEGRITY

We do the right thing.

FAIRNESS

We uphold justice and fair play.

TRANSPARENCY

We disclose accurate and prompt information.

SUBSIDIARIES

WIRELESS

Smart Communications, Inc. and Subsidiaries

Digitel Mobile Philippines, Inc.

Smart Broadband, Inc. and Subsidiary

Chikka Holdings Limited and Subsidiaries

Voyager Innovations, Inc. and Subsidiaries

FIXED LINE

PLDT Clark Telecom, Inc.

PLDT Subic Telecom, Inc.

PLDT Global Corporation and Subsidiaries

PLDT-Philcom, Inc. and Subsidiaries

PLDT-Maratel, Inc.

Digital Telecommunications Philippines, Inc.

ePLDT, Inc. and Subsidiaries

Talas Data Intelligence, Inc.

Pilipinas Global Network Limited and Subsidiaries

OTHERS

PLDT Communications and Energy Ventures, Inc.

PLDT Digital Investments Pte. Ltd. and Subsidiaries

PLDT Global Investments Holdings, Inc.

PLDT Global Investments Corporation

Mabuhay Investments Corporation

COMPARATIVE HIGHLIGHTS

	2011 ⁽¹⁾⁽²⁾	2012 ⁽²⁾	2013 ⁽²⁾	2014 ⁽²⁾	2015
INTERNAL INFORMATION					
(in million pesos, except cash dividends declared per common share)					
Revenues					
Service Revenues	145,834	159,619	163,932	164,943	162,930
Non-Service Revenues	2,645	3,295	4,279	5,892	8,173
	148,479	162,914	168,211	170,835	171,103
Expenses					
Depreciation and Amortization	27,539	32,354	30,304	31,379	31,519
Compensation and Employee Benefits	15,411	21,999	21,369	18,749	21,606
Cost of Sales	5,443	8,747	11,806	13,512	16,614
Repairs and Maintenance	10,053	12,604	13,107	14,988	15,035
Asset Impairment	10,200	5,286	5,543	6,046	14,856
Interconnection Costs	12,586	11,105	10,610	10,420	10,317
Selling and Promotions	7,807	9,708	9,776	10,619	9,747
Professional and Other Contracted Services	5,679	6,050	7,173	7,748	8,234
Rent	3,938	5,860	6,041	6,692	6,376
Others	7,768	8,816	9,786	10,304	10,130
	106,424	122,529	125,515	130,457	144,434
Net Income for the Year	31,218	36,099	35,453	34,090	22,075
Continuing Operations	30,351	35,556	33,384	34,090	22,075
Discontinued Operations	867	543	2,069	-	-
Core Income	38,616	36,907	38,717	37,410	35,212
Continuing Operations	37,827	36,356	38,816	37,410	35,212
Discontinued Operations	789	551	(99)	-	-
EBITDA	78,225	75,269	77,432	76,750	70,218
Property and Equipment	481,647	481,033	581,286	605,598	632,918
Accumulated Depreciation, Amortization and Impairment	281,505	280,955	388,621	413,614	437,136
Carrying Value	200,142	200,078	192,665	191,984	195,782
Capital Expenditures	31,207	36,396	28,838	34,759	43,175
Short and Long-Term Debts	117,275	115,792	104,090	130,123	160,892
Net Debt	70,660	78,057	71,467	102,821	113,008
Equity Attributable to Equity Holders of PLDT	153,860	145,550	137,147	134,364	113,608
Cash Dividends Declared Per Common Share					
Out of the Earnings for the Year	189	172	179	156	122
OPERATING INFORMATION					
Number of Cellular Subscribers	63,696,629	69,866,458	70,045,627	69,857,060	64,938,074
Number of Fixed Line Subscribers	2,166,295	2,063,794	2,069,419	2,207,889	2,303,454
Number of Broadband Subscribers	2,928,369	3,262,884	3,433,210	4,091,514	5,188,684
Wireless	2,068,409	2,359,024	2,453,826	2,986,146	3,932,820
Fixed Line	859,960	903,860	979,384	1,105,368	1,255,864
Total Number of Subscribers	68,791,293	75,193,136	75,548,256	76,156,463	72,430,212
Number of Stockholders	2,181,823	12,169	12,005	11,880	11,837
Number of Employees	19,452	19,125	17,899	17,496	17,176
Wireless	8,043	8,663	7,745	7,786	7,505
Fixed Line	11,409	10,462	10,154	9,710	9,671

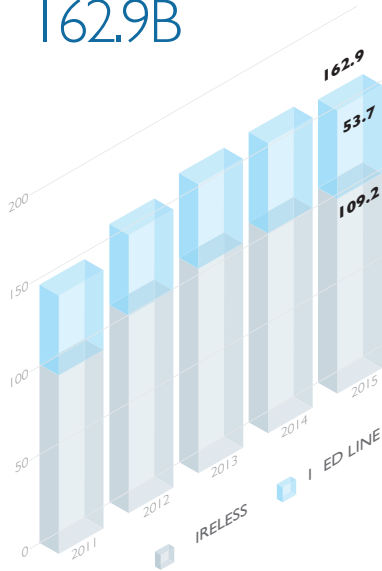
⁽¹⁾ Includes Digital Group's results of operations for the period October 26, 2011 to December 31, 2011 and consolidated financial position as at December 31, 2011.

⁽²⁾ Certain comparative information for 2011-2014 were reclassified to conform with the 2015 presentation.

CONSOLIDATED FINANCIAL PERFORMANCE HIGHLIGHTS

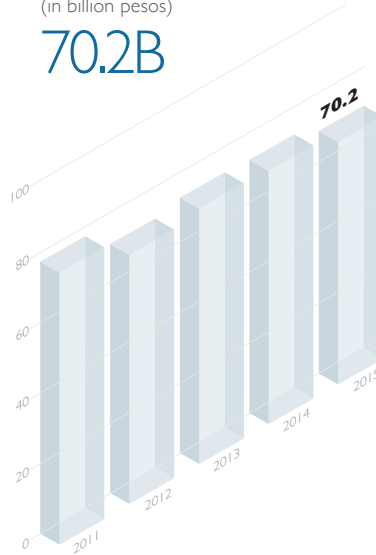
SERVICE REVENUES
(in billion pesos)

162.9B



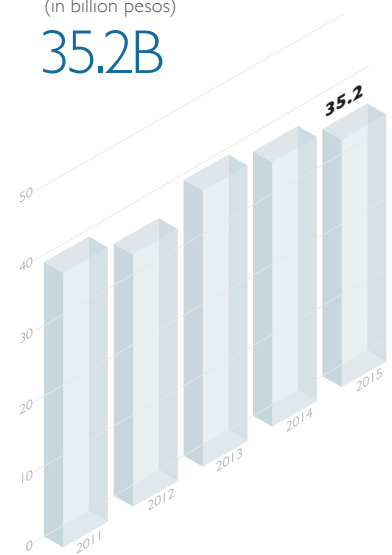
EBITDA
(in billion pesos)

70.2B



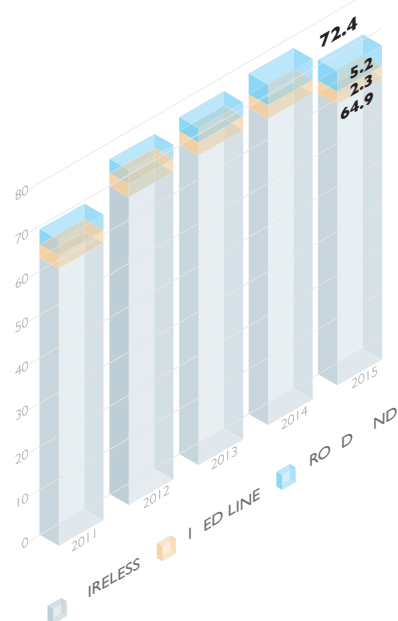
OPERATING INCOME
(in billion pesos)

35.2B



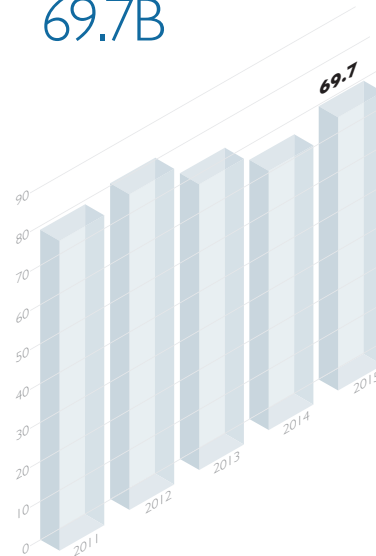
SUBSIDIARIES
(in millions)

72.4M



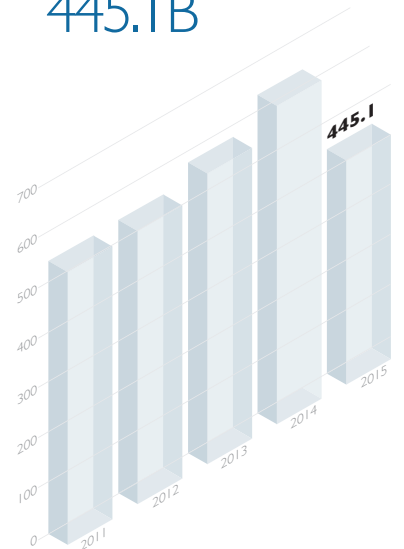
SHOULD FROM OPERATIONS
(in billion pesos)

69.7B

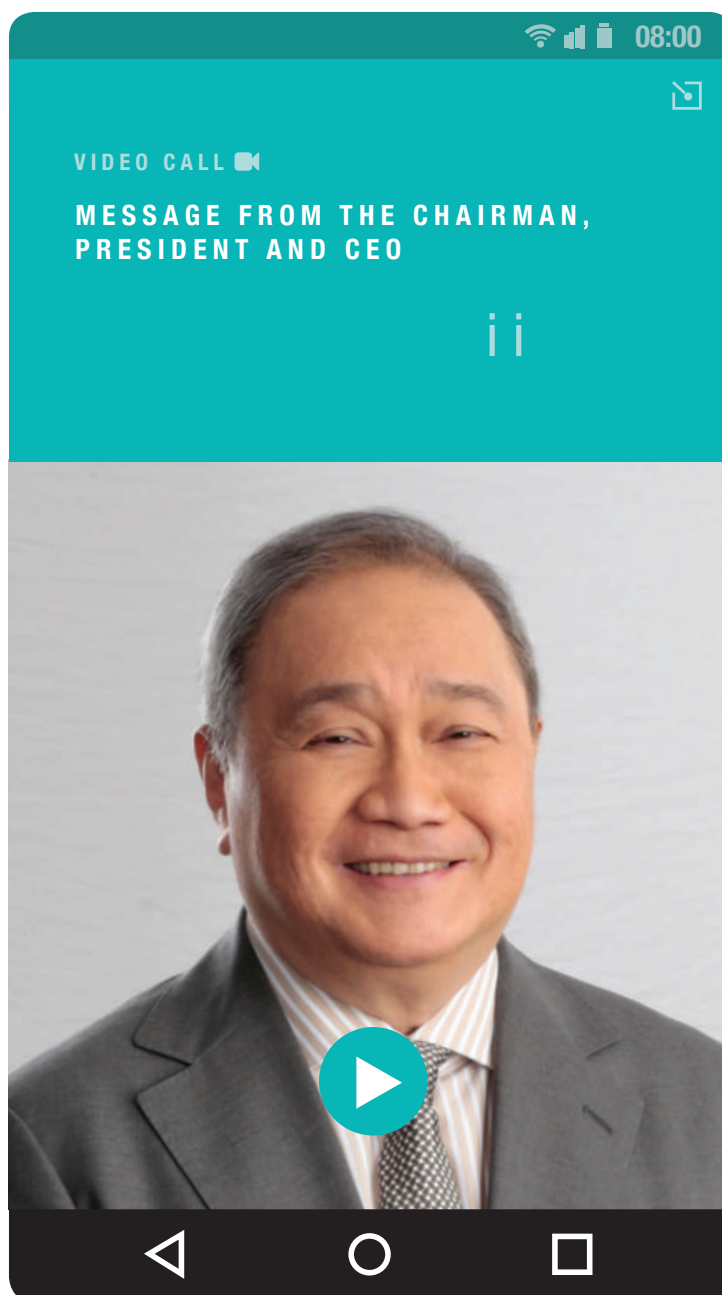


MARKET CAPITALIZATION
(Year-end, in billion pesos)

445.1B



Making the Virtual Real



It is abundantly clear that the path to growth is digital. Our efforts are now focused on accelerating the transformation of PLDT into the country's preferred digital services provider.



TO MY FELLOW SHAREHOLDERS

These past few years were particularly challenging for your Company – but 2015 was exceptionally difficult. Our mobile prepaid business faced strong headwinds even as our legacy businesses continued to be eroded by social media and other web-based services. Our toll traffic – International and National Long Distance, historically the bedrock of PLDT's revenues – continued their march south, as more modern media of communications replace this legacy business. Taken in the round, our full year results reflect the impact of these developments.

In response, we have taken decisive steps to strengthen our wireless subsidiaries, and accelerate our business shift onto a data-driven, digital-powered track. Rather than taking on the affliction of a prolonged agony trying to long-tail legacy, we thought it was best to expend it deliberately. This transition undoubtedly requires both quick responses to immediate threats and opportunities, and, sustained efforts to revise and pursue our long-term, strategic goals. These considerations have shaped our guidance for 2016. I am pleased to report that for the early months of 2016, some signs of improvement can be seen. Whilst encouraging, a few months obviously does not make a full year happy.

The Key Results

In 2015, our consolidated revenues were stable at Php171.1 billion, while total service revenues slipped 1% to Php162.9 billion, as fixed line revenues grew 2% while wireless revenues declined 4%.

Consolidated core income amounted to Php35.2 billion, slightly above our guidance, but 6% lower than the previous year. The decrease was attributed to lower EBITDA reflecting the expenses related to the manpower reduction program, higher financing costs, offset by lower provisions for income tax.

Reported net income declined 35% to Php22.1 billion due to the impact of the peso depreciation vis-à-vis the U.S. dollar, and, an increase in impairment charges on network assets of Sun Cellular rendered obsolete by our ongoing network upgrade, and, on our investment in Rocket Internet which has been affected by lower share prices and the depreciation of the Euro relative to the peso.

Consolidated free cash flow for the year stood at Php27.8 billion. Our total net debt rose – to U.S.\$2.4 billion as of end-2015 – and gross debt amounted to U.S.\$3.4 billion, of which 42% were U.S.-dollar denominated. However, our debt maturities remained well spread out, with over 60% falling due after 2018. Further, only 17% of the total debt remains unhedged, down from 34% in 2014.

Total dividends declared in 2015 amounted to Php122 per share, representing 75% of 2015 core earnings. Given our elevated capex levels for 2015 – and more likely beyond this – we opted not to declare a special dividend starting this year in order to preserve our cash, and maintain our debt to prudent levels. In the same vein, anticipating that our transition will be a long and difficult process, we have also adjusted our guidance for core earnings in 2016 to Php28.0 billion. This profit level represents a re-set to the new realities of digital transformation, which is already with us in a big way. PLDT has thus recognized a New Normal to its revised business model.

We have provided this guidance mindful that the ongoing structural change in our revenue mix – from traditional businesses like toll traffic and text messaging – will continue to put pressure on both revenues and margins. That competition will remain intense and that our efforts to keep our leadership will hurt in the short term. That capex will remain high, resulting in higher depreciation and financing costs.

The Way Forward

It is abundantly clear that the path to growth is digital. Our efforts are now focused on accelerating the transformation of PLDT into the country's leading and preferred digital services provider. This digital pivot has many moving parts that must be managed in parallel.

Our first task is to raise the level of our network capacity and resiliency in order to meet the rising demand for data services, particularly increasingly rich video services. This effort is vital not only for the continued prosperity of our Company, but also for the competitiveness of our country in a global economy that is rapidly going digital.

Upgrading our network requires sustained investments. In 2015, we spent Php43.2 billion in capital expenditures, up 24% over the previous year, and have allocated the same amount in 2016. All this is on top of the Php131.2 billion that PLDT spent in network capex from 2011 to 2014.

With this elevated capex, we are reconfiguring our mobile network whilst rolling out our 3G and 4G/LTE coverage. Moreover, our wireless subsidiary Smart Communications, Inc is in the process of deploying LTE-Advanced (LTE-A), the next stage of development of 4G mobile technology. This move will enable us to offer faster, more consistent, broadband wireless connectivity.

PLDT is expanding the footprint of its fiber-powered and broadband data services of our fixed network. We are also fortifying our transmission and distribution networks, and, overhauling our service platforms so that we can deliver more compelling, easy-to-use digital services to our customers in a timely way.

Our second task is to further broaden the range of compelling digital services that can be delivered to our customers through both our fixed and mobile networks by tapping both home-grown innovations and through partnerships with leading technology companies here and abroad.

Over the past year, PLDT's Consumer Group has for example introduced path-breaking services like *iflix*, which has become the leading video-streaming services in the Philippines and Southeast Asia. Both Smart and PLDT have partnered with *Uber* and *Airbnb* to provide innovative transportation and travel solutions to its customers. Fixed and mobile have also combined to offer home security services like *Smart Home* that provide peace of mind to its users. These security devices will become the precursor of the Internet-of-Things for the home; together with Entertainment – *iflix*, *TV5*, and *Signal TV* amongst others – PLDT has the capacity to own the home. This growing portfolio of converged digital services provide the core of what we call the *SmartLife*.

We are accelerating consumer adoption of digital services by making web-capable devices available at friendly terms. PLDT has seeded the market with *Telpad* tablets

and *TVolution* devices that turn TVs into computers. Smart is encouraging its subscribers to switch to smartphones through attractive promos like its “888” offer.

Our Enterprise Group has taken on the mission of digitally enabling businesses. On top of high-speed connectivity, we are offering a growing suite of innovative solutions in the fields of social media, mobility, analytics, cloud and security or SMACS. Our *mar ore Manager* mobile solution, for example, enables clients to monitor real-time daily inventory, sales and other key data from stores and outlets using their mobile devices.

Working with global leaders, PLDT is setting the pace in offering cloud solutions that let clients deploy IT systems within hours instead of months. Tapping the expertise of our subsidiary TALAS Data Intelligence, Inc. (TALAS), we have also introduced big data solutions that crunch huge amounts of data in real time to guide enterprise decision-making. Moreover, PLDT is building two new world-class data centers in Clark and Makati City, which will bring its total to eight data centers across the country with a unrivalled capacity of over 8,000 racks by end-2016 – the largest in the country, and unparalleled in its ability to offer digital services to Enterprise.

Meantime, our digital innovation units Voyager Innovations and PayMaya Philippines (formerly Smart eMoney, Inc.) have been developing new digital platforms and services applicable to emerging markets in the areas of digital payments, financial technology or Fintech, digital commerce, digital media, and next communications. Among its proven winners is *mar Padala* which is now the leading domestic remittance service platform. Another is the LANDBANK *Mobile Loansaver* a service developed in partnership with the government’s largest bank—Land Bank of the Philippines-- which processed last year 36,115 salary loan applications of employees of 792 government agencies worth Php5.3 billion pesos. Voyager also launched *Lendr* an online marketplace platform for consumer loans. It also introduced *Pa Ma a* the digital payments mobile app that became the No. 1 financial app in Google Play Philippines, less than three months after its launch in September.

Our third task is to complete the transformation of the PLDT group of companies into a converged, digitally empowered, customer-centric organization. Over the past year, much has been done to reconfigure our organization into cross-functional teams focused on serving individual, and, enterprise customers with digital solutions running on both our fixed and mobile networks.

We have strengthened the Consumer Group by appointing operations heads for the Wireless Consumer and PLDT Home Groups, in the persons of Katrina Luna-Abelarde and Oscar Reyes, Jr., respectively. Both report to Ariel P. Fermin, executive vice president for PLDT and Smart, as head of the Consumer Division. To enhance the digital capacities of PLDT, our Network Group has been strengthened under the advisory role of Joachim Horn as Chief Technology and Information Advisor. We have also set up a new Business Transformation Office to drive the corporate-wide transformation-related activities of the PLDT Group and to address the organization and human capital requirements of a digital company.

Polly Nazareno retired as President and CEO of PLDT and Smart effective end-December 2015, after a decade and half of leading these companies to unprecedented successes. He will retire as well from the Board of Directors of PLDT, but will remain as non-Executive Director of First Pacific Company Limited and a member of the Board of Directors of Rocket Internet.

