



2015 Sustainability Report

The Way Forward



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About the Report

(G4-5, G4-28, G4-30, G4-31)

Building a corporate culture firmly founded on its espoused values of transparency, integrity, accountability, and fairness, PLDT has come up with its first comprehensive Sustainability Report 2015 in addition to its Annual Report.

This Sustainability Report is aligned with the international sustainability reporting standard Global Reporting Initiative (GRI) G4, and complies with the standard requirements and principles of the GRI G4 guidelines.

The report covers the sustainability performance of all the major offices and facilities of PLDT and its wireless subsidiary Smart Communications, Inc. Fixed Line business is primarily provided through PLDT, and the performance of PLDT operations is reported as Fixed Line in this report. Meanwhile, the operational performance of Smart is reported under Wireless business.

For any concerns and feedback on the 2015 Sustainability Report, please contact:

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About the Cover



For the Philippine telecommunications industry, Sustainability means bringing the country forward into the digital age.

As industry leaders with operations that span the entire Philippine archipelago, PLDT and Smart are in a unique position to appreciate how sustainability is essential to a successful growth strategy by creating shared value for business and for society at the same time.

And as PLDT and Smart work in synergy to vigorously execute a

game-changing digital pivot and evolve into digitally-driven multimedia communications companies, they remain acutely conscious of how long-term strategy impacts the path of real and inclusive development for the nation.

Ultimately, the way forward not only means bridging the gap between those with and without internet access, but also promoting opportunities for economic growth and freedom to every Filipino. For PLDT and Smart, sustainability is an integral part of their commitment to positively change lives – of customers, people, and communities – for generations more to come.

Performance at a Glance

Economic

171,103 ▲
2015

170,835
2014

Total Revenues (In millions PhP)

144,434 ▲
2015

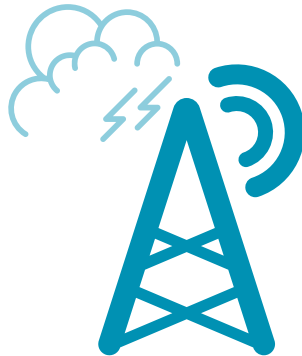
130,457
2014

Expenses (In millions PhP)

PhP43 billion



RECORD-HIGH
CAPITAL
EXPENDITURE



Completed

PhP216 million

project to
**STRENGTHEN
RESILIENCY**
of PLDT network in
typhoon-prone
southern Luzon



1,000 accredited suppliers

Social

1,539,552 



safe manhours
without time
lost to accidents



PLDT's Training
Development and
Career Center
produced

5,592

**CLASSROOM-TRAINED
GRADUATES**

5,254

**COMPUTER-BASED
TRAINING GRADUATES**

10,846

**TOTAL EMPLOYEES
TRAINED**

CSR programs:



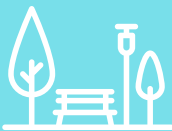
**ENABLER OF
EDUCATION AND
DIGITAL LITERACY**



**ENABLER OF DISASTER
PREPAREDNESS AND
RESILIENCE**



**ENABLER OF
INCLUSIVE LIVELIHOOD
OPPORTUNITIES**

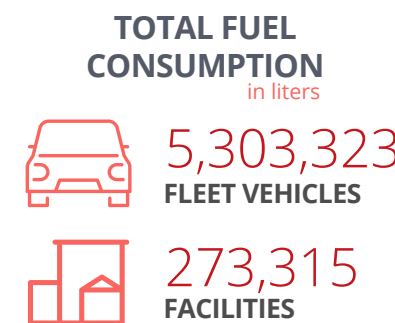
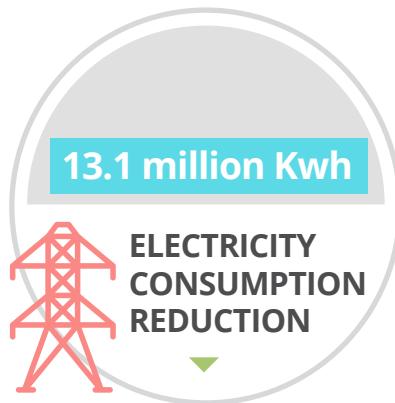


**ENABLER OF
ENVIRONMENTAL
STEWARDSHIP**



**ENABLER OF QUALITY
HEALTH CARE**

Environment





“ We are evolving together with our communities as we promote inclusive growth throughout the country ”

Manuel V. Pangilinan

Message from the Chairman, President & CEO

(G4-1)



I am happy to present the first Sustainability Report of the PLDT Group. With the challenging tasks we have set for ourselves as we execute our digital pivot, we believe this is the opportune time to share what we are also doing to support the social and environmental sustainability of the business.

For nearly nine decades, PLDT has been a conscientious partner in nation-building, not only as the leading service provider but also as an employer of choice and a responsible corporate citizen. And we are resolute in continuing to fulfill our role as industry leader for decades to come. To do this, we have anchored our growth strategy on our corporate values of *Accountability, Integrity, Fairness, and Transparency*.

Rooted in these values, we are moving forward and evolving into a digitally-driven multimedia communications company. But we are not pursuing this by ourselves, nor are we doing this in a vacuum. We are evolving together with our communities as we promote inclusive growth throughout the country.

The work before us is clear – our mission is to empower Filipinos wherever they may be, and enable them to change their lives for the better.

Whilst our sustainability view might be long-term, a lot is happening right now. And so as we move quickly towards the digital future and as big changes sweep through our organization, we are taking the necessary steps to consider the social and environmental impact of our choices – we monitor, measure, and assess to ensure that we are able to make informed and sensible business decisions.

This Sustainability Report serves as the baseline for our future efforts, and we shall endeavor to keep our stakeholders updated on initiatives we shall be doing. We hope that taking stakeholders along our sustainability journey will create fresh synergy, spark more exchange of innovative ideas, and help make our initiatives more robust.

I believe that what we've started is a beginning towards becoming the best organization that we can be. I encourage you to join us in this journey. Please share your ideas, and send us your feedback. Our contact information can be found on page 3.

A handwritten signature in blue ink, which appears to read 'M. V. Pangilinan'. The signature is fluid and cursive.

Manuel V. Pangilinan



Part I

About the Company

(G4-3, G4-6, G4-8)

PLDT is the leading telecommunications and digital services provider in the Philippines. It is listed on the Philippine Stock Exchange (PSE: TEL), and its American Depository Shares are listed on the New York Stock Exchange (NYSE: PHI). PLDT also has one of the largest market capitalizations among publicly listed companies in the Philippines.

Given a franchise to operate in 1928, it became a Filipino-controlled corporation by 1968. In 1998, First Pacific Company Limited, which was majority owner of cellular leader Smart Communications, acquired controlling shares of PLDT and the company came under the helm of Chairman of the Board Manuel V. Pangilinan.

Today, through its principal business groups – Wireless, Fixed Line, and Others – the company offers a full range of telecommunications and digital services and solutions across the country's most extensive and state-of-the-art fiber optic backbone, fixed line, and cellular networks.

Meanwhile, Smart is a wholly owned subsidiary of PLDT and is the Philippines' leading wireless services provider with 68.9 million cellular and broadband subscribers as of end-2015.

Smart has built a reputation for innovation, having introduced world-first wireless offerings such as Smart Money, Smart Load, Smart Padala, and the Netphone. Smart offers 3G, HSPA+, and LTE services, while its Smart Satellite service provides communications to the global maritime industry.



Fixed Line subscribers



Wireless subscribers

as of end-2015

PLDT on Top

PLDT was recognized as one of the Top Publicly Listed Companies in the ASEAN Region for Corporate Governance by the ASEAN Capital Markets Forum. Rankings are based on governance scorecards that reflect global principles and international good practices that exceed the standards set in national legislations.



Mission/Vision and Corporate Values

(G4-56)

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

Consequently, Smart is guided by a corporate vision of a world where everyone is empowered to live more. It is inspired by its mission to enable its customers to create awesome moments in life through mobile and digital innovations.

PLDT espouses the corporate values of:

