

2018 SUSTAINABILITY REPORT

THE GOOD FIBER DEEPER BONDS IN A FASTER WORLD





ABOUT THE COVER

As the PLDT Group goes further into its journey of digital transformation, we are better equipped to bridge the digital divide and empower people to maximize the benefits of technology—to reach out, strengthen bonds, and create memorable experiences that last through generations. We want to inspire Filipinos to create a better world for our children, where each one's potential to make a positive difference and impact will be supported by a resilient digital infrastructure that is able to grow along with their dreams.

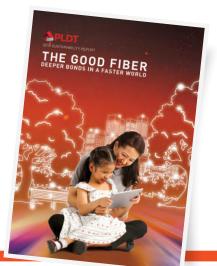


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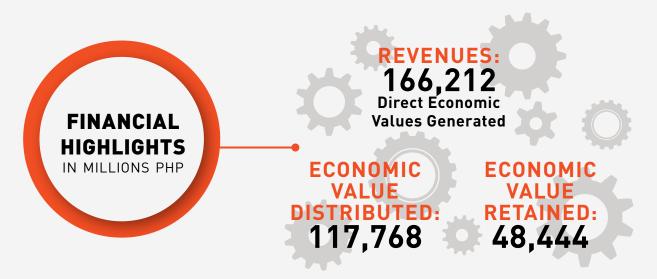
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ABOUT THE REPORT

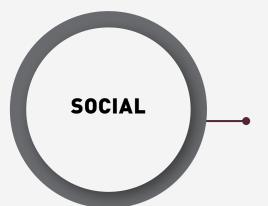
2018 SUSTAINABILITY PERFORMANCE AT A GLANCE













TOTAL

15,133

PEOPLE
EMPLOYED



32,560
Graduates
under PLDT Infoteach
Outreach Program
to date



37,559
Teachers
trained under
Gabay Guro
to date



families served by relief operations efforts



30,000 student beneficiaries of School-in-a-Bag



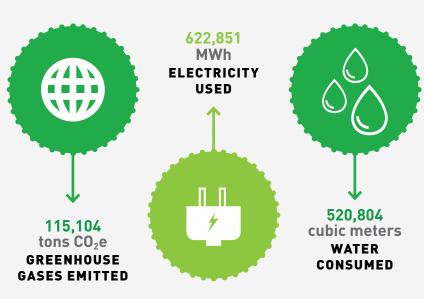


ULAB (Used Lead-Acid Batteries) Donated

4,200 tons

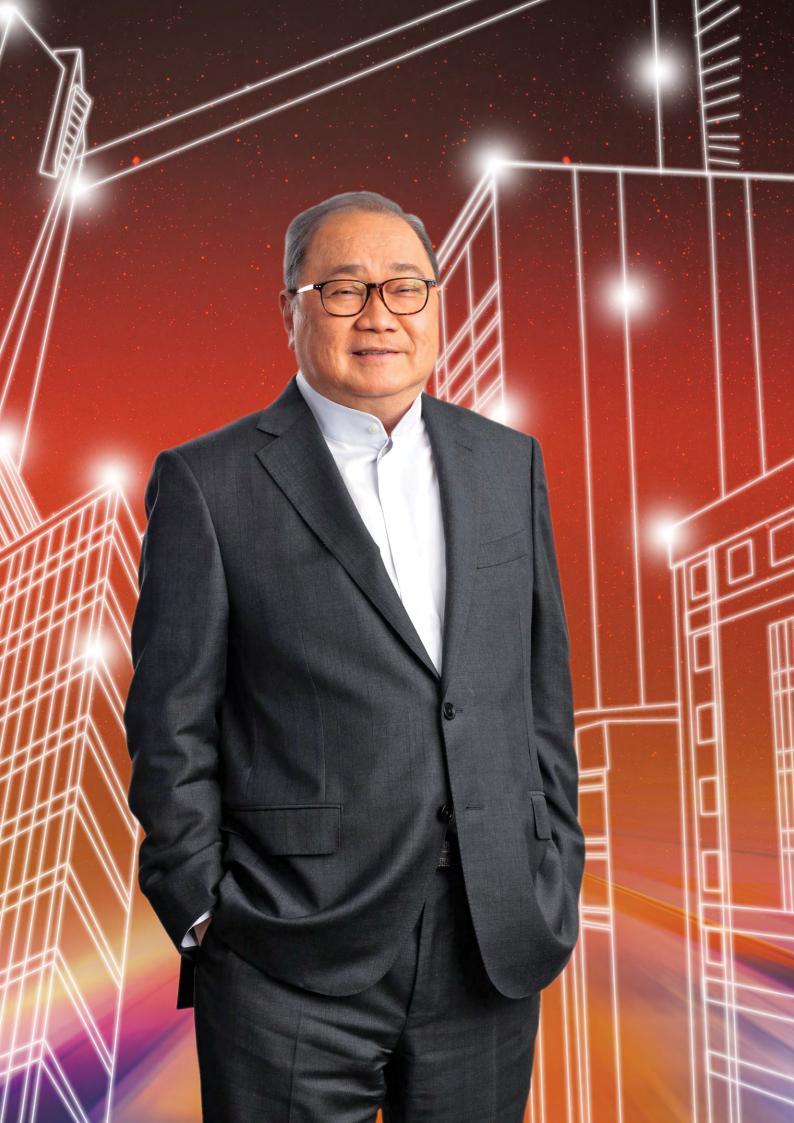
worth PhP63 million





13,336
cubic meters
FUEL
CONSUMED





MESSAGE FROM THE CHAIRMAN, PRESIDENT AND CEO

The Good Fiber: Deeper bonds in a faster world

n our fourth year of Sustainability Reporting, we at PLDT have acquired a better understanding of how we can better contribute to attaining the Sustainable Development Goals (SDG) here in the Philippines.

Our insights have sprung from our experience in pursuing the digital transformation of our business. As we shift from traditional telecoms services such as voice and text messaging to broadband data and digital services, PLDT and its subsidiaries and affiliates can do more to accomplish several key developmental goals.

As we extend the reach of our fixed and mobile data networks to greater parts of the country, we are helping bridge the existing geographic digital divide. In 2018, for example, we fulfilled our commitment to the government to extend the reach of our mobile broadband service to at least 90% of the country's cities and municipalities. In the

past year, leading international internet analytics firms such as *Ookla*, *OpenSignal* and *Tutela* have recognized the positive impact of our network roll out programs by citing PLDT and Smart for offering the country's fastest fixed and mobile Internet services.

Meanwhile, we have also stepped up our efforts to promote innovative mobile payments services such as *PayMaya*. This has helped make digital financial services more widely available to the country's unbanked population, contributing to social digital inclusion.

Over the past several years, our Enterprise Business Group has been promoting digital business solutions such as data center, managed IT and cyber security services not only among large companies but also among small and medium-sized enterprises (SMEs). In 2019, the Enterprise Group took the lead in working with technology and business partners, as well as local

government units, to develop innovative services using artificial intelligence and the Internet of Things (IoT) on Smart's 5G network.

All these efforts are developing new services that enhance social development, reduce environmental impact and protect customer privacy and data security.

It is important to point out that all these activities are part and parcel of our core business. So, as we go further down the path of digital transformation, we shall be in a better position to provide a growing range of digital solutions that will have a lasting positive impact in the lives of Filipinos.

It is our pleasure, therefore, to continue sharing with you once more the progress we have attained in our sustainability journey. We hope you find this report useful and relevant, fully aware that there is so much more that needs to be done.

Manuel V. Pangilinan Chairman of the Board, President and Chief Executive Officer PLDT

a-evible



SUSTAINING RESPONSIBLE LEADERSHIP

As the largest and most diversified telecommunications and digital services company in the Philippines, the PLDT Group is committed to provide quality service and innovative products and digital solutions to all Filipinos.

PLDT continues to be the leading telecommunications service provider in the Philippines through bold strategic evolutions and responsible operations of its principal business groups – fixed line, wireless and others. Having the country's most extensive fiber optic backbone and fixed line and cellular networks, PLDT is able to offer a wide range of telecommunications services that enables progress and development to individuals and communities alike.

Listed on the Philippine Stock Exchange (PSE:TEL) and New York Stock Exchange (NYSE: PHI), PLDT has one of the largest market capitalizations among Philippine-listed companies.

The company delivers its services through the following core brands:

PLDT Home

PLDT HOME is the country's leading broadband and digital services provider that allows seamless, simultaneous streaming in all devices at home as it aspires to be the service provider of choice of every Filipino family. PLDT Home aims to humanize technology to keep families connected in a meaningful way. PLDT Home offers Fibr, DSL, Ultera, and Telpad services to fulfill the communication demands of the market. It offers bundled, unlimited or volume-based package options from basic to the most comprehensive coverage for home connectivity, mobile connectivity, productivity, and entertainment.

PLDT Enterprise

PLDT Enterprise is PLDT's corporate business group that provides a suite of innovative solutions catering to enterprises of all sizes. The preferred and trusted Information and Communications Technology (ICT) partner of tier-I enterprises in the country, it also supports the small- and medium-sized businesses that form the essential backbone of the Philippine economy. Through PLDT Enterprise, clients can get the solutions for their digital communication needs — from internet, data networking, voice communication, and data center to solutions for mobility, managed ICT, cybersecurity, collaboration and productivity.

Through its wholly-owned subsidiary ePLDT, Inc., the industry-leading enabler of digital business solutions in the Philippines, PLDT has led the industry in the development of end-to-end technologies for enterprises across the country and the Asia Pacific region by delivering best-in-class digital business solutions that are at par with global standards. These product and service rosters include Cloud, Cyber Security, purpose-built Data Center facilities and Managed IT Services. ePLDT currently boasts of the largest data center footprint in the country with 10 state-of-the-art facilities. The VITRO network of data centers carries a total of 9,150 racks, powered by a combined 86 MVA total power capacity, therefore serving the mission-critical operations of industry-leading organizations.

It also offers PLDT Global Enterprise, the Philippines' principal ICT and digital services provider focused on providing offshore businesses with a fully customizable suite of end-to-end industry solutions through its extensive global network and Points-of-Presence (POPs) in key countries and cities.

PLDT Global

PLDT Global provides the best and innovative telecommunications solutions and other relevant customer services to Filipinos offshore. With offices in the Philippines and Hong Kong, it is a full-fledged International Marketing, Sales and Operating Arm of the PLDT Group, offering a wide range of products and services even beyond telecommunications.

Smart

The PLDT Group's wireless business is best known under the brand of its wholly owned subsidiary, Smart Communications Inc. (Smart).

The wireless services provider serves approximately 95% of the country's cities and municipalities with its combined 2G, 3G, and 4G LTE network, providing mobile communications services, high-speed internet connectivity, and access to digital services and content to over 60.5 million subscribers as of end-2018, through its commercial brands Smart, TNT, and Sun. Smart also offers satellite communication services under the brand Smart World.

As part of PLDT's massive digital transformation program, Smart fulfilled its commitment to give more than 90% of the population access to its most advanced LTE network by end-2018. This aimed to support the country's growing digital economy, as well as provide the best customer experience for an increasingly digital Filipino lifestyle.



MISSION



Empower Filipinos everywhere with customerfocused digital innovations that unlock and share their infinite potential.

VISION



Lead and inspire Filipinos to create a better tomorrow.

VALUES



Deliver awesome customer experiences



Take care of our people



Collaborate to win



Fast is better than perfect



Malasakit



Humility to listen and learn

PRODUCTS AND SERVICES

FOR INDIVIDUAL CONSUMERS

HOME-DATA

- > Fiber
- > DSL
- > TD LTE
- > Infotainment
- Video Services

MOBILE

- > Postpaid
- > Premium
- > Prepaid
- > Broadband
- > Satellite
- > Value-added Services

HOME VOICE

- > Landline
- > Prepaid
- > Call Cards

FOR ENTERPRISES

FIXED VOICE

- > Direct Line
- > Trunkline
- > Managed Services
- Audio and Video Conferencing

WIRELESS SATELLITE

- > Prepaid
- > Broadband Land
- > Broadband Maritime
- > Over the Top (OTT)

FIXED DATA DOMESTIC

- > Fiber
- > Metro Ethernet
- > IP VPN
- > Leased Line
- > VSAT
- > DSL

WIRELESS SOLUTIONS

- > Prepaid Loading
- > Messaging
- > Security
- Machine-to-Machine and Internet of Things

FIXED DATA INTERNATIONAL

- > Carrier Ethernet
- > Private Leased Circuits
- > IP VPN

ICT SOLUTIONS

- > Data Center
- > Cloud
- > Cyber Security
- > Managed IT Services

WIRELESS

- > Postpaid
- > Prepaid

PLDT GLOBAL

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- > US
- > UK
- > Hong Kong
- > Singapore
- > Malaysia
- > Japan
- > Macau*
- > Taiwan*
- > Guam*
 > Spain*
- *Branded partnership

DIGITAL INNOVATIONS

ACCESS AND CUSTOMER ENGAGEMENT

- > Sponsored Mobile Data Consumer App and Enterprise Platform
- > Over-the-Top Communications
- > Application Protocol Interfaces (APIs)
- > SMS+ Mobile Marketing Platform
- > Mobile Magazine
- > Digital Advertising Platform Management

eCOMMERCE PLATFORMS

- > Online Store Builder
- > Online Marketplace
- Online Marketplace Builder
- > eCommerce Wallet for Employee Rewards Program

DIGITAL FINANCIAL SERVICES

Mobile and Digital Payments

AWARDS AND RECOGNITION HIGHLIGHTS



As a testament to the Group's commitment to its goals, here are some of the recognition and commendations it received from other institutions and organizations in 2018.

For the full list of awards, please see page 12-13 of the 2018 Annual Report.

54th Anvil Awards

 Company of the Year for 2018 Programs: PLDT

ASEAN Corporate Governance scorecard (ACGS)

• Top Performing Companies under the ACGS in 2017: PLDT (Score Range: 90-99.99)

Asia Communication Awards

- Social Contribution Award:
 Smart's School-in-a-Bag Program
- Highly Commended, Network Transformation Initiative:
 Smart Network Transformation Program
- Highly Commended, Best Brand Campaign:TNT Tropa Apps

CFO Innovation Awards - Singapore

• Excellence in Financial Planning & Analysis: June Cheryl Cabal-Revilla

Finance Asia

- Best Managed Company #7
- Most Committed to Corporate Governance - #3
- Best at Corporate Social Responsibility - #9
- Best at Investor Relations #3

Global Telecoms Awards

 Winner for Telecoms Transformation Award: Smart Network Transformation Program









Golden Globe Tiger Awards

• CFO of the Year: June Cheryl Cabal-Revilla

IPRA's Golden World Awards

Winner for Community
 Engagement category:
 TNT Tropang Ready Disaster
 Preparedness Caravan

MEF Awards 2018

- Retail Service Provider of the Year for APAC: PLDT
- Best Network and Service Innovation for APAC: PLDT

Ookla Speedtest Awards

- Philippines' Fastest Fixed Network for Q1-Q2, Q3-Q4 of 2018: PLDT
- Philippines' Fastest Mobile Network for Q1-Q2, Q3-Q4 of 2018: Smart

OpenSignal

• Best Video Experience in the Philippines: Smart Communications

Telecom Asia Awards

- Telecom CEO of the Year: Manuel V. Pangilinan
- Most Innovative Partnership Strategy: Lendr (FINTQnologies)

Reader's Digest Trusted Brand 2018

- Platinum Awardee for Broadband services: PLDT
- Platinum Awardee for Landline Phone services: PLDT HOME
- Gold Awardee for Mobile Phone Services: Smart

World Communication Awards

• Social Contribution Award: School-in-a-Bag

MEMBERSHIP IN ASSOCIATIONS



EXTERNAL INITIATIVES/CHARTERS		
EXTERNAL CHARTER	PARTICIPATION	
Asia Pacific Alliance for Disaster Management (APAD)	In partnership with the Citizens' Disaster Response Center	
Global Reporting Initiative	Sustainability Reporting	
Groupe Speciale Mobile Association (GSMA)	Smart actively participates in GSMA's telco audit on disaster preparedness. The BCRO represents Smart in the GSMA Disaster Response's Humanitarian Connectivity Charter.	
ISO 22301	Business Continuity Management	
ISO 27001	Organizational Security, Technical Security, and Physical Security	
ISO 31000	Risk Management	
Philippine Disaster Resilience Foundation (PDRF)	The Business Continuity and Resilience Office (BCRO) is head of the Telecom Cluster.	
United Nations Office for Disaster Risk Reduction (UNISDR)	PLDT-Smart is a member of the Private Sector Alliance for Disaster Resilient Societies (ARISE) in the Philippines	

WORKING SMARTER TOGETHER THROUGH FIBER-POWERED STRATEGY



SUSTAINABILITY FOR PLDT GROUP

ith its long corporate history, organizational size and reach, and the essential public service it provides, the PLDT Group recognizes the potential influence it wields over not only the communications infrastructure of the country, but also the cultural health of communities and Philippine society as a whole.

The Group understands that placing the principles of sustainability and responsible corporate citizenship at the core of its business strategy is good, not only for the communities where it does business, but specifically for the digital transformation strategy that it has undertaken to ensure a future-proof organization.

Sustainability anchors the Group's plans to a framework that would help it effectively manage the triple bottom line: for profit, planet, and people. This will result to the ability to fulfill present-day requirements without compromising the ability of the future generation to meet their own needs.

To ensure meaningful impact, the Group has aligned its sustainability programs and initiatives with national and global movements that aim to produce a tipping point for long-term positive change. The programs are therefore aligned with the Philippine Development Plan Ambisyon Natin 2040 and the country's commitment to the United Nation's 2030 Agenda for Sustainable Development.

AS SUCH, PROGRAMS AND INITIATIVES OF THE PLDT GROUP CONTINUE TO FOCUS ON THE FOLLOWING AREAS:

- > Overcoming the geographic digital divide
- Ensuring customer privacy and data security
- Leading research and innovation for product and service development
- > Empowering social digital inclusion
- > Offering technological solutions for citizens and enterprises to reduce environmental impact

These focus areas are reflected in the PLDT Group's Five Pillars of Sustainability that are promulgated and practiced everyday as part of the corporate culture:

FIVE PILLARS OF SUSTAINABILITY



Good
Governance
Practice
the values
of accountability,
integrity,
fairness, and
transparency



Ethical
Business
Practices
Comply with
applicable
laws, rules,
and regulations
and practice
transparency
through
disclosures



Quality of Service Improve access to and quality of services



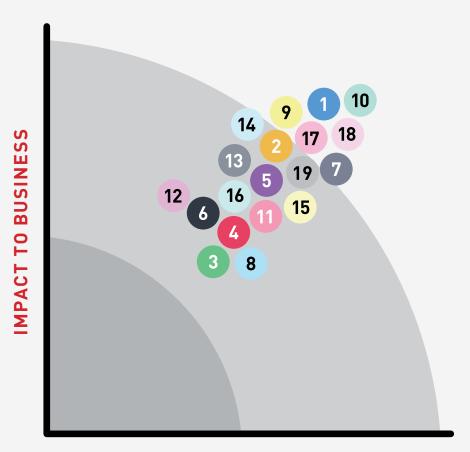
Social
Responsibility
Improve
the lives of
communities
and contribute
to nation
building



Responsible
Operations
Strive to achieve
resource
efficiency
in network
and facilities
operations

CONTINUOUS LEARNING

In 2018, the PLDT Group undertook another Materiality Workshop to assess the relevance of the framework and evaluate critical materiality of the sustainability aspects that the Group reports on. This process, prescribed by the Global Reporting Initiative (GRI) Standards, strengthens stakeholder engagement and allows the organization to keep learning and improving on its sustainability performance by ensuring that it is measuring progress on aspects deemed material by stakeholders.



IMPACT TO STAKEHOLDERS

- 1 Service Quality & Network Improvement
- 2 Compliance with Regulatory Standards
- Gender Equality & Human Rights Protection
- 4 Sustainable Transport
- 5 Supply Chain Management / Ethical Procurement
- 6 Employee Health & Safety
- 7 Business Continuity & Disaster Response
- 8 Resource Efficiency (Water, Energy, Emission, Waste)
- 9 Service Access
- 10 Innovation in Products & Services

- 11 Data Privacy & Information Security
- 12 Internal Process Management
- 13 Local Employment / Diversity & Equality
- 14 Asset Protection & Risk Management
- 15 Annual Reporting & Transparency in Disclosure
- 16 Attracting & Retaining Talent
- 17 Good Corporate Governance
- 18 Ethical Operations
- 19 Social Upliftment using Technology

From the materiality matrix, the Group was then able to categorize them under the Five Pillars of Sustainability, and then identify the standard monitoring and reporting protocols that would be applied and used for this Sustainability Report:



- CORPORATE GOVERNANCE
- BOARD DIVERSITY
- ANNUAL REPORTING AND DISCLOSURE
- MANAGING BUSINESS RISK



- SERVICE ACCESS
- SERVICE QUALITY AND NETWORK IMPROVEMENTS
- CUSTOMER
 EXPERIENCE
- INNOVATION IN PRODUCTS AND SERVICES



- ETHICAL OPERATIONS AND MANAGEMENT
- COMPLIANCE WITH REGULATORY STANDARDS
- ANTI-COMPETITIVE AND ANTI-TRUST BEHAVIOR



- EMPLOYMENT AND TALENT MANAGEMENT
- EMPLOYEES' HEALTH AND SAFETY
- TRAINING AND EDUCATION AND PERFORMANCE REVIEWS
- CORPORATE SOCIAL RESPONSIBILITY
- BUSINESS CONTINUITY AND DISASTER MANAGEMENT



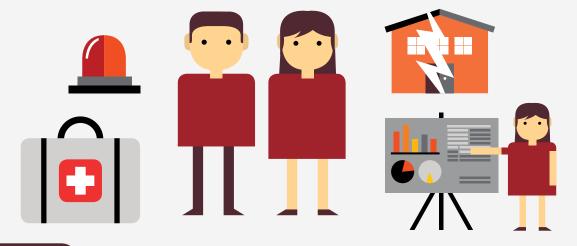
- RESOURCE EFFICIENCY IN OPERATIONS (HAZARDOUS WASTE MANAGEMENT; ENERGY, WATER, GHG EMISSIONS)
- ASSET PROTECTION
- CUSTOMER DATA PRIVACY AND INFORMATION SECURITY

STAKEHOLDER MANAGEMENT PLAN

From this updated materiality matrix, the Group is able to categorize priorities and identify the metrics needed to share the information with stakeholders.