For the meantime, I have assumed the position of the CEO of PLDT while remaining the Chairman of the Board. My mission is to steer the PLDT Group through this difficult transition period, and lay the groundwork for the eventual appointment of a new CEO who shall be tasked to lead the new PLDT.

Awards and Recognition

Given our digital ambitions, some of our recent awards particularly gratifying. I refer, for example, to the LANDBANK *Mobile Loansaver* which won innovation awards at the 18th Telecom Asia Awards in Jakarta, and, in the Asian Banking and Finance Retail Banking Awards in Singapore. *Mobile Loansaver* enables borrowers to

apply for a salary loan by sending a text message. The loan amount is credited to their bank accounts the next day. This is a simple but striking example of how insightful digital solutions can radically simplify and speed up the delivery of financial services to customers in a very personalized way. It also demonstrates how PLDT can help bring powerful digital innovations to other businesses.

In any event, awards are most welcome, whether these be of the digital variety or not. For example, PLDT was cited among the Top Publicly-Listed Companies in the ASEAN Region for Corporate Governance in 2015 by the ASEAN Capital Markets Forum. The Company was also cited for being “Best in CSR” and “Best in Investor Relations” by Corporate Governance Asia in Hong Kong. Further, the regional magazine *inanceAsia* cited PLDT for various awards including the “Most Committed to Paying Dividends in the Philippines,” and, the “Best Managed Public Company”.

On a personal note, I was humbled and gratified to receive the 2015 Ramon V. del Rosario Sr. Award for Nation Building presented by the JCI Manila and the Asian Institute of Management RVR Center for Corporate Responsibility. During my young years, I worked at PHINMA after my education at Wharton. And I always look back at those formative, learning years with gratitude, and a touch of nostalgia.

Corporate Action: A Year of Turnovers

Of even greater personal satisfaction was the formal turnover in March 2016 of 266 typhoon-resistant duplex-style homes to families rendered homeless when Typhoon Pablo hit Davao Oriental in December 2012. This multi-year program is a successful case study of collaboration.

The project was initiated at the suggestion of then Cabinet Secretary Rene Almendras. The five hectare resettlement site in the municipality of Baganga was donated by the provincial government. The funds amounting to over Php100 million were raised through a telethon program on TV5. The houses were built with the helping hands of the PLDT Smart Foundation (PSF), TV5’s

Alagang Kapangyarihan Foundation, One Meralco Foundation, MPIC Foundation, First Pacific Company Ltd., North Luzon Expressway, Makati Medical Center Foundation, Philex Group Foundation and Maynilad Water Services Inc. Partners in this project included D.M. Consunji, Inc., the National Housing Authority and the Philippine Constructors Association.

PLDT was actively involved in other projects for disaster resiliency. Working with the Philippine Disaster Resilience Foundation (PDRF), for example, PLDT helped rebuild the V&G Health Center in Tacloban City, which was equipped by Hewlett Packard (HP) with tele-health facilities and provided broadband connectivity by Smart. Using these facilities, doctors of Makati Medical Center provide remote health services to the local community. For its part, the PSF turned over 20 chapels in Leyte that were also designed for use as evacuation centers.

Working on the preparedness side, Smart partnered with the National Disaster Risk Reduction and Management Council (NDRRMC) to hold summits in Manila, Cebu, Cagayan de Oro and Baguio. These summits aimed to get telecom companies, radio and TV broadcasters, and, radio operators to work together in providing communities with emergency alerts during times of disasters.

In education, we remained focused on teacher training and digital literacy. *Gaba Guro* (2G) – a joint effort of the PSF and the PLDT Managers' Club Inc. (MCI) – provided scholarship grants for more than 1,000 teachers from state colleges and universities in 2015. G also provided other teacher training courses such as those for English proficiency and computer literacy. The program also donated 19 classrooms in Capiz, Bohol and Cebu – areas which had been affected by Typhoon Yolanda.

Complementing 2G is the PLDT Infotech Outreach Program, which provided in 2015 digital literacy training for 6,360 teachers and students from 159 public schools in 38 cities and municipalities covered by 20 school divisions of the Department of Education (DepEd). The program expanded its roster of courses to include advanced courses like electronic media publishing and effective use of social media.

PLDT remains active in other areas such as environmental protection, livelihood and public health. In the field of health, it is worth highlighting that *HIN Smart's* award-winning cloud-based, electronic medical record and e-referral system, has been converted into an open-sourced platform that allows software developers to add features based on the requirements of different users. *HIN* is now being deployed among the rural health units of Cebu through the cooperation of provincial chapter of the League of Municipalities and the Vicente Sotto Memorial Medical Center, one of the health department's regional hospitals for Region 7.

Finally, we remain very active in sports, firm in the belief that the values and discipline and the many lessons it teaches helps our development as a person and as a people. PLDT and Smart continue to support Smart Gilas Pilipinas Men's Basketball team in its bid to win a place in the forthcoming Olympic Games in Rio de Janeiro, Brazil. This includes hosting one of those qualifying rounds here in Manila. Smart is also a strong supporter of college basketball, particularly in the two premier leagues – the University Athletic Association of the Philippines (UAAP) and the National Collegiate Athletic Association (NCCA). Working with the MVP Sports Foundation, PLDT and Smart also supports football, taekwondo, badminton, cycling, and boxing.

Outlook

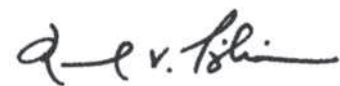
One of the more interesting observations that emerged from the 2016 World Economic Forum (WEF) in Davos, Switzerland concerned the future of the telecoms industry, as digital innovations sweep through the entire planet. Telecoms, pundits said, would be the worst disrupted business. This is our view as well. But from a different perspective, such disruption would also create the most exciting opportunities for us.

Our task then is to stay positive in respect of our future, if only to escape the peril and fulfill the promise of what WEF founder Professor Klaus Schwab calls the Fourth Industrial Revolution. The digital revolution is overhauling industry after industry, country after country. No one can escape from it. The Virtual is now Real.

Our Company shall lead this transformation, by embracing digital innovations itself and by enabling other industries to go digital in their own ways. The biggest beneficiaries will be our customers who will have many more choices, as the propagation of digital products and services and devices explode. By that token, isn't it best to view our prospects as a glass half-full, not half-empty?

But to get to our destination, the road will be long, the climb will be steep. Executing our digital pivot may take around three years. And we will need to make painful choices and adjustments along the way. But we keep our conviction that PLDT is a great company and despite the troubled water ahead, we will make it even better. We are satisfied with the changes made thus far, and the small but encouraging signs of recovery. No doubt, in these trying times, the help and support of our Board and shareholders will be needed and crucial.

Allow me to close by thanking our shareholders for their enduring support, our Board of Directors for their insightful counsel, and the Management and Staff for their resolve and ingenuity in charting a new path for growth and prosperity for our Company, our Customers and our Country. We will be the best we can be.



Manuel V. Pangilinan

Chairman of the Board and Chief Executive Officer



It's a whole
new world.
Explore it!

THE PLDT GROUP CORPORATE MILESTONES

Enabling the Digital Transition

As PLDT executes its digital pivot, the Company is strengthening its efforts to better address customer needs – both current and future – in the most efficient and effective way possible. For this purpose, it has realigned its organization by creating the Consumer Business Group alongside its Enterprise Business Group. Both groups are converged units, combining the fixed and wireless services of PLDT, Smart and Sun in order to deliver the most compelling communications services and digital solutions to individual and enterprise customers. To accomplish this, they tap the expertise and resources of PLDT's various subsidiaries, and, forge partnerships with leading global technology companies.

Living the #SmartLife

The creation of the Consumer Business Group, which placed PLDT Home, Smart and Sun under one roof, paved the way for the introduction of a growing range of converged or bundled services. The ambition is to enable the Filipino to embrace the digital life – that is, the *Smart Life* – through data services that make their lives better: Initially, these services followed three themes: Entertainment Everywhere, Convenience Everywhere and Peace of Mind Everywhere.

In June 2015, PLDT HOME and Smart forged a multi-year deal with *iflix*, Asia's leading subscription video on demand (SVOD) provider and gave their combined subscriber base access to thousands of hours of movies and TV shows across a variety of devices either through their DSL or fiber connections at their homes, or, using their smartphones or tablets while on the go.

This was quickly followed by a content partnership with Asia-Pacific's leading broadcaster *Fox International Channels* that gave PLDT, Smart and Sun subscribers access to a rich library of TV programs on demand. Earlier, *PLDT HOME* had linked up with *Signal TV* to provide its subscribers access to linear TV video content running on DSL or fiber connections. Through these and other partnerships, PLDT's video services has unrivalled reach,

spanning all the available windows for content – linear viewing, catch-up TV, TVOD (transactional video on demand) and SVOD (subscription video on demand) as well as VR (virtual reality) devices.

On the music front, the number of subscribers using Smart's homegrown music platform *PINNR* reached more than one million in July 2015. Through its partnerships with leading global music companies, *PINNR* also provided music lovers a chance to attend the concerts of top international artists like One Direction, Katy Perry, Imagine Dragons, Ariana Grande and Maroon 5.

Smart also delighted the country's fast-growing community of gamers in August, when it teamed up with game publisher *Garena* to stage *Rampage 2015*, the biggest gathering of *League of Legends* gamers and fans, at the World Trade Center. The following month, September, Smart gathered the country's top *lasho-lans* (COC) teams for the grand finals of the Philippine Clash, the biggest and most prestigious CoC tournament in the Philippines, graced by YouTube CoC stars Chief Pat and Galadon.

In the same month, Smart also backed the much celebrated *AsiaPOP Comicon*, the first ever international comics convention in Manila, which brought together around 30,000 pop culture lovers in a four-day

spectacle featuring comic book stars, cosplayers and Hollywood celebrities Paul Bettany, Nathalie Emmanuel and Colton Haynes. In October, Smart also hosted the country's biggest showcase of local games and publishers at the Esports and Gaming Summit.

These initiatives placed PLDT way ahead in providing Filipinos an *in-merchandise* experience.

Under the banner of *convenience* *experience* Smart partnered in September 2015 with *Uber* the world's most popular ride-sharing service, by providing free in-car *WiFi* inside *Uber* cars, the first such offer in Southeast Asia. PLDT SME Nation, on the other hand, offered connectivity solutions to Filipino partner drivers of *Uber*. Smart and *Uber* also teamed up to provide special 'Uberdelivery' of the *iPhone* *s* right on the doorstep of lucky Smart subscribers, at midnight of the launch day of the hotly anticipated *Apple* device in the Philippines in November 2015.

Smart followed this up by tying up with *Airbnb*, the world's leading online accommodations sharing service. Among other benefits, Smart subscribers were given discounts of up when booking their lodging via *Airbnb*.

Meantime, to help more of its subscribers switch to smartphones and try data services, Smart launched an aggressive promo offering *4G-capable M-Phone* handsets at the very affordable price of Php888, which comes bundled with free 100 Mb of data per month for one year and load rebates.

Creating a Smart Home

PLDT's initial offering under the *Peace of Mind experience* theme was the *PLDT HOME Fam Cam*. Available with *HOMEL Plan* and up, the *Fam Cam* is a home monitoring service that allows parents to keep an eye on their homes while out for work, or, on the go using their Smart or Sun smart phones.

To enable its customers to enjoy this growing suite of digital services, PLDT has made it easy to acquire web-capable devices. *PLDT HOME* partnered with *Inel* and *Microsoft* to roll-out the *TVolution Stick*, a dongle that turns an ordinary TV into a personal computer which can stream movies and videos, search the web, send

and receive emails and access social media sites. This approach takes advantage of the fact that while many homes do not have personal computers most homes have TV sets.

PLDT HOME also introduced the latest, most advanced version of *Telpad* that can now control home appliances thru *WiFi* and *Infrared* with its intelligent technology feature. Seen as the centerpiece of the digitally-connected Filipino home, *Telpad* is the ideal platform for enjoying *PLDT HOME*'s suite of multimedia services.

This set the stage for *PLDT HOME* to introduce its *Triple Play* offer in April 2015 – offering voice, data and *IPTV* service on broadband with *Signal TV*. This was followed in July by a *Quad Play* offer that combined voice, data, *Signal TV*, and, a Smart mobile phone service – all charged to a single PLDT bill.

Data convergence: The country's first

To close the loop, PLDT and Smart came together to offer the country's first data plan that enables subscribers to a home DSL service to share their data allocation with mobile phones of their family. *PLDT HOME* *L* subscribers who upgrade their *peeps er am Plan* with a Smart mobile Plan 399 or Plan 600 can share 6 GB of the 50 GB monthly data allocation to their mobile phone lines. Customers may get up to four Smart mobile phone lines bundled with their *peeps er am Plan* all conveniently billed under one subscription. Moreover, prepaid top ups to Smart mobile phones can now be charged to PLDT postpaid bills.

Digitally Enabling Enterprises

PLDT's Enterprise Group has taken on the mission to be the trusted business partner and digital enabler of enterprises – from microbusinesses to large multinationals. It is doing this by building its capacity and capabilities to deliver innovative digital solutions that solve the real-life business problems of enterprises.

To further support the growing demand for disaster recovery and business continuity, for example, *ePLDT* – the digital enterprise arm of the PLDT Group – is pioneering purpose-built, sustainable, and energy-efficient global-class data centers in Clark and Makati. These are fortified

by multi-tier physical and data security safeguards. Once completed by mid-2016, these will bring the Group's total to eight data centers with a capacity of 8,300 racks, the largest in the country.

In collaboration with NTT Communications, both *Vitro Pasig* and *IP-uca* *centers* attained *NexCenter* certification, solidifying their status as global-quality facilities with best-of-breed operations.

Moreover, the flagship *VITRO Data center* in Pasig was the first data center in the country to achieve *Payment Card Industry (PCI-DSS)* certification, an essential requirement to attract Financial Institutions.

New Innovations in SMACS

In 2015, the Enterprise Group introduced new innovations leveraging on the digital platforms of *Social Mobile Analytics Cloud and Security* (SMACS). These are a portfolio of digital services that boost enterprise efficiency, business agility, and customer engagement.

PLDT – through wireless subsidiary SMART – expanded its suite of *M2M* (Machine-to-Machine) solutions which includes *Smart Pharma* that enables medical representatives to immediately process orders even while in the field. The *Smart Store Manager* meanwhile, lets clients monitor real-time daily inventory, sales take-up and other vital data from stores and outlets.

SMART is broadening its range of *M2M* solutions to include wireless technologies such as machine sensors that enable utility and manufacturing companies to better manage their business.

ePLDT also launched its first-to-market *digital solutions*. This includes expert consulting, managed platforms and breakthrough insights – in collaboration with PLDT's wholly-owned subsidiary *Talas Data Intelligence, Inc.* These solutions enable companies to gain new insights about their customers and their own operations for data-driven decision-making.

The PLDT Group also provides a full-suite of *cloud solutions* such as *Intranet as a Service, Platform-as-a-Service, Unified Communications as a Service on Access Network as a Service, Desktop-as-a-Service, Disaster Recovery as a Service, and Cloud Enterprise Resource Planning (ERP) Solutions*.

These are complemented by partnerships with pacesetter global cloud providers such as Amazon, Google, IBM, Oracle, Salesforce.com, SAP, Netsuite, and Microsoft among others, where the Enterprise Group offers professional services beyond infrastructure and license-selling. These include consulting, implementation, migration, and integration services utilizing certified PLDT Group experts.

To help companies deal with the rising danger of cybersecurity breaches, ePLDT has offered managed security solutions through the company's global-class cybersecurity practice that leverages on our own certified I.T. security experts as well as alliances with leading security solutions providers Checkpoint & Symantec for Unified Threat Protection and Prolexic & Nexusguard for Distributed Denial of Service Mitigation.

On the international front, Enterprise Group in collaboration with PLDT Global, launched two new data Points of Presence (POP) in the United Kingdom and the U.S. East Coast, complementing the existing POPs in Hong Kong, Singapore, and the U.S. West Coast. These further enhance the Group's global connectivity solutions offerings – particularly for critical corporate segments as Multinational Companies, Banks, and BPOs/Call Centers.

In August, the Enterprise Group and Voyager Innovations – a wholly-owned subsidiary of SMART – collaborated to bring online commerce capability to enterprises through TackThis! Premium concierge service. This enables businesses to create their own online stores as quickly as less than five minutes.

Digital Innovations

In 2015, PLDT's digital innovations subsidiary, Voyager and Pa Ma a Philippines (formerly Smart eMoney, Inc.) introduced several path-breaking digital innovations for emerging markets starting with the Philippines. Particularly promising were its advances in the field of digital financial services.

In February 2015, Voyager launched *Ma e one*, a sponsored data platform which is now the No. 1 local community site that allows businesses to easily reach their customers online by offering free access to their mobile apps and sites.

Through PLDT's collaboration with Rocket Inerne Pa Ma a Philippines launched *Pa Ma a* the leading *Over-the-Top* digital payments mobile app in the Philippine market. This service complements *Ma e one* the pioneering mobile money service linked to the Smart SIM and mobile phone.

Pa Ma a Philippines offers *Ma e Padala* the leading domestic remittance service brand in the market with the most extensive money-in, money-out centers at 15,000. In 2015, *Ma e Padala* also introduced its *Pick-Up-Anywhere* feature which allows anyone to remit funds to any mobile number in the Philippines. *Pa Ma a Philippines* was the first non-financial institution in Southeast Asia to be granted by Visa with an issuing and acquiring license. It also counts *Ma e e ard* as its partner giving it the unique opportunity to offer both *Visa* and *Ma e e ard* products.

For government employees, Voyager and Land Bank of the Philippines launched *Mobile Loan eaver* that allowed qualified borrowers with Land Bank ATM payroll accounts to apply for loans by simply sending a text message through their mobile phones. By end-2015, just a year after its launch, over Php5 billion in salary loans were disbursed through the platform. Voyager also launched *Lendr* the first fully digital multi-channel, telco and bank-agnostic consumer loans platforms to member institutions of the Rural Bank Association of the Philippines in November 2015.

Enhancing Our Network

To support the rapidly rising demand for data services, PLDT stepped up its investments in network infrastructure. The allocation for capital expenditures in 2015 was raised to Php43 billion in 2015 and the same amount was set aside for 2016.

The funds were utilized to further expand the reach of PLDT's domestic fiber optic transmission and distribution network to over 100,000 kilometers. Projects were also undertaken to strengthen the resiliency of the network in various parts of the country. This included burying the fiber cables underground in areas like northern and southern Luzon to protect these from damage due to accidents or natural disasters.

At the same time, given that over 90% of the internet content accessed by Filipinos are fetched from overseas servers and the demand for international data services from enterprise customers keeps rising, PLDT has been steadily increasing the capacity of its international cable facilities: by 42.5% by end-2015 compared to the previous year and by another 62% by end-2016. It has also stepped up the local caching of popular content from abroad to further improve our customers' internet experience.

These network enhancements enabled PLDT HOME Fibr to deliver to homes an ultra-fast service with speeds of up to 1 Gbps. This allows high-speed browsing of multiple websites, access to over 100 Cignal Digital TV channels.

PLDT also completed the nationwide network migration of its landline network to a purely *Inerne Protocol* (IP) based *Next Generation Network* (NGN) system, transforming its network into a more efficient, data-capable, high-speed system.

As for PLDT's mobile networks, Smart and Sun began a network integration program designed to improve the coverage and quality of service for the subscribers of both brands using 4G and LTE capable devices.

As a result of this program, depending on the area, the effective coverage for Smart and Sun subscribers increases by anywhere from 50% to 100%. The program is expected to be completed by end-2016 or early 2017.

In this program, specific attention was given to enhancing 4G HSPA coverage and capacity because about 90% of Smart and Sun subscribers who go online use 4G handsets. Improving the 4G data service thus delivers immediate benefits to the largest number of people in the subscriber base of Smart and Sun. At the same time, Smart expanded the coverage of our LTE network in anticipation of the rising adoption of LTE phones.

Moreover, the current network investment program is undertaken in ways that will support the future deployment of more advanced mobile technologies such as LTE-Advanced or 4.5G and 5G.

#LOOKBACK2015



During the visit of Pope Francis, PLDT, Smart and Sun provided wired and wireless services in the areas included in the Papal itinerary.



PLDT launched an additional Point of Presence (PoP) in the United Kingdom (UK) through Telehouse Europe.