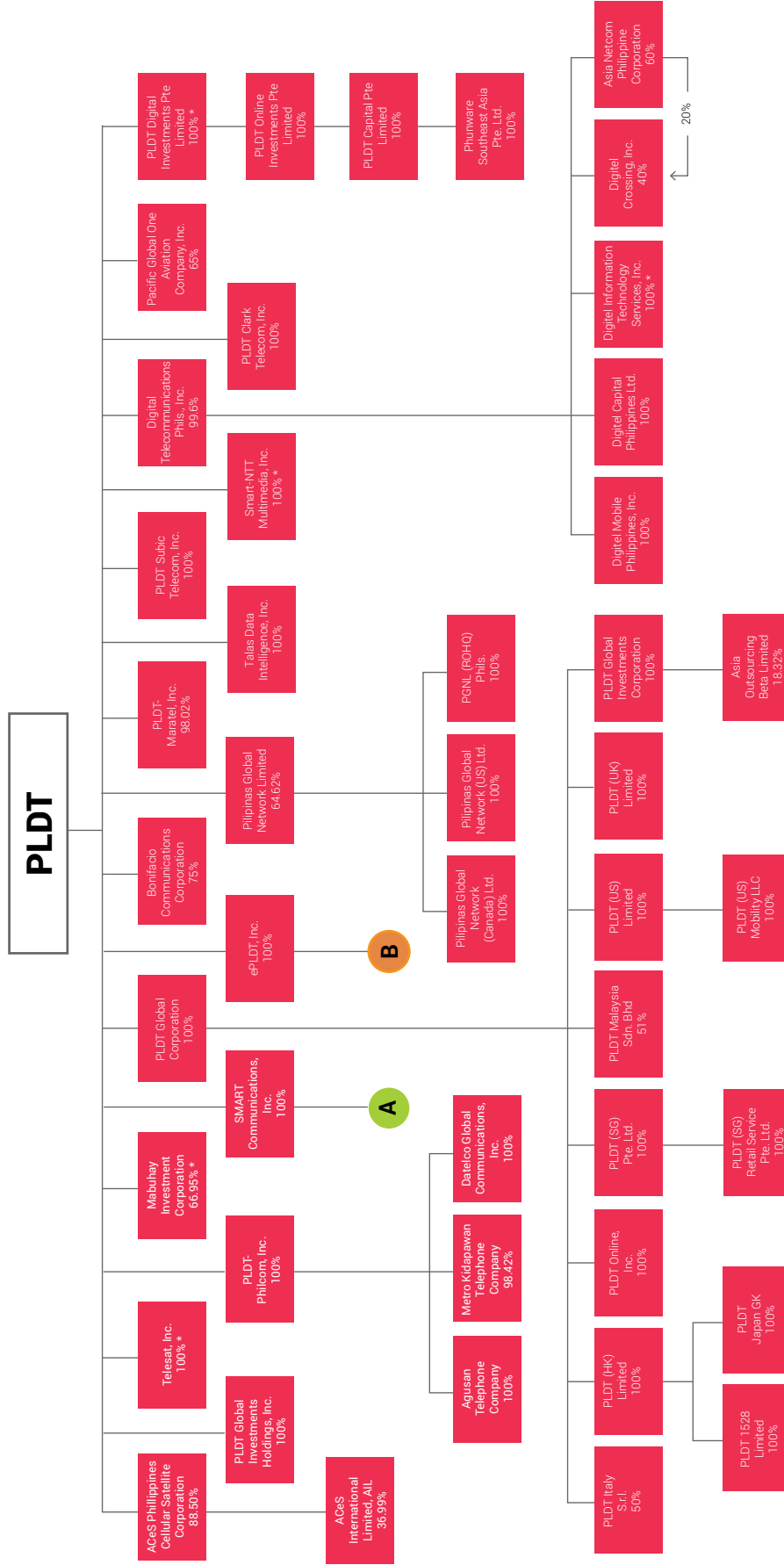


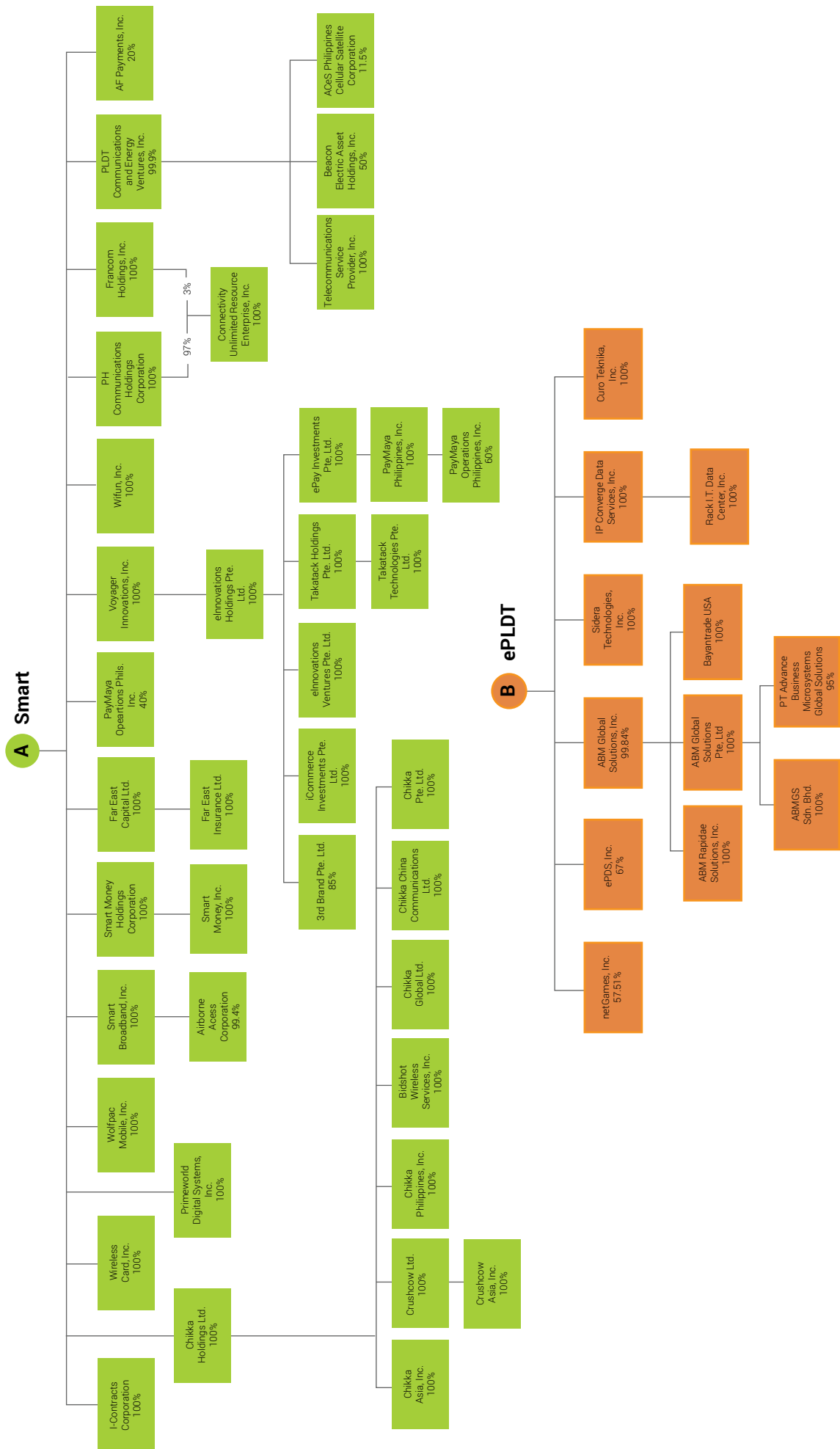
On the foundation of these values, Smart also enjoins its people to:

- *be customer-inspired*
- *dream and create*
- *lead and transform*
- *win together*
- *make a difference*

Corporate Structure

(G4-7)





Products and Services

(G4-4)

Enterprise

FIXED

- **Voice**

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

- **Data**

DOMESTIC

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

INTERNATIONAL

- Carrier Ethernet
- Private Leased Circuits
- IP VPN

- **ICT Solutions**

- Data Center and Cloud
- Big Data Solutions
- Web Presence
- Managed IT Services

- **PLDT Global**

- US
- UK
- Hong Kong
- Singapore
- Malaysia



WIRELESS

- **Postpaid and Prepaid GSM**

- **Broadband**

- TD-LTE
- LTE

- **Solutions**

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

- **Satellite**

Consumer

HOME

- **Voice**
 - Landline
 - Prepaid
 - Call Cards

- **Data**
 - Fiber
 - DSL
 - TD LTE

- **Value-Added Services**
 - Infotainment
 - Video Services

MOBILE

- **Postpaid GSM**
- **Premium GSM**
- **Prepaid GSM**
- **Broadband**
- **Satellite**
- **Value-Added Services**

Digital Innovations

DIGITAL COMMERCE

- **Online Storefront**
- **Online Marketplace**

FINANCIAL SERVICES

- **Cards Issuance**
- **Merchant Acquisition**
- **Domestic and International Remittance**
- **Digital Banking Solutions**
 - Loan Marketplace
 - Card Security
 - Electronic Loans

DIGITAL MEDIA AND MARKETING

NEXT COMMUNICATIONS

- **Toll-Free Internet**
- **Over-the-Top Services**



Awards and Recognition



- PLDT was given the 2015 CIO Impact Award – Mobility Category during the 3rd Annual ConNECTIONS 2015: A Frost & Sullivan Executive MindXchange event held in San Francisco, California, USA.
- Best in CSR and Best in Investor Relations – 5th Asian Excellence Recognition Awards in Hong Kong by Corporate Governance Asia
- Most Committed to Paying Dividends in PH, Best Managed Public Company, Best Corporate Governance, Best Investor Relations – FinanceAsia Asia’s Best Companies Awards
- 2015 RVR Award for Nation Building for Manuel V. Pangilinan
- PLDT was named one of the Top Publicly-listed Companies in the ASEAN Region for Corporate Governance – ASEAN Capital Markets Forum
- Charge2Phone won for Mobile Money Innovation at the Meffys Global Mobile Awards 2015, London, United Kingdom.
- PowerApp won in the Connecting the Unconnected category at the Telecoms.com Awards, London, United Kingdom. It also won the Innovation Award at the Asia Communication Awards in Singapore.
- PLDT won major awards at the 2015 MEF Excellence Awards for Carrier Ethernet Services, such as the Retail Service Provider of the Year – Asia Pacific for the second time in a row, and the MEF Carrier Ethernet Certified Professional (CECP) of the Year Award for Marjory Sy, PLDT Network Engineer for Products & Services Network & Platform Solutions.
- Smart’s music streaming service SPINNR was named Best Mobile Music App at the GSMA’s 20th Global Mobile Awards in Barcelona, Spain.
- Smart was recognized as Best Mobile Operator, World Communication Awards 2015, London, United Kingdom.
- Smart was named winner in Community Relations for Doon Po Sa Amin at the IPRA Golden World Awards for Excellence in Johannesburg, South Africa.
- Smart was named winner, Employee Engagement and Development at the ASEAN Corporate Sustainability Awards in Makati, Philippines

Other Smart awards:

Most Advanced Approach to Customer Experience

- *Smart Life*

Most Innovative Partnership

- *Smart e-Money, Inc. and LandBank of the Philippines*

**18th Telecom Asia Awards
Jakarta, Indonesia**

Gold Anvil

- *Doon Po Sa Amin*
- *#SafePH*

Silver Anvil

- *Gilas Pilipinas on ViewStream*
- *OurSmartStory*
- *Paskong Pasasalamat*
- *People Festival*
- *#SafePH Community Preparedness Program*
- *Smart Bro Dashboard*

**50th Anvil Awards
Philippines**

Excellence Award

- *Drop 600 (Event)*
- *Paskong Pasasalamat*
- *People Festival*
- *Project Evolver (Digital Communication Channels)*
- *SmartSpeak*
- *SPINNR (Advertising Campaigns)*
- *SPINNR (Marketing Communication)*
- *Talk 'N Text Panalo Ka Pilipinas*

Merit Award

- *Abot Alam Video*
- *Community Preparedness Program*
- *Doon Po Sa Amin*
- *Drop 600 (Digital Communication Channels)*
- *GameX e-Sports Week*
- *Jump In Campaign*
- *OurSmartStory*
- *Product Lifecycle Management Redesign & Awareness Campaign*
- *Project Evolver (Marketing Communication)*
- *SafePH*

Philippine Quill Awards





Good Governance Means
GOOD BUSINESS

Always show the truth.