The PLDT Group considers its stakeholders as the most important

partners in its sustainability journey, such that it maintains a comprehensive Stakeholder Management Plan to ensure that all channels and avenues are being utilized and maximized for open and transparent communications.



EMPLOYEES

KEY CONCERNS

- > Employee experience
- > Leadership development
- > Digital culture transformation
- > Skills training
- > Career opportunities
- > Health and Safety
- > Work-life blend
- > Working conditions

ENGAGEMENT METHODS

- > Align functional goals with top management goals
- > Conduct employee engagement surveys to measure the level of engagement among the employees of the company
- > Conduct pulse surveys
- > Develop skills and capabilities through regular training programs such as those given by Telecommunications Training and Education Center (TelTEC) and Smart University
- > Organize programs to support the well-being of employees
- > Embed an online internal communication platform for keeping employees informed and engaged with relevant company and business news
- > Provide comprehensive health and medical benefits to employees

FREQUENCY OF ENGAGEMENTS

- > Cycle of goal-setting and performance appraisal activities, at least once a year, plus performance coaching sessions spread across the year for employees
- > Employee engagement surveys, regularly every 2-3 years
- > Pulse surveys at the end of major engagement programs
- > Regular skills training programs
- > Leadership development programs at every promotion stage in the employee's life cycle
- > Digital dialogues and cascades, 2-3 times per year
- > Functional town halls, at least once a year
- > Medical check-ups, annually

RESPONSE TO KEY CONCERNS

- > Attracting, developing, and retaining talent
- > Employee's health and safety
- > Business continuity and disaster management

KEY CONCERNS

- > Company image
- > Marketing and promotions

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- > Products portfolio
- > Quality of service
- ► Pricing
- > Application process
- > Service provisioning process
- > Repair and restoration service
- > Channels/means to contact
- > Service Level Agreements for service provisioning, restoration, and queuing, and transaction times
- > Billing process
- > Payment and collection

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- > Project proposals
- > Data privacy
- > Service improvement

ENGAGEMENT METHODS

- > Market research studies to understand customer needs and pain points
- > Voice of the Customer studies to monitor company performance from the customer's point-of-view (e.g. satisfaction, advocacy)

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- > Monitoring and analysis of internal customer metrics to optimize network, channel, and service delivery performance
- > Customer interactions across various touchpoints and channels: business offices, call centers, online service (email, website, social media), self-service facilities, sales agents, relationship managers, technicians/ contractors, bill delivery service providers, SMS facility
- > Operation of online customer panels to crowdsource customer feedback and ideas
- > myHome app

FREQUENCY OF ENGAGEMENTS

- > By way of annual research program with planned quarterly activities
- > Year-round customer interactions
- > 1-3 times per month for online customer panels

RESPONSE TO KEY CONCERNS

- > Service access
- > Service quality and network improvements
- > Customer data privacy and information security
- > Innovation in products and services

SHAREHOLDERS AND INVESTORS

KEY CONCERNS

- > Company's operational and financial performance
- > Recent developments in the industry and the Company's outlook and future plans
- > Company's compliance with corporate governance metrics

ENGAGEMENT METHODS

- > Make public disclosures to investors and shareholders through the Annual Report, which includes the following: Management Discussion and Analysis (MD&A), Financial Statements, Audit Committee Report, Corporate Governance Report, Enterprise Risk Management Report, and Corporate Social Responsibility Report
- > Issue and file with the PSE and appropriate regulators the company's press releases and disclosures on important developments
- Have regular dialogues with shareholders, fund managers, investors, and analysts

FREQUENCY OF ENGAGEMENTS

- > Quarterly release of financial statements, MD&A, and analyst presentations
- > Quarterly conference calls/ briefings with the press, investors, and analysts to announce the company's financial and operating results, respond to queries/clarifications and provide outlook
- > Face-to-face briefings: upon announcement of first half and full-year results
- > Regular participation in investor fora/conferences
- Meetings/conference calls with analysts, fund managers, and investors

RESPONSE TO KEY CONCERNS

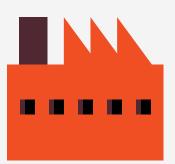
- > Annual reporting and disclosure
- > Managing business risk
- > Business continuity and disaster management
- > Business ethics and governance

STAKEHOLDER MANAGEMENT PLAN









SUPPLIERS

KEY CONCERNS

> Suppliers are eager to offer partnerships, subject to appropriate transparency measures

ENGAGEMENT METHOD

- > Engage in coordination with the procurement unit and internal proponents
- > Communicate through online portals

FREQUENCY OF ENGAGEMENT

> Regularly, can be often as daily, depending on concern

RESPONSE TO KEY CONCERNS

- > Compliance with regulatory standards
- > Business ethics and governance

COMMUNITIES

KEY CONCERNS

- > How their lives may be improved
- > How they may be affected by operations of the company

ENGAGEMENT METHOD

> Engage with the communities through Corporate Social Responsibility (CSR) projects in education, health, livelihood development, culture and arts, youth development, sports, disaster resiliency and preparedness, and environmental protection

FREQUENCY OF ENGAGEMENT

> Daily-Weekly on average

RESPONSE TO KEY CONCERNS

- > Response to natural disasters/calamities
- > Resource efficiency in operations
- > Corporate social responsibility





GOVERNMENT AND REGULATORS

KEY CONCERNS

> Compliance with regulations

ENGAGEMENT METHOD

- > Operate within relevant legislative and regulatory frameworks and comply with applicable requirements
- > Participate in public fora and hearings conducted by government and regulatory agencies relative to initiatives in the field of ICT

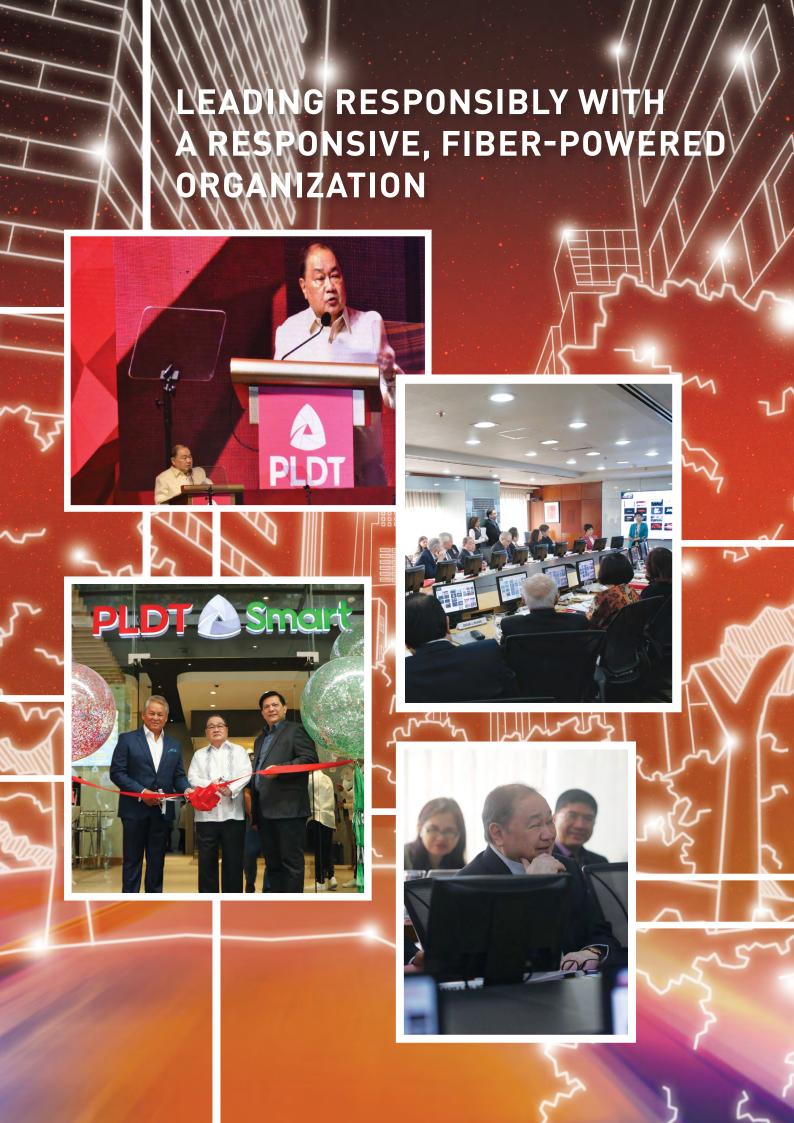
FREQUENCY OF ENGAGEMENT

- > Regularly
- > As needed

RESPONSE TO KEY CONCERNS

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- > Business ethics and governance
- > Compliance with regulatory standards



GOOD GOVERNANCE

Corporate Governance is the cornerstone of the PLDT Group strategy. This topic is comprehensively covered in the 2018 Annual Report, pages 23 to 45, under the heading PLDT Group Corporate Governance Report (Corporate Governance Report). A copy of the Annual Report is available online at http://www.pldt.com/investor-relations/annual-and-sustainability-reports.

For the purpose of this Sustainability Report, relevant highlights of the Corporate Governance Report as well as additional insights on implications of governance on the Group's continuing sustainability journey are presented.

As a public company listed in the Philippine Stock Exchange (PSE:TEL), PLDT complies with the rules and regulations of the Philippine Securities and Exchange Commission (PSEC) and the PSE. With its American Depository Shares listed and traded in the New York Stock Exchange (NYSE), PLDT also abides by governance standards laid out in the relevant laws of the U.S. and rules and regulations of the U.S. Securities and Exchange Commission and NYSE. Being an associated company of First Pacific Company Ltd., a company listed in the Hong Kong Stock Exchange, PLDT also benchmarks with the governance standards of Hong Kong.

BOARD OF DIRECTORS

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

Among the PLDT Board's duties and responsibilities are to ensure that the Company: (i) has an effective investor relations program that will keep stockholders and investors informed of important developments in the Company; (ii) respects and promotes the exercise of the rights of stockholders; and (iii) identifies its stakeholders in the community in which it operates or those who are directly affected by its operations, and that the Company has a stakeholder engagement policy or program to promote communication and cooperation with them.

BOARD DIVERSITY

PLDT considers having an optimally performing diverse Board as an essential element for the attainment of the Company's strategic objectives and its sustainable development. The Company's Board Diversity Policy provides that without infringing the cardinal right of the stockholders to nominate and vote for the election of directors, the Governance and Nomination Committee (GNC) and the Board shall consider the appropriate mix, complementation and interplay of the various diversity aspects in the selection of qualified director-nominees, who will be recommended for election by the stockholders or the Board, as the case may be, for the Company to achieve the benefits of Board diversity as well as to fairly and effectively promote

the interest of all the stakeholders, particularly the long term interest of the stockholders of the Company.

The GNC therefore conscientiously adheres to the Guidelines on the Search, Screening and Selection of Directors and Screening Checklist which contain, among others, the criteria and qualifications for directorship and a matrix of the diversity aspects (such as skills, professional or business experience, cultural and educational background, ethnicity, gender, length of service, and the combination of executive, non-executive and independent directors). The GNC also considers other relevant factors, such as conflict of interest and directorships and/or positions in other corporations. This structured process ensures that the selection of directors and independent directors is aligned with the Board Diversity Policy and the Company's Mission, Vision and strategic objectives.

PLDT's Board has access to independent professional advice, as well as access to Management as they may deem necessary to carry out their duties.

DIRECTOR	DESIGNATION	
Manuel V. Pangilinan	Chairman/Executive Director	
Ray C. Espinosa	Executive Director	
Ma. Lourdes C. Rausa-Chan	Executive Director	
Bernido H. Liu	Independent Director	
Artemio V. Panganiban	Independent Director	
Pedro E. Roxas	Independent Director	
Helen Y. Dee	Non-Executive Director	
James L. Go	Non-Executive Director	
Shigeki Hayashi	Non-Executive Director	
Junichi Igarashi¹	Non-Executive Director	
Aurora C. Ignacio²	Non-Executive Director	
Albert F. del Rosario	Non-Executive Director	
Marife B. Zamora	Non-Executive Director	

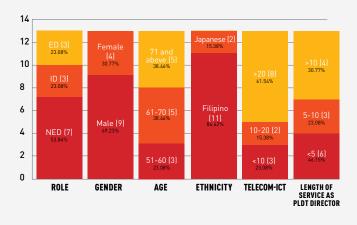
¹Elected to the Board on August 9, 2018, vice Mr. Atsuhisa Shirai.
²Elected to the Board on November 8, 2018, vice Mr. Emmanuel F. Dooc.

The Board is composed of 13 members, consisting of three independent directors, seven other non-executive directors and three executive directors. Four directors are female and two are Japanese citizens. All the members of our Board are qualified and competent directors with diverse

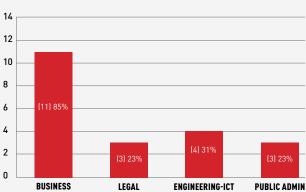
and complementing skills, expertise, experience, and knowledge which enrich the collective processes and practices of our Board. The directors have extensive experience in their respective fields or industries, such as telecommunications, Information and Communication Technology (ICT),

business processing, infrastructure, power, banking, insurance, retail and agriculture businesses, law and public administration, and real property development. At least three nonexecutive directors have extensive experience in the telecommunications industry.

BOARD DIVERSITY FACTORS

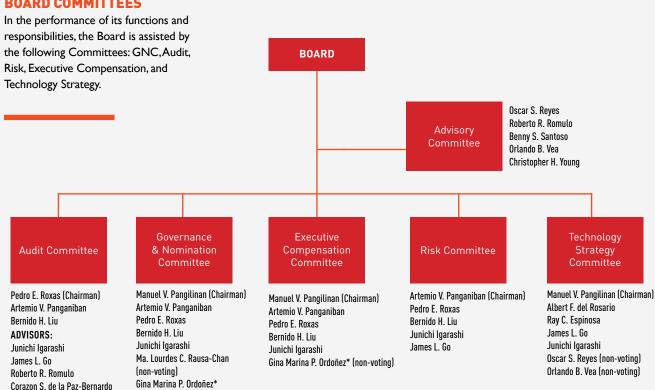


DIRECTORS' PROFESSIONAL AND BUSINESS BACKGROUND*



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

BOARD COMMITTEES



(non-voting)

AUDIT COMMITTEE (AC)

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

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

GOVERNANCE AND NOMINATION COMMITTEE (GNC)

The GNC assists the Board in the performance of its functions to: (i) establish the Company's corporate governance framework, principles and policies and oversee their implementation; (ii) develop and implement the Board's performance evaluation process; (iii) review and evaluate the qualifications of the persons nominated to the Board and to other positions requiring appointment by the Board; (iv) identify persons qualified

to become members of the Board and/ or the Board Committees; and (v) make an assessment on the effectiveness of the Company's nomination and selection process for the Board and Board Committees.

As part of the GNC's governance functions, it assists the Board in performing its oversight function on the Company's fulfillment of its environmental, social and governance (ESG) responsibilities and corporate social responsibility.

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

EXECUTIVE COMPENSATION COMMITTEE (ECC)

The ECC assists the Board in the performance of its functions to: (i) oversee the development of a compensation philosophy or policy consistent with the strategy, culture and control environment of PLDT; (ii) oversee the development and administration of PLDT's executive compensation programs, including long term incentive plans and equitybased plans for officers and executives; (iii) oversee the development and administration of the Company's performance management framework to monitor and assess the performance of Management; (iv) review the succession plan for officers, including the CEO; and (v) oversee the development and implementation of professional development programs for officers.

Our ECC is composed of five voting members, all of whom are regular members of our Board of Directors, and one non-voting member. Three of the voting members are independent directors, namely, Retired Supreme Court Chief Justice Artemio V. Panganiban, Mr. Pedro E. Roxas and Mr. Bernido H. Liu,

and two are non-independent directors, namely, Mr. Junichi Igarashi and Mr. Manuel V. Pangilinan, who is the chairman of this committee. The non-voting member is Ms. Gina Marina P. Ordoñez, effective March 21, 2019.

RISK COMMITTEE (RC)

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

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

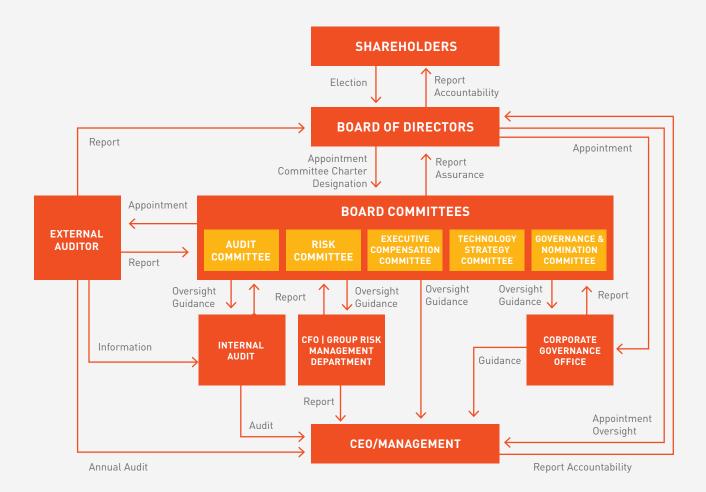
TECHNOLOGY STRATEGY COMMITTEE (TSC)

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

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

CORPORATE GOVERNANCE AND COMPLIANCE SYSTEM

The Board exercises oversight on Management in accordance with the standards set forth in the PLDT Manual on Corporate Governance (CG Manual). Below is the Corporate Governance and Compliance System that the Company practices:



This framework is embodied in the integrated system of governance structures, policies, and processes set forth in PLDT's Articles of Incorporation, By-Laws, CG Manual, Code of Business Conduct and Ethics (Code of Ethics), and Corporate Social Responsibility Statement. Our business principles are threshed out in implementing policies including the Supplier/Contractor Relations Policy, Conflict of Interest Policy, Expanded Whistleblowing Policy, Policy on Gift-Giving Activities, Policy on Gifts, Entertainment and Sponsored Travel, Guidelines on Related Party Transactions, and Disclosure Rules, among others.

All CG policies of the Company are reviewed at least once every two years to ensure that they are appropriate for PLDT, benchmarked with global best practices, and compliant with applicable laws and regulations. In 2018, PLDT's Board of

Directors reviewed the Company's Code of Business Conduct and Ethics and Conflict of Interest Policy, and determined that these policies remain compliant with applicable laws, regulations, and best practices and are appropriate for the Company.

One key policy material to corporate governance is the Expanded Whistleblowing Policy (EWB Policy), which provides guidelines on handling employee disclosures or complaints regarding violations of Corporate Governance Policies, questionable accounting or auditing matters, and other violations and offenses covered by the Company's Table of Penalties not covered by the first two classes of violations.

The EWB Policy protects whistleblowers from retaliation. To ensure confidentiality in the handling of a disclosure or complaint, PLDT maintains a Whistleblowing Hotline

and other reporting facilities, such as a dedicated electronic mailbox, post office box and facsimile transmission system. All employees and stakeholders who come forward in good faith to report violations or any act that may be considered as contrary to the Company's values may submit a disclosure or complaint regarding such violation to the CGO. Anonymous disclosures or complaints are allowed and duly processed, subject to certain conditions.

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

For 2018, there were five new whistleblowing complaints received by the CGO. Two of these cases were deemed closed while three cases are under investigation/administrative proceeding. The complaints covered allegations of violation of the Code of Ethics, Conflict of Interest Policy, Gifts Policy, Supplier/ Contractor Relations Policy, Procurement Policy, Guidelines on Management and Protection of Company Documents; Acceptable Use of Technology Resources and Standards; Policy on Employees Running for or Elected to Public Office and the Human Resources Manual. Moreover, the CGO received two concerns that fall under the jurisdiction of line Management, which were referred to the subject employees' respective immediate heads for further evaluation and handling. There were no complaints on retaliation received in 2018.

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

Another key policy material to corporate governance is the Company's Guidelines on the Blackout Periods/Restriction on Trading of Shares. Directors, officers, and employees are prohibited from dealing in the Company's shares during any announced blackout period or when in possession of material non-public information about and involving the Company. In any exceptional case, prior notice to and approval by the Company are required.

Directors and officers are also enjoined to report to the Company their dealings in the Company's shares, regardless of whether such dealings were effected during or outside the blackout period, within three trading days from the date of the transaction, to enable the timely filing of the required disclosures to the PSEC and the PSE.

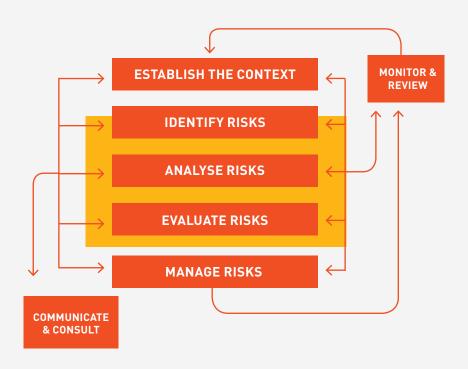
MANAGING BUSINESS RISK

The PLDT Group's commitment to the proactive management of existing and emerging risks is reinforced by the Group Enterprise Risk Management Department (GRMD). 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.

Under the leadership of the Chief Risk Management Officer (CRMO), 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 Board appointed Ms. Anabelle L. Chua as the CRMO on August 28, 2018, concurrent to her position as Chief Financial Officer.

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. 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.