PLDT opened its first Flagship Store in Pasay City – a 21st century store, combining retail with entertainment and experiential features.



The PLDT Group joined the Open Data Platform, a worldwide consortium of Big Data global technology leaders.



Smart teamed up with Facebook to launch the *Internet.org* platform (later renamed *Free Basics*) in the Philippines, marking its debut in Southeast Asia.

J N U R



Offering peace of mind to parents, PLDT HOME launched the *FAM CAM*, a home monitoring service that transmits live footage to PCs and mobile devices.



PLDT ALPHA Enterprise, in partnership with VMWare, introduced the PLDT Cloud Desktop as a Service.

E R U R



Sun Cellular increased the number of Sun Shop satellite stores from 17 to 50.



Voyager launched *SafeZone*, the sponsored internet platform for brands.



Voyager unveiled *LockByMobile*, the world's first security service that lets bank customers lock and unlock their ATM, debit and credit cards with their mobile phones.

M R H



PLDT HOME introduced the most advanced *Telpad*, as the platform for enjoying its growing suite of multimedia services.



Satellite connectivity using VSAT (Very Small Aperture Terminal) technology, was launched in Palawan by PLDT Smart SME Nation and PLDT ALPHA Enterprise.

PLDT-Smart SME Nation partnered with Samsung PH and Microsoft PH to create and introduce digital business solutions for SMEs.



PLDT started construction of the VITRO Clark in Pampanga, its fifth facility under the VITRO Data Center line, which will help raise total rack capacity of over 8,000 – the largest in the country.



PLDT launched a global PoP in the U.S. East Coast that directly connects to Hong Kong via the Atlantic, achieving optimal latency levels for customers around the world.



PLDT partnered with IBM to further strengthen its enterprise digital enablement capabilities through cloud services.



PLDT Group launched Big Data services in the Philippines, enabling enterprises to analyze available data and gain insights for decision-making.



To provide rich entertainment to families at home or on the go, PLDT HOME and Smart partnered with *iflix*, Southeast Asia's biggest Video-On-Demand (VOD) service provider.



The nationwide *Bossing Ako* campaign was launched by PLDT-Smart SME Nation to encourage more Filipinos to strive to become their own boss by becoming entrepreneurs.

PRIL



PLDT-Smart SME Nation staged its second annual ICT Summit, dubbed *Tech Island 2.0*, providing SMEs the opportunity to listen to excellent speakers and meet up with other entrepreneurs.



Charge2Phone, the country's first sticker-based Near Field Communication payment solution was launched by Voyager, in partnership with Citibank Philippines and Visa.

M



Smart unveiled the *SmartLife* campaign to highlight meaningful mobile innovations that enable Filipinos to pursue their passions and enrich their lives.



Sun made it easier for its customers to get assistance via its free SMS and online customer care platforms – the *SunSagot* (via text), *My Sun* (via online), and *USSD* (via call) portals.

JUNE



Available nationwide, Sun's free Facebook offer allowed Sun subscribers to stay in touch with family and friends wherever they are.



PLDT, together with six other telcos in the ACASIA consortium, help revitalize ACASIA – and to push its new business initiatives, including the ASEAN Market Place portal.

#LOOKBACK2015



PLDT HOME and Smart introduced the Quadplay service, bundling data, voice and Signal-over-fiber with a mobile package.

PLDT Global Corporation's (PLDT Global) Smart Pinoy Malaysia introduced new data-centric SIM products for Filipinos in Malaysia.

Voyager and Smart eMoney, Inc. joined *Bangko Sentral ng Pilipinas* in supporting the National Strategy for Financial Inclusion in Philippines.



PLDT SME Nation launched the Digital Campus Suite, a program that aimed to upgrade campuses' digital technology and connectivity resources.



Smart eMoney, Inc. launched *PayMaya*, the digital payments solution that anyone can download as a mobile app.

JUL

U UST



The *Empowering the Small Business!* Caravan was officially introduced by PLDT-Smart SME Nation in partnership with Go Negosyo, Philippine National Bank, Philippine Retailers Association, and Google Philippines.



Smart's homegrown music platform *SPINNR* signed up more than one million app users.



Voyager and Smart Money, Inc. host milestone event *Partnering Towards Digitizing Payments: A Collaboration Driving Electronic Transactions*.



PLDT HOME partnered with Fox International Channels, enabling subscribers to enjoy Fox content via live and catch-up TV as well as VOD.



PLDT, through Voyager, acquired PayWhere, creators of TackThis!



PLDT HOME collaborated with Intel and Microsoft to introduce the *Stick* which turns a TV into a fully functional personal computer.

PLDT launched PLDT Capital as the investment arm of the PLDT Group to establish strong links with leading technology companies in Silicon Valley and elsewhere overseas.



PLDT Capital invested \$10 million in U.S. mobile platform leader Phunware, enabling ePLDT to exclusively market Phunware's solutions in Southeast Asia.



PLDT Malaysia signed a partnership agreement with *i!lix* that enables its subscribers to enjoy a wide range of movie and TV entertainment.



PLDT ALPHA Enterprise, in partnership with Voyager, launched the free-access platform *SafeZone* to help local enterprises expand their online reach.



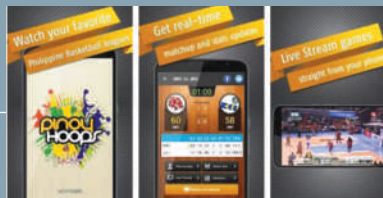
PLDT-Smart SME Nation collaborated with the Philippine Chamber of Commerce and Industries for the 2015 ASEAN Business Awards in Malaysia.

SEPTEMBER

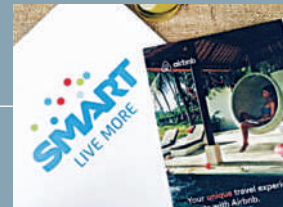
OCTOBER



Smart and Uber, the world's most popular ride-sharing service, struck a multi-year exclusive collaboration.



Pinoy Hoops, the mobile app for UAAP and FIBA basketball fans from Voyager, became the #1 Free Sports Mobile App in Google Play Philippines.



Smart and Airbnb announced an exclusive partnership that helps subscribers to experience the revolutionary hospitality service, as part of the *SmartLife* campaign.



Talk 'N Text welcomed phenomenal love team Alden Richards and Maine Mendoza as its new endorsers.



Smart eMoney, Inc. introduced the PayMaya Visa Card with *Beep* to the LRT and MRT commuting public.

PLDT Global forged a partnership with the Philippine Center for Entrepreneurship and launched the first leg of the *Smart Pinoy-Go Negosyo Caravan* in Hongkong.



PLDT Global partnered with Bayad Center to enable online bills payments for Overseas Filipinos worldwide.

#LOOKBACK2015



PLDT partnered with U.S.-based fan app developer Hopscotch to market and exclusively distribute Hopscotch's mobile solutions in Southeast Asia.



PLDT and NTT Com agreed on a collaboration partnership to provide Nexcenter solutions in the Philippines and promote cross-selling initiatives.



PLDT SME partnered with the Asia-Pacific Economic Cooperation (APEC) Summit to brief young entrepreneurs on the challenges and opportunities in the global economy.



Voyager signed a strategic collaboration with CIMB for digital financial solutions for customers in the Philippines and across ASEAN.



Voyager launched *Lendr*, the fully digital, multi-channel, telco and bank-agnostic consumer loans platform among members of the Rural Bank Association of the Philippines.

NOVEMBER

PLDT VITRO Data Center in Pasig became the first data center in the country to receive the Payment Card Industry Data Security Standard Version 3.1 certification.

PLDT VITRO Data Center and IP Converge Data Services, Inc. also received NexCenter certification.



PLDT-Global partnered with UniTeller Financial services to develop an online portal and mobile app that let U.S.-based Filipinos easily send money back home.



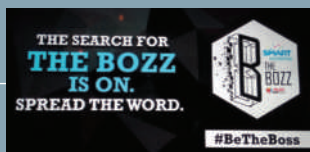
Talk2, the mobile app of Voyager that provides users with a virtual Philippine mobile number, reached 1.3M users and became the preferred communications app of overseas Filipinos.



Smart e-Money, Inc. introduced the *Smart Padala PickUp Anywhere* feature that allows customers to send money via any network that can be redeemed at any Smart Padala Center.



PLDT completed its nationwide landline network migration to a purely IP-based NGN system.



Smart SME Nation launched the *Bozz Awards*, a search for the new generation of tech savvy entrepreneurs who have harnessed digital tools and platforms to grow their businesses.



PLDT was recognized as the No.1 Microsoft Office 365 Cloud Solutions Provider (CSP) among local partners in the country, and ranked 5th CSP in the APAC region.



The Smart BizKit made its debut in all 114 Smart Stores Nationwide.



Voyager partnered with Social Weather Station to enable a zero-rated survey platform for use in TV5's election coverage of the 2016 national elections.

Voyager signed collaboration agreements with Chamber of Thrift Bank of the Philippines, Asia United Bank, and RBC Savings Bank for *Lendr*.

Voyager and PayMaya Philippines joined the *Bangko Sentral ng Pilipinas* in launching the National Retail Payments System.

DE EM ER

Smart deployed a mobile app called *CARA* that empowers its 7,000-strong workforce to assist customers in various ways.



Smart Pinoy HK, in partnership with *PayMaya*, introduced to the OFW market a secure online payment solution without the need for a credit card.



The Landbank of the Philippine disbursed over Php5 billion in salary loans through the Mobile Loan Saver service of Voyager by end-2015.



Smart e-Money, Inc. officially changed its name to *PayMaya Philippines*.



PGC introduced *PayMaya* to overseas Filipinos in Hong Kong.



Chikka Philippines officially integrated with Voyager as a business unit.

Let your dream
come true.
Share it!



THE PLDT GROUP CORPORATE SOCIAL RESPONSIBILITY REPORT

In 2015, the PLDT Group pursued its corporate social responsibility (CSR) programs with a more pronounced digital twist. Reflecting the shift in its core businesses, PLDT's social programs increasingly leveraged its communications and digital services and the volunteer spirit of its employees to implement projects that aim to help Filipinos change their lives for the better. This could be seen in its activities in education, health, livelihood, disaster preparedness and resiliency, the environment, digital tourism and sports.

Promoting Digital Literacy

Continuing its promotion of digital literacy, PLDT's Community Relations (ComRel) Division ran the PLDT *In o each Ou reach Program* for its 12th year with a record participation of 6,360 teachers and students nationwide. The program covered 159 public high schools in 38 cities and municipalities, within 20 DepEd school divisions. It produced 42 master trainers and 520 trainers. Since 2004, *In o each Ou reach Program* has trained 13,586 students and teachers.

The best teacher and student graduates of the *In o each* program joined the 7th PLDT Home DSL Broadband Quiz which tested their newly-learned computer and internet skills. This online competition was done in partnership with the DepEd and the University of the Philippines Open University (UPOU). The champion in each division level in the teachers' category received a scholarship certificate and an opportunity to enroll for an online training in UPOU. Teacher and student winners also received cash prizes while their schools won personal computers.

With the help of Intel Philippines and the UPOU, PLDT expanded the coverage of its program to include out-of-school youths by offering an Alternative Learning System track through community e-centers. For its comprehensive and holistic approach, the Infoteach Program received an Excellence Award for Best Presentation and Content from the International Conference on Education and Social Science in Singapore.

The PLDT MCI and the PSF pursued the G program which has six components: scholarships, training, computerization and broadbanding, teachers' tribute, livelihood, housing and educational facilities. In 2015, G provided scholarship grants to more than 1,000 aspiring teachers from various state universities and colleges. As of August 2015, G had produced a total of 378 education major graduates. In its roster of graduates, 18 were Magna Cum Laude, 90 graduated as Cum Laude, and 14 were with Academic Distinction.



6,360
TEACHERS & STUDENTS
PARTICIPATED

42
MASTER TRAINERS

520
TRAINERS

159
PUBLIC HIGH SCHOOLS

38
CITIES AND
MUNICIPALITIES

13,586
TRAINED STUDENTS
AND TEACHERS



Graduates of the 2015 PLDT Infoteach Outreach Program Training of Master Trainers proudly hold their certificates.



Children enjoy paced digital learning through Smart's Technocart Program.

To expand its reach, G established ties with 16 new partner schools and state universities in 2015, bringing the total to 47 partner institutions. The program also won the *Gawad Tanglaw* for its *Gaba Guro TV Advocacy "Na a anging Pa alas as sa Telebisyon"*.

To enrich children's education using mobile technologies, PLDT's wireless subsidiary Smart Communications developed the *Smart TechnoCart*. This is a "computer lab on wheels" which carries 20 seven-inch tablets, a laptop, a projector, and a Smart BRO pocket WiFi with an initial load for Internet connectivity. Each tablet comes pre-installed with various educational applications, including the *Libro* app, the first mobile app for child literacy aligned with the K-12 curriculum based on the popular children's TV program. The *TechnoCart* package also comes with a free one-year subscription to the Smart One Campus platform that allows school administrators and teachers to track and measure their students' performance and progress. In 2015, Smart donated *TechnoCarts* to 19 public schools and is now working with partner organizations to bring the mobile lab to more schools.

In partnership with *Facebook*, Smart also promoted digital literacy by helping popularize *Internet.org* (rebranded as *Free Basics*), which provides free access to selected informative or educational websites. Through its value-brand *TNT*, Smart conducted fun learning sessions in different barangays dubbed as *Panalo Ang Ma Alam* parties. Participated in by 20 to 50 participants per leg, the *Panalo* parties were held in eight barangays, in partnership with local governments in Pangasinan, Tarlac, Quezon, Caloocan, Malabon, Iloilo, Bacolod and Davao.

Meanwhile, the PSF and Smart partnered with the DepEd school divisions in General Santos City and Saranggani Province to implement the Dynamic Learning Program (DLP) of the Central Visayan Institute Foundation (CVIF). The DepEd Saranggani Province adopted CVIF-DLP for the Madrasah Curriculum, which has both Islamic studies and standard basic education. With the support of PSF and Smart, the CVIF held the 6th Workshop on DLP in Davao City with 167 participants from 40 schools nationwide.

As of 2015, DLP has been implemented in 319 public schools nationwide covering 159,688 students with 6,886 teachers oriented and trained. PSF partnered with nine DepEd school divisions to establish DLP nationwide, namely Mandaluyong, Urdaneta City, Bohol Province, Cebu City, Dipolog City, Basilan Province, Cagayan de Oro, General Santos City and Saranggani Province. To further enhance its program, PSF supported the development of learning modules in English, Filipino, Math, Science, *Araling Panlipunan* Technology and Livelihood Education, and Physics.

PLDT, in partnership with the PDRF, has also constructed a two-classroom building for the Ivisan National High School in Capiz. The two-classroom building was named "*Paaralang Laan sa Dunong at Talino*."

Quality Health Care for Rural Communities

To bring better health care services to rural communities devastated by *super typhoon Yolanda* Smart partnered with PDRF and HP to establish two e-Health centers in Tacloban and Biliran, both in Leyte province. The e-Health centers enable local health officers to test and treat patients in consultation with doctors of the Makati Medical Center via video streaming. Also in partnership with PDRF, PLDT has also set up the V&G Health Center in Caibaan, Tacloban City which houses brand new equipment for a birthing clinic and general health services for its residents.

PSF also donated a mobile clinic to the Kapampangan Development Foundation, Inc. (KDF), in addition to the 12 birthing clinics it donated for KDF communities in Pampanga and Bulacan.

Smart converted its award-winning SHINE into an open source platform to allow developers to create new services riding on it. Now called *HINO*, the country's first cloud-based electronic medical record and e-referral system which enables rural health units and professionals to create electronic records of their patients, refer cases to other health facilities, generate reports, and send text messages to remind patients of their medical appointments or their medications.

Spearheaded by PLDT ComRel, the Company's bloodletting program *"Mugong PLDT"* was given recognition during the Philippine Children's Medical Center Pediatric Blood Center's 16th *Pagkilala at Pasasalama* awarding ceremonies. Under the program, PLDT employees regularly donate blood to the medical center's indigent patients.


Inclusive Livelihood Opportunities

PLDT-Smart SME Nation, in partnership with PSF, Business and Professional Women Makati and IBM Philippines, developed the Gender Responsive Economic Actions for the Transformation of Women ICT platform to enable women entrepreneurs to use broadband internet connectivity and digital services to

grow their businesses. The platform can be accessed through a mobile app readily downloadable on iTunes store or Google Play.


To help communities learn how to use the Internet and digital services to enhance their livelihood, *TNT* held *Panalo* Community Trainings, in partnership with the provincial government and four municipalities of Cebu. The training sessions were composed of three modules: Online Marketing, Resilient and Sustainable Tourism Economies, and Customer Service and e-Payments.





2

 E-HEALTH CENTERS



12

 BIRTHING CLINICS

One of the birthing clinics donated by PSF to KDF.



The organizers and participants of SHINE OS+ gather together for a photo opportunity.



The team behind the *Panalo* community trainings discuss program enhancements.

Enhancing Disaster Preparedness and Resiliency



226
TYPHOON-RESISTANT HOMES



30
BUTTERFLY HOUSES PROVIDED



1,800
EMPLOYEES PARTICIPATED

Working with the provincial government of Davao Oriental, PLDT through the PSF along with other companies led by Chairman, President & CEO Manuel V. Pangilinan helped build 226 typhoon-resistant homes in a five-hectare resettlement site in the municipality of Baganga for families rendered homeless by *Typhoon Pablo* in December 2012. This was done in partnership with kindred companies like Manila Electric Company (Meralco), Maynilad, Metro Pacific Investments Corporation (MPIC), Philex Mining Corporation (Philex Mining) and TV5. Other partners included property developer DMCI, the National Housing Authority and the Philippine Constructors Association. Each of the “MVP homes” turned over to beneficiaries in March 2016, consisted of a 26.8-square meter housing unit standing on a 60-square meter lot, with two bedrooms, a bathroom and a kitchen. These were designed to withstand winds of up to 250 kph. The project was principally funded through the roughly Php 100 million of donations raised through a telethon held by TV5. It was pursued at the suggestion of Cabinet Secretary Rene Almendras.

Supported by the Archbishop of Manila, Luis Antonio Cardinal Tagle, the PSF in partnership with Caritas Manila helped rebuild some of 20 chapels damaged by *Typhoon Yolanda* in November 2013. These chapels were also used as evacuation centers when Leyte was indirectly hit by *Typhoon Ruby* in December 2014. Five of these so-called RISE chapels were rebuilt with funds coming from donations of PLDT, Smart, PSF, and the personal contribution of Mr. Pangilinan.

Pooling donations from 1,800 employees, PLDT supported the building of 30 butterfly houses for families in Tacloban displaced by *Super Typhoon Yolanda* under the Building Resilient and Economically Adept Communities and Households program of PDRF and USAID. Each 18-square meter transitional home made out of 100% recycled materials can withstand winds of up to 195 kph.

To provide a safe haven for people in times of disasters, PDRF, in partnership with the United Methodist Committee on Relief (UMCOR), built a multi-purpose evacuation center in Tanauan, Leyte. Located in the Tanauan II Central School complex, the evacuation center aimed to set new standards for emergency-ready evacuation centers in the country. The two-storey, four-classroom facility is built to withstand 300 kph winds, floods and storm surges. In addition, this building has four washrooms with separate wash areas, a kitchen, space for a generator set, and a ramp connecting both floors for use by people with disabilities.

As part of its advocacy to promote a culture of preparedness, Smart released a series of disaster-readiness educational videos, entitled *Maging Laging Handa*, especially designed for children. Reviewed by experts, the videos were made part of the DepEd’s Disaster Risk Reduction curriculum for elementary students. In preparation for *Typhoons Lando* and *Nona* which hit northern, central and southern Luzon, including the islands of Mindoro and Palawan, Smart prepositioned satellite phones and mobile handsets for the use of LGUs, days before typhoons hit the country in October and December last year.

Working with the NDRRMC, Smart helped organize a series of summits on emergency communications in Metro Manila, Cebu, Cagayan de Oro and Baguio. The conferences brought together telecoms operators, TV and radio broadcast companies, and community-based radio operator groups with disaster officials to work out how these different service providers can cooperate during times of calamities.

Smart’s contributions to disaster risk reduction and management were recognized by the Office of the Civil Defense-Cordillera Administrative Region with the “Advocate for DRRM” award under the Private Category for actively working with local government units and various partners to help high-risk communities prepare for, and bounce back from disasters.