Honesty and order inside
shines through on the outside.



Part II

Corporate Governance & Ethics

(G4-34)

At the core of PLDT and Smart's sustainability approach is good corporate governance.

And it is the Board of Directors that provides strategic leadership in the company and oversees the corporate governance framework that guides business conduct in order to foster long-term success, sustain competitiveness, and create value for stakeholders.

The Board is composed of qualified and competent members, each highly regarded in his or her respective field and possesses complementary skills, expertise and – as important – the requisite independence, probity, and diligence for them to exercise their fiduciary duties.

The Board is ably assisted by Board Committees in the performance of its functions and duties. PLDT has five Board Committees, namely, the Audit Committee, Governance and Nomination Committee, Executive Compensation Committee, Technology Strategy Committee, and the newly established Risk Committee. PLDT also has an Advisory Board/Committee that provides guidance and suggestions, as necessary, on matters deliberated upon during Board meetings.

Board of Directors as of end-December 2015



Manuel V. Pangilinan

Napoleon L. Nazareno

James L. Go

Helen Y. Dee

Ray C. Espinosa

Juan B. Santos

Bernido H. Liu*

Tadashi Miyashita

Hideaki Ozaki

Artemio V. Panganiban*

Ma. Lourdes C. Rausa-Chan

Pedro E. Roxas*

Tony Tan Caktiong

*Independent Director

Excellence in the Exchange

The Philippine Stock Exchange conferred the 2015 Bell Award to PLDT as it recognized the company as among the top five listed companies in the exchange. The Award cited PLDT's excellence in implementing best corporate governance practices in its business. Awardees went through a rigorous screening process that shortlisted 80 nominees.

Recognizing that a values-based culture is integral to good corporate governance, PLDT and Smart have education and communication initiatives that strengthen corporate culture at every level. They provide continuous corporate governance training for directors and senior management to set the right “tone at the top.” This includes annual corporate governance enhancement sessions since 2007, with local and international experts who shared insights on current and emerging corporate governance issues.

The most recent corporate governance enhancement sessions for directors and senior management consisted of two modules on the subjects of Data Privacy and Data Security. Modules 1 and 2 were entitled “Data and Information Rules: What the Board and Management Should Know” and “Cyber Security in the 21st Century: The Threat Landscape,” respectively.

At the same time, PLDT and Smart make the effort to “shape the middle” as executives undergo workshops and refresher courses on ethical decision-making. Moreover, all personnel go through a corporate governance orientation at the beginning of their engagement.

Education and training are further supplemented by the production and dissemination of relevant communication materials, including corporate governance newsbriefs, articles, thematic posters, calendars, and newsletters.

PLDT and Smart reach out to like-minded institutions and organizations in their advocacy efforts for good corporate governance. PLDT is an active sponsoring partner-member of the Ethics and Compliance Initiative (ECI), a non-profit organization that provides leading ethics and compliance research and best practices to its membership which represents more than 450 organizations across all industries worldwide. PLDT’s membership at the ECI gives PLDT and Smart opportunities to benchmark their governance practices and interact with other corporate governance and ethics professionals around the world.

Locally, PLDT and Smart are member organizations of the Good Governance Advocates and Practitioners of the Philippines (GGAPP), an association of corporate governance, ethics and compliance professionals from private corporations, the public sector, the academe, and other organizations. PLDT also participates in the activities of the Institute of Corporate Directors (ICD) such as its roundtable discussions and working sessions.

List of Corporate Governance Training/Seminars for BOD

2016	Cyber Security in the 21st Century: The Threat Landscape
2015	Data and Information Rules: What the Board and Management Should Know
2014	What to Expect from the SEC
	Corporate Governance Trends and Current Topics in Developed Economies and their Application in the Philippines and other ASEAN Countries
	Corporate Governance Requirements Under US Laws and Regulations and Foreign Corrupt Practices Act (FCPA) of 1977
2013	Ensuring Effective Board Oversight of Ethics and Compliance: Emerging Trends and Lessons Learned
2012	Navigating the New World of Business
2011	Performance, Principles, and People
2010	Board of Directors’ Fiduciary Duties and Role in Relation to Enterprise Risk Management: Best Practices in Dealing with the Agency Dilemma and Setting a Company’s Risk Appetite
2009	Governing in a Global Crisis: Lessons from the Great Recession
2008	Current Governance Environment in the United States and Ethics and Tone at the Top
2007	Corporate Governance Trends in Asia

Corporate Governance Policies

(G4-SO4)

The group's corporate governance principles, structures, and processes are established and articulated in two fundamental policies: the Corporate Governance Manual and the Code of Business Conduct and Ethics.

The Corporate Governance Manual provides, among other matters, governance and compliance commitments and their related requirements. Specifically, it includes composition and responsibilities of the Board; the company's duties towards its shareholders in general, its minority shareholders and other stakeholders; and its obligation to comply with applicable disclosure rules. Smart adheres to and abides by PLDT's Corporate Governance Manual to the extent applicable and appropriate.

On the other hand, the Code of Business Conduct and Ethics sets the company's business principles and values, the upholding of which would result in the promotion of a culture of good governance. The corporate values of Accountability, Integrity, Fairness, and Transparency guide all business relationships of PLDT, Smart, and their directors, officers, and employees.

The implementation of these policies is guided by other policies, guidelines, and procedures that have been adopted and promulgated, such as the Conflict of Interest Policy; Supplier/Contractor Relations Policy; Policy on Gifts, Entertainment, and Sponsored Travel; Policy on PLDT's Gift-Giving Activities; and Whistleblowing Policy.

PLDT reviews its corporate governance policies and their effectiveness every two years as part of Board oversight, as well as benchmarks them against global best practices, to ensure that they continue to be compliant, effective, and appropriate to its business and stakeholders.



Enterprise Risk Management

(G4-2)

Risk Management Philosophy Statement

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

The Board oversight over the risk management strategy and practices is an essential aspect of its sustainability strategy. Aiming towards long-term sustainable growth, the Board ensures that appropriate risk management systems are in place and implemented. Its risk management philosophy is encapsulated in the PLDT Group Risk Management Policy Manual that the Board approved in 2011.

The policy specifies the Enterprise Risk Management (ERM) Framework adopted that requires both PLDT and Smart to select and implement a treatment strategy to address high-priority risks. Suitable risk treatment strategies and action plans are developed by operational units. The risk owner shall be responsible for coordinating and engaging the different teams involved in the implementation of the strategies and action plans.

Appropriate resources are then made available to ensure these plans are implemented effectively. The proper implementation of treatment strategies are documented, creating an audit trail for periodic audits by internal and external auditors to test compliance with agreed upon policies and strategies.

The policy is operationalized through PLDT’s Group Enterprise Risk Management Department (GRMD) which develops and manages a comprehensive integrated risk management program implemented across all levels of the organization. It uses an ERM process based on the ISO 31000 standard on risk management.

In order to cover all the critical risks in the business, the GRMD uses both the Top-Down and Bottom-Up Approaches.

For the Top-Down Approach, the Group’s senior management convenes annually at the beginning of the year to identify, analyze, and evaluate the top risks and come up with corresponding mitigating strategies to address them.

These plans are then presented to the PLDT Risk Committee and the PLDT Board of Directors for approval.

In the Bottom-Up Approach, the GRMD convenes the Group department heads and conducts ERM workshops focused on enterprise and cross-functional risks. The critical risks identified from the workshops are then escalated to management. The GRMD reports the consolidated critical risks to the PLDT Risk Committee every quarter, and to the PLDT Board of Directors semi-annually.

Business Continuity Plan

(G4-EC2)

For every business operating in an archipelago situated along the typhoon belt in the Pacific, there will always be risk events that no amount of preparation can prevent — such as massively destructive events like typhoons and earthquakes that bring damage to property and interruption to the company's operation.

Because of their frequency and impact, natural disasters are considered one of the top ten key enterprise risks. Management of this risk is given top priority. The strengthening of the Business Continuity Plan and the formalization of the Crisis Management Plan are put in place as a control for this risk. There is also a regular review and update of insurance coverage and arrangements.

Despite this effort, financial losses are still inevitable. Smart, for instance, reported insurance claims for damage suffered from the various storms that entered the country in 2015 — namely Typhoon Seniang, Typhoon Ineng, Typhoon Lando, and Typhoon Nona — which amounted to a total of PhP11.36 million in net book value.

PLDT therefore deemed it necessary to institutionalize a Business Continuity Plan that would future-proof the organization and prepare a line of defense that would minimize

impact and restore normal operations and service delivery as quickly and safely as possible after such events.

PLDT moved to standardize a Business Continuity Management System (BCMS) dedicated to organizational resilience through the protection of critical business functions which cares for its people, maximizes stakeholder value, enhances corporate competitiveness, and embodies corporate social responsibility.

Thus in 2015, the Enterprise Business Continuity and Resilience Office (BCRO) was created under the Office

of the PLDT President and CEO to manage strategies and programs that would ensure PLDT's resilience and preparedness for all types of operational and business disruptions.

