

COMMUNICATION ON PROGRESS (COP)

PERIOD COVERED

From: June 2020 | To: June 2021

STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER June 30, 2021

To our stakeholders:

I am pleased to confirm that PLDT Inc. and Smart Communications Inc. reaffirm their support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment, and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication.

Sincerely yours,

A handwritten signature in black ink that reads 'Al Panlilio'.

Alfredo S. Panlilio

President and Chief Executive Officer
PLDT Inc. and Smart Communications Inc.



HUMAN RIGHTS

PRINCIPLE 1

Businesses should support and respect the protection of internationally proclaimed human rights

PRINCIPLE 2

Businesses should ensure that they are not complicit in human rights abuses

PRINCIPLE 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

ACTIONS

- We support and respect the protection of human rights for all.
- We commit to a stakeholder engagement approach that allows us to build trust-based relationships with the community.
- We believe in the value of inclusivity and recognize that our stakeholders, the community and customers, have the right to be heard and we are accountable for fair treatment.
- We ensure that the company core values reflect our aspirations as a company and serve as a guide on how we relate to our work colleagues and partners.
- We ensure adherence to all relevant labor laws, including those specific to forced labor, child labor, and human rights, which are designed to protect workers' rights and promote employee welfare.
- We promulgate policies in support of government regulations on labor and human rights in the workplace such as Department of Labor and Employment Department (DOLE) Order 174 (Rules Implementing Articles 106 to 109 of the Labor Code, as Amended, Republic Act (RA) 7610 (Protection Against Child Abuse, Exploitation, Discrimination), and the General Labor Standards.
- We ensure people's safety health and wellness in the workplace. People will always be a priority for the company and is a responsibility that we take to heart, especially during this pandemic.

OUTCOMES

- As our employees carried out extraordinary work amid the health crisis, our COVID-19 Command Center supervised the company's response plans, managed medical supplies, provided essential needs of personnel, and implemented safety protocols. The PLDT Medical

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Services Team delivered free medicines/vitamins, launched medical consultations systems, supervised COVID-testing and accommodated COVID-positive staff in company provided quarantine facilities.

- Together with the Philippine private sector, we ordered COVID-19 vaccines for our employees, their families and household members that will be administered under a vaccination program to be undertaken as soon as the vaccines arrive.
- At the onset of the crisis, dedicated COVID-related channels were set up to monitor the condition of our employees as well as address their concerns:
 - Coronavirus Online Form
 - COVID-19 Self-Check Chatbot
 - COVID Warrior Campaign
 - 24/7 InfoMed Hotline
 - COVID Employee Hotline
 - COVID Online Helpdesk via the Workplace
- We also addressed mental health concerns through an internal program called “Mind Your Health”.
- In 2020, we recorded 76 workplace accidents and zero fatalities, which equate to a Lost Time Injury Frequency Rate (LTIFR) of 0.47 and a Fatal-Injury Frequency Rate (FIFR) of 0. We had a total of 108,728 training hours of safety drills to prepare employees for emergency situations.
- We have developed various tools to ensure safety in the workplace:
 - The Accident Life Threatening Emergency Reporting Tool (ALERT) app strengthens Smart’s safety management procedures by empowering personnel to report incidents (accident or near misses), health and safety-related observations, or good practices in real-time.
 - Occupational Health and Safety (OHS) Learning and Development Module for the mandatory OHS trainings and e-learnings that aim to enhance knowledge of health and safety protocols and programs, promote a secure working environment, and reduce work-related accidents.
- Our Human Resources Manual includes labor rights protection policies and grievance mechanisms. A general grievance handling policy manages labor rights concerns while a Committee on Workplace Decorum and Investigation resolves gender-based sexual harassment cases. An Employee Whistleblowing Policy is also in place, providing guidelines on handling employees disclosures or complaints and ensuring confidentiality, and fairness in the investigation.
- Even under challenging times, the PLDT Group remained committed to being the kind of organization that will attract the best talents. We remained consistent in implementing our non-discrimination policy that gives equal opportunity to all qualified applicants. Moreover, we

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no longer require birthdates and age in our application form used in the recruitment process, in compliance with Republic Act No. 10911 or the Anti-Age Discrimination in Employment Act.