FAR TOP: One of the RISE chapels that PSF and Caritas Manila help rebuild.

TOP: A family enjoys the security from the 226 “MVP Homes” community in Baganga, Davao Oriental.

Protecting the Environment

In partnership with the Philippine Business for Social Progress (PBSP) and Motolite, PLDT continued its participation in the *Balik Baterya* Program. Under this program, PLDT turns over used lead-acid batteries (ULABs) for proper recycling. Proceeds from the sale of the recycled ULABs are used to fund social programs of PLDT. In 2015, PLDT donated about 260 tons of used batteries amounting to almost Php5.2 million. In 2015, these funds were used to build two classrooms in Pili, Camarines Sur and a computer laboratory for Don Vicente Rama Memorial School in Cebu. PLDT is the biggest donor to the program, having turned over 1,700 tons of ULABs amounting to almost Php40 million since its partnership with PBSP in 2007.

PLDT continued its support for the breeding program of the Philippine Eagle Foundation (PEF). In December 2015, PEF announced the hatching of its 26th M.V.P. adopted chick – one considered to be a big breakthrough after nearly 30 years of round-robin pairing in the conservatory – a process in which pairing attempts are made among younger sets of eagles until a successful pair emerges. The PEF won second place during the 21st annual Yale School of International Society of Tropical Foresters Conference Innovation Prize held last January 29-31, 2015 at Yale University.

Championing Digital Tourism

Digital Tourism is a program of Smart Communications and new media startup InnoPub Media to harness digital technologies to provide tourists with relevant historical and cultural information via smartphones. The program also assists communities to use these technologies to promote tourism in their areas. This involves setting-up of interactive tourism markers and the development of downloadable mobile guide applications.

In the second quarter of 2015, eco-tour sites in the municipalities of Boljoon, Aloguinsan, Santander and Samboan in Cebu province were partners of *TNT's Panalo Ang Ma Alam* program. These communities were trained to help them maximize the use of online and digital technologies in promoting eco-tourism.



Smart's Digital Tourism encourages convenient and fast acquisition of historical and cultural information about particular tourist spots.



Gilas faces China in the 2015 FIBA Asia Championships.

They were also trained on resilient and sustainable tourism as well as effective customer service including online and mobile payments.

The campaign was first launched in Parian, Cebu City in 2011 and the Municipality of Argao for Cebu Province in 2013. The program has since been rolled out in Iloilo City, Baguio, Bohol and Intramuros. As a result of these trainings, Smart's partner communities have seen increased visitor/tourist arrivals in these areas through digital media marketing.

In October 2015, Smart's *Don Po-a Amin* (DPSA) bagged its first international award in Johannesburg, South Africa. It was recognized as the best communications program in the community relations category of the Golden World Awards for Excellence, which is considered the world's most prestigious awards program for public relations given by the International Public Relations Association. Being the only winning entry from the Philippines, DPSA is one of 50 entries that were recognized, out-of-the record number of 447 entries from all over the world. Launched in 2008, DPSA is a multi-awarded program that encourages young Filipinos to share multimedia stories about what is unique in their hometowns. These stories can be about local tourist spots, historical places, native cuisine or local heroes.

Unifying the Nation Through Sports

The PLDT Group has remained active in supporting various sports programs. PLDT, Smart and the MVP Sports Foundation (MVPSF) continued to support *Gilas Pilipinas* in its bid to win a place in the forthcoming Olympic Games. In 2015, *Gilas* won both the 11th Southeast Asian Basketball Championship and the 28th Southeast Asian Games both held in Singapore. *Gilas* also finished 1st runner-up in the 37th William Jones Cup in Taiwan and the 2015 FIBA Asia Championship in China.

The MVPSF supported the Philippines' successful bid to host one of the two groups of the 2016 FIBA Olympic Qualifying Tournament (OQT). It is also backing the country's bid to host the FIBA 2019 World Cup.

In 2015, MVPSF firmed up its support for the Boys' Age Group National Team (U17 and U19), the *Perlas Pilipinas* Basketball Team.

Smart also supports strongly the college basketball, particularly the two premier leagues – UAAP and the NCAA. In collaboration with MVPSF, PLDT and Smart provides full support to football, taekwondo, badminton and cycling.

Transact Your
Business. Anywhere.
Everywhere.



THE PLDT GROUP CORPORATE GOVERNANCE REPORT

Corporate Governance is the cornerstone of PLDT's efforts as it undertakes a wide and deep transformation in this digital age. Its core values of accountability, integrity, fairness, and transparency remain as the pillars for maintaining, if not raising, the standards by which it conducts business and shapes its corporate culture.

PLDT's leadership, beginning with the Board of Directors (the "Board"), has ensured that the foundation for principled performance has been laid and is consistently observed as this is articulated through our Articles of Incorporation (Articles), By-Laws, Manual on Corporate Governance (CG Manual), Code of Business Conduct and Ethics (Code of Ethics), and pertinent laws, rules and regulations.

As a listed public company, PLDT adopts the corporate governance rules and regulations of the Philippine Securities and Exchange Commission (PSEC) and the Philippine Stock Exchange (PSE). PLDT also complies with certain relevant corporate governance standards set forth in the United States Securities and Exchange Act, Sarbanes-Oxley Act and Listed Company Manual of the New York Stock Exchange (NYSE) since its American Depositary Shares are listed and traded in the NYSE. Finally, as an associated company of First Pacific Company Ltd., which is listed in the Hong Kong Stock Exchange (HKSE), PLDT also refers to the corporate governance standards of the HKSE for guidance and benchmarking purposes.

The observance of the very high standards of corporate governance as provided by the respective laws, rules and regulations of the Philippines, the

United States of America and even the Hong Kong Special Administrative Region exhibits the Company's continuing commitment to excellence in performance as it strives to fulfill its obligations to all its stakeholders.

Board of Directors

Our Board is primarily responsible for ensuring good corporate governance in PLDT. As a collective body and as individuals, the Board and the directors who comprise it are examples, enforcers and enablers of PLDT's corporate governance policies and practices.

Our CG Manual sets the structures for governance and allocates responsibility and authority to the various offices and bodies in the Company. For the Board, the CG Manual mandates that it shall: act within the scope of power and authority of the Company and the Board as prescribed in the Articles, By-Laws and legislative franchise of the Company and in existing laws, rules and regulations; exercise their best care, skill, judgment and observe utmost good faith in the conduct and management of the business and affairs of the Company; and act in the best interest of the Company and for the common benefit of the Company's stockholders and other stakeholders.



The individuals comprising the Board count on each other in the performance of the Board's functions, including the formulation of corporate vision and strategies, assessment of enterprise risks, and adequacy and effectiveness of financial reporting and internal control systems.



Structure and Composition

The composition of the Board and the qualifications and grounds for disqualification of directors are provided in our Articles, By-Laws and CG Manual. Our Board is composed of 13 qualified and competent members, each of whom has committed to the independent, diligent, responsible and judicious exercise of his/her duties. Diversity and complementation of skills, expertise, experience and knowledge are desired and encouraged in order to enrich the collective processes and practices of our Board. Each member of our Board is either a business owner or leader, and/or holds senior management positions in the private or public sectors. Our directors have extensive experience in their respective fields or industries, such as telecommunications, information and communications technology, infrastructure, power, petroleum, banking, insurance, real property development, agriculture, food manufacturing, retail, and quick-serve restaurant business. The individuals comprising the Board count on each other in the performance of the Board's functions, including the formulation of corporate vision and strategies, assessment of enterprise risks, and adequacy and effectiveness of financial reporting and internal control systems.

In keeping with the objective of promoting diversity in our Board, our CG Manual does not impose limitations or restrictions respecting age, race, gender or religious belief in reference to the qualifications of our directors. With regard to directorships of individual directors in

other stock or non-stock corporations, our Board adheres to a performance-based standard in determining whether other directorships compromise the capacity of a director to serve or perform his/her duties and responsibilities to the Company diligently and efficiently. In this way, 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, rather than imposing a strict quantitative limit on other directorships. Independent directors, however, may not be elected, as such, to more than five listed or public companies comprising the PLDT conglomerate (i.e., its parent company, subsidiaries or affiliates). Our Board, through the Governance and Nomination Committee, ensures the diversity of its membership and the selection of competent and capable Board members using the Company's *Guidelines on the Search Screening and Election of Directors* and related Screening Checklist which contains, among others, the criteria and qualifications for directorship and a matrix on the skills, expertise and experience relevant to the responsibilities of the Board.

Our CG Manual requires that at least 20% of the membership of our Board, and in no case less than two members thereof, must be independent directors¹. At the end of 2015, PLDT's independent directors were Mr. Pedro E. Roxas, Former Chief Justice Artemio V. Panganiban and Mr. Bernido H. Liu². Our independent directors 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 reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Company."³ Our independent directors are subject to an initial term limit of five years. After completion of five consecutive or cumulative years of service,



¹ This is substantially the same requirement in the PSEC's Revised Code of Corporate Governance (MC No. 6 Series of 2009).

² Mr. Liu replaced Mr. Alfred V. Ty on September 28, 2015.

³ More specific independence criteria are enumerated in Annex A of our CG Manual.

an independent director shall no longer be eligible for re-election as such, unless said independent director has undergone a "cooling-off" period of at least two years. Thereafter, he/she may again qualify for election as an independent director annually, for five more consecutive or cumulative years, after which he/she is perpetually barred from being elected as an independent director. The application of this term limit is reckoned from January 2, 2012.

In 2015, there were only three directors who held executive positions in the Company: Mr. Napoleon L. Nazareno as President and CEO, Atty. Ma. Lourdes C. Rausa-Chan as Corporate Secretary, General Counsel and Chief Governance Officer, and Atty. Ray C. Espinosa, who remains a consultant and serves as head of PLDT Regulatory Affairs and Policies Office following his retirement from the Company in February 2014. Until the end of 2015, the positions of Chairman of the Board and President and CEO were held by two unrelated individuals, Mr. Manuel V. Pangilinan and Mr. Napoleon L. Nazareno, respectively.

Board Responsibilities

The Board has a duty to keep abreast with the statutory and regulatory requirements affecting the Company and its operations as well as industry developments and trends. In this regard, at the start of the service of a new director, the Chairman, President and CEO, Chief Financial Officer, Corporate Secretary and Chief Governance Officer give a newly appointed director 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 information about Company policies applicable to the directors, including the Company's Articles, By-Laws, Annual Report, CG Manual, Code of Ethics and the charters of the Board Committees. Updates on business and governance policies and requirements principally from the PSEC, PSE, U.S. Securities and Exchange Commission (U.S. SEC), and NYSE, and new laws applicable or relevant to the Company and its business,

particularly on financial reporting and disclosures and corporate governance, are presented in Board meetings and/or furnished to the directors.

PLDT also conducts regular and continuing training for our directors as well as knowledge-sharing and updating on compliance, corporate governance and business ethics matters. PLDT organizes Annual Corporate Governance Enhancement Sessions which provide an opportunity for our leadership to interact with international and local experts and keep abreast with global developments and best practices in corporate governance and business ethics.⁴

To enable our directors to fully apprise themselves of relevant and material information, our CG Manual assures that our directors, both new and currently serving, have access to independent professional advice, at the Company's expense, as well as access to Management as they may deem necessary to carry out their duties.

The Board undertakes to respect, uphold and facilitate the exercise of stockholders' rights such as: the right to vote; pre-emptive right; right to inspect corporate books and records including minutes of Board meetings and stock registries, subject to certain conditions; right to receive information which the Company is required to disclose pursuant to the Corporation Code or Securities Regulation Code; right to dividends; and appraisal right.

Pursuant to its aforementioned duty, the Board promotes transparency and fairness in the conduct of the annual and special stockholders' meetings of the Company. Stockholders are encouraged to personally attend such meetings, raise questions and exercise their voting rights. Within a reasonable period of time before the meeting, stockholders are apprised of their right to appoint a proxy, in case they could not personally attend such meetings and give their voting instructions in the proxy form provided. Appropriate steps to remove excessive or unnecessary costs and other administrative impediments to stockholders' participation in annual or

special stockholders' meetings, whether in person or by proxy, are undertaken. Relevant and timely information is made available to the stockholders in printed or digital form and through the Company's website to enable them to make a sound judgment on all matters tabled for their consideration or approval⁵. The Board also ensures the timely disclosure and appropriate filing with the PSEC, PSE and as applicable, U.S. SEC and NYSE, of material information and/or transactions that could potentially affect the market price of the Company's shares and such other information which are required to be disclosed pursuant to relevant laws and regulations.

Our Board looks to ensure the continuity of executive leadership as a critical factor in sustaining the success of the PLDT Group. PLDT's leadership succession planning and development process is an enterprise-wide process that covers senior management positions, including the President and CEO. The Board's involvement in leadership succession planning and development is performed through its Executive Compensation Committee, which reviews and updates the criteria for employment and promotion, as well as any training and development plans for senior management, keeps track of their performance and development, and reviews their potential career paths.

Our Board also leads the Company's Corporate Social Responsibility (CSR) initiatives. Through the Board, the Company's resources and expertise are harnessed to respond to pressing societal and developmental issues. PLDT, by itself or through the PSF has continuing projects in the areas of environment, education, and disaster response and rehabilitation. PLDT also continues to leverage on its business expertise to develop and implement innovative projects in nation building, health, community and livelihood development, and youth development and sports.

Our directors take part in an annual assessment process which reviews and evaluates the performance of the whole Board, the Board Committees and the

⁴ A more detailed discussion is found in the Training and Education section of this report.

⁵ The Company's tabulation, registration and reporting system has been reviewed and tested by an independent third party in accordance with the Philippine Standards on Related Services 4400, *Engagements to Perform Agreed - Upon Procedures regarding financial information* issued by the Auditing and Assurance Standards Council and the independent third party checked the completeness and accuracy of encoded proxies and voting instructions as well as the completeness and accuracy of the voting and attendance reports generated by the system at the annual meeting of stockholders.

individuals that comprise these bodies. This process has proven to be useful in identifying the Board's strengths and areas for improvement and in eliciting individual directors' feedback and views on the Company's strategies, performance and future direction.

Board Meetings and Compensation

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 of the Company's Vision and Mission, the strategic plans and budget, and the enterprise risk reports. Once every quarter, our Board reviews the quarterly financial reports. Periodic reviews of the reports of Board Committees, business operations updates from the heads of our business segments, network and technology strategic plans and CSR programs are likewise performed.

All of our directors are entitled to a *per diem* of Php250 thousand for attendance in each Board meeting and

Php125 thousand for attendance in each Board Committee meeting. Save for our executive directors, our directors do not receive stock options, performance incentives, bonuses or any other form of compensation from the Company.

In 2015, our Board held 15 meetings. The Chairman of the Board, the President and CEO, and six other directors attended all Board meetings. In each meeting, a quorum of at least two-thirds of the Board members was present. All of the independent directors were present in the Annual Stockholders' Meeting held on June 9, 2015. The respective Chairmen of the Audit, Executive Compensation, and Governance and Nomination Committees were present as well in the said meeting. The total amount of *per diem* provided to the directors for their attendance in Board meetings in 2015 was Php41.75 million⁶.

The Board, excluding the executive directors, convened an executive session preceding the regular meeting on December 1, 2015.

BOARD OF DIRECTORS

Name of Director	Jan 20	Jan 27	Mar 3	Mar 26	May 4	May 5	Jun 9**	Jun 9**	Jun 9**	Jul 7	Aug 4	Aug 25	Sep 28	Nov 3	Dec 1	Total	Percentage
Manuel V. Pangilinan	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	100%
Napoleon L. Nazareno	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	100%
Helen Y. Dee	√	√	√	√	√	√	x	x	x	√	√	√	x	√	√	11/15	73%
Ray C. Espinosa	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	100%
James L. Go	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	100%
Setsuya Kimura	√	√	x	√	√	√	√	√	√	–	–	–	–	–	–	8/9	89%
Hideaki Ozaki	x	x	√	√	√	√	√	√	√	√	√	√	x	√	√	12/15	80%
Artemio V. Panganiban*	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	100%
Ma. Lourdes C. Rausa-Chan	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	100%
Pedro E. Roxas*	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	100%
Juan B. Santos	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	100%
Tony Tan Caktiong	√	x	√	√	√	√	x	x	x	√	x	x	√	x	√	8/15	53%
Alfred V. Ty*	√	√	√	√	√	√	√	√	√	x	√	x	–	–	–	10/12	83%
Tadashi Miyashita ⁷	–	–	–	–	–	–	–	–	–	√	√	√	√	√	√	6/6	100%
Bernido H. Liu ^{8*}	–	–	–	–	–	–	–	–	–	–	–	–	√	√	√	3/3	100%

* Independent director

** Three meetings were conducted on June 9, 2015, a regular Board meeting, the annual stockholders' meeting and the organizational meeting of the Board.

⁶ Only one *per diem* was given to directors for the three meetings held on June 9, 2015. A *per diem* was also provided to each of the directors who attended the special executive session which took place prior to the regular board meeting on December 1, 2015.

⁷ Mr. Tadashi Miyashita was elected to the Board on July 7, 2015 to replace Mr. Setsuya Kimura who resigned on even date.

⁸ Mr. Bernido H. Liu was elected to the Board on September 28, 2015 to replace Mr. Alfred V. Ty who resigned on even date.

In these meetings, the Board reviewed and deliberated on, among other matters, the interim financial reports and audited financial statements; establishment and maintenance of effective and adequate financial reporting and internal control systems; business objectives and budget for the year; implementation of business strategies, plans and policies through the various business segments: Home and Wireless Consumer, Enterprise, International and Carrier and others; risk management framework/system, major risk exposures and actions taken to monitor, minimize, control or manage such risks; CSR programs; reports from the Board Committees on the performance of the authorities delegated to them under their respective charters; and results of the performance assessment of the Board, Board Committees and individual directors.

The Board, working with Management, devoted substantial attention in reviewing the PLDT Group's vision and discussing the PLDT Group's strategy to move firmly into the digital space and reshape itself into a converged digital communications business. In support of the digital pivot and strategic direction to dramatically improve customer experience as well as maintain the PLDT Group's leadership in the mainstream and digital fronts, the Board approved certain transformational organizational changes in the senior leadership team and in the network and IT organization, as well as the medium and long-term technology strategy and implementation roadmap. It also approved strategic investments in Talas, our Big Data business subsidiary, and PLDT Capital, our investment arm to grow our portfolio of digital services and serve as our link to leading companies in Silicon Valley and around the world.

Board Committees

Advisory Committee

Our Board is ably assisted by an Advisory Committee. The diversity of the expertise, knowledge and experience of these advisors serves to complement that of the Board. Members of the Advisory Committee attend Board meetings and provide guidance and suggestions, as necessary, on matters deliberated upon during Board meetings. The total *per diem* given to the members of the Advisory Committee for their attendance in Board meetings in 2015 was Php20.25 million⁹.

PLDT's other Board Committees, namely Audit, Governance and Nomination, Executive Compensation, Technology Strategy and the newly established Risk Committee function in accordance with their respective charters. These charters, in particular and among others, provide these Board Committees with the appropriate and necessary resources and authority to discharge their responsibilities. This includes the authority to engage and obtain advice from external counsels, experts or consultants as they may deem appropriate, without need for Board approval. The Chairman of any of the

committees or any of the committee members or advisors may meet separately with Management to discuss any matter that the committee or its members believe should be discussed privately. Each committee may also request any officer, executive or employee of the Company, the Company's external counsel or third party consultants to attend a meeting of the committee or to meet with any member, advisor or consultant of the said committee. These committees provide valuable assistance in the performance of the Board's responsibilities and aid in ensuring compliance with the principles of good corporate governance.

ADVISORY COMMITTEE

Members	Jan 20	Jan 27	Mar 3	Mar 26	May 4	May 5	Jun 9*	Jun 9*	Jun 9*	Jul 7	Aug 4	Aug 25	Sep 28	Nov 3	Dec 1	Totals	Percentage
Oscar S. Reyes	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	100%
Roberto R. Romulo	√	√	√	√	√	√	x	√	√	√	√	√	√	√	√	14/15	93%
Benny S. Santoso	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	100%
Washington Z. SyCip	√	√	√	x	√	x	x	x	x	√	√	√	√	√	√	10/15	67%
Orlando B. Vea	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	100%
Christopher H. Young	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	15/15	100%

* Three meetings were conducted on June 9, 2015, a regular Board meeting, the annual stockholders' meeting and the organizational meeting of the Board.