The BCRO is composed of four strategic divisions, namely:

- Business Continuity Analytics and Strategy
- Business Continuity Tactical Response Engineering
- Business Continuity Training and Testing
- Business Continuity Governance and Reporting

Strategies

- A. Adopt a unified policy and create a dedicated organization to manage BCMS across the PLDT Group
 - Develop and promulgate a single Business Continuity Policy establishing group-wide resilience
 - Institutionalize business unit ownership of their respective roles in the Business Continuity Plan
- B. Safeguard the interest of the Company by protecting its critical business functions against predetermined disruptions
 - Synergize Business Continuity Plans across the PLDT Group for critical business functions in order to deliver high-quality and resilient telecommunication services
 - Institutionalize the Business Continuity Cycle group-wide
- C. Manage the program for an effective response that safeguards the interest of key stakeholders, reputation, brand, and value-creating activities
 - Equal priority on people, community, and shareholder value
 - Evolve from employee disaster preparedness to the more mature level of employee resilience
 - Support PLDT Group's thrust of institutionalizing BCM in the group not only for regulatory and commercial compliance but also for corporate resilience and competitiveness
- D. Reiterate the organization's CSR commitment as a critical infrastructure utility company that provides resilient and robust communication services during both regular and emergency situations, cognizant of the role of telecommunications in national development



Part III

Sustainability at PLDT

Being the telecoms industry leader in the Philippines, PLDT contributes to the sustainable growth of the country in different and significant aspects:

- Overcoming the geographic digital divide
- Contributing to social digital inclusion
- Research and innovation for the improvement of products and services
- Ensuring customer privacy and data security
- Offering services and products for the reduction of the environmental footprint of citizens and enterprises

Its focus on sustainability drives current strategies and is instrumental in leveraging its technological push for inclusive growth. As the organization moves forward into Digital, it has also committed to further adopting and aligning operations to the principles of sustainable growth.

PLDT and Smart's vision, mission, and brand promise embody their commitment to creating value for business stakeholders, as well as the community and environment they operate in. This commitment is built upon a strong foundation of sustainable thinking and ethical values that help define and decide product and service engineering and innovation, professional relationships, customer service, and community engagement. Sustainability ethos means becoming a better business every day.

This commitment has integrated the sustainability approach into business strategy and created a platform to drive next steps. The integrated approach was assessed against the benchmark of GRI and the organization is taking steps to bridge gaps identified in the analysis to continue efforts to better its sustainability performance in the next years. PLDT and Smart also aspire to build upon their current profile by developing disclosures on sustainability performance.

Sustainability Pillars

Good Governance



Adhere to the code of ethics and observe the values of accountability, integrity, fairness, and transparency

Ethical Business Practices



Comply with the applicable laws, rules and regulations, and transparency through disclosures

Quality of Services



Improve service quality and be the catalyst in the formulation of solutions to achieve corporate goals

Responsible Operations



Strive to achieve resource efficiency in network and facilities operations

Social Responsibility



Improve the lives of communities and contribute to nation building

Stakeholder Management Plan

(G4-24, G4-25, G4-26, G4-27)

PLDT remains committed to establishing and maintaining a corporate culture anchored on performance and responsibility in fulfilling obligations to its stakeholders. Guided by its corporate responsibility statement, it engages and addresses their interest and concerns in the manner described below.

Stakeholder	Interests and Concerns	Engagement Methods
Communities	Concerns on the effect on communities by the operations of PLDT's products and services	<ul style="list-style-type: none"> • Enable the communities to connect with people • Provide employment opportunities, entrepreneurship, and greater well-being • Engage with the communities through CSR projects in education, health, community, livelihood development, youth development, sports, and disaster relief operations
Customers	Customers are interested in branding, product, pricing, quality, and service	<ul style="list-style-type: none"> • Understand the customers' product/service needs through "Voice of the Customers Program" • Address their concerns for better customer experience and measure the quality of services
Investors and Shareholders	Shareholders want to understand the Company's operational and financial performance to assess the return on their investment. They take particular interest in recent developments and future plans	<ul style="list-style-type: none"> • Public disclosures to the investors and shareholders through the Annual Report, Audit Committee Report, Corporate Governance Report, Enterprise Risk Management Report, and Corporate Social Responsibility Report • Communicate regular releases on important developments • Provide information and maintain two-way dialogue with shareholders
Employees	Employees have a broad range of concerns which includes: working conditions, skills training, career opportunities, health and safety, and work-life balance	<ul style="list-style-type: none"> • Conduct employee engagement surveys to measure the level of engagement among the employees with the company • Develop skills through regular training programs by Telecommunications Training and Education Center (TelTEC) • Organize programs to support the wellbeing of employees • Provide comprehensive health and medical benefits to employees
Suppliers	Suppliers are eager to offer partnerships, subject to appropriate transparency measures	<ul style="list-style-type: none"> • Engage with the vendors in coordination with the Company's Procurement unit and internal proponents • Communicate with vendors through Relationship Management portal
Local Government Units	Compliance with regulatory requirements, government laws, and rules	<ul style="list-style-type: none"> • Operate within relevant legislative and regulatory frameworks and comply with the requirements thereunder which are applicable • Participate in public forums and hearings conducted by governmental and regulatory agencies relative to initiatives in the fields of ICT

Sustainability Focus

(G4-18, G4-19)

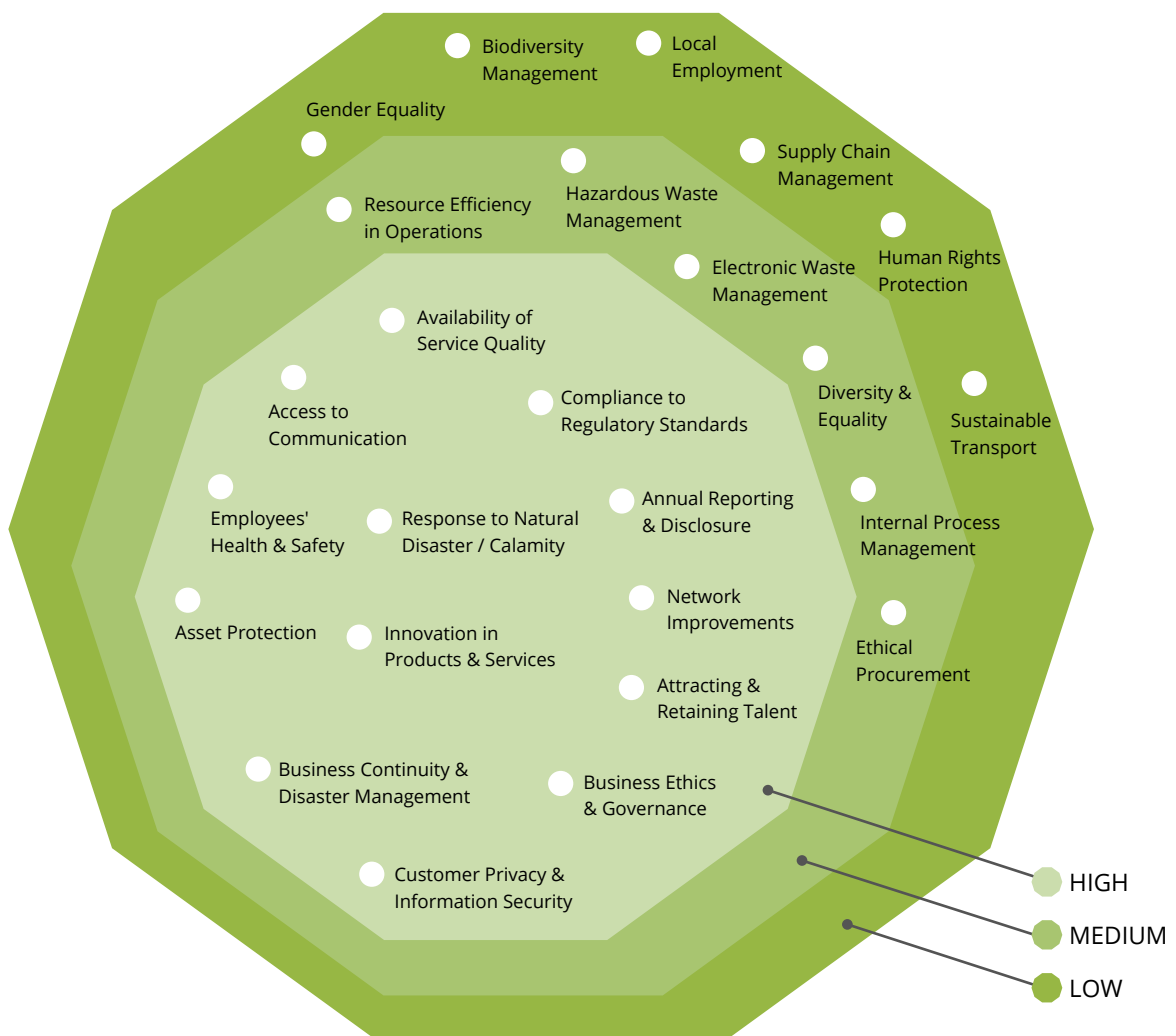
Through collaborative stakeholder management programs, key material aspects that are of critical concern to internal and external stakeholders have been identified. Internal stakeholders comprise employees, shareholders and investors, suppliers and service providers, whereas external stakeholders comprise customers, local government agencies and regulatory bodies, and communities. PLDT is using a collaborative stakeholder engagement model to deeply align strategy, roadmap, performance indices, and programs to key material aspects.

How PLDT identified material issues:

1. Research and analysis – The team conducted research on the international best practices on sustainability and how relevant they are for PLDT operations. In carrying out this analysis, PLDT kept in mind the internal and external stakeholder groups' expectations.
2. Materiality Assessment Workshop – To gain perspective on the primary issues of concern for the business and stakeholders, PLDT conducted a workshop with the involvement

of its major internal and external stakeholders. The aim of the workshop was to analyze the most critical concerns for the stakeholders to be disclosed in the Sustainability Report of the company moving forward.

With an understanding of the expectations and needs of the stakeholder groups, key focus areas have been categorized into concerns of high, medium, and low importance. Also based on the learnings, these material aspects are aligned with the corporate vision, mission, and five-year strategies of the organization.





Part IV

Economic

(G4-EC1)

The advent of digital technology turned the global telecommunications industry into an even more dynamic business environment. PLDT and Smart understand that the price of leadership is vigilance and willingness to keep changing.

Ensuring that the highest number of Filipinos can enjoy access to the brave new digital world and be connected to the growth of the new economy, PLDT and Smart are fully invested in transitioning from being mainly a telco service and access provider into an enabler and provider of a wider range of multimedia and digital services.