- Women are strongly represented in our workspace, especially at Smart, where the men-to-women ratio is almost at parity. The PLDT gender ratio in 2020 skewed towards having more men in the workspace because its Technology Group, which accounts for a big number of employees, has more male than female workers, particularly in the install and repair team.
- We strengthened our initiatives that promote diversity, equal opportunity and inclusion among our employees in 2021. We celebrated Women's Month and had our very first Pride Month—two internal campaigns that support SDG # 5 Gender Equality.

LABOR STANDARDS

PRINCIPLE 4

Business should support the elimination of all forms of forced and compulsory labor

PRINCIPLE 5

Businesses should support the effective abolition of child labor

PRINCIPLE 6

Businesses should support the elimination of discrimination in respect of employment and occupation

ACTIONS

- We ensure adherence to all relevant labor laws, including those specific to forced labor, child labor, and human rights, which are designed to protect workers' rights and promote employee welfare.
- We promulgate policies in support of government regulations on labor and human rights in the workplace such as DOLE Department Order 174 (Rules Implementing Articles 106 to 109 of the Labor Code, as Amended, RA 7610 (Protection Against Child Abuse, Exploitation, Discrimination), and the General Labor Standards.
- We believe that open communication with all stakeholders, including our employees and unions, is key to our business success. Thus, we have open communication to all personnel to listen to their needs and foster discussion on all levels, to address current and potential problems in the workplace.
- We aspire for a work environment characterized by openness, trust and respect, and this is reflected in our non-discrimination policy in hiring.
- We support and recognize the Collective Bargaining Agreements (CBA) signed with our three employee unions.

OUTCOMES

- In 2020, group-wide employee population grew by 3% from 17,032 to 17,571. The employees consist of 11,264 males (64.11%) and 6,307 females (35.89%). Out of 1,136 new hires in 2020, 66% or 751 went to PLDT, 108 to ePLDT, and 277 were employed by Smart. The largest age group in the Company are employees between the ages 30–50 (45%), followed by those under 30 (37%), and those over 50 (17%).

LABOR STANDARDS

- In 2020, the training reach rate of unique employees who attended learning courses was at 99.20%—the highest ever compared to previous years. This shows that in today's new normal, learning has become vital and highly accessible for our employees.
- Total training hours for the Group reached 722,656, with an average of 41.1 training hours or about five workdays of training per employee. Owing to the increased number of online training courses, this reflects a huge jump of 151% from 2019.
- The group-wide "Pusong PLDT and Smart" digital campaign put a spotlight on "employee heroes" and sought to uplift the spirit of the workforce during the pandemic. The campaign commended various personnel for going above and beyond the call of duty during the COVID-19 crisis and the natural calamities that took place in 2020. These included our field personnel and network and facilities employees who ensured that the network continued to operate even during the quarantine and lockdown.
- In 2020, we officially released our Child Safeguarding Policy that strengthens our commitment to protecting Filipino children in a rapidly increasing digital landscape. The policy also engages our internal and external stakeholders in upholding the welfare of children within the context of our operations in the workplace, marketplace, and community. This policy covers human resources and labor practices, procurement and supply chain management, development and offering of products and services, community engagement programs. This policy is a result of PLDT and Smart's continuing partnership with UNICEF and its corresponding implementation of the globally recognized Children's Rights and Business Principles framework.
- As of December 31, 2020, 84% of PLDT employees are covered with Collective Bargaining Agreements.