⁹ Five advisors attended the special executive session on December 1, 2015 and *per diem* of Php250 thousand was paid to each of these advisors.



These (Board) committees provide valuable assistance in the performance of the Board's responsibilities and aid in ensuring compliance with the principles of good corporate governance.



Audit Committee (AC)

The AC provides support to the Board in discharging its oversight responsibilities for the integrity of the Company's accounting and financial reporting principles and policies and system of internal controls, as well as the integrity of the Company's financial statements and the independent audit thereof; compliance with legal and regulatory requirements; and audit process and the performance of the Company's internal audit organization and external auditor (including the external auditor's qualifications and independence).

The AC has clear oversight responsibilities and powers over the following areas:

- external auditors;
- internal auditors;
- financial reporting principles and policies and system of internal control; and
- legal and regulatory compliance.

The AC is composed of three independent directors as voting members, and four non-voting advisors. Each member is financially literate and one of the advisors is a certified public accountant with financial management expertise. The charter of the AC may be viewed and downloaded from the PLDT website through the following link:

http://www.pldt.com/docs/default-source/compan_leadership_audi_commi_ee_charter.pdf?sfvrsn=2

The AC's activities in 2015 consisted of the following:

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

- SGV & Co.'s report on the results of their integrated audit of PLDT's and its subsidiaries' 2014 financial statements prepared in accordance with the Philippine Financial Reporting Standards (PFRS) and International Financial Reporting Standards (IFRS), and internal controls over financial reporting (ICFR) based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013 (COSO IC-IF 2013).

- SGV & Co.'s required communications (to the AC), including their independence from PLDT;
- The various audit, audit-related and non-audit services and fees of SGV & Co. and E&Y that were approved by the AC in 2015;
- The non-audit engagements for PLDT and its subsidiaries in 2015;
- SGV & Co.'s integrated plan for the audit of PLDT's and its subsidiaries' 2015 financial statements and ICFR;
- SGV & Co.'s status report on the integrated audit of 2015 financial statements and ICFR; and
- SGV & Co.'s updates on various new accounting standards and the results of E&Y's global survey regarding ten leading industry challenges for telecommunications companies.

As regards the internal audit group, the AC discussed, reviewed and approved, or noted:

- The Internal Audit and Fraud Risk Management Group (IAFRMG)'s performance report for the year 2014 and the IAFRMG Head's statement of compliance with the International Standards for the Professional Practice of Internal Auditing, and required confirmation of the organizational independence of the PLDT Internal Audit organization;
- The retention of the existing PLDT Internal Audit Charter until the next review in 2016;
- PLDT's Internal Audit Plan for 2015 (original and updated);
- Internal Audit's report on the PLDT Group's Sarbanes-Oxley – Section 404 (SOX 404) Compliance – Management's Overall Assessment and Conclusions as of December 31, 2014;
- The PLDT Group's SOX 404 compliance approach for 2015, and the anticipated major challenges on SOX 404 readiness and compliance; and
- The major IAFRMG activities and accomplishments, including the internal audit organizational updates.

The AC also conducted an evaluation of the qualifications and performance of the incumbent Head of the Internal Audit organization, and resolved to re-appoint Mr. Jun R. Florencio as the Chief Audit Officer/Internal Audit Head.

Relative to financial reporting and controls, the AC reviewed and discussed the following with PLDT Finance Officers and/or SGV & Co.:

- PLDT's audited financial statements for 2014 prepared in accordance with PFRS and IFRS, the report of SGV & Co. on the final results of its integrated audit of 2014 PFRS and IFRS financial statements and ICFR, the PLDT Group's 2014 Annual Report on Form 17-A (for PSEC filing) and Annual Report on Form 20-F (for U.S. SEC filing);
- PLDT's unaudited consolidated financial results and reports for the three months ended March 31, 2015, the six months ended June 30, 2015, and the nine months ended September 30, 2015; and
- PLDT's responses to U.S. SEC letters requesting clarification regarding PLDT's accounting for investments in MediaQuest Holdings, Inc. (MediaQuest) through Philippine Depositary Receipts (PDRs).

With regard to governance and general internal controls, the AC:

- Conducted a self-evaluation of its performance for the year 2014;
- Reviewed and approved the 2014 Audit Committee Report for inclusion in the Annual Report and the retention of the amended PLDT Audit Committee Charter until the next review in 2016;
- Discussed with the Corporate Secretary, Chief Legal Counsel and Chief Governance Officer the Notice and Agenda, the Information Statement/Proxy Form, for the annual stockholders' meeting, the status of Company's compliance with regulations and applicable laws, updates on significant legal matters, and the status of whistleblowing complaints received by Corporate Governance Office (CGO);
- Discussed with the Senior Manager of Smart's Group Enterprise Risk Management Department (GRMD) the Group ERM Officer's report on the PLDT Group's top key enterprise risks for 2015 and the corresponding risk responses, as identified by Management;
- Discussed with the PLDT Group's Chief Financial Officer PLDT's American Depositary Receipt (ADR) Program;

- Discussed with the Head of PLDT's IAFRMG his presentation regarding the COSO IC-IF 2013's Principle 8 (pertaining to fraud risk assessment) under the Risk Assessment component of internal control;
- Discussed with the various PLDT and Smart business and operational unit heads concerned regarding tax rulings, regulatory matters and the initiatives, updates and programs on quality of service and wireless customer experience, IT security strategies for 2016, status of implementation of the Technology Governance framework and results of the research regarding the organizational alignment of the Fraud Risk Management function in different major telecommunication companies; and
- Discussed network capital expenditures matters with executive officers and other executives.

The AC had eight regular meetings and three special meetings for the year 2015. Members and advisors of the AC are each entitled to a *per diem* of Php125 thousand for every meeting attended and a total of Php9.125 million was paid as *per diem* to those who attended the meetings in 2015.

AUDIT COMMITTEE

Members	Jan 27	Jan 30**	Feb 24**	Feb 27	Mar 17	May 4	May 21**	Aug 3	Sep 28	Nov 2	Nov 27	Total
Pedro E. Roxas*	√	√	√	√	√	√	√	√	√	√	√	11/11
Artemio V. Panganiban*	√	√	√	√	√	√	√	√	√	√	√	11/11
Alfred V. Ty* ¹⁰	√	√	x	√	√	√	x	√	-	-	-	6/8
Bernido H. Liu*	-	-	-	-	-	-	-	-	-	√	√	2/2
Non-Voting Members												
Corazon S. Dela Paz-Bernardo	√	√	√	√	√	√	√	√	√	√	√	11/11
Roberto R. Romulo	√	√	√	√	√	√	√	√	√	√	√	11/11
James L. Go	√	√	√	√	√	√	√	√	√	√	√	11/11
Setsuya Kimura ¹¹	√	√	√	x	√	√	√	-	-	-	-	6/7
Tadashi Miyashita	-	-	-	-	-	-	-	√	√	√	√	4/4

* Independent Director

** Special meetings of the AC

¹⁰ Mr. Ty resigned as an independent director on September 28, 2015 and was replaced by Mr. Bernido H. Liu as an independent director and member of the AC.

¹¹ Mr. Kimura resigned as a director on July 7, 2015 and was replaced by Mr. Tadashi Miyashita as a director and member of the AC.



Governance and Nomination Committee (GNC)

In the performance of its governance function, the GNC assists the Board in developing and implementing the Board's performance evaluation process; reviews and assesses the adequacy and effectiveness of the Company's corporate governance structures, principles and policies; establishes the appropriate evaluation system for monitoring and assessing compliance with the corporate governance policies; oversees the continuing corporate governance communication and education programs; and considers, resolves and/or submits its recommendations to the Board on corporate governance issues.

With respect to its nomination function, the GNC is responsible for the following nomination-related matters: pre-screening nominees for directors and qualifications of independent directors; preparing a recommendation to the Board on the final list of qualified nominee directors and independent directors; recommending qualified directors or independent directors in case of a vacancy; recommending qualified persons as members of Board Committees; and evaluating qualifications of persons nominated for Board-appointed positions.

The GNC is composed of five voting members, three of whom are independent directors and the other two are non-executive directors. The GNC also has two non-voting members: the Human Resources Group Head and the Chief Governance Officer of the Company. The charter of the GNC may be accessed and downloaded from the PLDT website through the following link:

<http://pld.com/docs/default-source/corporate-governance-files/committee-charter-governance-and-nomination-committee-charter.pdf?sfvrsn=>

In the performance of its governance function, the GNC's activities in 2015 included the following.

- With regard to policy review and development, the GNC reviewed and assessed the Policy on Gifts, Entertainment and Sponsored Travel, the Expanded Whistleblowing Policy, the Supplier/Contractor Relations Policy, the CG Manual and the GNC Charter. The GNC determined that

the said policies and charter remain sound and continue to be appropriate for the Company. The GNC also noted governance enhancements made in the period of 2014-2015 and approved recommendations to further strengthen the implementation of the said policies through appropriate training, monitoring and enforcement measures. This includes the adoption of PLDT's Policy on Gift-Giving Activities which aims to ensure that the gift-giving activities of PLDT are compliant with applicable laws and consistent with the Company's core values and policies.

- With respect to education and communication, the GNC reviewed and approved content for the corporate governance training and continuing education program, particularly the Directors' and Officers' Corporate Governance Enhancement Sessions for 2015. The GNC also selected and approved the themes for PLDT's 2016 CG communication materials and noted the results of the PLDT Governance and Ethics Survey and other CG monitoring tools. Finally, the GNC reviewed and approved the PLDT Corporate Governance Report.
- With respect to compliance and enforcement, the GNC reviewed and noted or approved, as applicable, the updates on the development of the Online Periodic Conflict of Interest (COI) Disclosure System and COI Disclosures of key personnel, the development and implementation of the Periodic Disclosure of Gifts, Entertainment and Sponsored Travel pursuant to the Policy on Gifts and the development of an Online Policy on Gifts Disclosure System. It reviewed the Expanded Whistleblowing (EWB) cases and the handling thereof, including those of the PLDT subsidiaries and received updates on the Company's compliance with circulars issued by the PSEC and PSE relating to corporate governance and performance under the ASEAN Corporate Governance Scorecard.
- Assisted the Board in implementing the Board Assessment for 2014 performance, which included the performance evaluation of the Board Committees and Individual Directors including the Chief Executive Officer.

In the performance of its nomination functions, the GNC's activities in 2015 included the following:

- Pre-screened candidates nominated to become directors, pre-screened 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 Annual Stockholders' Meeting held on June 9, 2015.
- Screened and recommended to the Board the appointment of an independent director and a director to fill the vacancies in the Board and Board Committees.
- Reviewed and confirmed the Human Resources Group's evaluation of the qualifications of officers and recommended their re-appointment as such at the Organizational Meeting of the Board of Directors held on June 9, 2015.
- Reviewed and confirmed the Human Resources Group's evaluation of proposed promotions to officer rank for approval by the Board.

Finally, the GNC submitted the following reports to the Board of Directors:
 (a) Consolidated Report on the 2014 Board and Board Committees Assessment;
 (b) GNC Annual Report of Activities for 2014; and (c) GNC Self-Assessment for 2014 Performance.

The GNC held three meetings in 2015. Members of the GNC are entitled to a *per diem* of Php125 thousand for every meeting attended and a total of Php2.375 million was paid as *per diem* to those who attended the meetings in 2015.¹²

Executive Compensation Committee (ECC)

The ECC's primary purposes or functions are to: provide guidance to and assist the Board in developing a compensation philosophy or policy consistent with the culture, strategy and control environment of the Company; oversee the development and administration of the Company's executive compensation programs, including long-term incentive plans and equity-based plans for officers and executives; and assist the

GOVERNANCE AND NOMINATION COMMITTEE

Members	Mar 17	Jul 2	Sep 23	Total
Manuel V. Pangilinan	√	x	√	2/3
Artemio V. Panganiban*	√	√	√	3/3
Pedro E. Roxas*	√	√	√	3/3
Alfred V. Ty*	√	√	√	3/3
Bernido H. Liu* ¹³	–	–	–	–
Setsuya Kimura ¹⁴	√	x	–	1/2
Tadashi Miyashita	–	–	√	1/1
Non-Voting Members				
Menardo G. Jimenez	√	√	√	3/3
Ma. Lourdes C. Rausa-Chan	√	√	√	3/3

* Independent Director

EXECUTIVE COMPENSATION COMMITTEE

Members	Feb 24	Sep 10	Total
Manuel V. Pangilinan	√	√	2/2
Artemio V. Panganiban*	√	√	2/2
Pedro E. Roxas*	√	√	2/2
Alfred V. Ty*	√	x	1/2
Bernido H. Liu* ¹⁵	–	–	–
Setsuya Kimura	√	–	1/1
Tadashi Miyashita ¹⁶	–	√	1/1
Non-Voting Member			
Menardo G. Jimenez	√	√	2/2

* Independent Director

Board in the performance evaluation of and succession planning for officers, including the CEO, and in overseeing the development and implementation of professional development programs for officers.

The ECC is composed of five voting members, three of whom are independent directors, while the other two are non-executive directors. The ECC also has one non-voting member who is the head of the Human Resources Group of the Company. The charter of the ECC may be viewed and downloaded from the PLDT website through the following link:

[http://www.pldt.com.ph/about/management/compensation/compensationcommittee.html](#)

In 2015, the ECC approved the payout of the 2012-2014 PLDT Group Long-Term Incentive Plan and the payout of one month Chairman's Bonus as consideration for 2014 performance. It also discussed and approved a new structure for the Variable Pay for Officers and Executives and its corresponding performance targets for 2015. Finally, it discussed the initial proposed targets for the 2015-2017 PLDT Group Long-Term Incentive Plan and the proposed 2015 Merit Increase of PLDT and Smart.

The ECC held two meetings in 2015. Members of the ECC are entitled to a *per diem* of Php125 thousand for every meeting attended and a total of Php1.375 million was paid as *per diem* to those who attended the meetings in 2015.

¹² Mr. Tadashi Miyashita participated as an observer in the GNC's meeting on July 2, 2015 and was given a *per diem* of Php125 thousand.

¹³ Mr. Ty resigned on September 28, 2015 and was replaced by Mr. Liu, who was elected by the Board on even date.

¹⁴ Mr. Kimura resigned on July 7, 2015 and was replaced by Mr. Miyashita, who was elected by the Board on even date.

¹⁵ Mr. Liu replaced Mr. Ty as a member of the ECC on September 28, 2015.

¹⁶ Mr. Miyashita replaced Mr. Kimura as a member of the ECC on July 7, 2015.

Technology Strategy Committee (TSC)

The TSC's primary purposes are to assist and enable the Board to: review and approve the strategic vision for the role of technology in the Company's overall business strategy, including the technology strategy and roadmap of the Company; fulfill its oversight responsibilities for the Company's effective execution of its technology-related strategies; and ensure the optimized use and contribution of technology to the Company's business and strategic objectives and growth targets.

The TSC is composed of seven members. Under the charter of the TSC, at least one member of the TSC must have a general knowledge or understanding of the technologies relevant to the Company's line of business. A copy of the charter of the TSC may be viewed and downloaded from the PLDT website through the following link:

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

In 2015, the TSC discussed the Network Audit Report, the CAPEX (Past and Present Update), the state of the Fixed Network and the Technology & IT Budget for 2016. Also discussed were projects which aim to achieve operational efficiencies and improve service quality and customer experience.

The TSC had four meetings in 2015. Members of the TSC are entitled to a *per diem* of Php125 thousand for every meeting attended and a total of Php3.375 million was given as *per diem* to those who attended the meetings in 2015.

Risk Committee (RC)¹⁸

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

The RC has five voting members, three of whom are independent directors. The Charter of the RC may be accessed through this link:

<http://www.pldt.com/docs/default-source/corporate-governance-files/committee-charter/risk-committee-charter.pdf?sfvrsn=0>

In 2015, the major accomplishments of the RC are the following:

- Recommended the approval of the RC Charter to the Board of Directors;
- Discussed, updated and approved the PLDT Group Risk Appetite Statement;
- Revised the Group Risk Management Policy Manual;
- Discussed the Cyber Security trends and various approaches taken by most companies and Enterprise Risk Management (ERM) global best practices and their impact on telecommunication companies; and
- Approved the budget for necessary software and the new ERM bottom-up approach.

The RC held two meetings in 2015. Members of the RC are entitled to a *per diem* of Php125 thousand for every meeting attended and a total of Php1.125 million was given as *per diem* to those who attended the meetings in 2015.

TECHNOLOGY STRATEGY COMMITTEE

Members	Jun 1	Jul 16	Sep 24	Nov 25	Total
Manuel V. Pangilinan	√	√	√	√	4/4
Napoleon L. Nazareno	√	√	√	√	4/4
Ray C. Espinosa	√	√	√	√	4/4
Setsuya Kimura	√	–	–	–	1/1
Tadashi Miyashita ¹⁷	–	√	√	x	2/3
James L. Go	√	√	√	√	4/4
Oscar S. Reyes	√	√	√	√	4/4
Orlando B. Vea	√	√	√	√	4/4

RISK COMMITTEE

Members	Sep 15	Nov 27	Total
Pedro E. Roxas*	√	√	2/2
Artemio V. Panganiban*	√	√	2/2
Bernido H. Liu*	–	√	1/1
James L. Go	√	√	2/2
Tadashi Miyashita	√	√	2/2

* Independent Director

¹⁷ Mr. Miyashita replaced Mr. Kimura as a member of the TSC on July 7, 2015.

¹⁸ Established on June 9, 2015.

Executive Implementation

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

President and CEO

The President and CEO provides leadership for Management in developing and implementing business strategies, plans and budgets. 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. The President and CEO, with the assistance of the rest of PLDT's Management, also has the responsibility to provide the Board with a balanced, understandable and accurate account of the Company's performance, financial condition, results of operations, and prospects, on a regular basis.

Corporate Secretary

The Corporate Secretary is expected to work fairly and objectively with the Board, Management and stockholders. He/she shall inform the directors of the schedule and agenda of Board meetings and ensure that Management provides the Board with complete and accurate information that will enable the directors to arrive at intelligent or informed decisions on matters that require their approval. The Corporate Secretary is expected to attend all Board meetings, except for exceptional and justifiable causes that prevent attendance, must ensure that all Board procedures, rules and regulations are strictly followed by the directors, and is responsible for the safekeeping and preservation of the integrity of the minutes of the meetings of the Board. The current Corporate Secretary is also the Chief Governance Officer of the Company.

Internal Audit Organization

Our internal audit organization determines whether our structure of risk management, control and governance processes, as designed and represented by Management, are adequate and functioning to ensure that:

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

To provide for the independence of the internal audit organization, its personnel report to the head of the internal audit organization, being the Chief Audit Officer/Internal Audit Head, who reports functionally to the AC and administratively to the President and CEO. The Chief Audit Officer is accountable to Management and the AC in the discharge of his duties and is required to:

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

The Company's internal audit organization has a charter approved by the AC that complies with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, in the discharge of its scope of work and responsibilities.



External Audit

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 prohibitions on hiring of staff of the external auditor; and full and appropriate disclosure to, and prior approval by, the AC of all audit and non-audit services and related fees for such services. 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. As mentioned earlier, our external auditor is SGV & Co., a member practice of E&Y.

Group Enterprise Risk Management Department

Working in coordination with our RC, internal audit organization and AC, is the PLDT Group Enterprise Risk Management Department (GRMD). The complex and dynamic business environment that the PLDT Group operates in gives rise to a variety of risks. The GRMD is in charge of managing an integrated risk management program with the goal of identifying, analyzing and managing the PLDT Group's risks to an acceptable level, so as to enhance opportunities, reduce threats, and thus sustain competitive advantage. The Enterprise Risk Management (ERM) process used by the GRMD is based on the ISO 31000 standard on risk management. The implementation of the ERM process ensures that high-priority

risks are well understood and effectively managed across all functions and units within the PLDT Group.

Chief Governance Officer

Our corporate governance compliance system established in the CG Manual includes the designation by the Board of a Chief Governance Officer who reports to the Chairman of the Board and the GNC. 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 occurrence of such violations.

In addition, the Chief Governance Officer assists the Board and the GNC in the performance of their governance functions, including their duties to oversee the formulation or review and implementation of the corporate governance structure and policies of the Company, the establishment of an evaluation system to verify and measure compliance with the CG Manual in relation to related laws, rules and regulations, and to oversee the conduct of a self-assessment of the performance and effectiveness of the Board, the Board Committees and individual Board members in carrying out their functions.