In the midst of this transition, PLDT and Smart endeavor to maintain a healthy financial position and to encourage a strong innovation culture that is customer-centric and aimed towards inclusive nation-building.

Comprehensive details of PLDT's financial health are found in its Annual Report 2015, published at the official corporate website. Some facts that are particularly relevant and material to the discussion on the economic pillar of sustainability are highlighted here.

Financial Statistics

Particulars	(PhP in millions)	
	2015	2014
Total Revenue	171,103 ▲	170,835
Expenses	144,434 ▲	130,457
Total Assets	455,095 ▲	436,295
Current Assets	91,441 ▲	75,194
Noncurrent Assets	363,654 ▲	361,101
Total Equity	113,898 ▼	134,668
Total Liabilities	341,197 ▲	301,627
Current Liabilities	158,666 ▲	142,847
Noncurrent Liabilities	182,531 ▲	158,780

Winning Streak

For the seventh year in a row, FinanceAsia gave the top award to PLDT as Most Committed to paying dividends among Philippine companies. This recognition affirms PLDT's efforts in creating greater value for shareholders and customers alike. PLDT was also cited as among the Best Managed Public Companies, Best in Corporate Governance, and Best in Investor Relations.

Financial Highlights

(G4-9)

PLDT set a record-high capital expenditure of PhP43 billion for 2015 to accelerate the digital transformation, investing heavily in the digital spine for networks and platforms.



Record-high capex for 2015

The capex supported the following:

- Improved 3G and 4G access networks
- Increased fiber reach and capacity
- Enhanced indoor and outdoor coverage
- Continued network optimization
- Augmented network resiliency and redundancy
- Increased data center capacity
- Unified Smart-Sun network project to build operational efficiency

For 2015, PLDT's reported consolidated revenues were stable at PhP 171.1 billion while consolidated core income amounted to PhP 35.2 billion with an EBITDA of PhP 70.2 billion. Total dividends declared in 2015 amounted to PhP 122 per share, representing 75% of core earnings.

PLDT was the first Philippine company to be rated "investment grade" by three major international ratings agencies, namely Fitch Ratings, Moody's, and Standard and Poor's. It also received the highest issuer rating from a local ratings agency.

Ratings from International Rating Agencies

Rating Agencies	Long-term Foreign Issuer Rating	Long-term Local Issuer Rating	Outlook
Fitch (as of Oct. 1, 2015)	BBB	BBB+	Stable
Moody's (as of Mar. 18, 2016)	Baa2	Baa2	Stable
Standard and Poor's S&P National (as of May 13, 2016)	BBB+	axA+	Stable

Rating from Local Rating Agency

Rating Agency	Issuer Rating	Outlook
CRISP	AAA	Stable

As of January 2014, latest figure

Product and Service Innovations

PLDT's pursuit of sustainability has served to further bolster the spirit of innovation. Aiming to bridge the digital divide between the present and the future, PLDT realigned its organization such that the fixed and wireless services were converged to create the Consumer Business Group and the Enterprise Business Group. The efficient structure helped bring forth pioneering products and services that would provide more people with wider, better, and easier access to the opportunities of the new internet economy.



Dubbed as the world's first online landline, the Telpad paved the way for the growth in PLDT's fixed line subscribers.

Among the recently launched innovations were:

PLDT and Smart SME Nation. This is the synergy of PLDT SME and Smart SME that provides small and medium enterprises (SMEs) with innovative solutions and digital tools that take their business to the next level. With advanced infrastructure and boosted connectivity, entrepreneurs can connect with their customers wherever they may be.

PLDT HOME suite of multimedia services. There is the PLDT HOME Fam Cam that is a home monitoring service. And there's TVolution that turns an ordinary TV into a personal computer. Plus the PLDT HOME Telpad with its intelligent technology feature that is the centerpiece of a digitally connected Filipino home. All these were made more accessible through a Quad Play package offer that combined voice, data, Cignal TV, and a Smart mobile phone service – all charged to a single PLDT bill.

PLDT Shared Data Plan. This is the country's first data plan that enables home DSL service subscribers to share their data allocation with the mobile phones of their family. Customers may get up to four Smart mobile phone lines bundled with their Speedster Fam Plan, all conveniently billed under one subscription. Moreover, prepaid top-ups of Smart mobile phones can now be charged to PLDT postpaid bills.

SafeZone. This is a groundbreaking mobile app that offers a sponsored data access model for free internet. With SafeZone, businesses can open their websites and mobile applications to mobile data users for free, increasing customer engagement in their digital channels. When it was launched in February 2015, SafeZone already had partnerships with 17 of the biggest names in local and global

entertainment, online commerce, travel, transportation, and news, including Philippine Airlines, SPINNR, ZALORA, Bank of the Philippine Islands, GameX, among others.

PayMaya. This is a virtual Visa card that is now the leading Over-the-Top digital payments mobile app in the Philippine market, made possible through PLDT's collaboration with Rocket Internet. PayMaya also offers Smart Padala, the leading domestic remittance service which introduced its Pick-Up-Anywhere feature that allows anyone to remit funds to any mobile number in the Philippines.

Smart Logistics Solutions. This is a business-to-business (B2B) suite of software and hardware specifically designed for the transportation, logistics, and distribution industries. The new offering provides SMEs the following mobile applications and solutions: Smart Tracker, Smart Fleet, Smart E-ticketing, and Smart Form. By automating processes, this product enables prompt service, accurate tracking of assets, and access to data.

Bundled IBM Cloud offerings. Through a partnership with IBM, PLDT has added a full range of IBM Cloud solutions bundled with its other ICT services. It can now offer enterprise enablers such as Infrastructure as a Service (IaaS) and Software as a Service (SaaS), as well as shared or dedicated virtual servers.

Big Data Solutions. In collaboration with Talas Data Intelligence, Inc., these first-to-market big data solutions include expert consulting, managed platforms, and breakthrough insights. These solutions enable companies to gain new insights about their customers and their own operations for data-driven decision-making.

The Internet.org platform. Smart teamed up with Facebook to launch the Internet.org platform in the Philippines, marking its debut in Southeast Asia. Through the service, over 70 million



2015 marked the debut of Internet.org in the Philippines and Southeast Asia. Through Internet.org, now known as Free Basics, all TNT, Smart, and Sun subscribers can access 24 websites offering informative and useful content and services, including Facebook and Messenger – all without data charges.

mobile subscribers are able to enjoy free access to a list of websites offering informative and practical content, including Facebook and Messenger, on their mobile phones.

Free in-car WiFi for Uber commuters. In September 2015, Smart and Uber (the world's most popular ride-sharing service) struck a multi-year exclusive collaboration where Smart offered free in-car WiFi inside Uber cars in the Philippines, a definite first in Southeast Asia. Smart subscribers likewise received Uber perks and privileges.

GPS on PUBs. PLDT and Smart are supporting the pilot program of the Land Transportation Franchising Regulatory Board (LTFRB) to improve road safety by the use of Global Positioning System (GPS) monitoring technology on public utility buses (PUBs). PLDT SME Nation's Track

& Trace, a GPS-enabled field asset tracking solution, works 24/7 provide online access to maps, alerts, and alarms of vehicles, as well as real-time log reports to operators. The pilot program was launched with some units of the G Liner bus franchise and will soon connect all of its city and provincial units.

TackThis! concierge service. A premium concierge service for online store creator TackThis! to partner businesses so they can quickly and efficiently build their own branded digital commerce footprint. This incorporates a seamless social shopping experience for customers. The advanced features of the service include professional services for an effortless online store creation, as well as hassle-free store management of logistics, payments, and customer service.

Customer Experience

(G4-PR3, G4-PR5, G4-PR8)

Businesses understand that every customer experience potentially affects that customer's current value as well as long-term or equity value – his longevity as a customer, his willingness to purchase more products and services in the future, and the positive or negative recommendations he gives to his family and friends.



PLDT and Smart monitor and gather essential data on customer experience through feedback mechanisms in their offices and websites. Both PLDT and Smart run Voice of the Customer programs through which customers can share their concerns and needs.

PLDT, through its Customer Experience Management Center, conducts year-round performance monitoring – across all touch points and all customer segments – to complement internal performance metrics with feedback emanating directly from actual customers. This 360-degree approach allows the company to identify pain points, implement a closed-loop feedback process, and develop real, long-term solutions to address customer problems. Anchored on global standards of customer advocacy measurement, these studies – which involved more than 40,000 customer interviews in 2015 alone – allow PLDT to benchmark itself with other telcos

and digital companies globally. These studies are further supplemented by various customer journey mapping initiatives, and local competitive benchmarking studies conducted by the PLDT Market Research team annually.

To date, these studies have contributed significantly to the shortening of provisioning lead times, enhancements in internal technical and process standards, and the identification and adoption of new tools to enhance the customer's experience.

In 2015, PLDT implemented the Service Management Platform which enables the automatic testing and optimization of more than 1 million DSL lines regularly. With this tool, problems in lines are proactively detected and corrected, effectively saving customers from the experience of service degradations, and the corresponding need to report them for resolution.

PLDT and Smart engage stakeholders through a wide range of touch points that will enable the Group to promptly identify and address customer concerns.

Smart also carries out a host of Smart customer satisfaction tracking research and subscriber feedback studies under its Analytics and Insights Department, doing about 50 studies in 2015.

Meanwhile, PLDT recognizes that continued service reliability in times of crisis is one of the top concerns for customers. And in response, the company takes concrete steps to enhance service reliability. In 2015, for instance, PLDT completed a Php216-million project that strengthened the resiliency of its network in typhoon-prone southern Luzon by putting more of its fiber optic cables (FOC) underground. Risks of service interruption and damage to property brought about by climate change and natural disasters are addressed by building resilience into the network.

PLDT has already rolled out 619 kilometers of underground FOC in Northern Luzon and installed over 150 kilometers of submarine and inland FOC that linked the island of Bohol with urban centers in Visayas and Mindanao by end of 2014. PLDT's domestic fiber optic network (DFON) has also linked Palawan province to the world through undersea and inland cable links that run from Puerto Princesa to Taytay in Palawan and San Jose de Buenavista to La Paz, Iloilo City.