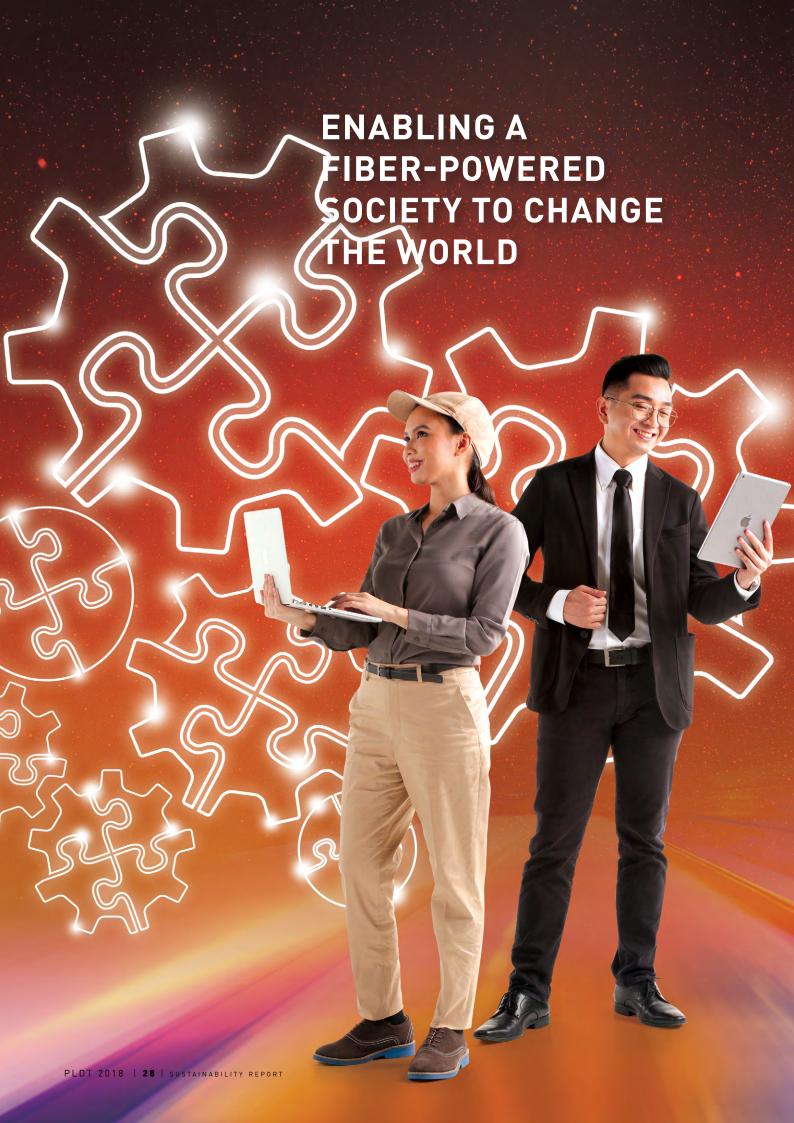


Top Risks

A risk assessment exercise was undertaken to identify and prioritize the most important risks affecting the PLDT Group for 2018. The top risks identified were: Competitive situation and economic conditions; Rapid speed of disruptive innovations and new technologies; Regulatory changes/scrutiny; Privacy/identity management challenges and increase in information security issues;

Regular occurrence of natural disasters; and People risks.

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.



ETHICAL BUSINESS PRACTICES

The PLDT Group is committed to continue doing business ethically and in compliance with laws to build and sustain the trust that it has gained from its various stakeholders. Our Code of Business Conduct and Ethics ("Code of Ethics") defines the standards of business conduct expected of our directors, officers, and employees in terms of Compliance with Laws, Competition and Fair Dealing, Confidentiality of Information and Proper Use of Property, Conflicts of Interest and Corporate Opportunities, Disclosure, Risk Management and Relations with Shareholders and Investors. These standards are anchored on our shared core values of integrity, accountability, fairness and transparency, which guide our behavior in our dealings with our stakeholders, people, customers, business partners, suppliers and other stakeholders.

To facilitate observance of the Code of Ethics, PLDT has adopted the following Policies, among others:

Conflict of Interest Policy

The Conflict of Interest Policy prescribes adherence to sound business principles devoid of bias or partiality. It provides guidance on the handling of conflict of interest situations that undermine or may have the potential of undermining the best interest of the Company. The Policy sets out disclosure, review, risk mitigation and approval process in case of any actual or potential conflict of interest in dealings with business partners, suppliers/contractors, employment in other companies, use of company property, services and other resources.

The Policy mandates that a conflicted director, officer or employee shall inhibit from participating in the process or transaction where a conflict of interest may arise or has arisen.

Policy on Gifts, Entertainment and Sponsored Travel

The Policy on Gifts, Entertainment and Sponsored Travel contains guidelines on the



proper handling of Gifts, Entertainment and Sponsored Travel (referred to hereinafter as "Gifts"). As a general rule, solicitation of Gifts is prohibited and offered Gifts should be declined, particularly when the offer and acceptance of Gifts would create an actual or perceived effect on the objective, independent or effective performance of duties or an expectation of reciprocity.

Anti-Corruption Program

On December 11, 2018, 99% of PLDT employees* received communication on PLDT's Gift-Giving Policy, which, together with the Code of Ethics, embodies the anti-corruption program of the Company. In addition, on November 22, 2018, the Chief Governance Officer sent to officers, advisors, executives and consultants an Advisory on Gift-Giving and Anti-Corruption with relevant compliance requirements of the Company and its commitment to stakeholders to comply with relevant laws, consistent with the Company's core principles and values. In 2018, 75% of PLDT employees received training on anti-corruption that highlighted the prohibition on direct and indirect bribery and corrupt practices, such as improper payments or inducements to government offices/officials and business partners for the purpose of influencing action or decision on a pending transaction, or obtaining improper advantages or

benefits. As part of the Company's continuing effort to cultivate a culture of good governance, the employees have access to corporate governance policies in the PLDT intranet and to periodic advisories on such policies.

For its effective implementation, specific guidance, procedural safeguards and internal controls pertaining to the offering or giving of gifts which are prohibited or those which are regulated by law are provided. In addition, implementation of the Policy is reinforced by related policies such as PLDT's Corporate Governance Guidelines for Suppliers that prohibit bribery in connection with business transactions involving the Company and its suppliers; PLDT Policy on Gifts, Entertainment and Sponsored Travel, Supplier/Contractor Relations Policy and Conflict of Interest Policy. To monitor compliance and prevent violation, internal control procedures are in place, coupled with training and communication programs, third party due diligence and enforcement mechanisms.

There were no reports of confirmed incidents of corruption, as this term is defined in the GRI Standards, received by the Corporate Governance Office in 2018.

*Refers to 8,203 employees with active email accounts in *PLDT Email Clients* out of 8,276 employees.

FOR 2018, THE FOLLOWING BLACKOUT PERIODS WERE OBSERVED:

2018 RESTRICTIONS ON BUYING AND/OR SELLING PLDT SHARES			
NATURE OF REPORT: PLDT 2018 RESULTS	DATE OF RELEASE	BLACKOUT PERIOD	
Q1	May 10	April 25 – May 15¹	
Q2	August 9	July 25 – August 13	
Q3	November 8	October 24 – November 12	
Full Year Report (unaudited)	March 7, 2019	January 29 – March 25, 2019	
Full Year Report (audited)	March 21, 2019	January 27 March 25, 2017	

¹ Trading restriction period was extended to May 15, 2018 due to the declaration of May 14, 2018 as a special non-working holiday.

Supplier-Contractor Relations Policy

The Supplier-Contractor Relations Policy provides guidance for best practices in supply chain management and mandates all directors, employees and consultants to maintain the Company's reputation for equal opportunity and honest treatment of suppliers in all business transactions. It embodies the Company's commitment to explore and maintain mutually beneficial relationships with likeprincipled suppliers. In line with best practice, suppliers are accredited based on established criteria, purchases are generally made by competitive bidding where the total cost to the Company is considered and the best value for money from the suppliers' products and services are sought, and transactions are fully documented. The Policy requires Company personnel to be vigilant and to disclose any irregular, illegal or unethical conduct of suppliers and/or fellow Company personnel.

Internal Disclosure Controls and Procedures

PLDT's Internal Disclosure Controls and Procedures serve to ensure that all required disclosures and reports under relevant disclosure and reporting rules of the Philippine Securities and Exchange Commission (PSEC), Philippine Stock Exchange (PSE), U.S. Securities and Exchange Commission (US SEC) and New York Stock Exchange (NYSE) are prepared, reviewed, approved and submitted in accordance with such rules. These include the annual reports, quarterly reports, disclosures of material information, events and transactions which could affect the market price and trading of PLDT shares, press releases and materials for stockholders' meetings. Major

company announcements are reviewed and approved by the Company's Disclosure Committee, which is composed of certain members of Senior Management, and by the Board of Directors or the Audit Committee, as applicable.

Blackout Period/Restriction on Trading of Company Shares

The Policy on Blackout Period/Restriction on Trading of Company Shares ensures that PLDT Group directors, officers, executives, and employees who possess unpublished price-sensitive information about PLDT and PLDT's shares and other information about the Company not generally available to the public comply with relevant laws and rules against Insider Trading including proscriptions contained in the Securities Regulation Code and the PSE Revised Disclosure Rules. Specifically, the Policy prohibits such persons from directly or indirectly buying or selling PLDT shares during the applicable Blackout Period as follows: (a) the period within which a material non-public information is obtained and up to two full trading days after such information is disclosed by the Company, (b) 15 days prior to, including the day of, plus two full trading days after the release of the Company's quarterly or half-yearly financial and operating results, or (c) 30 days prior to, and including the day of, plus two full trading days after, the release of the full year results.

Expanded Whistleblowing Policy

The Expanded Whistleblowing Policy (Whistleblowing Policy) covers violations of Corporate Governance Rules, questionable accounting or auditing matters, and other violations and offenses covered by the Company's Table of Penalties not covered by

the first two classes of violations. Consistent with the principles of good governance and in compliance with Section 404 of the Sarbanes Oxley Act (SOX 404), the Whistleblowing Policy provides a system for the disclosure or filing of a complaint by an employee, who, in good faith, believes that the Company or any colleague is or has engaged in illegal or unethical conduct. To report a Whistleblowing Complaint, a Complaint or Disclosure Form may be downloaded online from the PLDT CGO website. The identity of whistleblowers and witnesses are kept strictly confidential and a whistleblower also has the option of reporting anonymously. Retaliation against any whistleblower or witness is prohibited and a Complaint on Retaliation may be filed by a whistleblower or witness who believes that he or she has been retaliated upon for filing a Whistleblowing Complaint or for participating or cooperating in an investigation relating to a Whistleblowing Complaint. PLDT likewise complies with SOX 404 on the company's internal controls over financial reporting guidelines for the review and approval of donations, and policies on gift-giving practices.

Periodic Review of Policies

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

Education and Communication

The PLDT Group recognizes that communicating Company policies to employees is an important and indispensable step towards implementing its business strategy and advancing shareholder value by creating a culture of good governance across the PLDT Group.

In 2018, information on Anti-Corruption Policies including, the Code of Ethics and Policy on Gift-Giving Activities and other Corporate Governance Policies were communicated to new employees as part of the Company's Onboarding of New Employees Program. In addition, PLDT conducted corporate governance refresher courses for newly-promoted PLDT executives, while a corporate governance refresher course was conducted with the Technology Group in SMART. A CG eLearning refresher course with 12-point ethics survey was likewise conducted for PLDT and SMART executives and employees, and made available to officers. Education and training is supplemented by the production and dissemination of relevant communication materials, including thematic posters and calendars and advisories on corporate

governance. As a periodic requirement, PLDT employees affirmed their support to the Company's commitment to good corporate governance in 2018.

For directors and officers, an Annual In-House Corporate Governance Enhancement Session (ACGES) is conducted to provide an opportunity for leadership to engage in discussion with international and local experts on relevant topics, including, emerging trends and technologies, new laws, and best business practices. In 2018, the ACGES was conducted on the topics: (i) Sustainability Strategy in a Disruptive Business Environment: ESG Best Practices and Compliance Issues; and (ii) Blockchain Technology Use Cases and Strategic Benefits, Risks and Governance Issues. It included discussions among directors, officers, and resource persons and live streaming of speaker presentations to PLDT and SMART executives.

The trainings attended by PLDT Directors in 2018 are detailed on page 28 of the PLDT 2018 Annual Report. 12 out of 13 PLDT Directors (92%) attended at least one corporate governance training, while Mr. James L. Go has been granted by the

PSEC permanent exemption from its corporate governance training requirement.

Advocacy

The PLDT Group continues to work with institutions and organizations engaged in programs and advocacy efforts in the corporate governance, compliance, and business ethics field. As a sponsoring partner member of the Ethics and Compliance Initiative (ECI), PLDT and Smart have access to ECI's vast online library on governance and related topics and opportunities to interact with other governance and ethics professionals around the world and is able to benchmark its governance practices against those of leading companies.

Locally, PLDT is a premium member of the Integrity Initiative, Inc. PLDT and Smart are members of the Good Governance Advocates and Practitioners of the Philippines (GGAPP). PLDT and Smart also participate 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).



COMPLIANCE WITH REGULATORY STANDARDS

PLDT complies with an array of rules and regulations laid down by industry regulators and government agencies. The telecommunications industry is highly regulated, and compliance with set standards is critically material to PLDT as it directly impacts the organization's ability to operate.

PLDT ensures that it complies with all laws and regulations, including the requirements of local government units (LGUs) in the areas where it operates. It adheres to regulations issued by national agencies such as the PSEC, Department of Trade and Industry (DTI), Department of Labor and Employment (DOLE), Department of Environment and Natural Resources (DENR), Bureau of Internal Revenue (BIR), Department of Information and Communications Technology (DICT), and National

Telecommunications Commission (NTC). PLDT Corporate Affairs and Legal Services (CorLeg) provides essential support in ensuring PLDT's compliance with laws and regulations. It manages the efficient and proactive provisioning of legal services in governmental, regulatory, administrative, court, and arbitral proceedings. It also assists various PLDT organizational units in the preparation, review, and negotiation of contracts, and provides legal advice on matters such as the enforcement of obligations, exercise of rights, and resolution of disputes. In addition, CorLeg ensures compliance with reportorial, disclosure, and other requirements of the PSEC, PSE, US SEC, and NYSE.

PLDT ensures compliance with environmental regulations through the

Property and Facilities Management Sector (PFM), which is tasked to monitor and implement continuous process improvements in order to mitigate potential risks and impacts to the environment.

In 2018, PFM reports having received eight (8) notices of violation due to either late renewal of the Permit to Operate, late filing of Hazardous Waste registration, or operating without discharge permit. The company has already submitted the required explanation letter and is awaiting DENR's order or resolution on each case. PLDT also settled within the same year the fine imposed for the late filing of hazardous waste registration for the PLDT North Marikina Exchange, which amounted to Php10,000.

DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE) COMPLIANCE ORDER TO PLDT

The Court of Appeals issued a Decision in this case last July 31, 2018.

In a series of orders including a Compliance Order issued by the DOLE Regional Office on July 3, 2017, which was partly affirmed by DOLE Secretary Silvestre H. Bello III in his resolutions dated January 10, 2018 and April 24, 2018, the DOLE had previously ordered PLDT to regularize 7,344 workers from 38 of PLDT's third party service contractors. PLDT questioned these "regularization orders" before the CA, which led to the July 31, 2018 Decision.

In sum, the CA: (i) GRANTED PLDT's prayer for an injunction against the regularization orders; (ii) SET ASIDE the regularization orders insofar as they declared that there was labor-only contracting of the following functions:

(a) janitorial services, messengerial and clerical services; (b) information technology, or IT, firms and services;

(c) IT support services, both hardware and software, and applications development;

(d) back office support and office operations; (e) business process outsourcing or call centers; (f) sales; and (g) medical, dental engineering and other professional services; and (iii) REMANDED to the DOLE for further proceedings, the matters of: (a) determining which contractors, and which

individuals deployed by these contractors, are performing installation, repair and maintenance of PLDT lines; and (b) properly computing monetary awards for benefits such as unpaid overtime or 13th month pay, which in the regularization orders amounted to Php51.8 million.

The CA agreed with PLDT's contention that the Secretary's regularization order was "tainted with grave abuse of discretion" because it did not meet the "substantial evidence" standards set out by the Supreme Court in landmark jurisprudence. The Court also said that the DOLE's appreciation of evidence leaned in favor of the contractor workers, and that the Secretary had "lost sight" of distinctions involving the labor law concepts of "control over means and methods," and "control over results."

On August 20, 2018, PLDT filed a motion seeking a partial reconsideration of that part of the CA decision, which ordered a remand to the Office of the Regional Director of the DOLE-National Capital Region of the matter of the regularization of individuals performing installation, repair and maintenance, or IRM, services.

In its motion, PLDT argued that the fact-finding process contemplated by the Court's remand order is actually not part of the visitorial power of the DOLE (i.e., the evidence that will need to be assessed cannot be gleaned by in the 'normal course' of a labor inspection) and

is therefore, outside the jurisdiction of the Secretary of Labor.

PLDT also questioned that part of the CA ruling which seems to conclude that all IRM jobs are "regular". It argued that the law recognizes that some work of this nature can be project-based or seasonal in nature.

Instead of the DOLE, PLDT suggested that the National Labor Relations Commission – a tribunal with better fact-finding powers – take over from the DOLE to determine whether the jobs are in fact IRM, and if so, whether they are "regular" or can be considered project-based or seasonal.

Both adverse parties, the PLDT rankand-file labor union Manggagawa sa Komunikasyon ng Pilipinas, and the DOLE filed Motions for Reconsideration.

On February 14, 2019, the CA issued a Resolution denying all Motions for Reconsideration and upheld its July 31, 2018 Decision. After filing a Motion for Extension of Time on March 7, 2019, PLDT filed on April 5, 2019 a Petition for Review with the Supreme Court, questioning only one aspect of the CA decision, i.e., its order remanding to the DOLE the determination of which jobs fall within the scope of "installation, repair and maintenance," without however a qualification as to the "project" or "seasonal" nature of those engagements.

ANTI-COMPETITIVE AND ANTI-TRUST BEHAVIOR

PLDT supports the continued growth and development of the country's telecommunications industry, and welcomes robust market competition that benefits consumers. It strives to compete through continuous innovation and improvement of its products and services.

PLDT proactively undertakes initiatives to ensure full compliance with competitionrelated laws, rules, and regulations, and towards this end, continuously engages in a diligent review of the contracts it enters into.

With regards to legal actions relating to competition-related rules, there is one

pending case per the Legal Services Center: The PLDT vs. Philippine Competition Commission case, which is being handled by external counsel, as explained in the statement below.

IN THE MATTER OF THE PETITION AGAINST THE PHILIPPINE COMPETITION COMMISSION (PCC)

On July 12, 2016, PLDT filed before the Court of Appeals (CA) a Petition for Certiorari and Prohibition (With Urgent Application for the Issuance of a Temporary Restraining Order, or TRO, and/or Writ of Preliminary Injunction), or the Petition, against the PCC. The Petition seeks to enjoin the PCC from proceeding with the review of the acquisition by PLDT and Globe of equity interest, including outstanding advances and assumed liabilities, in the telecommunications business of San Miguel Corporation (SMC) and performing any act which challenges or assails the "deemed approved" status of the SMC Transactions. On July 19, 2016, the 12th Division of the CA, issued a Resolution directing the PCC through the Office of the Solicitor General, or the OSG, to file its Comment within a non-extensible period of 10 days from notice and show cause why the Petition should not be granted. On August 11, 2016, the PCC through the OSG, filed its Comment to the Petition (With Opposition to Petitioner's Application for a Writ of Preliminary Injunction). On August 19, 2016, PLDT filed its Reply to Respondent PCC's Comment.

On August 26, 2016, the CA issued a Writ of Preliminary Injunction enjoining and directing the respondent PCC, their officials and agents, or persons acting for and in their behalf, to cease and desist from conducting further proceedings for the pre-acquisition review and/or investigation of the SMC Transactions based on its Letters dated June 7, 2016 and June 17, 2016 during the pendency of the case and until further orders are issued by the CA. On September 14, 2016, the PCC filed a Motion for Reconsideration of the CA's Resolution. During this time, Globe moved to have its Petition consolidated with the PLDT Petition. In a Resolution promulgated on October 19, 2016, the CA: (i) accepted the consolidation of Globe's petition versus the PCC (CA G.R. SP No. 146538) into PLDT's petition versus the PCC (CA G.R. SP No. 146528) with the right of

replacement; (ii) admitted the Comment dated October 4, 2016 filed by the PCC; (iii) referred to the PCC for Comment (within 10 days from receipt of notice) PLDT's Urgent Motion for the Issuance of a Gag Order dated September 30, 2016 and to cite the PCC for indirect contempt; and (iv) ordered all parties to submit simultaneous memoranda within a non-extendible period of 15 days from notice. On November 11, 2016, PLDT filed its Memorandum in compliance with the CA's Resolution.

On February 17, 2017, the CA issued a Resolution denying PCC's Motion for Reconsideration dated September 14, 2016, for lack of merit. The CA denied PLDT's Motion to Cite the PCC for indirect Contempt for being premature. In the same Resolution, as well as in a separate Gag Order attached to the Resolution, the CA granted PLDT's Urgent Motion for the Issuance of a Gag Order and directed PCC to remove immediately from its website its preliminary statement of concern and submit its compliance within five days from receipt thereof. All the parties were ordered to refrain, cease and desist from issuing public comments and statements that would violate the sub judice rule and subject them to indirect contempt of court. The parties were also required to comment within ten days from receipt of the Resolution, on the Motion for Leave to Intervene and to Admit the Petitionin-Intervention dated February 7, 2017 filed by Citizenwatch, a non-stock and non-profit association.

On April 18, 2017, the PCC filed before the Supreme Court a Petition to Annul the Writ of Preliminary Injunction issued by the CA's 12th Division on August 26, 2016 restraining PCC's review of the SMC Transactions. In compliance with the Supreme Court's Resolution issued on April 25, 2017, PLDT on July 3, 2017 filed its Comment dated July 1, 2017 to the PCC's Petition. The Supreme Court issued a Resolution dated July 18, 2017 noting PLDT's Comment and requiring

the PCC to file its Consolidated Reply. The PCC filed a Motion for Extension of Time and prayed that it be granted until October 23, 2017 to file its Consolidated Reply. The PCC filed its Consolidation Reply to the: (1) Comment filed by PLDT; and (2) Motion to Dismiss filed by Globe on November 7, 2017. The same was noted by the Supreme Court in a Resolution dated November 28, 2017.