Corporate Governance Office (CGO)

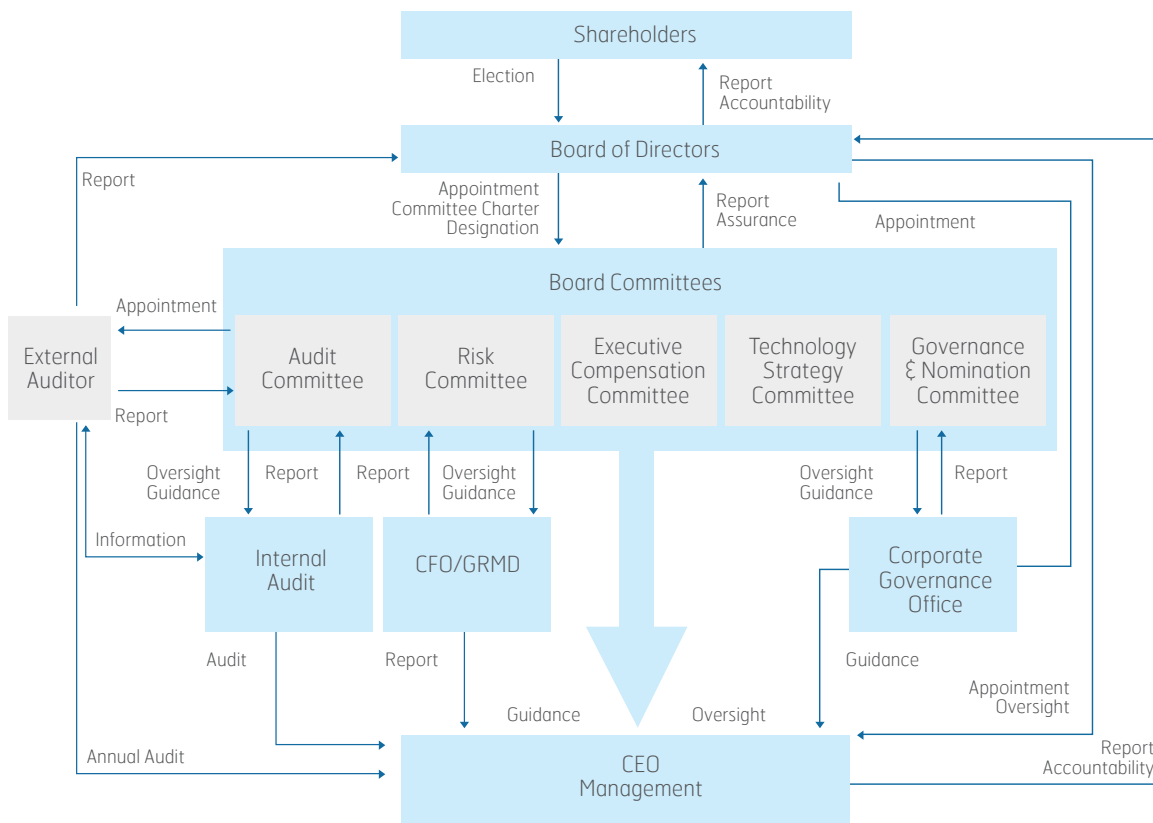
PLDT's corporate governance initiatives comprise three stages: compliance, competence and eventually, culture. It is the responsibility of the CGO, through the supervision and direction provided by the Chief Governance Officer, to ensure progress through these three stages by attending to the three task areas of engineering, education and enforcement. Hence, the CGO is responsible for the continuing development, drafting, issuance and review of appropriate corporate governance policies, addressing reports received through the whistleblowing facility, responding to queries and providing opinions or guidance on corporate governance matters to operating units, initiating enforcement actions to ensure compliance with corporate governance policies, and maintaining a corporate governance education and communication program that sees to the development of the proper knowledge, skills, attitudes and habits that would promote observance of corporate governance policies and adherence to our core values.



All of the offices and bodies described above have been given the appropriate authority and responsibility through the PLDT CG Manual. The chart below shows the operational relationships between or among these offices and bodies.

To access our CG Manual, please go to the link below.

<http://www.pldt.com/docs/default-source/corporate-governance-files/cg-manual-pldt-manual-on-corporate-governance.pdf?sfvrsn=0>



Policies and Practices

Code of Ethics

Our CG Manual establishes the framework and structure of our corporate governance program. It is our Code of Ethics, however, that animates our professional conduct principally and calls on everyone in the Company to live out and observe the values of accountability, integrity, fairness and transparency, in order to promote and establish a culture of good corporate governance. It provides standards that govern and guide all business relationships of PLDT, its directors, officers and employees.

Some of the key standards in the PLDT Code of Ethics are stated below.

- Compliance with applicable laws, rules and regulations;
- Ethical handling of conflicts of interest, corporate opportunities and confidential information;

- Protection and proper use of Company assets;
- Fair dealing with employees, customers, service providers, suppliers, creditors and competitors;
- Compliance with reporting and disclosure obligations to the relevant regulators and to investors;
- Compliance with disclosure and financial reporting controls and procedures;
- Assessment and management of risks involved in business endeavors; and
- Adoption of international best practices of good corporate governance in the conduct of the Company's business.

To access the Code of Ethics, please go to the link below.

<http://pldt.com/docs/default-source/policies/pldt-code-of-business-conduct-and-ethics.pdf?sfvrsn=4>

The Company, through our Board, has adopted enabling policies which provide specific guidelines that complement the Code of Ethics.

Conflict of Interest Policy

This policy aims to ensure that work-related actions of PLDT's directors, employees and consultants are based on sound business principles and judgment devoid of bias or partiality. It enjoins all of them to be aware of the possibility of such bias and partiality in dealings with various entities or individuals in the course of or in relation to their work. The policy likewise mandates that if they find themselves in a possible conflict of interest situation, they should promptly disclose the matter to the relevant authorities. If warranted, the person concerned should also obtain appropriate approvals and inhibit himself from any action, transaction or decision involving an existing or potential conflict of interest.

In 2015, PLDT personnel continued the use of the automated system for Conflict of Interest Disclosures which was launched in 2014. The system allows all officers, executives and employees to make online disclosures regarding potential or actual conflicts of interest or expressly affirm that they have no updates to their conflict of interest disclosures. The system facilitates the approval and monitoring of disclosures from all PLDT personnel.

PLDT continues to be guided by its *Guidelines on the Proper Handling of Related Party Transactions* (RPT Guidelines). The RPT Guidelines provides the process of review, approval and disclosure of the Company's Related Party Transactions (RPT). RPTs are reviewed and approved by appropriate authorities. The review's principal focus is on whether an RPT is on arm's length terms and the transaction is in the best interest of PLDT and its stakeholders, as a whole, considering all relevant circumstances. Material RPTs are also reviewed by the AC, which is composed entirely of independent directors, and approved by the Board. The RPT Guidelines provides the Board of Directors with an option to require submission of approved RPTs to stockholders for their further consideration and ratification. The Head of Financial Reporting and Controllership Sector, in coordination with the Company's Disclosure Committee, shall be responsible for the disclosure of RPTs in the relevant financial reports of the Company as required under Philippine Accounting Standard 24, *Related Party Disclosures*, and other applicable disclosure requirements.

Policy on Gifts, Entertainment and Sponsored Travel (Gifts Policy)

This Policy provides safeguards so that the custom of giving gifts is handled in accordance with our core values. It aims to prevent the occurrence of situations or actions that could significantly affect objective, independent or effective performance by directors, officers, employees and consultants of their duties and responsibilities to the Company. Specifically, it prohibits the solicitation of gifts, sponsored travel and entertainment from third parties. Receipt and acceptance of gifts voluntarily given by such third parties are handled according to this policy. In connection with this, PLDT strengthened its monitoring of gifts, entertainment and travel beginning in

2014 by requiring all personnel to submit to their Group Heads, periodic disclosures of offers and/or acceptance of such.

Corollary to this, the *Policy on Gift Giving Activities* was adopted to provide guidance and procedural safeguards with respect to gift-giving activities to government officers/officials and business partners, for or on behalf of, PLDT. The Policy seeks to ensure that such activities are compliant with applicable laws and consistent with the Company's core values and policies. Moreover, since the Company expects its business partners and other third parties to respect our own Gifts Policy, then the Company's gift-giving must likewise be sensitive to, and respectful of, the gifts policy of intended recipients.

Supplier/Contractor Relations Policy

This policy seeks to ensure that the Company upholds the highest professional standards in business practices and ethics in its dealings with suppliers and contractors in the procurement of goods and services. The policy also seeks to maintain PLDT's reputation for equal opportunity and honest treatment of suppliers in all business transactions. It establishes clear rules for arm's length transactions and fair treatment of prospective and existing suppliers with the objective of always obtaining the best value for the Company. 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 suppliers and vendors who offer the best value for money for PLDT's requirements. PLDT has also issued and implements its *Policy on Vendor Relations*, which established a cross-functional vendor compliance committee that handles cases involving vendors and provides a more balanced monitoring of vendor compliance.

Expanded Whistleblowing Policy (EWB Policy)

This policy provides guidelines on handling employee disclosures or complaints for violation of the CG Manual, Code of Ethics, Conflict of Interest Policy, Gifts Policy, and Supplier/Contractor Relations Policy, as well as questionable accounting and auditing matters and violations of the Personnel Manual. The EWB Policy protects whistleblowers from retaliation and ensures 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 complaint or disclosure on such violations to the CGO. Anonymous complaints are allowed and duly processed.

Upon receipt of a complaint or disclosure by the CGO, a preliminary evaluation is conducted to determine the veracity and plausibility of the allegations contained therein, as well as the appropriate investigating unit to which the case shall be assigned for further action. The CGO monitors the developments in said cases and ensures appropriate reporting to the AC, the GNC, or any other relevant committee, body or authority on the results of the investigations and the prompt referral of findings to the units concerned. In all processes and activities related to a whistleblowing complaint or disclosure, utmost confidentiality is observed in order to ensure the integrity of the process and/or protect the parties, employees or offices who are allegedly involved.

For 2015, there was one new whistleblowing complaint received by the CGO. This was referred to the appropriate investigating unit for further investigation. In addition, as at December 31, 2015, cases, which were received in 2014, were pending, while five cases were deemed closed, including complaints received in previous years. The complaints covered allegations of violation of the Code of Ethics, Conflict of Interest Policy, Gifts Policy and Supplier/Contractor Relations Policy. One complaint included allegations of retaliation, which was deemed closed in 2015.

All CG policies, including the Code of Ethics, are reviewed at least once every two years to ensure that they are appropriate for PLDT, keep pace with comparable and applicable global best practices, and are compliant with the requirements of the Philippine and U.S. SEC, PSE, NYSE and HKSE corporate governance rules, as may be appropriate and applicable.

PLDT's subsidiaries and their respective subsidiaries have also adopted corporate governance rules and policies similar in substance and form to PLDT's CG Rules

and suited to their particular business environments and contexts, as well as appointed their respective corporate governance or compliance officers.

Pledge to Uphold Good Corporate Governance

Together with the automated Conflict of Interest disclosure system, employees are also provided with a quick mechanism to reaffirm their Pledge to Uphold Good Corporate Governance (CG Pledge). The CG Pledge is an undertaking by individual employees to observe the highest standards of ethics in their daily work. The online CG Pledge allows easier monitoring and compilation of data on those who have or have not re-affirmed their CG Pledges. Manual signing of the CG Pledge is still required for newly-hired employees and for newly-promoted Executives. Manual signing and re-affirmation is also requested during face to face or online educational interventions by the CGO.

Protection of Technology Resources and Information

PLDT has a Unified Information Technology Policy, which is applicable to PLDT, Smart and Sun, and provides for the protection of information assets, the proper use of technology resources, and policy statements on social media and data privacy.

Training and Education

As previously mentioned, PLDT provides continuous training for its Board and Management, even before such training was formally required by the PSEC. All of the current directors have undergone corporate governance orientation and have attended several, if not all, of the nine corporate governance enhancement sessions organized since 2007.

The corporate governance enhancement session, consisting of two modules, was organized for our Board and Management to enable them to meet their training requirements for the year 2015. The enhancement session was designed to provide information relevant to the digital transformation of PLDT and the PLDT Group, particularly on the subjects of Data Privacy and Data Security. Module 1 was designed to tackle the issue of Data Privacy Governance and was formally entitled *Board and Management should Know Data Privacy Governance*. Module 2 was entitled *Board and Management should Know Data Security in the Digital Landscape*.

Module 1 was handled by Atty. Jose Jesus M. Disini, Jr., a leading authority on rules and regulations pertaining to data and information in the Philippines. The two-hour module was conducted in three runs. The first was on October 29, 2015 for our Management and the second run was conducted on October 30, 2015 for our Board. A special third run was conducted on December 9, 2015 for PLDT directors and officers who were unable to attend the previous runs. Module 2 was handled by Mr. Christopher Camejo, Director of Security Risk Assessment Services, NTT Com Security. It was held on February 18, 2016. These two modules were approved by the PSEC as In-House Corporate Governance Training Programs pursuant to PSEC Memorandum Circular No. 13, Series of 2013 and PSEC Memorandum Circular No. 2, Series of 2015.

Apart from their attendance and participation in PLDT-organized CG Training, PLDT Directors also attended external CG Training. Below is a table of all CG and CG-related training sessions attended by our Board in 2015 and on February 18, 2016. One of our Directors, Mr. James Go, has been granted permanent exemption from the CG Training Requirements by the PSEC.



CORPORATE GOVERNANCE TRAINING

Program	Training Institution	Date of Training	Name of Director
Cyber Security in the 21st Century: The Threat Landscape	Speaker: Mr. Christopher Camejo	February 18, 2016	Napoleon L. Nazareno Ray C. Espinosa Tadashi Miyashita Ma. Lourdes C. Rausa-Chan
Data and Information Rules: What the Board and Management Should Know	Speaker: Atty. Jose Jesus M. Disini, Jr.	December 9, 2015	Pedro E. Roxas
Seminar on Corporate Governance	Speaker: SyCip Gorres Velayo & Co.	December 8, 2015	Hideaki Ozaki
ASEAN Corporate Governance Conference on Governance Transformation in ASEAN: Reforms and Priorities (Panelist, ASEAN Chairmen/ CEOs Panel Discussion & Open Forum: The Business Case for Corporate Governance: Branding or Burden?)	Hosted by: Philippine SEC and ASEAN Capital Markets Forum	November 14, 2015	Manuel V. Pangilinan
Data and Information Rules: What the Board and Management Should Know	Speaker: Atty. Jose Jesus M. Disini, Jr.	October 30, 2015	Manuel V. Pangilinan Napoleon L. Nazareno Ray C. Espinosa Tadashi Miyashita Artemio V. Panganiban Ma. Lourdes C. Rausa-Chan
Data and Information Rules: What the Board and Management Should Know	Speaker: Atty. Jose Jesus M. Disini, Jr.	October 29, 2015	Ma. Lourdes C. Rausa-Chan
Legal and Regulatory Update	Speaker: First Pacific Co. Ltd. (Hong Kong) through Gibson Dunn and Crutcher	October 16, 2015	Manuel V. Pangilinan Napoleon L. Nazareno Ray C. Espinosa
Seminar on Corporate Governance	Speaker: SyCip Gorres Velayo & Co.	September 5, 2015	Helen Y. Dee
Corporate Governance Orientation Program	Speaker: Institute of Corporate Directors	August 27, 2015	Tadashi Miyashita
Seminar on Corporate Governance	Speaker: SyCip Gorres Velayo & Co.	August 24, 2015	Juan B. Santos
The Family Business Governance Program	Speaker: Institute of Corporate Directors	August 3, 2015	Bernido H. Liu
Orientation Course for Corporate Governance	Speaker: Institute of Corporate Directors	February 18, 2015	Artemio V. Panganiban

In addition to its periodic training and orientation for new employees and executives, the CGO continued to conduct Corporate Governance Refresher Courses for Field Personnel based in the Cavite, Laguna and Batangas Customer Service Operations Zones. Other zones and offices will be covered in succeeding years with the intention of letting all employees undergo the CG Refresher Course. A CG Refresher Course was also integrated into the Seminar on Administrative Policies and Procedures (SAPP) together with the Human Resources Group. SAPP classes were conducted on April 13, 2015 and September 1, 2015 at the PLDT Innolab.

Education and training is supplemented by the production and dissemination of relevant corporate governance communication materials, including thematic posters, calendars and newsletters. Directors, certain officers and executives of PLDT are also provided with weekly Corporate Governance Newsbriefs, which contain summaries of news articles from global online sources. The Company also issues periodic advisories on corporate governance.

Monitoring and Evaluation System

PLDT's corporate governance monitoring and evaluation system consists of the annual performance self-assessment

conducted by the Board and the Board Committees, the review of the effectiveness of the Company's CG Rules and their implementation every two years, the annual compliance evaluation conducted by Management, and other tools employed to monitor observance of the CG Rules and corporate values by Company personnel.

As previously discussed, our Board conducts a self-assessment each calendar year to evaluate the performance of the Board as a whole, the Board Committees and the individual directors. 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. Similarly, each Board Committee also conducts an annual self-assessment of its performance. The members of the Board and the Board Committees accomplish their respective Self-Assessment Questionnaires for this purpose. The Board Self-Assessment Questionnaire contains the following criteria based on leading practices and principles on good governance: (1) for the Board: Leadership, Roles and Responsibilities, Independence, Stewardship, Reporting and Disclosure, Shareholders' Benefits and Training; (2) for individual directors: the specific duties and responsibilities of a director; and (3) for the Board Committees: Performance and Compliance. Each Board Committee Self-Assessment Questionnaire contains the following criteria: Performance & Compliance and Committee Governance. For the 2014 performance period, the results of the assessment process was duly reported to, and discussed with, the Board in 2015.

Moreover, PLDT monitors and assesses compliance with the CG Rules through a cross-functional evaluation system whereby the heads of the various business and support units/groups conduct an evaluation of their unit/group's compliance. The process uses an evaluation questionnaire consisting of the governance standards and regulations applicable and relevant to their respective functions, including the requirements of the Revised Code of Corporate Governance of the PSEC and the Corporate Governance Guidelines of the PSE (PSE CG Guidelines). The results of the evaluation conducted by the heads are submitted to the Corporate Finance & Treasury Head and the Chief Governance Officer, who submit the consolidated report to the President and CEO for approval. The results of the compliance evaluation are reported to the GNC by the CGO.

In 2015, PLDT confirmed its full compliance with its CG Manual which contains relevant provisions of the Revised Code of Corporate Governance of the PSEC and certain corporate governance standards under the U.S. Securities Exchange Act and NYSE Company Manual. In compliance with the respective Memorandum Circulars of the PSEC

and the PSE, PLDT disclosed its Annual Corporate Governance Report with Consolidated Changes for Year 2014 on January 12, 2015 and filed its PSE CG Guidelines Disclosure Report for Year 2014 on March 31, 2015.

In line with all of these, PLDT has incorporated corporate governance standards in the performance evaluation of employees and has included violations of CG Rules as a cause for disqualification from incentives and rewards, including under the Long-Term Incentive Plan, in its Policy on Employee Qualification for Incentives and Rewards.

PLDT conducts focus group discussions across all personnel levels in order to gain insights into the effectiveness of its efforts. PLDT employs a Governance and Ethics Survey which is conducted annually to a random sample of employees. Valuable information is also obtained and analyzed from the Board and Board Committee assessment process, from results of and feedback from our education activities, trends in reported violations, whether within the whistleblowing system or not, key business indicators such as customer complaints, reports from business partners and all other sources of relevant information.

Our Stakeholders

PLDT remains committed to establishing and maintaining a corporate culture anchored on performance and responsibility in fulfilling obligations to our stakeholders. In doing so, we are guided by our CG Policies as well as by our Corporate Social Responsibility Statement (CSR Statement) and our General Practice on Stakeholder Engagement (GPSE).

The CSR Statement is a succinct articulation of our belief that an integral part of our business is the imperative to help improve the overall well-being of the Filipino people. The CSR Statement also enumerates the broad responsibilities that PLDT assumes as it operates and conducts its business. The full text of the CSR Statement may be accessed through this link:

<http://www.pldt.com/corporate-governance-in-pldt/our-stakeholders>.