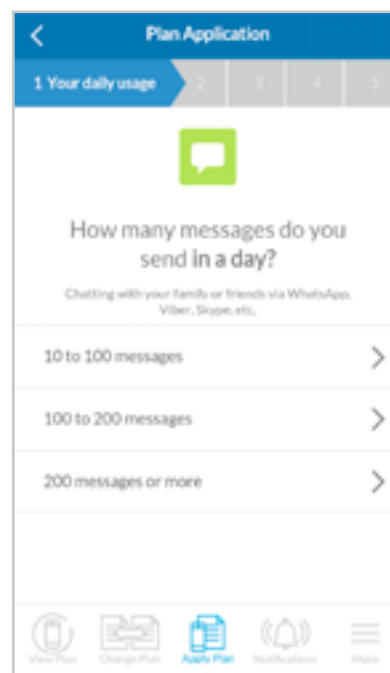
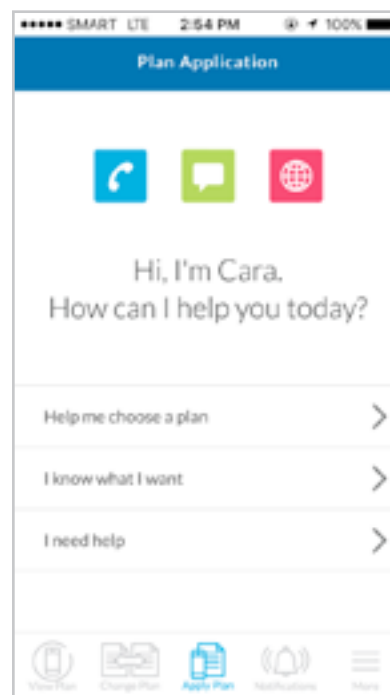
Moreover, in a campaign to provide unique customer experiences, PLDT began opening flagship stores which redefined customer care experience with a retail store concept – featuring state-of-the-art facilities that enabled visitors to directly experience the latest PLDT products and services. The first flagship store was opened in Pasay City, while the first mall-based flagship Sales and Service Center was opened in SM SouthMall in Las Piñas City. The first regional flagship store was opened in SM City in Lipa, Batangas. More concept stores will be rolled out in 2016.

Meanwhile, Smart's Customer Experience Strategy and Operations Group led an initiative that developed and deployed a mobile app called Customer Advocacy and Referral App or CARA specifically to equip Smart's 7,000-strong workforce as ambassadors. Through CARA, they can help friends and family determine the perfect plan by estimating their daily SMS, voice, and data usage. They can also submit postpaid applications through the app.

In 2015, Smart also launched the Smart Switch machine in several Smart Stores to enable subscribers to copy contacts from their old phone to their new phone quickly, conveniently, and free of charge. Also found in Smart Stores are Digital Profilers, touch-screens that enable visitors to discover the features of devices and plans.

Smart continues to have several self-care channels allowing customers to address their aftersales needs wherever they are and whenever they want. Among these is the free SagotAgad text inquiry service for queries on products and promos, and the customer service portal my.smart.com.ph where subscribers can enroll for electronic statements and inquire about services.

Smart has also partnered with Talas to access the Intelligent Data Fabric and create a Single Customer View that will allow Smart to understand customers better and be guided on providing more relevant products and services. Unlocking insights from big data offers valuable business intelligence that will help Smart offer next-generation digital services most useful to customers.



Supplier/Vendor Relationship

(G4-12)

PLDT and Smart share a base of around 1,000 accredited suppliers. These suppliers and vendors are considered business partners that help PLDT and Smart build a sustainable business. Maintaining a mutually beneficial relationship with suppliers that is based on the values of fairness, integrity, transparency, and accountability is therefore clearly articulated in the Code of Business Conduct and Ethics.

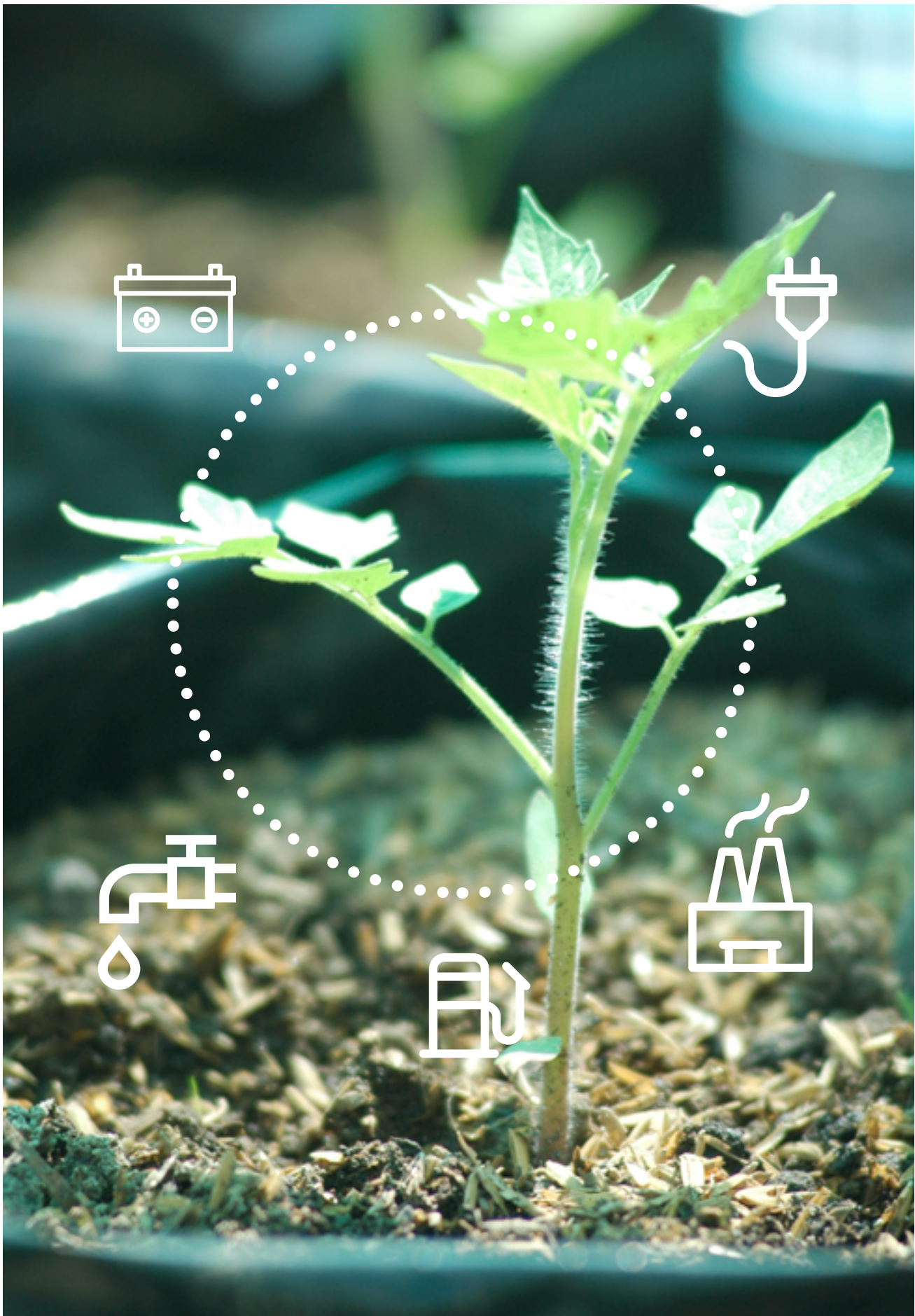


PLDT and Smart promulgated a Supplier/Contractor Relations Policy that provided the general principles to be followed in vendor selection. Basically, the relationship is founded on a fair qualification procedure and competitive bidding practice. Among the criteria for qualification are: financial capability, technical capability, compliance with applicable laws, including those pertaining to industrial relations, environment, health and safety, and intellectual property rights.

Supporting these policies in efforts to avoid corruption of the vendor relationship as well as the competitive bidding process, is a Gifts, Entertainment, and Sponsored Travel Policy. This policy provides clear guidelines on handling gifts and offers by third parties that have business dealings with PLDT and Smart. The guidelines require full disclosure as a safeguard against potential conflict of interest.

Over the years, PLDT and Smart have developed and maintained ethical and mutually beneficial partnerships with their vendors and suppliers.

It is on the same principle of full disclosure that the Conflict of Interest Policy is based. Both PLDT and Smart adhere to this policy that seeks to ensure that members of the organization always act in the best interest of the company, and will not be motivated by personal considerations and relationships that interfere with their independent judgment.



Part V

Environment

Managing environmental footprint from operations is one of the pillars of PLDT and Smart's sustainability strategy. Energy conservation and resource consumption efficiency are among the performance key result areas that are monitored and measured for long-term solutions because effective energy management directly impacts the business, its competitiveness, and reliability of service.

PLDT's Property and Facilities Management (PFM) Sector is tasked to monitor and implement improvements to processes and mechanisms that would reduce and mitigate impacts on the environment. The PFM is a shared support service with Smart.

Also noteworthy in 2015, the company strengthened its monitoring capabilities by creating a Risk Management and Compliance Division specifically equipped to oversee compliance with Environmental, Occupational, and



Safety Regulations in all company facilities and operations.

At the same time, the Supply Chain, Asset Protection and Management Group (SCAPMG) tasked all Facilities Management Divisions in the different PLDT offices all over the country to enforce the implementation of standards for all of the company's environment, health and safety, and energy efficiency programs and policies.

Also in 2015, PLDT voluntarily shared information with the CDP (formerly known as Carbon Disclosure Project) – an organization that requests information from the world's largest companies on behalf of institutional investors. It holds the largest

The PLDT Group's partnerships with various government and non-government institutions, and greening initiatives such as the TELEpuno program, underscore the Group's dedication to create a sustainable environment in the country.

collection of self-reported data that help institutional investors make decisions that drive action towards sustainability. With data from PFM, PLDT has reported on its Climate Change and Supply Chain Programs that included information on its Fixed and Wireless operations.