During the intervening period, the CA rendered its Decision in October 18. 2017, granting the Petitions filed by PLDT and Globe. In its Decision, the CA: (i) permanently enjoined the PCC from conducting further proceedings for the pre-acquisition review and/or investigation of the SMC Transactions based on its Letters dated June 7, 2016 and June 17, 2016; (ii) annulled and set aside the Letters dated June 7, 2016 and June 17, 2016; (iii) precluded the PCC from conducting a full review and/or investigation of the SMC Transactions; (iv) compelled the PCC to recognize the SMC Transactions as deemed approved by operation of law; and (v) denied the PCC's Motion for Partial Reconsideration dated March 6, 2017, and directed the PCC to permanently comply with the CA's Resolution dated February 17, 2017 requiring PCC to remove its preliminary statement of concern from its website. The CA clarified that the deemed approved status of the SMC Transactions does not, however, remove the power of PCC to conduct post-acquisition review to ensure that no anti-competitive conduct is committed by the parties.

On November 7, 2017, PCC timely filed a Motion for Additional Time to file a Petition for Review on Certiorari before the Supreme Court. The Supreme Court granted PCC's motion in its Resolution dated November 28, 2017.

On December 13, 2017, PLDT, through counsel, received the PCC's Petition for Review on Certiorari filed before the Supreme Court assailing the CA's Decision dated October 18, 2017.

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In this Petition, the PCC raised procedural and substantive issues for resolution. Particularly, the PCC assailed the issuance of the writs of certiorari, prohibition, and mandamus considering that the determination of the sufficiency of the Notice pursuant to the Transitory Rules involves the exercise of administrative and discretionary prerogatives of the PCC. On the substantive aspect, the PCC argued that the CA committed grave abuse of discretion in ruling that the SMC Transactions should be accorded the deemed approved status under the Transitory Rules. The PCC maintained that the Notice of the SMC Transaction was defective because it failed to provide the key terms thereof.

In the Supreme Court Resolution dated November 28, 2017, which was received by PLDT, through counsel, on December 27, 2017, the Supreme Court decided to consolidate the PCC's Petition to Annul the Writ of Preliminary Injunction issued by the CA's 12th Division with that of its Petition for Review on Certiorari assailing the decision of the CA on the merits.

On February 13, 2018, PLDT, through counsel, received Globe's Motion for Leave to File and Admit the Attached Rejoinder, which was denied by the Supreme Court in a Resolution dated March 13, 2018.

On February 27, 2018, PLDT, through counsel, received notice of the Supreme Court's Resolution dated January 30, 2018 directing PLDT and Globe to file their respective Comments to the Petition for Review on Certiorari without giving due course to the same.

On April 5, 2018, PLDT, through counsel, filed its Comment on the Petition for Review on Certiorari. On April 11, 2018, PLDT, through counsel, received Globe's Comment/Opposition [Re: Petition for Review on Certiorari dated December 11, 2017] dated March 4, 2018.

On April 24, 2018, PCC's Motion to Expunge [Respondent PLDT's Comment on the Petition for Review on Certiorari] dated April 18, 2018 was received. On May 9, 2018, PLDT, through counsel, filed a Motion for Leave to File and Admit the Attached Comment on the Petition for Review on Certiorari dated May 9, 2018.

On June 5, 2018, PLDT, through counsel, received the Supreme Court's Resolution dated April 24, 2018 noting the PLDT's Comment on the Petition for Review on Certiorari filed in compliance with the Supreme Court's Resolution dated January 30, 2018 and requiring the PCC to file a Consolidated Reply to the comments within ten days of notice. On June 20, 2018, PLDT, through counsel, received PCC's Urgent Omnibus Motion (1) for Partial Reconsideration of the Resolution dated April 24, 2018; and (2) Additional Time dated June 11, 2018.

PCC filed its Consolidated Reply Ad Cautelam dated July 16, 2018, which was received on July 19, 2018.

On July 26, 2018, the Supreme Court issued a Resolution dated June 19, 2018 where it resolved to grant PLDT's Motion for Leave to File and Admit the Attached Comment. In a Resolution dated July 3, 2018, the Supreme Court resolved to deny PCC's motion to reconsider the Resolution dated April 24, 2018 and grant the motion for extension of time to file its reply to PLDT's and Globe's Comments, with a warning that no further extension will be given.

In a Resolution dated June 5, 2018, the Supreme Court noted PCC's Consolidated Reply Ad Cautelam.

The consolidated petitions remain pending as at the date of this report.

On May 30, 2016, the PLDT Board approved the Company's acquisition of 50% equity interest, including outstanding advances and assumed liabilities, in the telecommunications business of San Miguel Corporation, or SMC, with Globe acquiring the other 50% interest. On the same date, PLDT and Globe executed: (i) an SPA with SMC to acquire the entire outstanding capital, including outstanding advances and assumed liabilities, in Vega Telecom Inc., or VTI (and the other subsidiaries of VTI), which holds SMC's telecommunications assets through its subsidiaries, or the VTI Transaction; and (ii) separate SPAs with the owners of two other entities, Bow Arken Holdings Company, or Bow Arken (the parent company of New Century Telecoms, Inc.) and Brightshare Holdings, Inc., or Brightshare (the parent company of eTelco, Inc.), which separately hold additional spectrum frequencies through their respective subsidiaries, or the Bow Arken Transaction and Brightshare Transaction, respectively. We refer to the VTI Transaction, Bow Arken Transaction and Brightshare Transaction collectively as the SMC Transactions.

ETHICAL PROCUREMENT

Procurement is an aspect of business that is traditionally beset by attempts of unprincipled individuals to corrupt the system for personal benefit. That is why the PLDT Group fully recognizes the concern of stakeholders and the critical materiality of having an ethical procurement process that would protect the interests of the company and its future.

Initially released in 2016, the PLDT Group's Procurement Policy lays down the organization's Supply Chain Management (SCM) processes. These adhere to the overarching approach for supply chain transformation in accordance with the Group's sustainability strategy.

The SCM unit, therefore, spearheads pro-active strategies to manage end-to-end procurement activities, works to strengthen transparency for internal and external stakeholders, and reinforces the implementation of performance management frameworks based on best practices.

The unit is composed of:

- Three Procurement units:
 - Network Procurement focuses on network elements, equipment, materials, and services.
 - > IT Procurement focuses on platforms, operational and business support systems, enterprise and business intelligence service requirements, technical support and maintenance service, and hardware and cloud infrastructure.
 - Marketing and General Services Procurement focuses on marketing devices/ consumer premises equipment, materials and services; construction materials and services; and general/corporate products and services.
- An Operational unit that handles the day-to-day Purchase Order [PO creation and releasing.
- A Functional Support unit that provides policies, guidelines, processes, performance data, and supplier qualification.
- A Logistics unit that attends to the inbound and outbound flow of materials.



Of the PHP137.50B procurement spending that passed through SCM in 2018, 55% (or PHP75.71B) was sourced from registered legal entities doing business in the Philippines. With sourcing generally done competitively, it is worth noting that of the I,428 suppliers that have been issued POs in 2018, 91% (or I,303) are local suppliers.

Procurement is being supported by Contracts Management & Governance, under the Office of Corporate Services Head, to ensure contracting strategies, as well as contract terms and conditions, are aligned with the overall objectives of the Group and compliant with policies, guidelines, and general principles of good governance.

Whether local or foreign, 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 businesses. Suppliers are therefore required to undergo an accreditation process before they engage in activity with PLDT.

Other than financial and technical capabilities, criteria for accreditation include compliance with applicable laws, such as those pertaining to industrial relations, environment and health and safety. The Company's purchases, as a general rule, are made on the basis of competitive bidding among accredited and qualified suppliers. Specifically, the supplier qualification process requires each one to comply with statutory requirements.

The following top-spend suppliers are already reporting on their respective sustainability initiatives:

- Huawei upholds affordable connectivity, security and data privacy, environmental protection, and social health. In 2017, it reported:
 - > A connectivity cost reduction of 75% through the use of its WTTx, a 4G and 4.5G-based broadband access solution which uses wireless connectivity to provide fiber-like broadband access for household;
 - > 186 security standard proposals to 3rd Generation Partnership Project [3GPP], a global initiative that produces reports and specifications for 3GPP technologies;
 - > A 20% average increase in energy efficiency of its products through the use of solar energy; and
 - > Environment, Health and Safety [EHS] audits on more than 4,100 sites worldwide through the adoption of an EHS management system and corporate-level global accountability mechanism for safety incidents. In 2017, 74% of Huawei's representative offices have been certified for occupational safety management.
- Ericsson generally prioritizes environmental and social matters. In 2017, it reported:

- ➤ A Green Scheduler developed with South Korea's SK Telecom, which combines energy efficient traffic scheduling and Lean Carrier that provides around 30W power saving (15%) even at 10% cell load.
- > A solution which allows mobile phone signals in Sweden to bolster rain level forecasts.
- A series of rural pilot tower sites to provide cost-effective connectivity solutions in Tanzania.
- > A program in South Africa dubbed as Connect to Learn, which connects more than 1,000 students and teachers to a cloud-hosted, opensource learning solution, among others.
- Samsung focuses on economic and social initiatives. In 2017, it reported:
 - > The development of products that guarantee access to information for all regardless of abilities or economic status.
 - > The management of water resource risks in the workplace and monitoring the quality of effluent.
 - > The rollout of policy commitment and due diligence efforts to protect human rights in operations and supply chain, among others.
 - Apple highlights sustainable environmental efforts. In 2017, it reported the extensive use of renewable energy sources to cut down carbon emission and increased identification of harmful substances in its products from 10,000 to 20,000 through its Full Material Disclosure program, among others.
 - Amdocs' efforts center on the environment and social. In 2017, it reported increased employee satisfaction rate, 54% reduction in paper use, and 37,000 employee volunteering hours, among others.



QUALITY OF SERVICE

The PLDT Group provides an essential public service to a discerning market that measures its performance through the quality of its service – equitable access to the most number of people, reliable availability, and continuous product and service innovations. Stakeholders expect the Group to be fully committed to its mission and take the lead in creating a differentiated customer experience.

The bold steps taken by the Group in recent years were taken precisely to ensure that it continues to lead the industry in this aspect. With the aggressive network transformation and

digital pivot being executed, the Group is laying the foundation for creating a future proof system, bolstered by a powerful fiber optic cable network that can support innovations for generations to come.

The rapid pace of PLDT's network transformation program has expanded its fiber optic cable network into a total fiber footprint that reaches 221,000 kilometers, consisting chiefly of transmission and distribution facilities. This performance exceeds the full year 2018 target of 210,000 km and provides the vital underpinning for the expansion of the group's fixed and mobile networks.

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PROVIDING EQUITABLE ACCESS

People's access to modern-day communication technology impacts their quality of life and economic activities. Equitable access therefore evens the playing field and allows everyone to enjoy digital conveniences, such as enabling small or start-up entrepreneurs to compete and succeed in the market.

The network transformation supports the Group's campaign to bring the latest technology to as many households as possible. By end 2018, PLDT Home's fiber coverage had reached 6.30 million homes, surpassing the full year 2018 target of 5.3 million homes around the country. At the same time, total capacity reached 2.25 million ports — more than double the count as of end-2017 and above the 2.20 million ports targeted for 2018. At the end of the year, there were 1.25 million ports available for subscription.

Having world-class connectivity brings communities to the digital frontier and enables them to grow. For instance, since linking the Palawan region to its extensive Domestic Fiber Optic Network (DFON) backbone, PLDT has also been gradually firing up fiber-tothe-home (FTTH) facilities such that residents and businesses in the area have been availing of higher connectivity packages up to 500mbps.

Meanwhile, Smart has installed about over 7,000 new LTE or 4G base stations, boosting its total count to about 14,400 LTE base stations nationwide – 65% more than its end-2017 count. It also added about over a thousand 3G base stations, raising the total count to about 11,000.

The accelerated roll-out of PLDT's fiber network has placed the company in a good position to provide customers with fiber-powered broadband services within the next 12 to 18 months. In addition, Smart stepped up deployment of LTE, LTE-Advanced and 3G facilities.

LTE is the best technology to help bring fast, affordable and reliable mobile internet services to as many customers as possible. It is also quickly upgradable to LTE-A, which can provide even greater capacity and speeds to users with capable smartphones.

6.30 million homes

PLDT Home's fiber coverage had reached

1.25 million ports

available for subscription

7,000
new LTE
or 4G base
stations



Total count

14,400

LTE base stations nationwide

65% more end-2017 count

This enables the Group to fulfill the commitment of providing mobile broadband services to over 90% of the country's cities and municipalities by end-2018. Taking this mission to heart, Smart took pains to put up facilities in challenging areas such as the northernmost provinces of Batanes, Sagada in the Mountain Province, and the besieged Marawi City in Lanao del Sur, among many others.

Smart restored connectivity in key areas in Marawi City, Lanao del Sur as part of its network upgrade efforts across Mindanao. Marawi joins other municipalities across Mindanao that now have LTE, including Malalag, Davao Del Sur; Dapa, Surigao Del Norte; Libungan, North Cotabato; Malapatan, Sarangani; and Tantangan, South Cotabato.

To improve coverage and better serve resettlement areas, Smart is also building more sites in Marawi, as well as continuously expanding the capacity of the existing ones. The Company knows that access to communication technology will help people rebuild their lives.

Meanwhile, after its network upgrades in Metro Cebu, Smart further expanded LTE and LTE-A networks in the rest of Cebu province, as well as key areas around the Visayas. This year, more

areas have been powered by Smart LTE, including key tourism areas like Oslob, Moalboal, Daanbantayan, Medellin, Toledo City, Bogo City and Carmen.

Smart LTE has also been deployed in key cities around the Visayas, including Kalibo in Aklan, Tagbilaran City in Bohol, Roxas City in Capiz, Tacloban and Ormoc in Leyte, Jordan in Guimaras, Dumaguete City in Negros Oriental, Catbalogan City in Samar and Maasin City in Southern Leyte. Smart also fired up LTE in Tacloban City and in Ormoc City.

Moreover, carrier-grade Smart Wifi is available in Metro Manila and 40 other provinces, following Smart's ramped-up roll-out of the service in the government offices, hospitals, schools, restaurants, airports and transportation hubs, and other key high-traffic areas across the country.

At the same time, the Company is working with device manufacturers to help make more LTE and LTE-A-capable devices available to customers. The network roll-out must be accompanied by the adoption of LTE and LTE-A-capable mobile phones and devices so that more people can enjoy the improved service. LTE-capable smartphones already available with Smart include the Samsung Galaxy Note 9, Huawei P20 series, Huawei Mate 10.

Samsung Galaxy J2 Pro, and Oppo F5.

In 2018, Smart went a step further in breaking down barriers for people to try the offerings made available through faster and higher-capacity mobile internet services – the company ran a promo called YouTube Every Day that gave Smart, TNT, and Sun prepaid customers free one hour daily access to YouTube by simply registering to affordable load packages such as GigaSurf99, AllOutSurf99, GigaSurf 50, AllOutSurf 30, Panalo Data 30, Panalo Combo 30, Super Combo 20, and Big Time Data 70.

It was a groundbreaking success which the Company followed up with Video Every Day, which enables customers to enjoy daily one hour of free video access to YouTube, iflix, NBA League Pass, iWant, and Cignal Play every time they register to Gigasurf data packs.

This free access has encouraged people to painlessly explore the features offered by digital technology and appreciate its utility for them, showing them the potential value that are available in the network.

SERVICE QUALITY AND NETWORK IMPROVEMENTS

All these changes have brought great results, as PLDT and Smart were both recognized as the country's fastest fixed and mobile networks by Ookla, the global leader in internet testing and analysis. Initial data included in Ookla's country reports show Smart posting big leads in key cities like Quezon City, Makati and Manila, while PLDT leads in Quezon City, Pasig and Manila.

Meanwhile, independent mobile analytics company Opensignal cited Smart for providing its customers the best video experience in the country. Opensignal published an independent analysis of the customer experience for video services by telecom carriers in Asia, showing that Smart garnered a video experience score of 42.2, well ahead of competition in the Philippines and well above the national average.

Validations from third-party organizations such as Ookla and Opensignal resulted from Smart's upgrades in 2018. The wireless services provider doubled the number of LTE base stations and raised the number of LTE-equipped cell sites that use frequencies compatible with carrier aggregation (CA)-capable smartphones available in the market today. CA is

a feature of LTE-A which enables the combination of two or more radio frequency bands in order to deliver much faster data speeds to mobile phone users. 2-Component Carrier (2CC) CA features the combination of two frequencies, while 3CC involves the combination of three frequencies and 4CC combines four bands.

Smart has been rolling out up to 3CC to 4CC aggregation across other Metro Manila cities and in other areas where there is a concentration of users and devices. In Marikina, Smart has begun activating up to 5CC aggregation, boosting the speeds achieved by LTE-A-capable devices to over 500 Mbps during a series of daytime tests done in a densely populated residential area in the city.

Smart is also upping the ante by deploying another LTE-A based technology called 4x4 Multiple Input Multiple Output (MIMO), which raises the radio frequency efficiency by using multiple antennas for sending and receiving data.

Independent mobile analytics company OpenSignal cited Smart for providing its customers the best video experience in the country. OpenSignal published an independent analysis of the customer experience for video services by telecom carriers in Asia, showing that Smart garnered a video experience score of 42.2, well ahead of competition in the Philippines and well above the national average.



INNOVATION IN PRODUCTS AND SERVICES

As PLDT and Smart continue to roll-out LTE, LTE-A and CA technology nationwide, they are also making sure that these are already future-proof and 5G-capable. To deliver 5G services to its customers in the future, Smart is upgrading its network's Core and Transport elements. This includes upgrading to fiber the backhaul connecting the network's cell sites around the country and deploying 5G-ready equipment in the ongoing LTE roll-out.



Armed with both fixed and wireless infrastructure powered by the country's most extensive fiber network now at over 221,000 kilometers, PLDT and Smart are best positioned to deploy 5G in the country.

With its capability to deliver extremely high speeds coupled with low latency, 5G opens up exciting possibilities for Internet of Things (IoT) applications for Filipinos, as well as smart applications for the transport sector, traffic management, manufacturing, airport and mall operations, logistics and warehousing, retail, customer support, and smart homes.

In June, PLDT and Smart launched the Smart 5G Technolab, the company's flagship facility for the research and development, standardization, and testing of 5G, which is designed to be a sustainable environment for innovative services.

In November 2018, PLDT and Smart successfully made the country's first 5G to 5G video call between the newly launched Smart 5G cities in Pampanga and Makati. The historic video call used 5G Radio and Core equipment of Huawei in Makati and Ericsson in Pampanga, showcasing 5G interoperability in multi-vendor environment at this early stage.

After firing up the country's first 5G cell sites and launching the first Smart 5G cities in 2018, PLDT and Smart are set to sign more 5G partnership agreements with technology, industry and enterprise partners, pilot more 5G-powered digital services,

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and launch more Smart 5G cities across the country in 2019.

The focus for future 5G services is initially for Enterprise customers, for whom it will mean completely new use cases, like with drones, IoT and other specialized services. These services can utilize 5G's capabilities like low latency, very high resilience and very high reliability. In 2019, PLDT and Smart will be testing more 5G use cases for various industries to demonstrate the possibilities of 5G.

Meanwhile, early in 2018, PLDT, Smart and Amdocs signed a seven-year Master Transformation Agreement to undertake the modernization of IT applications, and introduction of digital technologies. Such state-of-the-art digital capabilities will deliver compelling customer experiences for PLDT's wide range of telecommunications and digital services across fixed line and mobile networks.

Under the new agreement, Amdocs will consolidate, modernize and manage PLDT and Smart's IT Infrastructure. This will entail introducing artificial intelligence, machine learning, analytics, and robotics to their operations. With advanced automation, PLDT and Smart will be able to implement predictive and zero touch operations, auto resolutions of errors, and selfhealing of systems. With fully automated operations, PLDT and Smart will be able to prepare for their journey to the cloud, while reducing their operational costs, and engaging their customers with innovative services and compelling experience.





CUSTOMER EXPERIENCE

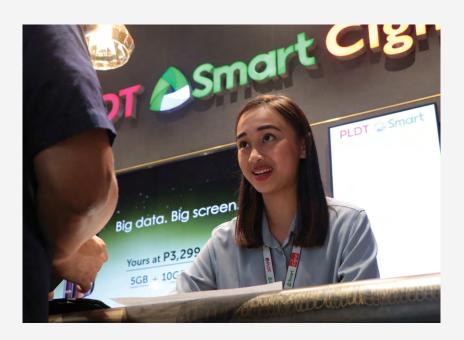
The final judgement of service quality rests on the customer, the end user of the product or service. These days, customers have high expectations from companies and customer experience becomes the ultimate measure and reason for them to stay with a brand.

Aiming to deliver a differentiated customer experience, PLDT undertook a Customer Care Transformation Program in 2018. The comprehensive drive included the following initiatives:



- Improved hotline call **experience.** Multiple hotline numbers for PLDT Home consumers were unified into one customer care number (171). This hotline number is supported by a new and improved voice recording system (IVRS) with simplified IVRS options and additional customer enabling features. Self-help options were also made available in the IVRS. Customers can now request for a copy of their billing statement, inquire about their outstanding balance, report a payment, and request for service reconnection using the automated system in the IVRS.
- Increased engagement in social media. Improved digital customer care experience by optimizing channel data analysis in order to provide the appropriate tone and voice of engagement. Initiative in this area resulted in a 40% decrease in social media customer waiting time and a 20% increase in online customer engagement.
- Improved self-help website tools. Enhanced PLDT Home's customer support page and provided customers with a portal of frequently asked questions and a guide to troubleshooting and device set-up that altogether empowered customers with self-help references. This was further supplemented by the introduction of a YouTube playlist within the PLDT Home channel which features videos on instruction and troubleshooting tips for our customers.