ENVIRONMENT

PRINCIPLE 7

Precautionary approach to environmental protection

PRINCIPLE 8

Support initiatives for greater awareness of environmental responsibility

PRINCIPLE 9

Development and diffusion of environmentally friendly technologies

ACTIONS

- We aim to fully integrate environmental compliance into the business of providing high quality services and excellent customer experience.
- We recognize that energy is important for the continuous delivery of our services and as such we strive to use energy responsibly.
- We commit to implementing operational standards that establish clean and energy efficient operations in our facilities, where feasible.
- We aspire to integrate environmental responsibility into our business operations and corporate culture, including our suppliers. We require our suppliers and contractors to abide by our environmental policy and guidelines.
- We take a more collaborative approach to help create a more sustainable environment through partnerships with the academe and non-governmental organizations.
- We strive to follow sound corporate governance principles, government regulations, and best industry practices in all our operations. We develop and implement policies on pollution prevention and control, waste recycling and segregation, proper waste disposal, health and safety, and conservation of vital resources, knowing that inaction and non-compliance may damage the environment and compromise the public health of our employees and the rest of the community.

OUTCOMES

- Direct (Scope 1) GHG Emissions, or the direct GHG emissions from organic operations and derived from the consumption of diesel and gas were recorded as amounting to 43,248 tCO₂e, and the intensities of GHG emissions normalized by total full-time employees was 2.46 tCO₂e/employee. Meanwhile, Indirect (Scope 2) GHG Emissions, which refers to emissions

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from the consumption of purchased electricity, amounted to 439,703 tCO₂e and were all purchased from the grid. The intensity of GHG emissions normalized by employees was 25.02 tCO₂e/employee.

- Smart also announced its foray into fuel cell-powered sites, an environment-friendly alternative that will also address connectivity issues in challenged-grid areas nationwide. The system is based on methanol-powered fuel, which can be combined with solar, wind and other renewable resources to present a sustainable, cost-effective ecosystem. ePLDT, on the other hand, set up solar panels on the roof deck of its data center, Vitro Clark, in December 2020.
- Energy savings initiatives undertaken by the Property and Facilities team, such as replacing air conditioning units and chillers and monitoring temperatures across our business, have generated savings amounting to nearly Php 9 million (USD 180,000).
- ePLDT has given deliberate focus to energy efficiency. Among its programs implemented in selected data centers are the replacement of old high power consumption equipment with new and more efficient machines and the installation of blanking panels that improve air flow efficiency and helps inefficiently maintaining the required temperature within the server farm.
- On March 1, 2020, the Group introduced the "Power Over Plastic" program that prohibits a variety of items from being brought inside its over 200 establishments. Banned items include single-use plastic bottles, eating and drinking utensils such as cups, lids, straws, stirrers, plates, and cutlery, disposable plastic snack packaging, sachets, styrofoam, *sando* bags, and plastic shipping packages. An education campaign was rolled-out to encourage over 17,000 employees to switch to more eco-friendly solutions.
- In 2020, generated hazardous waste amounted to 594.24 metric tons. To manage hazardous waste, the Company follows established processes and policy for hazardous waste disposal. It had also forged a partnership with the Philippine Business for Social Progress' Balik Baterya (Battery Exchange) Program that aims to properly dispose and recycle used lead acid batteries (ULAB) from businesses.
- In 2020, the Company deployed new cooling equipment, optimized air conditioning unit (ACU) temperature settings, installed more LED lights, and rationalized workplace areas for better energy planning. The PLDT Technology Group also instituted automated monitoring for fuel usage for gensets and decommissioned redundant sites.
- We started deploying cutting-edge, lightweight carbon fiber cellsite towers that allowed us to roll out our network faster and more efficiently. Carbon fiber towers reduce our environmental impact as its manufacturing process emits up to 70% less carbon dioxide compared with steel. Moreover, its deployment occupies less land area, translating to more efficient land use.