Reducing Carbon Footprint

The PLDT Group has taken tangible measures to reduce its carbon footprint. As such, it ensures compliance with rules and regulations from local government regulatory offices and agencies, institutes programs on energy conservation and waste disposal, and conducts regular campaigns to raise the awareness and competency of employees on sustainable business practices.

Energy, Water, and Fuel Consumption

(G4-EN6)

The PFM keeps a close eye on the consumption of electricity, water, and fuel in major PLDT and Smart facilities. From the data gathered, it can monitor greenhouse gas (GHG) emissions and chart ways to systematically reduce GHG factors throughout the organization.

In 2015, PLDT reduced its electricity consumption by 13.1 million Kwh compared to consumption the previous year, continuing a downward trend for three years in a row. The performance was better than target by around 4.8 million Kwh.

PFM implemented a host of initiatives for energy efficiency and workplace optimization, such as shutdown of air-conditioning units in work areas whose operational changes made less cooling demands, reduction of elevator operation based on building occupants' schedules, chiller start-up operation adjustment, shut-off of water heaters not in frequent use, strict switching-off of lights when not needed, and other reduction of air-conditioning operation and lighting arising from the retirement of the old legacy telecom equipment.

This report covers data gathered from major facilities such as the PLDT Makati General Office (MGO) building, Smart Tower, and the following facilities:





Manila International Toll Center	Smart Greenhills
Garnet Exchange	Smart Tambo
Smart Diliman	San Fernando La Union (SFU) Exchange
Smart Parañaque Local Exchange Center	Baguio DFON
La Union Cable Landing Station	Dagupan Exchange
Batangas Cable Landing Station	Cabanatuan Exchange
Daet Cable Landing Station	Tarlac Exchange
Lucena Exchange	San Fernando Pampanga (SFP) Exchange
Sta. Rosa Warehouse	Malolos Exchange
Cebu Jones Exchange	Calamba Exchange
Cagayan De Oro Domestic Fiber Optic Network (DFON)	Kawit (Binakayan) Exchange
Davao Central Exchange	Batangas Exchange
PLDT Ramon Cojuangco Building (RCB)	Legaspi Sub-exchange
Jupiter Exchange	Roxas Sub-exchange
Cainta Exchange	Bacolod Exchange
Novaliches Exchange	Iloilo (La Paz) Exchange
Malate Exchange	Mandaue Sub-exchange
Grace Park Exchange	Ormoc DFON
North Parañaque Exchange	Butuan DFON
Alabang Exchange	Ozamis Sub-exchange
	Smart South Cebu

Meanwhile, Smart's Logistics Department reports that 2015 fuel consumption under its fleet management was 20.79% below budget for gasoline vehicles and 7% below budget for diesel vehicles. The fleet has 420 units of gasoline-engine vehicles and 723 units of diesel-engine vehicles. Under the re-fleeting program, Smart purchased 44 new vehicles which were mostly diesel engine with common rail technology promoting reduction on carbon emission.

Furthermore, worn-out tires were replaced with Bridgestone-brand tires that have longer utilization of a minimum 50,000 kilometers compared to the past brand tires that had maximum of only 25,000 kilometers.

Summary of Facilities' 2015 Electricity, Water, and Fuel Consumption

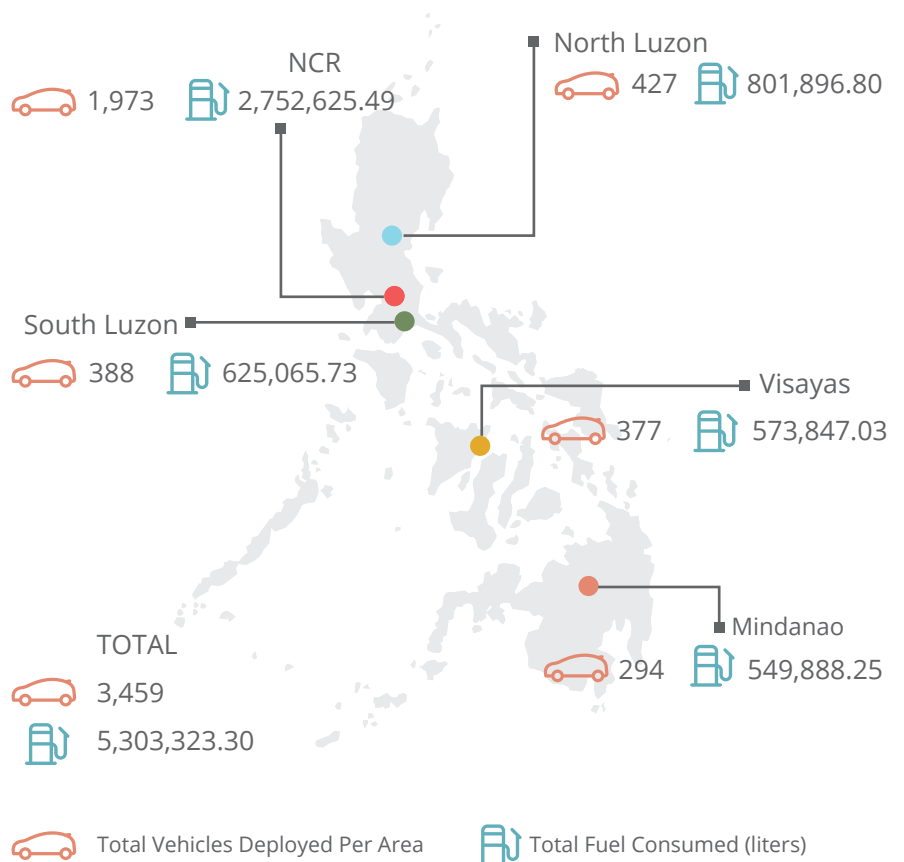
(G4-EN3, G4-EN8, G4-EN15)

	 Electricity (Kwh)	 Water (cu.m)	 Fuel (Itrs)	 GHG (tCO2)
Smart Tower	9,842,000	99,395	6,000	4,961
PLDT MGO	14,020,959	39,374	1,608	7,048
Other	131,243,177	231,503	265,707	66,648
TOTAL	155,106,136	370,272	273,315	78,657

Fuel Consumption

	Total Vehicles	Total Fuel Consumed (liters)
PLDT	2,316	2,939,248
Smart	1,143	2,364,075
TOTAL	3,459	5,303,323

Fleet Vehicle Deployment



Future-Proof Network

(G4-EN7)

A large part of the reduction in electricity consumption can be attributed to the fact that Internet-Protocol based Next Generation Network (NGN) migration was completed in 2015. The multi-year PhP6 billion transformation of the landline network into a purely IP-based NGN covers 271 offices in 48 provinces nationwide. The transformation program entailed the migration of a total 782 switches and nearly 1.3 million lines.



The legacy network is a public switched telephone network (PSTN) composed of electronic switches that have now been decommissioned to give way to the digitally enabled NGN. Instead of maintaining different networks for different services as was standard in the past, only a single network now needs to be managed.

The benefits of an NGN system are considerable, not least of which is that it uses less power and less space. At the same time it gives the ability to offer a wider range of services at a faster speed for customers – the IP-based network is capable of delivering new digital services such as high-quality voice, data, and multimedia services.

The successful migration into an NGN system and retirement of the old legacy telecommunications equipment yielded a reduction in annual energy consumption of an estimated 8.1 million Kw-Hrs for 2015.



The PLDT Group has the most extensive and most modern fiber optic network in the country.

Waste Management

(G4-EN23)

Waste segregation is practiced throughout the two companies and is advocated as a responsibility of every employee. Segregation categories used are biodegradable, non-biodegradable, and recyclable. Appropriately marked waste bins are available in common areas.

All major buildings and facilities have designated solid waste staging areas that serve as temporary storage of the segregated waste prior to collection by the municipality or city garbage collector. Waste from offices is collected on a daily basis and temporarily stored in the staging areas which are regularly inspected by the Facility Officer for cleanliness and safety.

Summary Report of Segregated Solid Waste (in tons) for 2015

	SOLID WASTE		
	Biodegradable	Non-Bio	Recyclable
Smart Tower	27	5	3
PLDT MGO	24	95	29
Other	526	627	256
TOTAL	577	727	288



Meanwhile, for hazardous waste management, PLDT obtained permission from the Environmental Management Bureau (EMB) of the Department of Environment and Natural Resources (DENR) to develop special staging hubs. Hazardous waste such as used batteries, used oil and fluorescent lamps from different facilities will be collected and temporarily stored in these hubs where they can be cost-efficiently collected by DENR-accredited transporters and treaters.

In the Iloilo region, for instance, the La Paz, Roxas, and Dingle Sub-exchanges will bring their hazardous waste to the Alimodian Sub-exchange which was designated as the staging facility from where the accredited transporters will pick up the hazardous waste for proper disposal and treatment. PFM is completing ten staging facilities in different parts of the country.

List of Hazardous Waste Staging Areas

Item	Project Location	Coverage (Regions)
1	Valenzuela Exchange	NCR
2	San Fernando LU Exchange	I & CAR
3	Echague Sub-exchange	II
4	Mexico Sub-exchange	III
5	Sta. Rosa Warehouse	IV & V
6	Mandaue Sub-exchange	VII & VIII
7	Alimodian Sub-exchange	VI
8	Bacolod Exchange	VI
9	Tagoloan Sub-exchange	IX, X & XIII
10	Sasa Sub-exchange	XI & XII

Note: All of the ten Hazardous Waste Staging Facilities are under project-initiation and permitting phase as of this writing. Projected operation will be by 4Q 2016.

(G4-EN25)

In another green initiative, PLDT partnered with the Philippine Business for Social Progress (PBSP) and Motolite for the Balik Baterya program – a program that collects used lead-acid batteries (ULABs) for proper recycling and production of new automotive and industrial batteries. PLDT and Smart are the biggest contributors to the program, having turned over 2,980 tons of used lead-acid batteries since 2007. This has resulted in earnings amounting to approximately PhP70 million. In 2015, PLDT and Smart contributed a total of 480 tons, with earnings amounting to PhP10.74 million. Balik Baterya program monies fund various projects such as classrooms and computer laboratories as well as reforestation initiatives in the Marikina Watershed. With this program, PLDT has already helped turn over 23 new classrooms in different parts of the country.