• Data privacy. In compliance with the Data Privacy Act (R.A. No.10173), PLDT has reviewed existing business policies and processes to ensure the protection of customers' personal information and/or sensitive personal information. This included the review and enhancement of the policy and process of publishing customer information in our printed annual directories.





PLDT also launched several solutions in line with its aim of offering a unique customer experience, such as the Whole Home WiFi, a solution to internet coverage problems at larger homes. Dwellings with dense walls, multiple floors, metal or concrete substructures require additional components to bring Wi-Fi to areas that the router cannot reach, and this is what Whole Home WiFi solves as it blankets the home with wireless coverage.

PLDT also introduced the Home Geek Squad as part of its field team. The Home Geek Squad is a group of "technical architects" pioneered by PLDT Home whose mission is to provide subscribers with end to end servicing – from professional assessment of problem areas to concrete and customized recommendations for router placements and aftersales support.

Customer Satisfaction/Experience

	2018	2017
Average customer call waiting time	2 minutes, 13 seconds	6 minutes
Mean time to restore across all channels	6.36 days	2.8 days
Repair tickets created	3.2M	3.7M
Non-technical after-sales transactions fulfillment rate	78.4%	N/A
Social media average speed of answer	39 minutes, 34 seconds	N/As
Service level (% of calls answered within set threshold)	44% (30 seconds)	46% (20 seconds)
Home website and MyHomeApp average volume of transactions received	9k per month (since July 2018)	N/A

On the other hand, its Contact Center Operations were improved and vendor partners carefully chosen to ensure they are internationally certified, with their leadership team certified as well by the Customer Operations Performance Centre (COPC). The Contact Centers introduced universal agents for Home Bro, and this meant agents can handle and resolve both technical and nontechnical concerns thereby reducing customer effort and avoiding agentto-agent transfers. There are also now more tools for agents that empower them to help customers. Agents are now equipped with an enhanced knowledge database for their use such that some simple transactions can already be completed by agents during the call.

Another innovation aimed to improve customer experience is the PLDT myHome self-service app. Its release

in 2018 provided customers with the capability to subscribe to new PLDT products, check and pay for their PLDT bills, view their account information, and submit service requests through the app. PLDT has also provided a convenient option for customers to receive their monthly Statement of Account through their email address for paperless billing-all optional and free of charge.

To address customer issues in particular areas and bring telco service teams closer to the communities, PLDT started the At Your Service program. It is a program that deploys field service teams to specific communities and prioritizes installations and repair works, as well as addresses billing and account-related issues.

On the other hand, Smart focused on its Wireless customers with the following initiatives:

- Improved capability for Sun Customer Service. Improved experience for Sun customers and retailers by enabling customer service agents to fulfill service requests at the time customers call. This resulted to faster resolution of customer issues thereby minimizing the need to have repeated interactions.
- Call back feature for abandoned calls. Introduced a feature where customers who waited to be assisted in the hotline but were not readily connected to be given a return call as soon as an available agent is ready.
- Improved customer experience when engaging through the hotline. Achieved unprecedented resolution rates for technical concerns from 20% in 2017 to 70-80% in 2018.
- Sun Cebu Hotline. As part of the relaunch efforts for Sun in Cebu, dedicated contact center agents were allocated for Sun Prepaid customers and retailers in Cebu. These Cebuano-speaking agents are empowered to resolve customer issues at point of contact.
- Launch of new GigaX Plans.
 GigaX is Smart's postpaid plan
 that offers open access data
 and a separate data allocation
 for video streaming.
- Launch of Roam Free feature.

 Roam Free is a travel app that provides free access to preferred travel services for customers in their chosen destinations. The Roam Free app lets customers access travel apps such as ride hailing, hotel booking and trip aggregators.







SOCIAL RESPONSIBILITY

2018 was a big year for the PLDT Group in many ways: we marked the celebration of PLDT's 90 years of service, Smart Communications' 25th anniversary, and Sun Cellular's 15th year. Along with these milestones, the Group underwent the second phase of its three-year "Road to 2020" roadmap, which came with multiple business transformations and organizational challenges.

At the core of all these revolutionary changes that the Group was undertaking were the needs and welfare of people -- their growth and wellbeing, as well as their safety and resiliency in times of disasters. The Group pursued innovations that

were geared towards providing solutions that would benefit stakeholders – from employees, to partners and clients, to customers, and the communities where it conducts business.

As an employer of choice whose workforce is more than 15,000-strong, the Group's policies and people programs had impact beyond the workplace and created ripple effects towards our communities. With the year 2018 focusing on "reversing the profitability trend", therefore, the People Group (HR) aimed to provide an employee experience which would lead to awesome customer experience and positive shareholder value.

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BUILDING TALENT IN THE ORGANIZATION

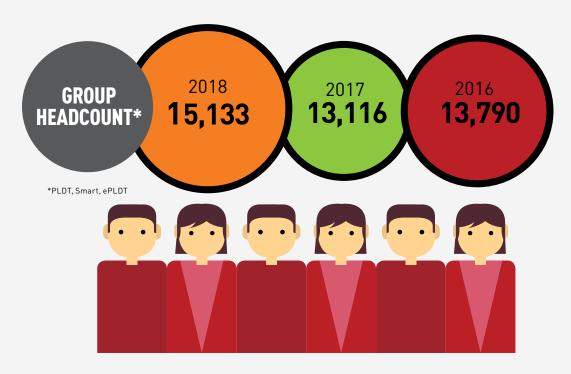
As an industry leader with a legacy that spans over 90 years and 25 years respectively, PLDT and Smart continued to innovate on its talent strategy to ensure that they stay in front of race for quality talent.

The best practices of human resource management — including having a clear rewards and compensation framework,

a diverse and inclusive culture, an efficient training and succession planning, and an effective engagement approach -- has become key to creating a meaningful employee experience and retaining quality talent.

It is worth noting that the Group supports a diverse workforce and was able to maintain a strong gender parity with an average of 59% male and 41% female in the Group level. Looking at Smart, there is already gender balance with men and women sharing 50%-50% of the employment opportunities in the organization.

The Group also has a generally young population — with a good 31% of its workforce under 30. This young and diverse population bodes well for the organization's goal of training and maintaining a deep talent bench to drive its workplace of the future.



2018 PLDT BREAKDOWN OF EMPLOYEES

DIDT		MALE				FEMALE			
PLDT	< 30 Years old	30-50 YEARS OLD	> 50 YEARS OLD	MALE TOTAL	< 30 Years old	30-50 Years old	> 50 YEARS OLD	FEMALE TOTAL	GRAND TOTAL
OFFICERS	0 (0.00%)	23 (0.27%)	25 (0.30%)	48 (0.57%)	0 (0.00%)	12 (0.14%)	10 (0.12%)	22 (0.26%)	70 (0.83%)
EXECUTIVES	5 (0.06%)	200 (2.38%)	130 (1.55%)	335 (3.99%)	7 (0.08%)	148 (1.76%)	65 (0.77%)	220 (2.62%)	555 (6.61%)
MANAGEMENT	906 (10.78%)	1,401 (16.68%)	1,562 (18.59%)	3,869 (46.05%)	479 (5.70%)	1,106 (13.17%)	623 (7.42%)	2,208 (26.28%)	6,077 (72.34%)
RANK AND FILE	531 (6.32%)	388 (4.62%)	288 (3.43%)	1,207 (14.37%)	316 (3.76%)	87 (1.04%)	89 (1.06%)	492 (5.86%)	1,699 (20.22%)
GRAND TOTAL	1,442 (17.16%)	2,012 (23.95%)	2,005 (23.87%)	5,459 (64.98%)	802 (9.55%)	1,353 (16.11%)	787 (9.37%)	2,942 (35.02%)	8,401 (100%)

2018 SMART BREAKDOWN OF EMPLOYEES

CMART		MALE				FEMALE		FEMALE TOTAL	GRAND TOTAL
SMART	< 30 Years old	30-50 YEARS OLD	> 50 YEARS OLD	MALE TOTAL	< 30 Years old	30-50 Years old	> 50 YEARS OLD		
OFFICERS	0	18	9	27	0	9	11	20	47
	0.00%	0.29%	0.14%	0.43%	0.00%	0.14%	0.17%	0.32%	0.75%
EXECUTIVES	4	263	47	314	2	223	33	258	572
	0.06%	4.18%	0.75%	4.99%	0.03%	3.54%	0.52%	4.10%	9.08%
MANAGEMENT	68	916	57	1,041	84	855	33	972	2,013
	1.08%	14.54%	0.90%	16.52%	1.33%	13.57%	0.52%	15.43%	31.96%
RANK AND FILE	1,022	739	26	1,787	1,155	719	6	1,880	3,667
	16.22%	11.73%	0.41%	28.36%	18.34%	11.41%	0.10%	29.85%	58.21%
GRAND TOTAL	1,094	1,936	139	3,169	1,241	1,806	83	3,130	6,299
	17.37%	30.74%	2.21%	50.32%	19.70%	28.67%	1.32%	49.70%	100%

2018 ePLDT BREAKDOWN OF EMPLOYEES

ePLDT		MALE				FEMALE			GRAND TOTAL
	< 30 Years old	30-50 YEARS OLD	> 50 YEARS OLD	MALE TOTAL	< 30 Years old	30-50 Years old	> 50 YEARS OLD	FEMALE TOTAL	
OFFICERS	0	1	3	4	0	3	1	4	8
	0.00%	0.23%	0.69%	0.92%	0.00%	0.69%	0.23%	0.92%	1.85%
EXECUTIVES	1	40	4	45	1	15	4	20	65
	0.23%	9.24%	0.92%	10.39%	0.23%	3.46%	0.92%	4.62%	15.01%
MANAGEMENT	6	46	2	54	5	1 9	1	25	79
	1.39%	10.62%	0.46%	12.47%	1.15%	4.39%	0.23%	5.77%	18.24%
RANK AND FILE	86	87	7	180	67	33	1	101	281
	19.86%	20.09%	1.62%	41.57%	15.47%	7.62%	0.23%	23.33%	64.90%
GRAND TOTAL	93	174	16	283	73	70	7	150	433
	21.47%	40.18%	3.69%	65.34%	16.85%	16.16%	1.61%	34.62%	100%

2018 BREAKDOWN OF EMPLOYEES BY REGION

	PL	DT	Sm	art	ePI	.DT
REGION	2018	2017	2018	2017	2018	2017
LUZON	7,407 88.17%	5,717 87.97%	5,474 86.90%	5,477 87.53%	409 94.46%	343 95.28%
VISAYAS	616 7.33%	477 7.34%	458 7.27%	432 6.90%	20 4.62%	14 3.89%
MINDANAO	378 4.50%	305 4.69%	367 5.83%	348 5.56%	4 0.92%	3 0.83%
TOTAL	8,401 100%	6,499 100%	6,299 100%	6,257 100%	433 100%	360 100%

RECRUITMENT RESULTS

Meanwhile, the Group's exemplary results in its recruitment initiatives demonstrates how our brand remains a strong employer in today's highly competitive talent market. Recruitment ramped up in 2018 due to the new and specialized roles that emerged from the company's

ongoing business transformation, opening job opportunities to digital natives in the company's technical workforce.

Notably, millennials and Gen Zs have been excited to work with the Group. PLDT and Smart appeared to be attracting a young workforce, with a 70% population

in Smart belonging to Gen Y and Z, while PLDT's more than doubled compared to previous years. In 2018, 25.9% of the PLDT population belonged to new hires with 74.4% coming from the millennial market. Smart reached an all-time high of 18.5% hires in the past three years, with 86% of new hires belonging to Gen Y.

*Below 30 years old

2018 NEW HIRES BY AGE GROUP

ACE CROUP	PL	.DT	SMA	ART	e P	LDT
AGE GROUP	2018	2017	2018	2017	2018	2017
UNDER 30	1,620 19.28%	162 2.49%	1,016 16.13%	611 9.77%	80 18.48%	63 17.50%
30-50 YEARS	556 6.62%	69 1.06%	139 2.21%	63 1.01%	27 6.24%	30 8.33%
> 50 YEARS	1 0.01%	1 0.02%	8 0.13%	5 0.08%	0 0.00%	1 0.28%
TOTAL	2,177 25.91%	232 3.57%	1,163 18.46%	679 10.85%	107 24.71%	94 26.11%

2018 NEW HIRES BY GENDER

	PL	DT	SM	ART	ePLDT		
	2018	2017	2018	2017	2018	2017	
MALE	1,450	117	569	334	68	59	
	17.26%	1.80%	9.03%	5.34%	15.70%	16.39%	
FEMALE	727	115	594	345	39	35	
	8.65%	1.77%	9.43%	5.51%	9.01%	9.72%	
TOTAL	2,177	232	1,163	679	1 07	94	
	25.91%	3.57%	18.46%	10.85%	24.71%	26.11%	

2018 NEW HIRES BY REGION

	PL	.DT	SM	ART	ePLDT		
	2018	2017	2018	2017	2018	2017	
LUZON	1,940	222	1,051	583	99	89	
	23.09%	3.42%	16.69%	9.32%	22.86%	24.72%	
VISAYAS	155	5	72	54	7	3	
	1.85%	0.08%	1.14%	0.86%	1.62%	0.83%	
MINDANAO	82	5	40	42	1	2	
	0.97%	0.07%	0.64%	0.67%	0.23%	0.56%	
TOTAL	2,177	232	1,163	679	107	94	
	25.91%	3.57%	18.46%	10.85%	24.71%	26.11%	

The PLDT and Smart HR teams worked with experts on building the talent channel and ecosystem for the next generation of leaders who would drive innovative products and services in the country. Such initiatives

include the creation and application of programs for Leadership Development and targeted hiring activities. These candidates would form part of the Executive Development pipeline and Management Associate pool and would represent our introduction of a revitalized internship program to reshape the company's new foundational footprint in the academe.

REWARDING HIGH PERFORMANCE IN THE WORKPLACE

The Group's people management strategy includes a strong Employee Reward and Recognition Program that ensures our ability to keep talents engaged and empowered, especially those in mission-critical roles. To reinforce a culture of high performance and motivation across the organization, the Group improved the salary structure, designing it to be at par

with prevailing market benchmarks. This strategy was combined with performance-driven incentives to enable the workforce to be accountable for the company's success. For instance, Short-Term Incentive Plan for specific employee groups and the Transformation Incentive Plan for leaders — which are linked to the company's performance shares - were introduced.

In 2018, PLDT and Smart launched its first synergized performance management system called "DigiPEP" which covered 2017 performance under the Performance Excellence Program. In the new platform, employee key result areas (KRA) and competencies were aligned to the company's business goals known as "High5", namely:

HIGH 5
SHARED
COMPANY
GOALS



Deliver awesome customer experience



Transform our people and culture



Achieve business profitability



Accelerate group-wide synergy



Be the undisputed market leader

All employees are entitled to the performance review, and the only individuals who did not receive reviews were those who were due for separation or those whose regularization occurred after the mid-year cut-off date. This report is able to share the available 2017 data while the 2018 performance review which is on-going will be shared in next year's report.

2017 PERFORMANCE REVIEWS

PLDT						
RECEIVED PERFORMANCE REVIEWS*	MALE	%	FEMALE	%	TOTAL	%
OFFICERS	42	95.45%	18	94.74%	60	95.24%
EXECUTIVES	273	93.49%	170	88.54%	443	91.53%
MANAGEMENT	2,870	96.86%	1,782	95.55%	4,652	96.35%
RANK AND FILE	848	96.36%	220	90.16%	1,068	95.02%
TOTAL	4,033	96.51%	2,190	94.40%	6,223	95.75%
*PERCENTAGE COMPUTED USING 2017 HEADCOUNT						

SMART						
RECEIVED PERFORMANCE REVIEWS*	MALE	%	FEMALE	%	TOTAL	%
OFFICERS	26	92.86%	22	91.67%	48	92.31%
EXECUTIVES	277	93.58%	226	97.41%	503	95.27%
MANAGEMENT	1,031	97.54%	929	95.67%	1,960	96.65%
RANK AND FILE	1,572	85.71%	1,550	85.4%	3,122	85.56%
TOTAL	2,906	90.39%	2,727	89.64%	5,633	90.03%
*PERCENTAGE COMPUTED USING 2017 HEADCOUNT						

ePLDT						
RECEIVED PERFORMANCE REVIEWS*	MALE	%	FEMALE	%	TOTAL	%
OFFICERS	2	66.67%	2	100.00%	4	80%
EXECUTIVES	39	92.86%	16	84.21%	55	90.16%
MANAGEMENT	44	89.80%	23	88.46%	67	89.33%
RANK AND FILE	108	76.06%	62	80.52%	170	77.63%
TOTAL	193	81.78%	103	83.06%	286	82.22%
*PERCENTAGE COMPUTED USING 2017 HEADCOUNT						

Similarly, the Group's corporate values serve as guiding principles for driving excellent performance — deliver awesome customer experience, take care of our people, collaborate to win, fast is better than perfect, malasakit (care for the company), and humility to listen and learn. The platform also allows real-time coaching and mentoring

so performance is easily tracked allyear round. Employees with favorable scores in their projects, skills and work ethics are rewarded with performance bonuses.

What's more, the Group's employee retention program also includes a well-crafted benefits package that

demonstrates how the company values individuals and that it understands what matter most to them. Such practices will help us in improving the retention rates moving forward and create a positive impact among our people.

2018 ATTRITION RATES BY GENDER

	PLDT		SM	ART	ePLDT	
MALE	171	2.04%	617	9.80%	35	8.08%
FEMALE	105	1.25%	508	8.06%	20	4.62%
TOTAL	276	3.29%	1,125	17.86%	55	12.70%

2018 ATTRITION RATES BY AGE

	PL	.DT	SM	ART	ePl	LDT
UNDER 30	55	0.65%	745	11.83%	27	6.24%
30 - 50	99	1.18%	366	5.81%	27	6.24%
> 50	122	1.45%	14	0.22%	1	0.23%
TOTAL	276	3.29%	1,125	17.86%	55	12.70%

2018 ATTRITION RATES BY REGION

	PL	.DT	SM	ART	eР	LDT
LUZON	250	2.98%	1,046	16.61%	52	12.01%
VISAYAS	17	0.20%	53	0.84%	3	0.69%
MINDANAO	9	0.11%	26	0.41%	0	0.00%
TOTAL	276	3.29%	1,125	17.86%	55	12.70%

BENEFITS PACKAGE INCLUSIONS



MEDICAL

- ✓✓ ➤ Personal Accident Plan
- ✓✓✓ ➤ Life Insurance
- ✓✓✓ ➤ Medical Insurance, Hospitalization, Optional Medical Benefits for Dependents
- ➤ Medical, Dental, and Hospitalization for Employees
 - ✓✓ ➤ Accidental Death and Disablement Assistance
- ✓✓✓ ➤ Sick Leave



MONETARY BENEFITS, FINANCIAL ASSISTANCE, AND ALLOWANCES

- ✓✓✓ > Variable Performance Bonus
 - ✓ ➤ Provident Fund
 - ✓ ➤ Retirement Benefits
 - ✓✓➤ Financial Assistance during Calamity/Funeral
- ✓✓✓ ➤ Rice Allowance
- ✓✓✓ ➤ Clothing/Uniform Allowance
- ✓✓✓ ➤ Gas Allowance for executives
- ✓✓✓ ➤ Communication
 Allowance/Service SIM
 - ✓➤ Mid-year Bonus
 - ✓**✓** ➤ Guaranteed 14th and 15th Month Pay
 - ✓ ➤ Longevity Bonus
 - ✓ ➤ Loans and Savings Facility
 - ✓ ➤ Maternity/Paternity
 Assistance
 - ✓ ➤ Christmas Bonus



LOANS

- ✓ ➤ Phone Loan / Gadget Loan
- ✓ ➤ Dental Loan
- ✓ ➤ Optical Loan
- ✓ Fitness Loan
- ✓ ► Educational Loan
- ✓✓ ➤ Calamity Loan
- → Hospitalization
 Loan for dependents
- ✓ ► Bereavement Loan



OTHERS

- ✓✓ ➤ Christmas Package
- ✓✓✓ ➤ Company car for executives
- ✓✓✓ ➤ Vacation Leave
 - ✓ ➤ Community
 Service Leave
- ✓✓✓ ➤ Parental Leave
- ✓✓✓ ➤ Bereavement Leave
- → Discounted Gym Membership
- ✓ ➤ Employee Privilege Plan (EPP)







PARENTAL LEAVES	PLDT		SMART		ePLDT	
PARAMETERS	PATERNITY	MATERNITY	PATERNITY	MATERNITY	PATERNITY	MATERNITY
A. Total number of employees that were entitled to parental leave as of December 31, 2018	3,490	2,942	1,490	3,130	132	150
B. Total number of employees that took parental leave	95	56	143	152	9	9
C. Total number of employees that returned to work after parental leave ended (2018 availment)	95	56	130	141	9	9
RETURN TO WORK RATE (2018)	100%	100%	90.91%	92.76%	100%	100%
D. Total number of employees who returned to work after parental leave ended (2017 availment)	105	45	107	136	11	6
E. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work (2017 availment)	102	43	107	136	11	4
RETENTION RATE (2017)	97.14%	95.56%	100.00%	100.00%	100.00%	66.67%

BOOSTING THE LEARNING QUOTIENT

The PLDT Group invests in the continuous learning and development of its people, looking to lead the race for talent through growing both their leadership potential and digital skills.

Towards this aim, the Learning and Development Team provides a mix of learning channels – from classroom sessions to online modules. The team offers in-house trainers and coaches, as well as specialists for gamified and online training.

In 2018, there were 23,010 classroom graduates across various workshops. 41,840 e-learning courses were accomplished, including on-boarding programs and certification trainings on specific skills such as change management,

leadership formation, team development, strategic planning, and the like.

Innovations such as the "L&D on the Road" program, which focuses on nationwide roadshows and workshops for employees, were recognized for its innovative approach. The project won citations such as the PSTD 2018 Gawad Maestro Special Award on Digitization of Training, as well as a Gold Anvil from the Public Relations Society of the Philippines.