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- Amid the pandemic, PLDT and Smart continued with the following partnerships:
 1. Agreement with the University of the Philippines Marine Science Institute (UP MSI) and Marine Environment Resources Foundation (MERF) to contribute to the natural regeneration and rehabilitation of marine protected areas (MPAs) in 24 sites.
 2. Cooperation with the DENR, US-based NGO Rainforest Connection (RFCx), and Huawei in a project called Rainforest Connection. Through a solar-powered bioacoustics monitoring system deployed in rainforests, this innovative solution taps mobile technology to detect and record forest sounds that can help prevent illegal logging and poaching activities. Pilot sites include five DENR-designated areas in Palawan, which is recognized as the country's "last ecological frontier."
 3. Continued collaboration with Ericsson on the Connected Mangroves project, which uses Internet of Things (IoT) solutions to restore mangroves for coastal communities.
 4. Collaboration with the DENR on the protection, conservation, and restoration of Caimpugan Peatlands at the Agusan Marsh Wildlife Sanctuary.
 5. Painting of an extensive environmental mural over PLDT's Makati headquarters exterior to raise awareness of wildlife vulnerable to climate change. The 120-foot high artwork of an endangered Rufous-headed Hornbill is the tallest environmental painting in Southeast Asia to-date.

ANTI-CORRUPTION

PRINCIPLE 10

Action against corruption

ACTIONS

- As a Philippine company listed in both the Philippine Stock Exchange (PSE) and the New York Stock Exchange (NYSE), we abide by the applicable laws and regulations of the Philippines and the US (particularly the Sarbanes Oxley or SOX Act), including those on anti-corruption. The Company's principles of integrity, accountability, fairness, and transparency govern our business dealings and transactions, consistent with our Code of Business Conduct and Ethics ("Code of Ethics").
- We are committed to provide relevant governance training, including, as necessary, training on the Company's anti-corruption policies, Code of Ethics, and Policy on Gift-Giving Activities to our employees, officers, directors and advisory board members.
- We enforce a Supplier-Contractor Relations Policy that outlines our commitment to equal opportunity and honest treatment of suppliers in all business transactions, as well as direct company personnel to disclose any irregular and unethical conduct of suppliers. Augmenting this are company regulations on anti-corruption and the Code of Ethics which help create a culture of good governance overall.
- We aspire to maintain mutually beneficial relationships only with like-minded suppliers that uphold our core values of fairness, accountability, integrity, and transparency in their businesses.

OUTCOMES

- The Company has established internal control measures and conducts education and communication initiatives to comply with applicable laws, including those on anti-corruption. These internal control measures include SOX 404 Internal Control Standards in Accounting and Auditing; Guidelines in Handling Requests for Donation; Gifts, Entertainment and Sponsored Travel Policy; Policy on our Gift-Giving Activities; Third Party Due Diligence

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(including vendor management, accreditation, and performance review); Corporate Governance Guidelines for Suppliers; Anti-Corruption and Corporate Governance Provisions in Procurement Contracts. All Corporate Governance (CG) policies are reviewed at least once every two years to ensure that they are appropriate for PLDT, benchmarked with global best practices, and compliant with applicable law and regulations.

- We employed a risk-based approach to anti-corruption training in 2020, where 98.86% and 95.14% of PLDT and Smart target employees, respectively, were able to complete. PLDT also sent a Gift-Giving Advisory to 99.96% of all employees on November 20, 2020; while Smart sent a Gift-Receiving Advisory to 90.17% of employees on December 14, 2020.
- In 2020, 100% of our accredited business partners have received communication on PLDT's anti-corruption policy either through email or in writing with the signed vendor's conforme.
- We started to introduce the concept of sustainability to the fundamental supply chain requirements of competitive quality, cost, service, and delivery by incorporating the Sustainability Guidelines in the Vendor Conforme Sheet. These guidelines follow the Ten Principles of the UN Global Compact, to which PLDT and Smart are Participant signatories. These principles state the fundamental responsibilities of businesses in the areas of Human Rights, Labor, Environment and Anti-Corruption.
- In 2020, PLDT and Smart CEOs signed and participated in the UNGC's Statement from Business Leaders for Business Leaders for Renewed Global Cooperation, which is an expression of the companies' commitment to demonstrate ethical leadership and good governance; invest in addressing systemic inequalities and injustices through inclusive, participatory, and representative decision-making; and partner with the UN, government, and civil society to strengthen access to justice, ensure accountability, and transparency, provide legal certainty, promote equality, and respect human rights.