On the other hand, our GPSE mandates that the Company shall promote a culture of good corporate governance by observing and maintaining its core business principles of accountability, integrity, fairness and transparency in its relationships with its customers, shareholders, employees, suppliers, competitors, business partners (which include creditors, dealers and distributors), governments, regulators and the public. More specifically, it provides a listing of which concerns and issues are closest to the minds and hearts of our specific stakeholder groups in order that these are duly noted and more importantly, addressed. The GPSE may be accessed through this link:

<http://www.pldt.com/docs/default-source/compliance/corporate-governance-materials/general-practice-on-stakeholder-engagement.pdf?sfvrsn=6>.

Investors/Shareholders

PLDT respects, promotes and upholds shareholders rights such as: the right to vote; pre-emptive 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 Company explores and implements steps to reduce excessive or unnecessary costs that impede stockholders' participation in annual and special stockholders' meetings and acts with transparency and fairness in said meetings. It makes timely disclosures of material information and transactions that could potentially affect the market price of the Company's shares. In this regard, information on 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.

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.

Moreover, 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. Directors, officers and employees are enjoined to report to the Company their dealings in the Company's shares, regardless of whether such dealings were effected during or outside the blackout period, within three trading days from the date of the transaction, to enable the filing of the required disclosures to the PSEC and the PSE. During blackout periods, dealing in Company shares by directors, officers or employees is not allowed and in any exceptional case, prior notice to the Company should be made of any such dealing in Company shares, in accordance with the Company's policy on Blackout Period/Restriction on Trading of Shares.

On August 5, 2014, the PLDT Board of Directors approved the amendment of our dividend policy, increasing the dividend payout rate to 75% from 70% of our core earnings per share as regular dividends. In declaring dividends, the Company takes into consideration the interest of our shareholders, as well as our working capital, capital expenditures and debt servicing requirements. The retention of earnings may be necessary to meet the funding requirements of our business expansion and development programs. However, in the event that no investment opportunities arise, the Company may consider the option of returning additional cash to shareholders in the form of special dividends of up to the balance of core earnings or to undertake share buybacks. PLDT was able to pay out approximately 90% and 75% of its core earnings for the years 2014 and 2015, respectively.

To view the Minutes of the 2015 PLDT Annual Stockholders' Meeting, please click on the link below.

<http://pldt.com/docs/default-source/annual-meeting-of-stockholders/2015/minutes-of-2015-annual-meeting-of-nbsp-stockholders.pdf?sfvrsn=2>

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.

Customers

It is PLDT's privilege to serve a broad range of customers from residential, small and medium enterprise (SME) and large enterprises, including the public sector. PLDT strives to satisfy its customers' requirements and expectations regarding innovative products and services, quality of service, pricing, application process, service provisioning process, repair and restoration service and the billing process. We continuously engage with our customers through various touchpoints with the end in view of knowing and understanding their products and service needs, promptly addressing their concerns and identifying areas where we could further enhance customer experience.

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. PLDT has around 1,000 accredited suppliers which serve the requirements of the PLDT Group, ranging from capital expenditures to operating expenditure items, as well as services. The Company's Supplier/Contractor Relations Policy provides for the general principles to be followed in vendor selection. Suppliers are required to undergo an accreditation process before they engage in business with PLDT. Among the criteria for accreditation are financial capability, technical capability, compliance with applicable laws, including those pertaining to industrial relations, environment, health and safety, and intellectual property rights. The Company's purchases, as a general rule, are made on the basis of competitive bidding among accredited and qualified suppliers, in accordance with the aforementioned policy.

Employees

PLDT respects the rights of its personnel, among which are the right to self-organization, safe working conditions, rest and leisure, and work-life balance. It also provides opportunities for skills development and improvement, leadership and competency training as well as career development. PLDT provides adequate opportunity for career advancement on a merit-based system. Compensation and incentives are likewise determined on the basis of performance and accomplishment. Dedicated staff and facilities are made available for the training and development programs of the Company. The Company organizes programs that support the well-being of employees providing pursuit of personal interests, allows them to participate in PLDT's CSR activities, and obtains their feedback on Company concerns. An Organization and Employee Opinion Survey is conducted at regular intervals to gauge employee engagement as well as obtain the pulse of PLDT employees across the organization at different levels and positions concerning topics and issues which are prioritized and addressed in the various people programs of the Company. In accordance with the Company's Personnel Manual, the Company provides medical and dental benefits for our employees, which include hospitalization, doctor consultation, medicines and laboratory tests. The Company monitors and submits reports on employee health and safety in accordance with applicable regulations.

Communities

PLDT operates all over the Philippines and inevitably relates to local residents, non-governmental organizations and other sectors in the communities where the Company does business. The Company is aware that these communities are concerned about PLDT's products and services and the impact of its operations on such communities. No less than our CG Manual mandates that PLDT, through the Board, shall ensure that there exists a program for communicating with the sectors in the communities where the Company operates or those who are affected by its operations.

As a telecommunications service provider, PLDT serves communities and the people that live in them by providing products and services that offer various options for people to connect with each other. As a corporation, PLDT creates wider opportunities for employment,

entrepreneurship and greater well-being. As a corporate citizen, PLDT actively engages with the communities, including the sectors directly affected by its operations, through CSR projects in education, health, community, environment, livelihood development, youth development and sports, and disaster relief operations. In doing these activities, PLDT encourages and creates opportunities for employee participation.

Environment

PLDT is committed to environmental protection and compliance with environmental laws. To intensify the environmental compliance of the Company, a Risk Management and Compliance Division was established to oversee compliance of all PLDT establishments/buildings with the regulations and environmental laws. We have also implemented stack and ambient emission monitoring of standby generator sets, construction of temporary storage facilities and safekeeping of hazardous waste, and construction of Waste Water Treatment Plant Facility in order to comply with applicable environmental laws such as the Philippine Clean Air Act (RA 8749), Toxic Substances and Nuclear Waste Control Act (RA 6969), Ecological Solid Waste Management Act (RA 9003), Philippine Clean Water Act (RA 9275) and Pollution Control Law (PD 984).

Beyond compliance with laws and regulations, PLDT has implemented programs that aim to reduce greenhouse gas emission and also cause energy cost savings. These consist of our network's migration from old Legacy Switches to the New Generation Network, upgrading the lighting equipment in our buildings into more efficient technologies, replacement of old air-conditioners with energy saving-type units, and even simple steps such as space optimization in workplaces. Apart from mitigating the Company's environmental footprint, numerous measures to address the threats arising from climate change impact have been put in place. Facilities and our network are focused on climate-proofing efforts to assure business continuity during times of natural calamities. Structural retrofitting of Company buildings and offices, relocation to safer location of diesel generators and strategic deployment of mobile units, and placing more underground Fiber Optic cables comprise some of such resiliency programs.

Advocacy and Networking

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

PLDT continues to work with institutions and organizations engaged in programs and advocacy efforts in the corporate governance, compliance and business ethics field. The PLDT Group is an active sponsoring partner member of the Ethics and Compliance Initiative (ECI)¹⁹. Our continuing membership at the ECI gives PLDT access to its vast online library on corporate governance and related topics, opportunities to interact with other corporate governance and ethics professionals around the world, and benchmark our governance practices against those of leading companies. Locally, PLDT and other companies in the PLDT Group are members of the Good Governance Advocates and Practitioners of the Philippines (GGAPP), an association of corporate governance, ethics and compliance professionals from private corporations, the public sector, the academe and other organizations interested in advancing the cause of good corporate governance. 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 was a major sponsor of the ISA's Islands of Good Governance Program in 2015. Finally, we coordinate regularly with the ICD and PSEC in their efforts to raise the standards of corporate governance in the Philippines through the ASEAN Corporate Governance Scorecard.

In 2015, PLDT's corporate governance initiatives and efforts were, among others, recognized locally and internationally.

First, PLDT was listed as one of the Top 50 companies in the ASEAN region in the very first publicly-announced results of the ASEAN Corporate Governance Scorecard. PLDT was also one of only five companies in the Philippines given the Bell Award for Corporate Governance by the PSE. These awards serve to inspire every person in PLDT to remain committed to the highest standards and principles of corporate governance, fitting reminders to the Company's adherence to values and principles.

PLDT is committed to pursue profitability through principled performance, even as it confronts a transformation process that is conceivably formidable and arduous. In a business environment that is beset with challenges and is constantly evolving, our values and principles give the Company's many stakeholders comfort in the knowledge that it will not forsake lasting, long-term outcomes for quick but ephemeral gain as the Company learns, innovates, and looks forward to reaping the benefits of eventual regrowth. The Company shall continue to ensure compliance, improve its corporate governance structures and processes, and maintain or raise the governance standards by which it conducts business, engages with its shareholders and other stakeholders and shapes its corporate culture under the leadership of its Board of Directors and guided by the Company's core values of accountability, integrity, fairness and transparency.

¹⁹ Formerly known as the Ethics and Compliance Officer Association (ECO).

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THE PLDT GROUP ENTERPRISE RISK MANAGEMENT REPORT

The PLDT Group's commitment to the proactive management of existing and emerging risks is reinforced by the Group Risk Management Department (GRMD). The GRMD develops and manages a comprehensive integrated risk management program that is implemented across all levels of the organization, with the goal of managing the Group's risks to an acceptable level, so as to enhance opportunities, reduce threats, and thus create even more value for the business and its stakeholders.

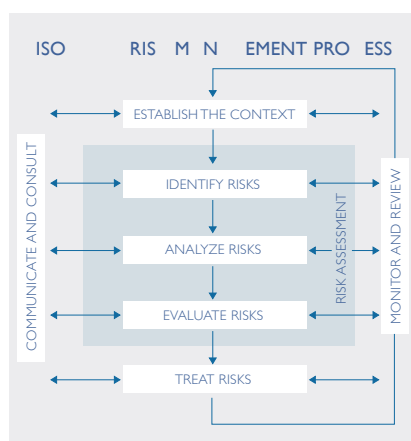
THE PLDT GROUP RISK MANAGEMENT PHILOSOPHY STATEMENT

The PLDT Group adopts a risk philosophy that recognizes risks as integral to its business thereby committing itself to managing these risks with the aim of attaining its business objectives, thus enhancing shareholder value.

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

THE ENTERPRISE RISK MANAGEMENT FRAMEWORK AND PROCESS

The GRMD promulgates and encourages the adoption of a standard risk evaluation process focused on the need to properly identify, analyze, evaluate, treat and monitor risks that may affect the achievement of business objectives. The ERM process implemented is based on the International Standard of ISO 31000.



ISO 31000: Risk Management Process

The implementation of the ERM process ensures that high-priority risks are well understood and effectively managed across all functions and units within the PLDT Group.

RISK COMMITTEE

In 2015, a Risk Committee was created pursuant to the PLDT By-Laws and Manual on Corporate Governance. Its primary purpose is to assist the PLDT Board in overseeing Management's adoption and implementation of a system for identifying, assessing, monitoring and managing key risk areas. The committee reviews Management's reports on the Company's major risk exposures as well as Management's plans and actions to minimize, control or manage the impact of such risks.

The GRMD reports to the PLDT Risk Committee on a quarterly basis and to the PLDT Board of Directors on a semi-annual basis on developments with regard to the Group's risk management activities.

PLDT GROUP TOP 10 RISKS

A risk assessment exercise was undertaken by the Joint Executive Committee to identify and prioritize the most important risks affecting the PLDT Group for 2015. These top risks were:

1. Competitive Situation
2. Changing Revenue Mix
3. Disruptive Nature of OTT Services
4. Rapid Change of Technology
5. Monetization of Data and Other New Services
6. People
7. Increased Level of Investments
8. Cyber Security Concerns
9. Natural Disasters
10. Regulatory and Political Risks, National Security

The PLDT Group is committed in pursuing measures to ensure that all these risks are effectively managed. Treatment strategies have been developed, and mitigation initiatives were put in place. Risk management activities are continuously monitored and reviewed to ensure that critical risks are appropriately addressed across the organization.

BOARD OF DIRECTORS



Manuel



Helen



Ray

MANUEL V. PANGILINAN • 69, FILIPINO

Director of PLDT since November 24, 1998. He was appointed as Chairman of the Board of Directors of PLDT after serving as its President and Chief Executive Officer from November 1998 to February 2004. Effective January 1, 2016, he concurrently holds the position of President and Chief Executive Officer of PLDT and Smart. He is the Chairman of the Governance and Nomination, Executive Compensation and Technology Strategy Committees of the Board of Directors of PLDT. He also serves as Chairman of MPIC, Meralco and Philex Mining, all of which are PSE-listed companies, and of several subsidiaries or affiliates of PLDT or MPIC, including, among others, Smart, Beacon Electric Assets Holdings Inc., Manila North Tollways Corporation, Maynilad Water Services Corporation (Maynilad), Landco Pacific Corporation, Medical Doctors Incorporated (Makati Medical Center), Colinas Verdes Corporation (Cardinal Santos Medical Center), Davao Doctors Incorporated, Riverside Medical Center Incorporated, Our Lady of Lourdes Hospital and Asian Hospital Incorporated. He is also the Chairman of PLDT-Smart Foundation, Inc.

Mr. Pangilinan founded First Pacific Company Limited (First Pacific), a Hongkong Stock Exchange-listed company, in 1981 and served as Managing Director until 1999. He was appointed as Executive Chairman until June 2003, when he was named as Chief Executive Officer and Managing Director. Within the First Pacific Group, he also holds the position of President Commissioner of P.T. Indofood Sukses Makmur Tbk, the largest food company in Indonesia.

Outside the First Pacific Group, Mr. Pangilinan is the Chairman of the Board of Trustees of San Beda College and the Hong Kong Bayanihan Trust, a non-stock, non-profit foundation which provides vocational, social and cultural activities for Hongkong's foreign domestic helpers. He is a Co-Chairman of the Philippine Disaster Resilience Foundation, Inc., a non-stock, non-profit foundation established to formulate and implement a reconstruction strategy to rehabilitate and rebuild areas devastated by floods and other calamities, and of the U.S.-Philippine Business Society, a non-profit society which seeks to broaden the relationship between the United States and the Philippines in the areas of trade, investment, education, foreign and security policies and culture.

Mr. Pangilinan has received numerous prestigious awards including the Business Icon Gold Award for having greatly contributed to the Philippine economy through achievements in business and society by Biz News Asia magazine (2008), Global Filipino Executive of the Year for 2010 by Asia CEO Awards, and Philippines Best CEO for 2012 by Finance Asia.

Mr. Pangilinan graduated cum laude from the Ateneo de Manila University, with a Bachelor of Arts Degree in Economics. He received his Master's Degree in Business Administration from Wharton School of Finance & Commerce at the University of Pennsylvania, where he was a Procter & Gamble Fellow. He was conferred a Doctor of Humanities Degree (Honoris Causa) by the San Beda College (2002), Xavier University (2007), Holy Angel University (2009) and Far Eastern University (2010).

HELEN Y. DEE • 72, FILIPINO

Director of PLDT since June 18, 1986. She is the Chairperson or a director of EEI Corporation, House of Investments, National Reinsurance Corporation of the Philippines, Petro Energy Resources Corporation, Rizal Commercial Banking Corporation and Seafont Resources Corporation, all of which are PSE-listed companies. She is the Chairperson, Vice Chairperson or a director of several companies engaged in banking, insurance and real property businesses. She is also the President and/or Chief Executive Officer of Hydee Management and Resource Corp., Moira Management, Inc., Tameena Resources, Inc., YGC Corporate Services, Inc., Financial Brokers Insurance Agency, Inc., GPL Holdings, Inc. and Mijo Holdings, Inc., the Vice President of A.T. Yuchengco, Inc., and the Treasurer of Business Harmony Realty, Inc. Ms. Dee received her Master's Degree in Business Administration from De La Salle University.

RAY C. ESPINOSA • 60, FILIPINO

Director of PLDT since November 24, 1998, and is member of the Technology Strategy Committee of the Board of Directors of PLDT. He is the Head of Regulatory Affairs and Policies of PLDT since March 2008, and General Counsel of Meralco since 2009. In June 2013, he joined First Pacific and was appointed as First Pacific Group's Head of Government and Regulatory Affairs and Head of Communications Bureau for the Philippines. Atty. Espinosa is also a director of Meralco, MPIC and Roxas Holdings, Inc., and an independent director and Chairman of the Audit Committee of Lepanto Consolidated Mining Company, which are PSE-listed companies. He is the Chairman of PhilStar Group of Companies, Business World Publication Corporation, a director and Corporate Secretary of Philippine Telecommunications Investment Corporation, a director of Metro Pacific Resources, Inc. and BTF Holdings, Inc., and a trustee of the Beneficial Trust Fund of PLDT and PLDT-Smart Foundation, Inc.

Atty. Espinosa served as President & CEO of MediaQuest, TV5 and Cignal TV until May 2013 and prior thereto, was the President & CEO of ePLDT and its subsidiaries until April 2010.

Atty. Espinosa has a Master of Laws degree from the University of Michigan Law School and is a member of the Integrated Bar of the Philippines. He was a partner at Sycip Salazar Hernandez & Gatmaitan from 1982 to 2000, and a foreign associate at Covington and Burling (Washington, D. C., USA) from 1987 to 1988.

JAMES L. GO • 77, FILIPINO

Director of PLDT since November 3, 2011, and is a member of the Technology Strategy and Risk Committees and Advisor of the Audit Committee of the Board of Directors of PLDT. He is the Chairman and CEO of JG Summit Holdings, Inc. and Oriental Petroleum and Minerals Corporation, the Chairman of Universal Robina Corporation and Robinsons Land Corporation, the Vice Chairman of Robinsons Retail Holdings, Inc., and a director of Cebu Air, Inc. and Meralco, which are PSE-listed companies. He is also the Chairman of JG Summit Petrochemical Corporation and JG Summit Olefins Corporation, and a director of CFC Corporation, United Industrial Corporation Limited, Marina Center Holdings Private Limited and Hotel Marina City Private Limited. He is also the President and a Trustee of the Gokongwei Brothers Foundation. He was the Vice Chairman and President and CEO of Digital Telecommunications, Inc. (Digitel) until October 26, 2011. Mr. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.



James



Bernido



Tadashi



Napoleon



Hideaki

BERNIDO H. LIU • 53, FILIPINO

Independent director of the Company and an independent member of the Audit, Governance and Nomination, Executive Compensation and Risk Committees of the Board of Directors of PLDT since September 28, 2015. He is the Chairman and CEO of Golden ABC, Inc. (GABC), a fashion retail company which creates and sells its own clothing, personal care and accessory lines marketed and retailed under a fast-growing dynamic portfolio of well-differentiated proprietary brands. He is the Group Chairman and President of LH Paragon Inc., a business holdings company which has under its management GABC and other companies from different industries, namely, Matimco Inc., Oakridge Realty Development Corp., Basic Graphics Inc., Essentia Medical Group Inc., where he is a director, and Red Logo Lifestyle, Inc. He is also a director of Greentree Food Solutions, Inc., GABC International Pte Limited, Children's Hour Philippines and *Mga Likha ni Inay, Inc.*, a trustee of Philippine Retailers Association, a member of the Visayas Advisory Council of Habitat for Humanity Philippines and an independent member of the Board of Trustees of the PLDT-SMART Foundation, Inc.

Mr. Liu graduated with a Bachelor of Science Degree in Architecture from the University of San Carlos, Cebu, and completed the Executive Education Owner/President Management Program of the Harvard Business School. Over the years, Mr. Liu has been recognized by different award-giving bodies. His awards include, among others, the Agora Award for Outstanding Achievement in Entrepreneurship from the Philippine Marketing Association, Ten Outstanding Young Men for Entrepreneurship, and Grand Bossing from PLDT SME Nation.

TADASHI MIYASHITA • 55, JAPANESE

Director of PLDT since July 7, 2015. He is a member of the Governance and Nomination, Executive Compensation, Risk and Technology Strategy Committees, and Advisor of the Audit Committee of the Board of Directors of PLDT. From 2012 to 2014, he served as Director of Technology Group, Voice and Video Services Division, and from 2010 to 2012, as Director of Service Network Department, Network Business Division of NTT Com. Prior to that, he was the President & CEO of NTT Taiwan Co. Ltd. from 2008 to 2010 and Director of Product Management Group and Global Business Division of NTT Com from 2005 to 2008. Mr. Miyashita obtained his Bachelor of Engineering Degree and Master of Engineering Degree from Tokyo Institute of Technology.