PLDT and Smart's strong collaborative efforts in the learning and development area allowed the Group to achieve cost savings of Php3.5M in 2018 with a training cost per day that was 78% lower than market scale.

PLDT is committed to build the skills of its workforce to adapt to the complexities of its digital business. As we go further down the path of digital transformation, we shall be in a better position to provide the most innovative solutions if our workforce is equipped through proper training.

PLDT also conducts a retirees' fair to provide talks on investments and entrepreneurship that will educate retiring employees for financial preparedness and business opportunities.

EMPLOYEE TRAINING HOURS BY EMPLOYEE CATEGORY						
	PL	TD	SMART ePĻDT		DT	
CATEGORY	TOTAL TRAINING HOURS	AVERAGE TRAINING HOURS	TOTAL TRAINING HOURS	AVERAGE TRAINING HOURS	TOTAL TRAINING HOURS	AVERAGE TRAINING HOURS
OFFICERS	136	1.94	456	9.70	0	0.00
EXECUTIVES	3,544	6.39	6,503	11.37	166	2.55
MANAGEMENT	69,144	11.38	25,386	12.61	483	6.11
RANK AND FILE	21,800	12.83	55,090	15.02	1,724	6.14

EMPLOYEE TRAINING HOURS BY GENDER						
GENDER	PLDT	AVERAGE TRAINING HOURS	SMART	AVERAGE TRAINING HOURS	ePLDT	AVERAGE TRAINING HOURS
MALE	68,504	12.55	49,727	15.69	1,661	6
FEMALE	26,120	8.88	37,708	12.05	712	5

2018 TRAININGS TO UPGRADE EMPLOYEE SKILLS

PLDT

- > Advanced Excel
- > APNIC IPV6
- > Basic CEN 0 & M
- Carrier Ethernet Network
 Basic Operation
- > CAPM Certified Personnel
- > Certified Fiber Optic Technician
- CCDA
- CCDP
- > CCIE R&S
- > CCIE R&S Written
- CCNA
- > CCNA-Security
- > CCNA-Wireless
- **CCNP**
- CCNA-SP
- ССРТМ
- CPIT
- CCSP
- CompTIA A+ Certified Technicians





- > CompTIA-Security CE
- > Data Storytelling
- > Design Thinking and Scrum
- DFON PIIBL PRISM Basic Operations
- > Digital Trends
- > Fiberhome
- > FTTH
- > HCNA-LTE
- Huawei CEN Demarc

 0 & M Training
- > Huawei Certified Data Associate-HCDA
- Huawei CertifiedNetwork Professional
- > Huawei OLT X17 Eqpt O&M
- **IFOCTMPG**
- MEF 3.0
- Metro Ethernet Forum-Carrier
 Ethernet Certified Professional 2.0
- Next GenerationNetwork Technology
- > OSN 8800 Eqpt O&M
- Optical Communication Professional
- Outside Plant Engg / FTTH Basics (ETFRS Curriculum)
- Outside Plant Fiber Optic Cable Engineering (OPE-FOC)
- > PLDT Internetworking Essentials
- PMP
- > Power BI
- VAS
- > VDSL

SMART

- Certification Trainings
- Leadership Development
- CX and System Trainings
- Digital and Technical Skillsets Building
- L&D on the Road



ePLDT

- CISCO
- HPE
- **DELL EMC**
- MICROSOFT
- CHECKPOINT
- COMPTIA
- Professional Certificate in Facilities Management Series 1
- CMP Training
- > VMWare vSphere
- AGILE Project
 Management Foundation
- Customer Experience Workshop
- Foundations of Business Communication Workshop
- DX Masterclass: The Architecture of Digital Transformation
- DNS SECURITY
- Certified Information Systems Auditor

EMPLOYEES' SAFETY, HEALTH. AND WELLNESS

The PLDT Group has found that a people-focused approach to sustainability engenders synergies that amplify the reach and effectivity of its programs.

Therefore, in 2018, a synergized PLDT and Smart "Workplace Wellness 360" Program was launched to brand their various well-being initiatives on family life, financial stewardship, social advocacy, mental health, and fitness into an overall framework.

In line with the program, a series of wellness talks were conducted, with topics on empowering families and establishing work-life balance.

PLDT and Smart also kicked off their "Awesome Employee Experience" Program, where the company's products and services were given at discounted rates to employee subscribers, building a sense of loyalty and ambassadorship within its community.

FITNESS

Fitness Weekly Wellness

In-house fitness classes on Body Combat, Retropop and Aerobics

MVP Olympics Annual employee competition involving MVP Group of Companies across various sports and talent categories; PLDT bagged the championship title in 2018

Sports Clinics Various sports clinics and classes for employees and dependents mentored by the country's top coaches and athletes

FINANCIAL STEWARDSHIP

•····

Common Cents Educates employees to learn the basics of managing finances and earning more

MiniGosyo Livelihood program encouraging employees to explore creative ways to augment family income

Annual Financial Wellness Week

Week-long fair with talks from financial experts and sign-in booths

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FAMILY LIFE

Trumpets Talent contest for employees and dependents

Kids At HeART Art contest for employees and dependents

FAME Family, Arts, Music and Entertainment; an organization-wide singing contest for employees and dependents

Halloween Annual Trick-or-Treat event for employees and dependents

Year-end Celebration Christmas thanksgiving event for employees which includes various activities, treats and contests

In terms of safety and security, the PLDT Group has always prioritized protection throughout the workplace. The welfare of employees, guests, contractors, and neighboring communities is the most important consideration taken into account whenever any decisions have to be made.

Employees' health and safety is a responsibility taken seriously by everyone in the organization. In this regard, the PLDT Ramon Cojuangco Building Facilities Management (RCB FM) promulgates a Quality, Environment, Health, and Safety (QEHS) Policy to ensure that Operational Health and Safety (OHS) standards are upheld at all times.

The QEHS policy's implementation is led by the Facilities Management group which uses the Facilities Integrated Management System (FIMS) to monitor and implement a mitigation and control system for identified environmental and occupational health and safety hazards. There are also Safety Officers assigned in different facilities who ensure QEHS management systems and standards are maintained properly.

The Group has various Environmental, Health, and Safety (EHS) working committees to keep on top of emerging EHS issues in the workplace. With all these, management is able to track its health and safety performance, and report the same to the Department of Labor and Employment's Bureau of Working Conditions. The PLDT Group submits an Annual Medical Report, Annual Work Accident or Illness Exposure Data Report, and Report on Health and Safety Organization.

Clearly, an essential factor in protecting people's safety and security is the preparedness of the people themselves. That is why continuous training in health and safety is a key component of the QESH management system, including emergency drills that provide a deeper learning experience for employees.

PLDT EHS/EMERGENCY MANAGEMENT TEAM (EMT) COMMITTEES **DIVISIONS (FACILITIES MANAGEMENT) NO. OF MEMBERS** Greater Metro Manila (GMM) North 10 **GMM South** 15 Northern Luzon 12 Southern Luzon 8 Visayas 31 Mindanao 17 TOTAL 93

PLDT 2018 EHS AREA COMMITTEES				
MM South	10			
MM North	15			
North Luzon	12			
South Luzon	8			
Visayas	31			
Mindanao	17			
TOTAL	93			

SMART 2018 EHS AREA COMMITTEES				
NCR (MM Central, South, North)	3			
Region 1 (Dagupan)	1			
Region 3 (Cabanatuan, Mabalacat, Dau, Malolos)	1			
Region 4A (Cabuyao)	1			
Region 4B (Palawan)	1			
Region 7 (Banilad, Bacalso, Mabolo)	1			
Region 10 (Bulua)	1			
Region 11 (Matina)	1			
TOTAL	10			

The Group also offers clinics and health facilities within its corporate premises. These provide immediate onsite medical support whenever necessary and help monitor the health and wellness of all employees.

Clearly, an essential factor in protecting people's safety and security is the preparedness of the people themselves. That is why continuous training in health and safety is a key component of the QESH management system, including emergency drills that provide a deeper learning experience for employees.

The company has a robust Disaster Preparedness Program with various typhoon and earthquake drills, educational campaigns, readiness expo events, and a first aiders' certification program. The program has its very own mobile application- the Hazard Alert Notification for Disaster App (HANDA), which allows employees to notify their bosses and the company's Security and Rescue teams whether they are safe or in need of aid during a crisis.

What becomes clear to people who

go through these kinds of drills is that, ultimately, their personal safety is in their hands. Each one should take the time to acquire knowledge and skills to enable oneself to survive in different types of emergencies.

PLDT GENERAL HEALTH AND SAFETY RECORD FOR 2018				
Total Employees	8,401			
Total Man-hours Worked without Lost Time Accidents (LTA)	5,981,512			
No. of non-disabling injury record (NDIR)	22			
No. of LTA	3			
Days Lost due to LTA	54			
Average No. of Working Days	5 per week			
Frequency Rate (FR)%	0.17			
Severity Rate (SR) %	3.08			
Occupational Disease Rate	0			

HEALTH COMPLAINTS HANDLED IN CLINICS

TYPE OF COMPLAINTS OR SYMPTOMS	NUMBER OF CONSULTATIONS AT PLDT CLINICS
Eyes	4,987
Gastrointestinal	15,985
Genito Urinary	5,663
Head	3,910
Heart and Blood Vessel	31,056
Infectious Disease	260
Lymphatics and Circulatory	1,162
Mouth and ENT	10,141
Neuromascular/Skeletal/Joints	6,390
Reproductive	2,368
Respiratory	12,024
Skin	10,464

2018 SAFETY AND OCCUPATIONAL HEALTH (PLDT)			
NAME OF COURSE	NO. OF TRAININGS CONDUCTED	NO. OF HOURS	NO. OF Employees
Basic Occupational Safety and Health (BOSH)	2	40	43
Standard First Aid Training with Basic Life Support	2	32	17
2018 SAFETY AND OCCUPATIONAL HEALTH (SMART)			
NAME OF COURSE	NO. OF TRAININGS CONDUCTED	NO. OF HOURS	NO. OF Employees
BOSH	3	88	25
Environment, Health & Safety Cascade	27	212	482
Incident Command System/Emergency Operations Center Management	1	40	15
Weather Training	1	8	23
Fire Safety Prevention Seminar	1	8	1
Fire Safety Training	7	52	130
First Aid Training	1	16	30
Laguna Lake Development Authority Pollution Control Officers Training	1	72	9
PCO Basic Training Course	2	77	12
PCO Training	10	328	201
2018 SAFETY AND OCCUPATIONAL HEALTH (ePLDT)			
NAME OF COURSE	NO. OF TRAININGS CONDUCTED	NO. OF HOURS	NO. OF Employees
D.O. 183 Provisions and Compliance	1	8	2
BOSH	2	80	3
Professional Certificate in Facilities Management Series 1	1	24	1
Standard First Aid and Cardio Pulmonary Resuscitation (CPR) Automated External Defibrillation (AED)	1	40	4
Loss Control Management	1	40	1

2018 00	2018 OCCUPATIONAL HEALTH AND SAFETY STATISTICS INJURY RATE BY GENDER					
GENDER	TYPES OF INJURY	TYPES OF INJURY NUMBER OF CASES				
	Abrasions	4	23%			
	Avulsion	1	6%			
	Contusion, bruises hematoma	2	11%			
MALE	Cuts, lacerations, punctures	1	6%			
	Dislocations/Fractures	4	23%			
	Dog bites	3	17%			
	Sprains	3	17%			
	Abrasions	1	6%			
	Burns	2	11%			
FEMALE	Dislocations/Fractures	1	6%			
	Multiple physical injury second to fall	2	11%			
	Sprains	1	6%			
	TOTAL	25	100%			

	2018 PLDT INJURY RATE BY REGION						
REGION	TYPES OF INJURY	NUMBER OF CASES	PERCENTAGE				
	Abrasions	5	28.50%				
	Avulsion	1	5.70%				
	Burns	2	11.40%				
METRO	Contusion, bruises hematoma	1	5.70%				
MANILA	Cuts, lacerations, punctures	1	5.70%				
	Dislocations/Fractures	3	17.10%				
	Dog bites	1	5.70%				
	Multiple physical injury second to fall	2	11.40%				
	Sprains	4	22.80%				
NORTH	Contusion, bruises, hematoma	1	5.70%				
LUZON	Dog bites	2	11.40%				
SOUTHERN LUZON	Dislocations/Fractures	1	5.70%				
VISAYAS	Dislocations/Fractures	1	5.70%				
	TOTAL	25	100%				

2018 PLDT LOST TIME RATE BY GENDER			
GENDER	NUMBER OF EMPLOYEES/INCIDENCES OF LOST TIME	LOST DAYS	LOST TIME RATE (%)
Male	19.45	54	3.08%
Female	0	0	0

LOST TIME RATE BY REGION			
GENDER	NUMBER OF EMPLOYEES/INCIDENCES OF LOST TIME	LOST DAYS	LOST TIME RATE (%)
Metro Manila	19.45	54	3.08%
Luzon	0	0	0
Visayas	0	0	0
Mindanao	0	0	0

Continuous training in health and safety has been the key strategy of the QESH Management System, and this includes critical emergency drills that provide a deeper learning experience for employees to rely on during actual incidents when people would normally forget topics they learned through classroom sessions and lectures.

TRAINING 2018			
ENVIRONMENT			
COURSE	NO. OF HOURS	DATE OF TRAINING	NO. OF ATTENDEES
Pollution Control Officer Training	40	December 5-8, 2017	40
SAFETY AND OCCUPATIONAL HEALTH			
Standard First Aid Training with Basic Life Support	40	November 21-24, 2017	28
		November 27-29 & December 1, 2017	25
		December 5-8, 2017	24
Basic Occupational Safety and Health Training	40	March 27-31, 2017	26





	2018 EMERGENCY DRILL	S
DIVISION	SITES	NUMBER OF PARTICIPANTS
MM NORTH	PLDT V-Sat & Outside Plant and Subscriber	350
	Installation Maintenance Building Diliman Customer Service Operation Zone (CSOZ)	50
	Grace Park CSOZ	60
	Manila International Toll Center (MITC)	801
	Novaliches CSOZ	48
MM SOUTH	RCB & MGO	1758
MM SOOTH		(MG0-755/RCB-1003)
	Balanga Sub-Customer Service Operation Zone (SCSOZ)	20
	Tuguegarao CSOZ	46
	Dagupan CSOZ	63
	PLDT La Union Cable Landing Station	30
	Malolos CSOZ	75
	San Fernando Pampanga CSOZ	65
	Cabanatuan CSOZ	60
NORTH LUZON	Cauyan SCS0Z	15
NORTH LUZUN	Ilagan SCSOZ	10
	Tarlac SCS0Z	71
	Gapan SCSOZ	21
	Munoz SCSOZ	10
	Paniqui SCS0Z	7
	Concepcion SCSOZ	9
	Camiling SCSOZ	6
	San Fernando La Union CSOZ	61
	Kawit CS0Z	61
	Sta. Rosa Warehouse	29
	<u> </u>	
	Batangas CSOZ	36
SOUTH LUZON	Batangas Cable Landing Station	40
	Calamba CSOZ	103
	Daet Cable Landing Station	15
	Legazpi Toll Exchange	35
	Lucena CSOZ	90
	Mabolo SCSOZ	156
	PLDT Jones	165
VISAYAS	La Paz Iloilo CSOZ	77
	Mandaue CSOZ	104
	Roxas SCS0Z	39
	Butuan Domestic Fiber Optic Network (DFON)	11
MINDANAO	Cagayan De Oro DFON	26
Internal	Davao Central CSOZ	169
	Ozamiz SCSOZ	26

ANNUAL IN-HOUSE CORPORATE GOVERNANCE ENHANCEMENT SESSION (ACGES)

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

UPHOLDING HUMAN RIGHTS FOR ALL

The Group upholds the Collective Bargaining Agreements (CBAs) signed with the three employee unions, namely: Gabay ng Unyon sa Telekomunikasyon ng mga Superbisor (GUTS), Manggagawa sa Komunikasyon sa Pilipinas (MKP), and PLDT Sales Supervisors' Union (PSSU).



	NUMBER OF MEMBERS UNDER CBA AS OF DEC 2018	PERCENTAGE OF TOTAL EMPLOYEES
GUTS	4,084	48.61%
MKP	1,315	15.65%
PSSU	173	2.06%

We have mechanisms in place for reporting and handling grievances, in particular with matters relating to CBAs. Employee complaints that are coursed through the concerned employee union can be escalated to the PLDT Inc. management and the union's Grievance Committee to be addressed with due process.

3 STAGES UNDER THE GRIEVANCE MACHINERY:

STAGE 1

The Plant Level Hearing is where the employee, or through the union, files the complaint to his line head/line executive. If the matter is not resolved, a written documentation to the effect must be made and signed by both the line head, the employee, and the union.

STAGE 2

Matters not resolved at stage I are elevated to the Grievance Committee. The committee is composed of three representatives from Management and three representatives from the Union.

STAGE 3

If the matter is still not resolved at stage 2, the parties may opt to elevate it to the Board of Arbitrators at the DOLE's National Conciliation and Mediation Board.



Among the challenges that emerged in 2018 were regulatory changes in labor management that impacted internal processes. These required the Group to be agile and quickly seek sustainable solutions for the benefit of all its stakeholders.

From these changes stemmed two Notices of Strike (NOS) filed in 2018:

1) By the rank and file union MKP on the perceived "displacement" of employees at NPIP:The NOS was later withdrawn by the union; 2)

By the supervisory union, GUTS, for displacement of IT employees. Affected employees were internally placed in other divisions where their qualifications fit.



PLDT Community Relations (ComRel)

PLDT ComRel is PLDT Inc.'s CSR arm. Its long-standing interactions with grassroots communities, from urban locations to far-flung rural areas across the country, make known the thrust and services of PLDT, thereby realizing the convergence of business and social responsibility.

PLDT-Smart Foundation (PSF)

The PSF is a non-stock, non-profit organization that serves as the social outreach arm of the PLDT Group. With the personal guidance of the Group's Chairman of the Board Manuel V. Pangilinan, PSF's projects include those on education, livelihood and social enterprise, disaster response and recovery, youth and arts, and sports development.

Smart Community Partnerships Department

The unit works with community stakeholders to bridge the digital divide through technology-based programs in the areas of education, disaster preparedness, environment, health, tourism, community-building, and livelihood.

A hundred percent of the PLDT Group's Philippine operations implement local development programs. These programs are conducted in Metro Manila, Luzon, Visayas, and Mindanao.

While PLDT ComRel, PSF, and Smart Community Partnerships implement their unique programs, they also collaborate on projects that aim to improve the lives of all Filipino communities. A detailed report on program accomplishments can be found on pages 14 to 17 of the PLDT 2018 Annual Report available online at www.pldt.com, as well as PSF's 2018 Annual Report.



EDUCATION

680 GABAY GURO SCHOLARS

UNDER THE TEACHER ADVOCACY GROUP OF PSF AND PLDT MANAGERS CLUB (MCI) PASSED THE LICENSURE EXAMS FOR TEACHERS (LET) SINCE ITS INCEPTION IN 2007.

4,000 **BOOKS**

from the Marawi Storybooks Series were donated by PLDT, in partnership with the PBSP-Motolite Balik Baterya Program, to over 35 elementary schools in Marawi City.



3,805 BAGS OF SCHOOL SUPPLIES FUNDED BY PLDT EMPLOYEES IN 2018 WERE DISTRIBUTED TO 35 SCHOOLS NATIONWIDE THROUGH THE SACK OF JOY (SOJ) PROGRAM.

PLDT and PBSP partnered to build 4 FULLY-EQUIPPED CLASSROOMS in Carmen Central Elementary School at Baring, Cebu and Surigao State College of Technology – Del Carmen Campus, plus 1 COMPUTER LABORATORY in Butig National High School, Lanao Del Sur.



6,420 INFOTEACH GRADUATES

under PLDT ComRel's flagship CSR initiative consisted of public elementary and high school students and teachers nationwide, as well as selected senior citizens and out-of-school youth. The Anvil-winning program provides opportunities for the acquisition of essential digital skills as a way of adapting in the 21st century teaching and learning arena.



50 CHILDREN

of PNP officers who were killed or injured during service were granted educational assistance. This made a difference in the lives of its grantees and also contributed to the morale of the PNP.

86 LEARNERS AND 65 YOUTH VOLUNTEERS

across 4 locations in the country engaged and participated in 11 technology enhancement skill sessions through Smart's Millenniors program using specially designed senior-friendly and community-appropriate language modules and handouts. Launched 2018, the program aims to transform seasoned seniors into tech-savvy "millenniors".

DISASTER PREPAREDNESS AND RELIEF OPERATIONS

FEEDING PROGRAMS

were provided by PLDT in partnership with the Alagang Kapatid Foundation, to 500 families affected by the Mt. Mayon eruption in Albay.





PLDT helped create a disaster preparedness hub through the Philippine Disaster Resilience Foundation (PDRF). The inaugurated facility in Clark, Pampanga is identified as the world's first private sector-led emergency operations center.

1220 STUDENTS AND FACULTY MEMBERS OF MINDANAO STATE UNIVERSITY ENGAGED AT THE TNT TROPANG READY CARAVAN ON SEPTEMBER 26, 2018. THE MSU COMMUNITY, LOCATED A FEW KILOMETERS AWAY FROM THE GROUND ZERO OF 2017, CONVERGED FOR THE FIRST TIME SINCE THE CITY'S "LIBERATION".





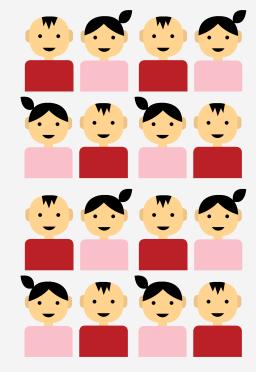
MORE THAN 11,000 FAMILIES

who were victims of various calamities nationwide were served under different relief operations of PSF and PLDT ComRel. Nationwide assistance efforts were exerted to those affected by Typhoon Vinta in Leyte, the Mayon Volcano eruption in Albay, Habagat floods in Pampanga, Malabon, and Pangasinan, fire incidents around Metro Manila, Typhoon Karding in Rizal, Typhoon Ompong in Cagayan Benguet and Ilocos Sur, Typhoon Rosita in Cagayan Valley, and the armed conflict in Marawi City.

EMPLOYEE VOLUNTEERISM

PLDT DEPLOYED
BLOODLETTING PROGRAMS
IN THE VISAYAS REGION IN
PARTNERSHIP WITH THE
PHILIPPINE RED CROSS
(PRC). BENEFICIARIES OF THE
VARIOUS BLOOD DONATIONS
INCLUDE INDIGENT CHILDREN
WHO ARE BATTLING CANCER.





150 KIDS

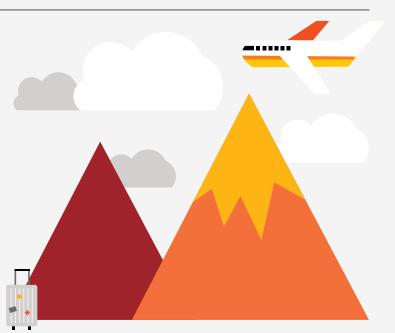
from different charities were brought together by partner companies under Tulong Kapatid to distribute Christmas cheer in the form of gift bags, noche Buena packs, raffle prizes, and entertainment from Kuya RJ the Magician and the Kundirana Music Ministry.

For the past 15 years, PLDT has consistently received Blood Galloner recognitions through the PRC's Pearl and Ruby Awards in partnership with the Philippine Children's Medical Center (PCMC). The Pearl Award is given to donors who have donated nine whole gallons of blood, while the Ruby Award is given to donors who donated 23 whole gallons of blood.



DIGITAL TOURISM

In 2018, the digital tourism program continued its expansion in various communities within Antique, Capiz, Davao, Iloilo and Sorsogon. Information on these provinces were included in the Antique Guide, Iloilo Guide and #SoSorsogon apps, as well as in the expanded KulToura app of the National Commission for Culture and the Arts.



QR CODES AND NFC CHIPS

Smart took the digital apps further with the installation of interactive tourism markers at selected landmarks and attractions. Through markers, one can download detailed information about the site into their smartphone.





#TravelSmart

The program is a collaboration of Smart, tech startup Innopub Media and partners from various LGUs, in the creation of mobile guide apps and e-guides. These travel guide apps contain information useful to visitors and students, such as historical background, local folklore and other interesting cultural trivia. The apps also list things to do and places to see.

ENVIRONMENT



900 TREES PLANTED

In celebration of PLDT's 90th anniversary, 900 trees were planted in Central Cebu Protected Landscape (CCPL) under the PLDT TELEPUNO PROGRAM.



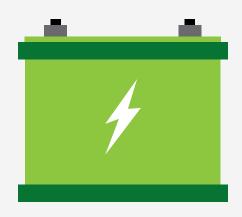
REFORESTATION EFFORTS

In partnership with the Philippine Eagle Foundation, PLDT gave contributions to the Bantay Kalikasan program and support to indigenous forest guards to help them conduct the Philippine Eagle and biodiversity monthly patrol in Mt. Sinaka in Brgy Tumanding and Mt. Mahuson in Brgy. Ganatan. These places found in **Arakan Valley in North** Cotabato are considered to be critical habitats of the Philippine Eagle.

CONNECTED MANGROVES PROJECT

Smart kicked off 2018 with the Connected Mangroves project, a partnership with Ericsson aimed at conserving the marine ecosystem of the Bangkung Malapad critical habitat and ecotourism area in Sasmuan, Pampanga. Smart is the exclusive mobile network partner of Ericsson for this Internet of Things (IoT) project. This IoT solution uses wireless connectivity to capture data relevant to mangroves' survival such as water level, humidity, soil moisture and temperature, and other hazards in the environment.





PHP 63 MILLION WAS ALLOTTED FOR SUPPORTING THE MOTOLITE-PBSP BALIK BATERYA PROGRAM. PLDT REMAINS THE BIGGEST DONOR OF THE MOTOLITE-PBSP BALIK BATERYA PROGRAM WITH ITS ENDOWMENT OF 4,200 TONS OF USED LEAD-ACID BATTERIES FOR PROPER RECYCLING.

LIVELIHOOD



15 WOMEN

COMPLETED THE CAPABILITY
TRAINING TO PRODUCE ECOBAGS
AND START BUSINESSES THROUGH
THE PARTNERSHIP OF PLDT, PBSP,
AND THE COALITION FOR BICOL
DEVELOPMENT (CBD). THROUGH
PLDT'S BALIK BATERYA FUNDS
ALLOCATED FOR THE AT-RISK
SECTORS FOLLOWING THE JANUARY
2018 MAYON VOLCANO ERUPTION,
LIVELIHOOD OPPORTUNITIES WERE
PROVIDED TO WOMEN OF THE
RURAL WORKERS MULADBUCAD
PEQUENO ASSOCIATION.

5 MILLIONAIRES

were awarded during the nationwide retailer conventions of Smart's Ka-Partner Rewards Program, which gives incentives to the company's load sellers to help them grow their business and enhance livelihood, while enabling communities to stay connected.





PHILIPPINE EAGLE PLUSH TOYS

were created by selected indigenous women trained by PLDT in partnership with Conservation Sew Mates. Finished products were sold mainly at the Philippine Eagle Center. The proceeds for every plush toy sold will benefit the SEBNAKA women in Barangay Tumanding, Arakan, North Cotabato, as well as the conservation efforts of the Philippine Eagle Foundation.

BUSINESS CONTINUITY AND DISASTER MANAGEMENT

In light of the complex and dynamic business environment that the company operates in, the PLDT Group is committed to establishing an enterprise-wide discipline and a complete set of processes that would build organizational resilience by putting in place layers of defense that would minimize the impact of disruptions and facilitate immediate recovery of critical operations to pre-determined levels at the most expedient and effective means possible.

In establishing such Business Continuity Management System (BCMS), the company is able to continuously improve its capability to effectively respond to and manage the different crisis or disruptive incidents in order to safeguard the assets and the interests of all stakeholders.

As the scale, timing, and impact of disasters and disruptions are often unpredictable, compounding and multifaceted, the BCMS has been designed to be flexible in order to effectively respond to actual complex nature of crisis and disruptions as they occur. The crisis response strategies have been designed to empower the organization to adapt and respond to the peculiar nature of the disruption, rather than have rigid policies that may restrict the options available to the organization in responding to the disaster.

Furthermore, attaining the target level of organizational resilience requires a systematic and sustainable management level approach that properly integrates the BC objectives and processes to the organizational culture. To achieve this, a series of BCMS awareness activities were implemented to ensure that BCMS program is properly embedded within the organization's culture. These include the deployment of BCMS awareness materials through real and online mediums, the conduct of workshops for the employees in to understand the value and impact of maintaining a state of readiness in the workplace, and the provision of Personal and Family Preparedness training sessions to ensure that the personnel are prepared not

only in their workplace but also in their personal capacity.

In terms of institutional structure, a dedicated organization (Enterprise Business Continuity & Resilience Office - BCRO) has been created to guide and lead the company's initiatives with respect to Business Continuity and facilitate proper alignment and orientation among the various emergency, incident and crisis management plans within the company, to ensure that these programs adhere to the following Business Continuity Objectives:

- > To safeguard the interest of the company by protecting its critical business functions against predetermined disruptions
- > To manage the BC Program for building organization resilience with the capability for an effective response that safeguards the interests of key stakeholders, reputation, brand and value -creating activities
- > To support PLDT thrust of institutionalizing Business Continuity Management in the group, not only for regulatory and commercial compliance but also for corporate resilience and competitiveness
- > To support Company's corporate social responsibility commitment as a critical infrastructure utility company that provides resilient and robust communication services during both regular and emergency situations

To ensure that the quality and effectiveness of the Business Continuity Plans are at par with international best practices and standards, BCRO adheres to the standards set by the International Organization for Standardization (ISO), which utilizes a process methodology that fosters continuous improvement while ensuring compliance and conformity to pre-established standards.

BUSINESS CONTINUITY MANAGEMENT SYSTEMS

During any crisis or disruptive events, the organization serves as a critical utility infrastructure, connecting people across the Philippines and even all over the world. The unpredictable threats of natural disasters, technological failures, changes in the organization's business environment, and other man-made threats affects the organization. Having a proactive business continuity plan enables the company to respond to these and any types of disruptive incidents.

ISO 22301:2012 BCMS Certification is a good business practice as it provides a systematic framework and enables the company to respond to any unplanned interruption. This systematic framework includes Business Impact Analysis, Risk Assessment, BC Strategies, BC Plans, Test and Exercise and Continuous Improvement on the effectivity and applicability of the plans.

PERFORMING BUSINESS IMPACT ANALYSIS

Before developing the BC plans, the first step is to identify what is critical to the company. What critical business processes supporting the delivery of products and services are important and vital to the organization? What will be its impact in the event that these business processes become unavailable? This step enables the organization to allocate required resources to be able to quickly respond to disruptive incidents.

PERFORMING RISK ASSESSMENT AND MITIGATION

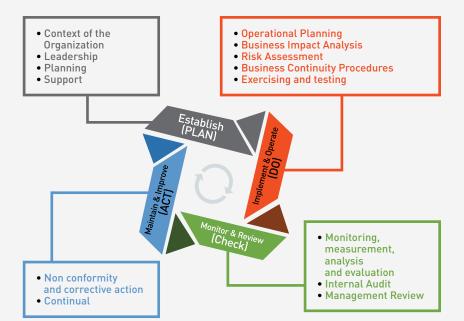
After the identification of critical business processes, performing the risk assessment identifies how to protect these from the various risk and the threats and vulnerabilities that would exploit these risks. The risk assessment is performed from the functional level and identifies the operational risks that may be perceived or observed. Preventive controls are strengthened so that the severity and likelihood of these threats may be lessened. Risk mitigation is also performed in order to address the risks that goes beyond the company's risk appetite.

DETERMINING BC STRATEGIES

BC strategies are determined in order to identify the appropriate actions and options needed to be taken for unplanned interruptions. With the results from the risk assessment, BC strategies are reinforced so that in the event that the identified risks are realized, appropriate procedures are implemented. For example, where will the alternate work location be – is there available transportation for manpower to be relocated? Can work-from-home be utilized? These strategies answer these questions to address specific risk and threats that may arise at any given time.

DEVELOPING BC PLANS

BC plans guide the company to respond, recover, resume, and restore to a predefined level of operation following a disruption. The necessary step-by-step procedures are documented in order to ensure response to any types of disruption until normal operations are resumed. Responsibility assignment is also identified so that proper escalations and response procedures can be communicated to all stakeholders. BC plan ensures that all required resources and dependencies are protected and are able to operate quickly in the event of any disruption.



CONDUCTING TEST AND EXERCISE

A BC plan can only be effective if this is cascaded to all stakeholders and is tested and exercised. The company ensures that the BC plans are tested and exercised regularly using different scenarios and methods so that the effectivity of the plans are always up to date and responsive to the different disruptive events.

CONTINUOUS MONITORING (CONTINUAL IMPROVEMENT)

The business environment shifts and changes at a quick and unpredictable pace. In order to ensure of the applicability and

effectiveness of the BCMS, continuous review and monitoring is done, incorporating all lessons learned, prior test results and experience gained. It is regularly monitored, and necessary review and updates are done in order to ensure effectivity of response to disruptive events.

Using the aforementioned framework and standards of ISO 22301:2012 (BCMS), the group was able to achieve full international certification for several of its critical facilities, through a third-party certifying body, TUV Rheinland Philippines.

The BCMS Certification of these identified critical facilities spearheaded by Enterprise Business Continuity and Resilience Office covers the Network Operations and Maintenance that provides the delivery of fixed and wireless voice, data and converged multimedia content to domestic and international customers specifically, which covers the Cable Landing

Stations, Core Network Operations, International Gateway Operations (IGO), and North, East and West Metro Manila Fixed Field Services (FFS), which are supported by the internal processes of Enterprise BCRO, Asset Protection and Risk Management Center and Properties and Facilities Management Center.



MORE FILIPINO LEARNERS BENEFIT FROM DIGITAL EDUCATION PROGRAMS



here is a saying that goes: "Talent is universal, but opportunity is not." This is true for over a million Filipino students who have no access to digital content that can help bridge the divide between those in urban and rural communities.

Smart addressed this gap throughout 2018 with different initiatives under #LearnSmart, the wireless services provider's education program, that enhances learning using technology.

In the area of basic education, Smart's flagship program is the School-in-a-Bag, a portable digital laboratory that provides public schools and non-formal learning centers, even those in remote areas without access to electricity, with access to technology and interactive educational resources. The package is complete with devices for the teacher and students, a Smart pocket WiFi, a solar panel and charging station, and multimedia resources all carried in a weather-proof backpack.

OVER A HUNDRED SCHOOL-IN-A-BAG UNITS DEPLOYED AS OF END-2018

2018 was a milestone year for the Program, as Smart delivered its 100th School-in-a-Bag package right before Christmas. The beneficiaries were teachers and students in Sitio Lipata in Lahuy Island, a small town with no electricity and accessible via a 1.5-hour boat ride over slightly rough seas from mainland Caramoan in Camarines Sur. It is home to youth who must walk up to six hours a day to the nearest school.

"After a literacy mapping activity, our team discovered that Sitio Lipata had an alarmingly high number of dropouts, with some quitting school as early as elementary due to the challenge of getting to and from school," said Windel Alvarez, an advocate of the Department

of Education's Alternative Learning System, which offers non-formal classes to out-of-school Filipino youth and adults who failed to complete basic education. Five School-in-a-Bag packages were jointly donated by Smart and the Yellow Boat of Hope Foundation.

"As educators, we are more inspired to teach and look past difficulties when there are a lot of people helping in their own way," the devoted teacher expressed.

IMPROVED LEARNING THROUGH MOTHER TONGUE EDUCATIONAL APPS

Beyond providing access to technology through the gadgets, Smart also developed mother tongue-based apps to help develop literacy as well as preserve local culture and heritage, especially of the Indigenous Peoples (IP) communities.

Among those who benefitted from these apps was Don Catalino Andrada Memorial School in Ivisan, Capiz. The school was given a School-in-a-Bag pre-loaded with learning apps, including Kaalam (Cebuano term for 'knowledge'), Smart's Cebuano app that features local alphabet to develop reading, numbers for counting, and folklore retold by residents of Argao town in Cebu Province. After three months of use, the school reported that their non-numerates decreased from 38 to 10 and their non-readers from seven to zero.



Other mother tongue-based apps launched by Smart in 2018 were the Bahay Kubo Filipino app, Ta'allam and Tahderiyyah Arabic apps, and the first tribal literacy app — Matigsalug — for the Matigsalug Tribe of Davao and Bukidnon.

HOPE AFTER TRAGEDY

As of end-2018, 109 School-in-a-Bag packages have been deployed to schools nationwide, reaching more than 30,000 students. These were made possible with the added support from donors and partners, such as the PSF, that donated School-in-a-Bag packages to Hugpa, Mahayhay, and Inaad Elementary Schools in Ormoc, Leyte to commemorate the fifth anniversary of Typhoon Yolanda.

"We're grateful that this donation from PSF will allow the children of Leyte to learn using the latest technology," said Ormocanon Lucy Torres-Gomez. "This really is the way the world is going, so being able to keep up with these innovations will help prepare these children for the future," she added.

More and more schools in underserved areas are reached by the Program through partnerships with generous individuals and organizations. In 2018 alone, the Rotary Club of Cebu has brought the School-in-a-Bag to remote island schools in Cebu; the PLDT Employees Credit Cooperative, Inc. has also brought the bag to the mountains of Kibungan in Benguet; and Smart employees have also raised funds to bring the School-in-a-Bag to the IP community of Pampanga; among many other partners.



BRIDGING THE INDUSTRY-ACADEME GAP

At the tertiary level, Smart has partnered with colleges and universities all over the country to help schools produce industry-ready Engineering and IT graduates. Under the Smart Wireless Engineering Education Program (SWEEP), partner schools receive laboratories that mirror a telco set-up as well as technical trainings delivered by Smart's own engineers and partners. In 2018 alone, the program provided trainings and immersion to over 1,300 faculty and students and hired close to 100 graduates into the company.

To instill a culture of innovation, Smart runs an annual innovations competition where students and faculty develop innovative wireless applications and solutions. In 2018, the 15th SWEEP Awards was launched, and 20 prototypes were produced by school teams with focus on Internet of Things and 5G solutions.

In celebration of SWEEP's 15th year, an alumnus of the program - Chino

Atilano – looks back on how SWEEP has impacted his life. "I'm 100% sure that without SWEEP there would be no TimeFree. SWEEP gave us the opportunity of a lifetime. Without SWEEP I would have a hard time coming up with a company of my own." Chino is now the CEO of TimeFree Innovations, one of the startup companies produced by the SWEEP program.

NO LEARNER LEFT BEHIND

For the #LearnSmart education program, shared value is key. Smart builds strong partnerships with community stakeholders to develop innovative and sustainable programs that bring real value both to the company and the community. From partnerships with government and non-government organizations, LGUs, private institutions, media, civil service organizations, academe, like-minded individuals, and its own employees, Smart works together with all these education advocates to help build a nation where no learner is left behind.





SEEKING TO IMPROVE THE WORLD FOR BOTH PRESENT AND FUTURE GENERATIONS



RESPONSIBLE OPERATIONS

The PLDT Group recognizes that its sustainability journey entails achieving operational efficiency such that the use of resources are optimized, waste is reduced and managed, and customer data are kept secured and protected.

The price of digital leadership in the industry has always been constant innovation as the company is seen as a model of a responsible business operation that always seeks to improve the world for both present and future generations.

RESOURCE EFFICIENCY IN OPERATIONS

The Group appreciates that energy is an essential resource for the continuous provision of its services. As such, there is a conscious effort to ensure that it is used responsibly, and the task of managing energy consumption is shared by expert teams who are focused on long-term efficiencies of its business operations.

The Group's energy consumption covers all fixed line and wireless facilities

in the country, such as buildings, fixed network sites, exchanges, business offices, cell sites, warehouses, and Remote Digital Line Units/Digital Line Carriers.

Below is the PLDT Group's 2018 energy consumption and GHG emission data:

2018					
SOURCE	ENERGY TYPE	CONSUMPTION	CONSUMPTION (GJ)	GHG EMISSIONS (TONS CO ₂ e)	
PLDT Transport	Transport Fuel (Diesel)-L	1,932,499.41	73,821.48	1,776.25	
	Transport Fuel (Gasoline)-L	663,689.52	22,963.66	4,389.76	
PLDT Facilities	Genset Fuel (Diesel)-L	344,572.42	13,162.67	927.71	
	Electricity-kWh	189,156,628.37	680,963.86	95,027.30	
PLDT Total Energy			790,911.66	102,121.02	
Smart Transport	Transport Fuel (Diesel)-L	1,341,295.47	51,237.49	3,589.75	
	Transport Fuel (Gasoline)-L	717,991.49	24,842.51	1,630.95	
Smart Facilities	Genset Fuel (Diesel)-L	57,909.00	2,212.12	155.91	
	I				
	Electricity-kWh	17,049,821.30	61,379.36	8,565.38	
Smart Cell Sites	Electricity-kWh Genset Fuel (Diesel)-L	17,049,821.30 8,278,036.35	61,379.36 316,220.99	8,565.38 22,287.36	
Smart Cell Sites	·	· · ·	,		

The PLDT Group continues to seek for improved efficiencies through better technology and processes. It has put in place various energy conservation measures that generally focus on cooling equipment, efficient lighting, and rationalization of workplace areas for better energy planning:

LOCATION	PROJECT DESCRIPTION	ESTIMATED ANNUAL SAVINGS (KWH)
	GММ	2018
MITC	Replacement of Old Chiller	372,624
MGO	Supply and Installation of Variable Frequency Drive of Air Handling Unit (AHU) (18 Units)	174,196
MGO	Supply and installation of Variable Frequency Drive for Primary pumps	161,468
MGO	Replacement of Flourescent Lamp into LED lights	208,447
RCB	Replacement of Flourescent Lamp into LED lights	221,357
MGO & JUPITER CENTRAL OFFICE	Replacement of Various old ACU at Machine room, and Jupiter offices	78,474
	LUZON	
LUCLS	Conversion of Compact Flourescent Lamp into LED lights	3,255
BCLS	LED lamps conversion of perimeter lighting	10,417
BCLS	Conversion to LED lamps at BCLS Dormitory, BAGS Building and APCN 2 Building	120
BCLS	Additional solar-powered perimeter wall lightings	9
DCLS	Replacement of busted bulbs into LED lamps at various locations within the facility	2,453
	VISMIN	
Zamboanga Exchange	Provision of new 1 X 3TR PACU	1,884
GenSan Exchange	Provision of new 2 X 5TR (PACU) Conventional Type AC Units at Business Office	3,140
Cotabato Sub-Exchange (SE)	Provision of new 1 X 2HP (WACU) AC Units for DFON Room	230
Kidapawan SE	Provision of 1 X 3TR (PACU) units	1,884
Parang Remote Switching Unit	Provision of new 2 X 2HP WACU AC Units at Equipment VAN	461
Ozamis Exchange	Provision of 3X 2HP WACU AC Units at DFON Room	1,382
Ozamis Exchange	Provision of new 2 X 5TR Floor Mounted AC Units at MDF Room	3,140
Ozamis Exchange	Provision of 1 X 2TR PACU AC Unit at ISNET Room	1,325
Davao Metro SE	Retirement of Old 2x 5TR, Manual Package Type AC units and Upgrading to 2 x 3TR, Inverter type, Package type PACU AC units at PCM room	16,301
Sasa SE	Retirement of Old 2x 10TR and 2x7.5, Manual Down Blast Centralized Type ACU and Upgrading to 3 x 5TR, conventional type, Package Type PACU AC units at Switching Room	72,086
ESTIMATED TOTAL AN	NNUAL ELECTRICITY SAVINGS	1,334,652

Meanwhile, the Smart Technology Group energy saving initiatives for 2018 involved two technologies that aim to provide efficient and environmental friendly equipment, namely Direct Current Air Conditioning Unit (DC ACU) and Direct Current Generator (DC GEN).