NAPOLEON L. NAZARENO • 66, FILIPINO

Director of PLDT since November 24, 1998 and is a member of the Technology Strategy Committee of the Board of Directors of PLDT. He served as President and Chief Executive Officer of PLDT since February 19, 2004 and concurrently as President and Chief Executive Officer of Smart since January 2000 until his retirement on December 31, 2015. He also served as Chairman of several subsidiaries of PLDT and Smart. His current directorships include Meralco, a PSE-listed company, Meralco Powergen Corp. and Rufino Pacific Tower Condominium Corp. He is a non-executive director of First Pacific and a Supervisory Board Member of Rocket.

Mr. Nazareno's business experience spans several countries in over 30 years and his exposure cuts across a broad range of industries, namely, packaging, bottling, petrochemicals, real estate, and in the last 14 years, telecommunications and information technology. In 1981, he started a successful career in the international firm Akerlund & Rausing, occupying senior management to top

level positions and in 1989, became the President and Chief Executive Officer of Akerlund & Rausing (Phils.), Inc. In August 1995, he moved to Metro Pacific Corporation where he served as President and Chief Executive Officer until December 1999.

Mr. Nazareno was voted Corporate Executive Officer of the Year (Philippines) for three consecutive years at the 2004, 2005 and 2006 Best-Managed Companies and Corporate Governance Polls conducted by Asiamoney, was awarded the Telecom CEO of the Year at the 15th Telecoms Asia Awards, an influential Asian telecommunications industry magazine in Bangkok, and was cited as "Best Telecom CEO in Asia 2013" by the All-Asia Executive Team Survey conducted by the New York-based Institutional Investor.

Mr. Nazareno received his Master's Degree in Business Management from the Asian Institute of Management, completed the INSEAD Executive Program of the European Institute of Business Administration in Fountainebleau, France, and was conferred a Doctor of Technology Degree (Honoris Causa) by the University of San Carlos.

HIDEAKI OZAKI • 51, JAPANESE

Director of PLDT since December 6, 2011. He is the Vice President of Corporate Planning and Carrier Relations, Global Business of NTT Com, a company which provides telecommunication and ICT services such as Global Network, Data Centre, Cloud Services inside and outside of Japan. He served as part-time Director of NTT Communications Philippines from July 2009 to February 2012. Prior to that, he served as Vice President of Global Strategy, Global Business Division of NTT Com since 2006 and as Director of Legal and Internal Audit Department of NTT Com from 2003 to 2006. He also served as Vice President of Sales and Corporate Planning of NTT Communications (Thailand) Co., Ltd. from 1999 to 2003 and as Manager of Overseas Business Planning, Global Service Division of Nippon Telegraph and Telephone Corporation from 1995 to 1999. Mr. Ozaki obtained his Bachelor's Degree in Law from University of Tokyo and Master's Degree in Law from University of Pennsylvania.

HON. ARTEMIO V. PANGANIBAN • 79, FILIPINO

Independent director of PLDT since April 23, 2013 and is an independent member of the Audit, Governance and Nomination, Executive Compensation and Risk Committees of the Board of Directors of PLDT. He served as an independent member of the Advisory Board and an independent non-voting member of the Governance and Nomination Committee of the Board of Directors of PLDT from June 9, 2009 to May 6, 2013. Currently, he is also an independent director of Meralco, Petron Corp., First Philippine Holdings Corp., MPIC, Robinsons Land Corp., GMA Network, GMA Holdings, and Asian Terminals, Inc., and a regular director of Jollibee Foods Corp., all of which are PSE-listed companies. He also holds directorships in Metro Pacific Tollways Corp., Tollways Management Corp. and Team Energy Corp.

He is the Chairman of the Board of Trustees of the Foundation for Liberty and Prosperity, a trustee of Claudio Teehankee Foundation, Tan Yan Kee Foundation, Chairman-Emeritus of the Philippine Dispute Resolution Center, Inc., President of the Manila Metropolitan Cathedral-Basilica Foundation, Chairman of the Board of Advisers of Metrobank Foundation, Inc., and University of Asia and the Pacific College of Law, member of the Advisory Council of Bank of the Philippine Islands, member of the Board of Advisers of De La Salle University



Artemio



Ma. Lourdes



Pedro



Juan



Tony

College of Law and Johann Strauss Society, member of the Advisory Board of World Bank (Philippines), senior adviser of the Metropolitan Bank and Trust Company and V. Mapa Falcon Honor Society, adviser of Double Dragon Properties Corp., member of the Philippine National Committee of the Asean Law Association, and a column writer of the Philippine Daily Inquirer.

Hon. Panganiban served the Supreme Court of the Philippines for more than 11 years, first as Justice (October 10, 1995 to December 20, 2005) and later, as Chief Justice (December 21, 2005 to December 6, 2006) during which he sat concurrently as Chairperson of the Presidential Electoral Tribunal, Judicial and Bar Council and Philippine Judicial Academy.

He has received numerous awards in recognition of his role as jurist, practising lawyer, professor, civic leader, Catholic lay worker and business entrepreneur, including as "The Renaissance Jurist of the 21st Century" given by the Supreme Court on the occasion of his retirement from the Court.

Hon. Panganiban obtained his Bachelor of Laws Degree (Cum Laude) from the Far Eastern University in 1960, and was conferred a Doctor of Laws Degree (Honoris Causa) by the University of Iloilo (1997), Far Eastern University (2002), University of Cebu (2006), Angeles University (2006) and Bulacan State University (2006). He was co-founder and past president of the National Union of Students of the Philippines.

MA. LOURDES C. RAUSA-CHAN • 62, FILIPINO

Director of PLDT since March 29, 2011 and is a non-voting member of the Governance and Nomination Committee of the Board of Directors of PLDT. She has been serving as Corporate Secretary, Corporate Affairs and Legal Services Head and Chief Governance Officer of PLDT since November 1998, January 1999 and March 2008, respectively. She is a director of ePLDT, PLDT Global Investments Holdings, Inc. and PLDT Communications and Energy Ventures, Inc. and also serves as Corporate Secretary of several subsidiaries of PLDT, PSF and PDRF. Prior to joining PLDT, she was the Group Vice President for Legal Affairs of Metro Pacific Corporation and the Corporate Secretary of some of its subsidiaries. Ms. Rausa-Chan obtained her Bachelor of Arts Degree in Political Science and Bachelor of Laws Degree from the University of the Philippines.

PEDRO E. ROXAS • 60, FILIPINO

Director of PLDT since March 1, 2001 and qualified as an independent director since 2002. He is the Chairman of the Audit and Risk Committees and serves as an independent member of the Governance and Nomination and Executive Compensation Committees of the Board of Directors of PLDT. He is the Chairman of Roxas Holdings, Inc., Chairman and President/CEO of Roxas and Company, Inc., and an independent director of Meralco and BDO Private Bank, which are PSE-listed companies. He is also the Chairman, President or a director of companies or associations in the fields of agri-business, sugar manufacturing and real estate development including Brightnote Assets Corporation, Club Punta Fuego, Inc., and Hawaiian-Philippine Co., and a member of the Board of Trustees of Philippine Business for Social Progress and Fundacion Santiago (where he is also the President). Mr. Roxas received his Bachelor of Science Degree in Business Administration from the University of Notre Dame, Indiana, U.S.A.

JUAN B. SANTOS • 77, FILIPINO

Director of PLDT since January 25, 2011. He is the Chairman of Social Security Commission/Social Security System, and a member of the Board of Directors of Alaska Milk Corporation, First Philippine Holdings Corporation and Philex Mining, which are PSE-listed companies. He is also a member of the Board of Directors of Philippine Investment Management (PHINMA), Inc., Sun Life Grepa Financial, Inc., a member of the Board of Advisors of Coca-Cola FEMSA Philippines, East-West Seeds Company, Inc., Mitsubishi Motors Corporation, Chairman of the Board of Trustees of Dualtech Training Center Foundation, Inc., a trustee of St. Luke's Medical Center, and a consultant of the Marsman-Drysdale Group of Companies.

Mr. Santos retired as Chief Executive Officer of Nestle Philippines, Inc. (NPI) in 2003 and continued to serve as Chairman of NPI until 2005. Prior to his appointment as President and CEO of NPI, he was the CEO of the Nestle Group of Companies in Thailand and Singapore. He served as Secretary of Trade and Industry from February to July 2005 and was designated as a member of the Governance Advisory Council, and Private Sector Representative for the Public-Private Sector Task Force for the Development of Globally Competitive Philippine Service Industries.

Mr. Santos was bestowed the prestigious Management Man of the Year Award in 1994 by the Management Association of the Philippines and was the Agora Awardee for Marketing Management given by the Philippine Marketing Association in 1992. He obtained his Bachelor of Science Degree in Business Administration from Ateneo de Manila University, pursued post graduate studies at the Thunderbird Graduate School of Management in Arizona, USA and completed the Advanced Management Course at IMD in Lausanne, Switzerland.

TONY TAN CAKTIONG • 63, FILIPINO

Director of PLDT since July 8, 2008. He is the Chairman of Jollibee Foods Corporation, a PSE-listed company and a leader in the fastfood business, which owns and operates a chain of restaurants nationwide and abroad. He is Co-Chairman of Double Dragon Properties Corporation and an independent director of First Gen Corporation, both PSE-listed companies. He is also a member of the Board of Trustees of Jollibee Group Foundation, Temasek Foundation and St. Luke's Medical Center. Mr. Tan Caktiong obtained his Bachelor of Science Degree in Chemical Engineering from the University of Santo Tomas and honed his business skills by attending various courses and seminars in several educational institutions including, among others, the Asian Institute of Management, Stanford University (Singapore) and Harvard University.

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Benny



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 BENESSANTOSO
 SHINTON SIP
 ORLANDO VE
 CHRISTOPHER H. HOUN



PLDT EXECUTIVE OFFICERS

As of December 31, 2015

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ERNESTO R. ALBERTO • 55, FILIPINO

The Executive Vice President and Head for PLDT Group Enterprise, International and Carrier Business since September 2011 and is responsible for overall revenues from the SME, Corporate, and International market segments. Prior to that, he was the Head of Customer Sales and Marketing Group since February 2008. Concurrently, he is also the President and CEO of ePLDT and sits as Member of the PLDT Group's Senior Management Committee. He holds chairmanships and directorships in a number of subsidiaries and affiliates of PLDT, ePLDT and Smart. He brings with him thirty years of extensive experience in telecommunications, corporate banking, relationship management and business development, having held key positions in PLDT and leading local and foreign banks.

Prior to joining PLDT in 2003, he was Vice President and Senior Banker of Citibank N.A., Manila from November 1996 to April 2003 and previously served as Vice President and Division Head of the Relationship Management Group of Citytrust Banking Corporation. Mr. Alberto pursued Masteral studies in Economic Research from the University of Asia and the Pacific in 1985, and is a graduate of San Beda College with a major degree in Economics minor in Mathematics and Political Science in 1982.

ALEJANDRO O. CAEG • 56, FILIPINO

The President and CEO of PLDT Global and concurrently the Head of PLDT, Smart, Digitel and Sun International & Carrier Business. He is Smart's representative to the Conexus Mobile Alliance (one of Asia's largest cellular roaming alliances), where he was also designated as its Deputy Chairman until 2012 and Conexus Chairman until 2014.

Prior to joining PLDT in 2009, he worked in PT Smart Telecom (Indonesia) as its Chief Commercial Strategy Officer from July 2008 to December 2008 and as Chief Commercial Officer from January 2006 to June 2008. He also held various sales, marketing and customer service-related positions in Smart including that of Group Head of Sales and Distribution (2003-2005), Group Head of Customer Care and National Wireless Centers (1998-2001) and Marketing Head of International Gateway Facilities and Local Exchange Carrier (1997-1998). He also served as President and Chief Executive Officer of Telecommunications Distributors Specialist, Inc. in 2002 and as Chief Operations Adviser of I-Contacts Corporation (Smart's Call Center subsidiary) from 2001 to 2002. Mr. Caeg graduated with a Bachelor's Degree in AB Applied Economics and obtained MBA credits from De La Salle University Manila.



JUNE CHERYL A. CABAL-REVILLA • 42, FILIPINO

Controller and Financial Reporting and Controllershship Head, is concurrently the Chief Financial Officer of Smart effective May 18, 2015. She is also a director and/or the Chief Financial Officer/Treasurer of several subsidiaries of PLDT, the Treasurer of PSF and the PDRF, Comptroller of First Pacific Leadership Academy Foundation and the President of Tahanan Mutual Building and Loan Association.

Prior to joining PLDT in June 2000 as an executive trainee in the Finance Group, she was a senior associate in the business audit and advisory group of SGV & Co. Ms. Cabal-Revilla obtained her Bachelor of Science Degree in Accountancy from De La Salle University and Master's Degree in Business Management Major in Finance from Asian Institute of Management.

ANABELLE L. CHUA • 55, FILIPINO

Was appointed as Chief Financial Officer of the PLDT Group effective May 18, 2015, concurrent with her position as Corporate Finance and Treasury Head of PLDT since February 2012. She was the Chief Financial Officer of Smart from 2006 and Chief Financial Officer of Digital Mobile from 2013 until May 2015. She holds directorships in several subsidiaries of PLDT, Smart and Digital.

She is also a member of the Board of Directors of Philippine Stock Exchange and Securities Clearing Corporation of the Philippines and the Board of Trustees of the PSF and PLDT Beneficial Trust Fund, and a member of the Finance and Audit Committees of the Board of Directors of Meralco.

Ms. Chua has over 20 years of experience in the areas of corporate finance, treasury, financial control and credit risk management and was a Vice President at Citibank, N.A. where she worked for 10 years prior to joining PLDT in 1998. Ms. Chua graduated magna cum laude from the University of the Philippines with a Bachelor of Science Degree in Business Administration and Accountancy.

ISAIAS P. FERMIN • 48, FILIPINO

Was appointed as Head of Consumer (Home and Wireless) Business of the PLDT Group on May 18, 2015. Prior to that, he was the Head of Home Business of PLDT from January 2012, responsible for delivering revenue and profit growth for the Home Business through a much defined brand positioning that consistently engages the consumer in all touch points, a balanced product portfolio that propels both subscriber and ARPU growth and introduction of a new line of products and services that significantly improves the consumer use experience. Concurrently, he is the Chairman or a member of the Board of Directors of several subsidiaries of PLDT and Smart.

Mr. Fermin has over 20 years of experience covering general management, consumer marketing, wholesale and retail sales, and retail store management gained from leading fast moving consumer group companies locally and globally. Prior to joining the PLDT Group, he was the President of Greenwich Food Corporation and Chowking Food Corporation of the Jollibee Foods Corporation from 2008 to 2011. He also served as Country Director of Nike Philippines from 2006 to 2008 and handled various posts in Unilever-Bestfoods from 1998 to 2005 as senior executive for sales, marketing, media and innovation process management. Mr. Fermin obtained his Bachelor of Science Degree in Chemical Engineering from the University of the Philippines.

JUN R. FLORENCIO • 60, FILIPINO

Internal Audit and Fraud Risk Management Head, handles the overall coordination of the internal audit function of the PLDT group of companies and is in-charge of the fraud risk management function of the PLDT Fixed Line business. He has over 25 years of work experience in the areas of external and internal audit, revenue assurance, credit management, information technology, financial management, and controllership. He was the Financial Controller of Smart for four years before he joined PLDT in April 1999 as Head of Financial Management Sector.

He held various positions in the finance organization of another telecommunications company prior to joining Smart. Mr. Florencio obtained his Bachelor of Science Degree in Commerce, Major in Accounting from the University of Santo Tomas and attended the Management Development Program of the Asian Institute of Management.

MENARDO G. JIMENEZ, JR. • 53, FILIPINO

Human Resources Group Head and concurrently Fixed Line Business Transformation Office Head, was Revenue Team Head of the Business Transformation Office from January 2008 to July 2010, the Retail Business Head of PLDT from June 2004 to December 31, 2007, and prior to that, the Corporate Communications and Public Affairs Head.

He holds directorships in several subsidiaries of PLDT. Prior to joining PLDT, he had a stint at GMA Network, Inc., where he served as head of a creative services and network promotions. Mr. Jimenez obtained his AB Economics Degree from the University of the Philippines.

JOINT EXECUTIVE COMMITTEE AND KEY ADVISORS

As of December 31, 2015

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 INSTON L D M RILLO DVISOR
 L REN ET OH DVISOR
 JO HIM HORN DVISOR

PLDT OFFICERS

Manuel V. Pangilinan

Chairman of the Board, President and Chief Executive Officer (CEO)

Ray C. Espinosa

Head, Regulatory Affairs and Policies Office

Ernesto R. Alberto

EVP, Enterprise, International and Carrier Business

Isaias P. Fermin

EVP, Consumer Business

Alejandro O. Caeg

SVP, International and Carrier Business

Anabelle L. Chua

SVP, Corporate Finance and Treasury, Chief Financial Officer

Jun R. Florencio

SVP, Internal Audit and Fraud Risk Management

Menardo G. Jimenez, Jr.

SVP, Human Resources Business Transformation Office

Ma. Lourdes C. Rausa-Chan

SVP, Corporate Affairs and Legal Services
General Counsel
Chief Governance Officer
Corporate Secretary

June Cheryl A. Cabal-Revilla

FVP, Financial Reporting and Controllershship/
PLDT Group Controller

Katrina Luna-Abelarde

FVP, Wireless Consumer Operations

Alfredo B. Carrera

FVP, Regulatory Strategy and Support

Cesar M. Enriquez

FVP, Staff Officer; Enterprise, International and Carrier Business

Juan Victor I. Hernandez

FVP, Corporate Business

Florentino D. Mabasa, Jr.

FVP, Legal Services and Assistant
Corporate Secretary

Leo I. Posadas

FVP, Treasury and Corporate Treasurer

Oscar Enrico A. Reyes, Jr.

FVP, PLDT Home Operations

Martin T. Rio

FVP, Property and Facilities Management

Ricardo M. Sison

FVP, Consumer Credit and Business System Management

Emiliano R. Tanchico

FVP, Human Resources Management and Development

Melissa V. Vergel De Dios

FVP, Investor Relations

Rafael M. Bejar

VP, Medical Services

Marco Alejandro T. Borlongan

VP, Customer Service Operations Management

Gerardo Jose V. Castro

VP, North Luzon Customer Service Operations District

Marisa V. Conde

VP, Financial Planning

Gene S. De Guzman

VP, Enterprise Service Assurance Management

Alona S. Dingle

VP, Financial Reporting Controllershship

Margarito G. Dujali, Jr.

VP, Home Marketing

Gil Samson D. Garcia

VP, Revenue Management and Cash Assurance

Joseph Ian G. Gendrano

VP, Corporate Relationship Management A

Elisa B. Gesalta

VP, Buildings and Enterprise Access Network Project Management

John John R. Gonzales

VP, Enterprise Strategic Solutions

Maria Josefina T. Gorres

VP, EICB Revenue Operations and Support

Ma. Criselda B. Guhit

VP, Tax Management

Emeraldo L. Hernandez

VP, Technical Operations Centre

Marven S. Jardiel

VP, Enterprise Operations Support and Readiness

Princesita P. Katigbak

VP, Corporate Relationship Management E

Alexander S. Kibanoff

VP, Organization Development

Joseph Nelson M. Ladaban

VP, Consumer Credit and Collection Management

Javier C. Lagdameo

VP, Corporate Relationship Management B

Joselito S. Limjap

VP, Mainstream Business Development and Research

Albert Mitchell L. Locsin

VP, SME Business

Luis Ignacio A. Lopa

VP, Enterprise Subsidiaries and VIP Account Management

Paolo Jose C. Lopez

VP, Home Customer Care and Sales Support

Ma. Carmela F. Luque

VP, Financial and Revenue Audit

Oliver Carlos G. Odulio

VP, Asset Protection and Risk Management

Aileen D. Regio

VP, Supply Chain Planning and Procurement

Ricardo C. Rodriguez

VP, Compensation, Rewards and Performance Management

Genaro C. Sanchez

VP, International Network

Ana Maria A. Sotto

VP, Staff Officer, Technology Project Management Office

Julieta S. Ta eca

VP, Consumer Business Systems Support Management

Patrick S. Tang

VP, Home Voice Solutions

Victor Y. Tria

VP, Corporate Relationship Management D

¹ Concurrent Head of South Luzon Customer Service Operations District

² Separated effective April 1, 2016

³ Concurrent Head of Enterprise, Billing, Credit and Revenue Management

⁴ Concurrent Head of Business Continuity & Resilience

⁵ Re-assigned to Business Transformation Office effective April 1, 2016

⁶ Concurrent Head of Carrier Relations and Sales Management