The DC ACU has an equivalent cooling capacity compared to Alternating Current Air Conditioning Unit (AC ACU), but with lower electricity consumption due to variable speed

operation and automatic temperature sensor activation. This equipment is connected from the rectifier and powered by a DC supply (battery) only. It can be operated remotely via a Facility Management System (FMS). The FMS is capable of monitoring and remotely controlling as well as collecting data, from sensors of passive equipment installed at critical locations throughout the Smart cell sites.

On the other hand, the DC GEN has lower fuel consumption due to variable

engine speed (RPM) operation which matches the amount of connected load unlike AC Generator (AC GEN) wherein the engine speed is constant at any amount of connected load.

In terms of fuel consumption for use in its fleet management program, the initiative for improving equipment for higher fuel efficiency and less carbon footprint was maintained in 2018.

2018	VEHICLES IN FLEET			TOTAL FUEL	
	Diesel vehicles	Gasoline vehicles	Total Complement	CONSUMED (LITERS)	
PLDT	1,603	487	2,090	2,596,188.93	
SMART	697	450	1,147	2,059,286.96	

0045	•	TOTAL FUEL		
2017	Diesel vehicles	Gasoline vehicles	Total Complement	CONSUMED (LITERS)
PLDT	1,714	517	2,231	2,773,669.71
SMART	699	452	1,151	2,130,786.02

Seeking to further measure its impact on the environment, the Group continues to monitor GHG emissions. GHG are gases in the atmosphere that absorb and re-emit heat which contributes to climate change. Although GHGs occur naturally, the uncontrolled increase in its levels are believed to be a major contributor to the unsustainable warming of the planet.

In order to monitor and manage GHG emissions, therefore, corporate GHG estimation for Scope I emissions and Scope 2 emissions are done annually. For Scope I, facility fuel data is collected from the concerned business units using standard data templates, and converted using standard emission factors. The Property and Facilities-Risk and Compliance Division undertakes this task.

For Scope 2 emissions, electricity consumption data is collected by the Facilities Management Operations Support Division on a monthly basis. Electricity consumption data are then converted into GHG emission figures by PF-Risk and Compliance.

PLDT GHG Emissions					
SCOPE	QUANTITY (tCO₂e)				
	2018 2017				
Scope 1	7,093.72	19,288.73			
Scope 2	95,027.30	97,403.90			
TOTAL	102,121.02	116,692.63			

Smart GHG Emissions					
SCOPE	QUANTITY (tCO₂e)				
	2018 2017				
Scope 1	27,663.97	31,461.48			
Scope 2	217,870.08	156,990.22			
TOTAL	245,534.05	188,451.70			

^{*} Note: For calculation of GHG Emissions in 2018, Refrigerants were not included in the scope whereas it was covered in 2017. This change occurred due to standardizing of the environmental process.

GHG Intensity						
PLDT SMART						
Total GHG Emissions	102,121.01	245,534.05				
Total Number of Employees	8,401	6,299				
GHG INTENSITY 12.51 tCO₂e per employee 38.97 tCO₂e per employee						

WATER CONSUMPTION

The PLDT Group is an advocate of water conservation and constantly reminds its people to do their share. The Facilities team acts with urgency and concern to address reports of leaks within the premises of its offices and buildings. The Group aims to keep its water consumption to what is necessary and avoid wastage.



GROUP	WATER SOURCE	TOTAL WATER CONSUMED (m³)	
		2018	
	Water Utility	414,174.01	
	Deep Well	909.00	
PLDT	Bottled Drinking Water	2,881.85	
	Rainwater Reservoir	463.00	
	TOTAL	418,427.86	
	Water Utility	100,600.10	
	Deep Well	283.00	
SMART	Bottled Drinking Water	1,433.00	
	Rainwater Reservoir	60.00	
	TOTAL	102,376.10	
PLDT GROUP TOTAL		520,803.96	



WASTE MANAGEMENT

Operating the business generates nonhazardous and hazardous waste. Waste segregation practiced from the start of the cycle allows the organization to capture the recyclables from the nonhazardous waste and ensure proper disposal for the different types of waste.

- In the Makati facilities, recyclable wastes are sorted and collected from storage areas by the partner contractor of the Makati Commercial Estate Association, Inc (MACEA).
- Reusable junk materials and recyclables with monetary value such as cables, office furniture, discarded building electrical and mechanical equipment, vehicles, and other materials are sold to vendors.

Collection and disposal of solid waste, though, is generally done through local garbage collectors from the government. In major facilities with larger volumes, a private garbage waste collector is used.

The disposal of hazardous wastes, meanwhile, comply with regulatory guidelines from the DENR. Used oil, busted lamps, and used batteries are collected and temporarily stored in the facility and await collection by authorized haulers for treatment. The Group submits Self-Monitoring Reports to the DENR in compliance with the provisions under its issued Hazardous Waste Permits.

On the other hand, used car batteries are also treated differently, as they are donated to the Balik Baterya Program of the Philippine Business for Social Progress (PBSP) and Motolite. Participation in the Balik Baterya Program allows for proper recycling of the used lead-acid batteries (ULABs) and the recovery of reusable components. What's more, Motolite buys the ULABs at a premium value and the proceeds help fund education and school-building projects.

For the Group, responsible waste management is a team effort and looks

The disposal of hazardous wastes, meanwhile, comply with regulatory guidelines from the Department of Environment and Natural Resources (DENR). Used oil, busted lamps, and used batteries are collected and temporarily stored in the facility and await collection by authorized haulers for treatment.

for ways to further improve its systems. The PF-Risk and Compliance team performs regular inspection of waste segregation performance while the Facilities Management and Network Operations consistently gather and record data that can be analyzed for sustainability programs.

GROUP	WASTE TYPE	AMOUNT (TONS)				
		2018	2017	2016		
	Batteries	241.29	No Data	293.21		
	Busted Fluorescent Lamp	2.78	7.97	No Data		
PLDT	Used Oil	6.37	6.79	8.12		
PLUI	Biodegradable	626.80	776.72	207.97		
	Non-biodegradable	409.20	240.18	152.82		
	Recyclables	55.30	210.07	183.11		
	Batteries	139.82	No Data	71.95*		
	Busted Fluorescent Lamp	1.20	1.94	No data		
SMART	Genset Used Oil	19.32	13.50	3.51*		
SHART	Biodegradable	127.75	572.11	56.93		
	Non-biodegradable	101.54	259.79	116.44		
	Recyclables	70.57	21.41	93.05		

^{*}Data excludes network/cellsites

Wastewater management is also material to the PLDT Group and an aspect that is regulated by the DENR. The Group uses a sewage treatment plant that was installed in 2016, with a sequencing batch reactor technology that offers a mechanism for improving effluent quality.

Moreover, all the cell sites with generator sets and fuel tanks have been installed with pads and catch basins to ensure that risks of fuel leaks/spills will not lead to soil and underground water contamination. The cell sites also have Spill Response and Containment Program in their SOPs.



ASSET PROTECTION

Through its physical assets and infrastructure, the PLDT Group is able to deliver its products and services to its customers. Hence, assuring their security and protection is essential and critically material to sustainability.

The Group has put in place the necessary Policies, Processes, and Systems, along with the requisite training, testing, and governance for continuous improvement of such processes, which provides resilient and responsive security coverage for the company's assets and operations. This, in turn, ensures that it has a response protocol that is agile and capable of addressing current and emerging threats through its Asset Protection and Risk Management (APRM) team.

By way of example, from the time the organization first implemented its Corporate Asset Protection Policy in 2012, it had continuously conducted regular review and update on the policy to keep it responsive to current market conditions, risks and threats.

The Asset Protection processes and guideline utilizes the Defense-in-Depth approach which features a robust system for physical security by using an optimal mix of capable protective personnel vis-à-vis best-of-breed industrial security technology. These include electronic access controls, integrated closed-circuit TV (CCTV) systems, intrusion detection alarms, 24/7 security monitoring command center, interspersed physical security barriers, and trained security response personnel. As part of its drive for continuous improvement in 2018, APRM has established additional layers of protection through the roll-out of walk-through scanners, x-ray machines, security profiling training, and deployment of additional CCTV systems to provide a more in-depth security coverage in its critical facilities.

To complement the tactical security operations and measures mentioned above, the PLDT Group also uses data analytics tools to determine which operations are most critical, what level of security coverage is needed, and what is the most optimal strategy in the allocation of current security resources to address such needs. At the same time, root cause analysis is also utilized to fully understand

the proximate cause for such incidents and to design strategies to mitigate risks of recurrence at the point of origin.

Meanwhile, the Group has strengthened its engagement activities with both the public and private institutions involved with maintaining security, peace, and order within the country. For instance, it continues to work closely with law enforcement agencies to stop, investigate, and prosecute criminal act and their perpetrators. Likewise, the Group regularly enters in to collaboration efforts with industry counterparts as well as experts on critical infrastructure resiliency programs, national security, and disaster/emergency response operations.

Disaster preparedness has become an important aspect of asset management for Companies like PLDT Inc. which does business in a country that is prone to natural disasters such as typhoons, storms, floods, earthquakes, and others. The Group has invested in building up its array of preparation and response measures to natural calamities such as typhoon and floods, and has deployed a nationwide network of trained and equipped Search and Rescue units that support the company's continuous operations during disasters and emergencies. Recognizing the pivotal role played by able and highly-trained personnel in maintaining a consistent level of alertness at all times, the Group ensures appropriate training is provided to all the organic security personnel. The training provides them with the skills and knowhow for critical activities like surveillance, investigation, intervention, and case management.

Moreover, in 2018, APRM continued its commitment to engage and establish partnerships with LGUs and communities through its iProtect program. Through the program, APRM conducted dialogues with Barangay officials, as well as mayors and governors, for joint awareness and security initiatives and programs within their jurisdictions. The aim is to foster the principle of the community as both stakeholder and force-multiplier. These programs for local communities allow them to help secure the facilities as a mutually beneficial practice that help safeguard the continuous and reliable communication services for all.

DATA PRIVACY AND INFORMATION SECURITY

Of most critical materiality for companies in the telecommunications industry is ensuring data privacy and information security for clients. The new digital world presents society with so many new equitable opportunities and benefits that are available to all, even to the unscrupulous and criminal. The PLDT Group is focused on exerting all efforts to protect clients and customers from them through proactive measures and constant state of alertness to potential and emerging threats.

The Group is committed to protecting the data/information assets under its responsibility and has prepared the organization with security infrastructures, mechanisms, and protocols to maintain the highest level of preparedness to immediately address potential threats such as phishing attacks or data breaches. For instance, PLDT has stringent and rigorous policies on social media, information security and data privacy with guidelines on handling information assets and the proper use of technology resources.

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

PLDT also established the Cyber Security Operations Group, headed by the CISO, to create, implement, and operate the Information Security Management Systems framework and to support, review and update the security policy.

A Chief Data Privacy Officer (CDPO) for the PLDT Group, who also leads the Data Privacy and Information Security Governance (DPISG) unit, was earlier appointed in 2017. The CDPO is tasked to strengthen privacy and information security practices and address multiple challenges in relation to the increasing complexity in the business, regulatory, technology, and threat environment.

The CDPO was instrumental in creating PLDT's Personal Data Privacy Policy which aims to ensure that the Company complies with the relevant data protection laws and regulations, protects the rights of its data subjects, is

transparent about how it processes personal data, and protects itself from the risk of data breach. Within the DPISG team are ten full time employees who are Certified Information Privacy Managers (CIPM).

Aiming to further strengthen the culture of security within the organization, the Group also undertook the following:

- Tasked the Data Management Group to create a Data Management Framework
- Further aligned its Risk Registry and conducted quarterly review of Data Privacy and Cyber Security policies and processes
- Operationalized a stronger collaborative partnership of the DPISG and the CSOG

Through the continuous review and improvement of security policies, standards, and processes the Group was able to harmonize both Data Privacy and Information Security guidelines for everyone:

- Reviewed, updated, and published the Corporate Information Security Policy (CISP) and updated its key standards
- Reviewed, updated, and published Personal Data Privacy Policy (PDPP) and developed its key standards

To ensure consistent compliance from all teams, the Group conducted Communication and Awareness Programs:

- Data Privacy and Information Security is now part of the New Employee Orientation Program
- Conducted a Data Privacy Campaign which won a Gold Anvil Award from the Public Relations Society of the Philippines and a citation from the National Association of Data Protection Officers of the Philippines (NADPOP)
- Information and guidelines on the General Data Protection Regulation and the Data Privacy Act were cascaded to the PLDT Group Top Management and Data Privacy Officers (DPOs)
- Published on employee channels Information Security Advisories on topics such as Security By Design,

Privacy By Design, Phishing, Software, Incident Management

Moreover, the Group provides e-learning programs on data privacy and requires everyone to take the module. For 2018, 99.23% of PLDT, Smart and Digitel have complied with the requirement. This is because internal defense is always considered a top priority. And that is why the Group continues to enhance its capabilities to protect fixed and mobile broadband subscribers for malicious domain names to prevent malware infection, control of infected device, and connection to known phishing sites.

Due to the increasing trend of threats directed at IoT services, the PLDT Group reinforced its security program for Customer Premise Equipment (CPE). The CSOG strengthened the company security policy and standards, recommended amendments to third party contracts such that vendors are contractually obliged to comply with the company security policies.

The CSOG constantly monitor emerging threats and vulnerabilities, and periodically subject all CPE devices to security penetration testing. Once vulnerabilities are identified, security updates are deployed immediately over-the-air. PLDT also continues to enforce and tests CPE secure configuration prior to delivery.

Phishing is a persistent threat in the industry. Therefore, part of the DPO strategy is to intensify education campaign on phishing and employees were encouraged to actively report such incidents and to be more vigilant. For 2018, there were an overall 2,467 Security Incidents reported, and the CSOG implemented behavior-based analytical and intelligent solutions that enabled it to promptly respond and contain them. The incidents were mostly the identification and containment of malicious codes, as well as some reported violation of the policy or process gaps, phishing, or spam.

The Group also reported 18 customer privacy incidents (10 for Smart; eight for PLDT) to the National Privacy Commission (NPC), the agency directly implementing the Data Privacy Law which mandates that all suspected data privacy incidents be reported to them within 72 hours upon discovery. Internally, the Group further tightened this standard to 24 hours upon discovery for its third

party service providers to ensure that all incidents would be addressed and mitigated immediately.

PLDT, Inc. classifies privacy incidents based on the Data Privacy Act (RA No. 10173), its implementing rules and regulations, and the circulars of the National Privacy Commission (collectively, "Philippine Privacy Laws") and the numbers reported reflect this classification. Statistics on leaks, theft, or loss of customer data - as defined under the Global Reporting Initiative - are not indicated in this report.

The NPC has come up with a 32-point Data Privacy Accountability and Compliance checklist, covering everything from governance to day-to-day lifecycle operations and managing the privacy ecosystem. Building on this 32-Point Checklist, the PLDT Group developed an improved framework for conducting its compliance checks.

Comparing the small number of reported incidents for the year to the great number of transactions within the Group, the very small percentage of incidents point to an effective strategy for deterrence and prevention. It speaks highly of the performance of the DPISG and the CSOG and the effectiveness of the campaign to build a corporate culture that is proactive in protecting data privacy and information assets under its responsibility.

As it seeks to maintain this highest level of alertness within the organization, the Group performed a formal full Compliance Review of all entities under its purview, against the requirements of the Data Privacy Act (DPA). This resulted in the tightening of controls on identity and access management of people, things, and services. Other actual results from the full compliance review include:

- Implementation of additional controls to minimize re-occurrence of breaches: focused awareness sessions on high-risk roles that handle personal information, additional steps to minimize risks in processes such as end-of-day tasks, and automation in processes to reduce manual steps
- Increase in compliance to the DPA by implementation of missing controls, such as processes to allow data subjects' exercise of rights and privacy notices in all channels

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Independent Limited Assurance Statement to the Management of PLDT, Inc. and Subsidiaries (PLDT Group)

We have performed limited assurance procedures in relation to **PLDT Group's** Sustainability Report 2018 ("The Report") as detailed in the "Subject Matter" below.

The management's responsibility

PLDT Group's Sustainability Report 2018 has been prepared by the Management of PLDT Group, which is responsible for the collection and presentation of the information it contains and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process. There are currently no legally prescribed requirements relating to the preparation, publication and verification of sustainability reports.

The auditor's responsibility

Our responsibility in performing our limited assurance activities is to the Management of PLDT Group only and in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance by any such third party may place on the Report is entirely at their own risk.

Our review was limited to the information on the select indicators set out within the Report from 01 January 2018 to 31 December 2018 and our responsibility does not include:

- Any work in respect of sustainability information published elsewhere on PLDT Group's Annual Report, website and other publications,
- Sustainability information prior to 01 January 2018 and subsequent to 31 December 2018, and
- Management's forward-looking statements such as targets, plans and intentions.

Our multi-disciplinary team has the required competencies and experience to conduct this assurance engagement. Our professionals have experience in both assurance skills and in the applicable subject matter including environmental, social and financial aspects.

Reporting criteria

As a basis for the assurance engagement, we have used relevant criteria in the Global Reporting Initiative (GRI) Sustainability Reporting Standards. We consider these reporting criteria to be relevant and appropriate to review the Report.

Assurance standard used and level of assurance

Our limited assurance engagement has been planned and performed in accordance with the PSAE 3000, Assurance Engagement Other Than Audits or Reviews of Historical Financial Information. We have also considered the GRI Sustainability Reporting Standards in conducting our limited assurance procedures.



A limited assurance engagement consists of making enquiries and applying analytical and other limited assurance procedures. Our procedures were designed to provide a limited level of assurance and as such do not provide all the evidence that would be required to provide a reasonable level of assurance.

The procedures performed depend on the assurance practitioner's judgment including the risk of material misstatement of the specific activity data, whether due to fraud or error. While we considered the effectiveness of Management's internal controls when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Scope of work

We have been engaged by the Management of PLDT Group to perform limited assurance on selected disclosures of the Report as set out in the Subject Matter below.

Subject matter

The Subject Matter, coverage and GRI disclosures for our limited assurance engagement are as follows:

1. Covering PLDT Group

- a. Economic
 - i. Economic Performance 2016
 - 1. 201-1 Direct economic value generated and distributed
- b. Social
 - i. Local Communities 2016
 - 413-1 Operations with local community engagement, impact assessments, and development programs

2. Covering PLDT

- a. Economic
 - i. Anti-corruption 2016
 - 205-2 Communication and training about anti-corruption policies and procedures
 - 2. 205-3 Confirmed incidents of corruption and actions taken
 - ii. Anti-competitive Behavior 2016
 - 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices
- b. Social
 - i. Employment 2016
 - 1. **401-1** New employee hires and employee turnover
 - 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees
 - 3. 401-3 Parental leave



- ii. Occupational Health and Safety 2016
 - 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
- iii. Training and Education 2016
 - 404-2 Programs for upgrading employee skills and transition assistance programs
 - 2. **404-3** Percentage of employees receiving regular performance and career development reviews
- iv. Diversity and Equal Opportunity 2016
 - 1. 405-1 Diversity of governance bodies and employees
- v. Customer Privacy 2016
 - 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

What we did to form our conclusions

The procedures performed aim to verify the plausibility of information. We designed our procedures in order to state whether anything has come to our attention to suggest that the Subject Matter detailed above has not been reported in accordance with the reporting criteria cited earlier. In order to form our conclusions, we undertook the steps below:

- 1. Interviewed PLDT Group's Sustainability team to:
 - a. Understand principal business operations
 - b. Appreciate key sustainability issues and developments
 - c. Map out information flow for sustainability reporting and the controls on information collation
 - d. Identify data providers with their responsibilities, and
 - e. Recognize the likelihood of possible manipulation of sustainability data
- Conducted process walkthrough of systems and processes for data aggregation and reporting, with relevant personnel to understand the quality of checks and control mechanisms, to assess these controls in relation to the concerned subject matters in the Report
- Interviewed employees and management (Sustainability, Foundation, Human Resources, Data Privacy Office, Corporate Governance Office) to understand key sustainability issues related to the select indicators and processes for the collection and accurate reporting of performance information
- Obtained documentation through sampling methods to verify assumptions, estimations and computations made by Management in relation to the concerned subject matters in the Report
- 5. Verified that data and statements had been correctly transcribed from corporate systems and/or supporting evidence, into the Report



6. Obtained various certifications, audit reports and financial statements in relation to the concerned subject matters in the Report

Our independence

SGV has provided independent assurance services in relation to PLDT Group's Sustainability Report 2018. In conducting our assurance engagement we have met the independence requirements of the Philippine Institute of Certified Public Accountants, Code of Professional Conduct and Ethics. Our SGV independence policies prohibit any financial interests in our clients that would or might be seen to impair independence. Each year, partners and staff are required to confirm their compliance with the firm's policies.

Observations and areas for improvement

Our observations and areas for improvement will be raised in an internal report to PLDT Group's Management. These observations do not affect our conclusion on the Report set out below.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the information in the Report was not presented fairly and calculated in all material respects in accordance with the reporting criteria detailed above.

SYCIP, GORRES, VELAYO & CO.

Joseph lan M. Canlas

Partner/

CPA Certificate No. 46047

7 June 2019

ABOUT THE REPORT



This Sustainability Report covers initiatives and programs from January I to December 31, 2018 of the PLDT Group, which is composed of its fixed and wireless businesses. Unlike in previous years, this report does not include Voyager Innovations Holdings, Pte. Ltd. (VIH) owing to the loss of control of the PLDT Group in the company. Upon loss of control, we ceased consolidating Voyager. Our remaining interest in VIH is accounted for as an Investment in Associate.

This report has been prepared in accordance with the GRI Standards: Core option. Independent external assurance on selected disclosures is provided by SGV & Co. to provide impartial verification to the merit and reliability of the information presented here.

We welcome your feedback or questions regarding this Sustainability Report. You may send your comments or inquiries to the following:

PLDT Financial Reporting and Controllership

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