PLDT and Smart are the top contributors to the PBSP's Balik Baterya Program.



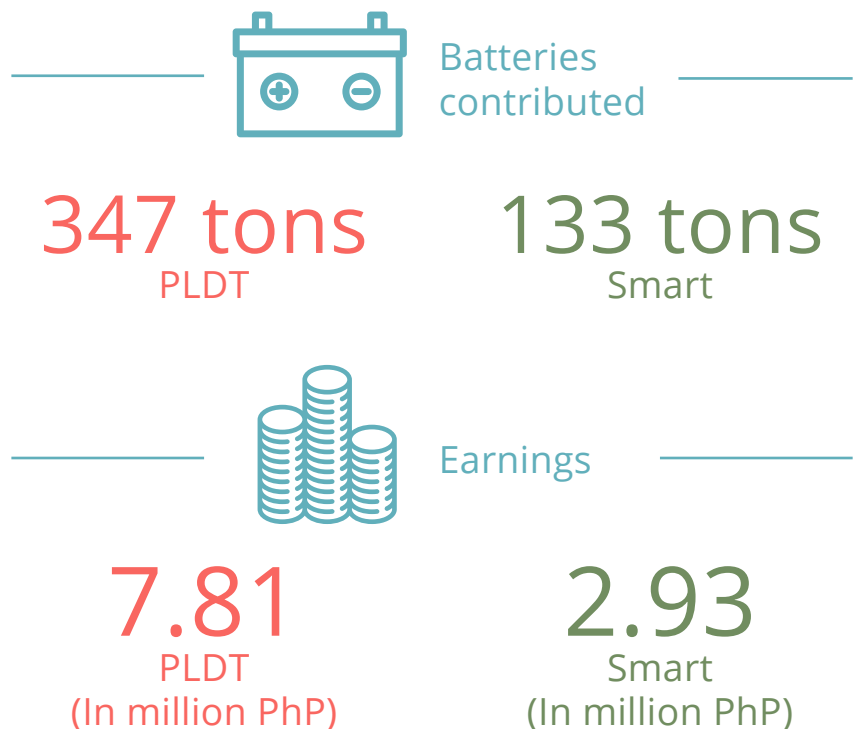
Used lead-acid batteries contributed



Supported various CSR programs

Since 2007

Summary of ULABs in 2015



Genset Air Quality and Waste Water Quality Monitoring

(G4-EN21)

The PFM, together with the Technology Operations Center (Network), also manages and monitors all standby generator sets to ensure compliance to the Philippine Clean Air Act. All gensets are rated, are covered by permits, and regularly undergo Air Quality Testing through Point Stationary Source (Stack) Air Sampling and Ambient Quality Testing.

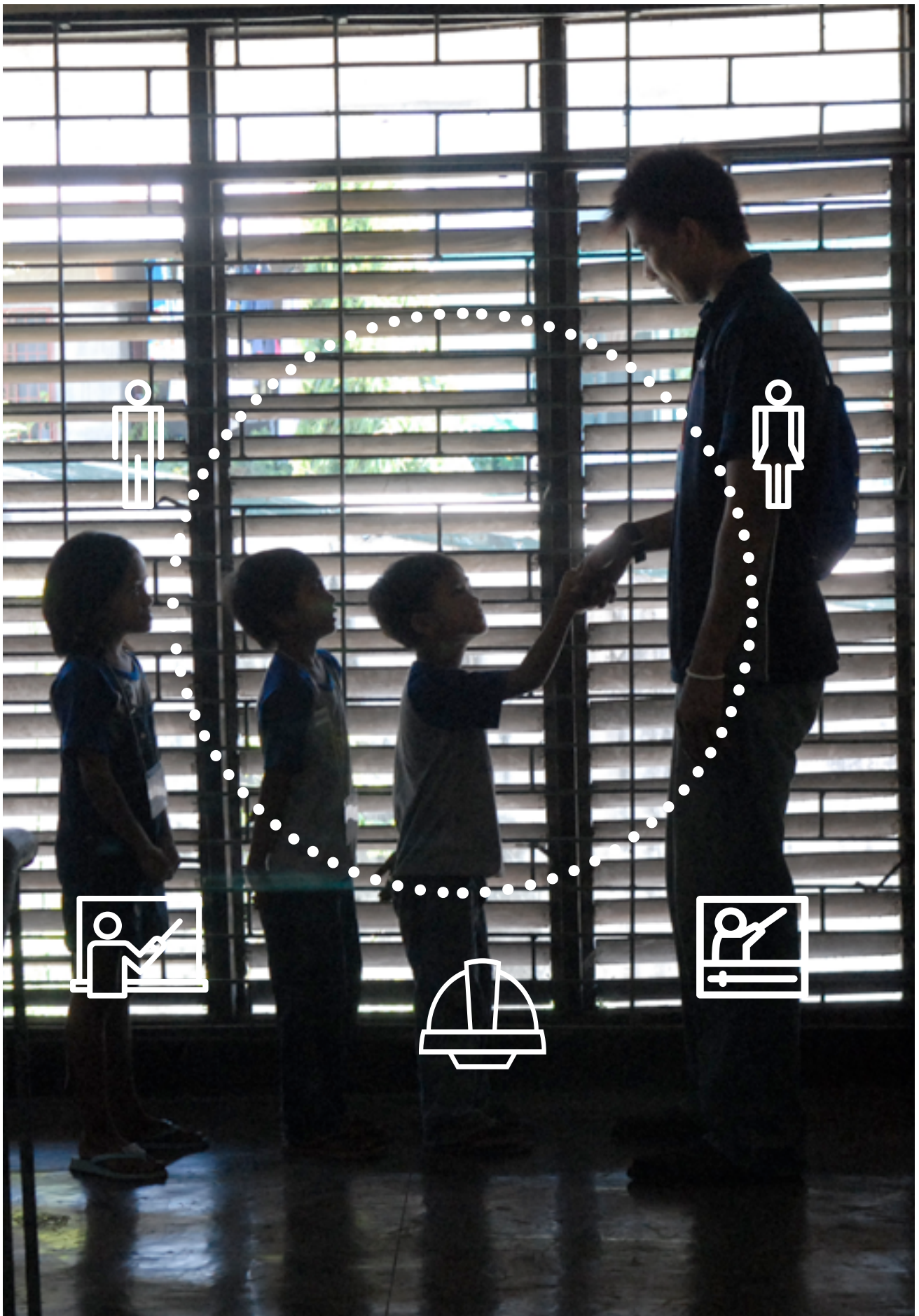


Aside from prioritizing air emission management, the PFM also gives importance to waste water discharge management for large buildings. In 2015, it began a major project – the construction of a Centralized Sewage Treatment Plant for Manila International Toll Center (MITC) and the New Sampaloc Operations

Building (NSOB) where a treatment technology called Sequencing Batch Reactor will be installed. The facility, which is intended to improve the effluent quality from domestic waste water, will be under the administration of the Facilities Management Center, with Maynilad Water Services as partner consultant.

Summary of Air Monitoring Result for 600 Kw and Up Gensets - 2015

Facility	Sampling Type	Gas/Parameters	Test Result
PLDT Makati General Office	Stack Sampling	NOx, CO	COMPLIANT ✓
Jupiter Exchange		NOx, CO	
PLDT Ramon Cojuangco Building		NOx, CO	
Las Piñas Exchange		NOx, CO	
San Pedro Exchange		NOx, CO	
Pamplona Exchange		NOx, CO	
Muntinlupa Exchange		NOx, CO	
Pasay Exchange		NOx, CO	
Garnet Exchange		NOx, CO	
New Pasig Exchange		NOx, CO	
Dansalan Compound		NOx, CO	
South Triangle Central Office		NOx, CO	
North Marikina Exchange		NOx, CO	
South Marikina Exchange		NOx, CO	
Manila International Toll Center		NOx, CO	
New Sampaloc Operations Building		NOx, CO	
General Santos Exchange		NOx, CO	
Lucena Exchange	NOx, CO		
Cavite Sub-exchange	Ambient	TSP, SO2, NO2	COMPLIANT ✓
Dasmariñas Rural Exchange		TSP, SO2, NO2	
Imus Remote Subscribers Unit		TSP, SO2, NO2	
Kawit Exchange		TSP, SO2, NO2	
Naic Sub-exchange		TSP, SO2, NO2	
Rosario Sub-exchange		TSP, SO2, NO2	
Cavite Export Processing Zone Authority Remote Subscribers Unit		TSP, SO2, NO2	
Trece Martires Sub-exchange		TSP, SO2, NO2	
Dasmariñas First Cavite Industrial Estate Rural Exchange		TSP, SO2, NO2	
Tagaytay Rural Exchange		TSP, SO2, NO2	
Silang Sub-exchange		TSP, SO2, NO2	
Tanauan Sub-exchange		TSP, SO2, NO2	
Batangas Exchange		TSP, SO2, NO2	
Lipa Sub-exchange		TSP, SO2, NO2	
San Jose Sub-exchange		TSP, SO2, NO2	
Cotabato Exchange		TSP, SO2, NO2, PM10	
Polomolok Remote Subscribers Unit -1		TSP, SO2, NO2, PM10	
Tacurong Sub-exchange	TSP, SO2, NO2, PM10		



Part VI

Social

A sustainable business enjoys the support and approval of its stakeholders – customers, employees, and the communities where it does business. PLDT and Smart's commitment to socially responsible business practices is driven by their mission statements and guided by their corporate values. And as leaders in the telecommunications industry, PLDT and Smart play a unique role in nation-building as enablers of creative collaborations, economic freedom and equity, poverty-reduction, and patriotism.



The PLDT workforce is composed of competent, professional, performance-driven, and highly motivated individuals who are given a wide range of opportunities to achieve career and professional fulfillment. Because of its value-based culture, the Group remains an employer of choice in its industry.

Paying It Forward

PLDT and Smart believe that their employees are integral to the success of their corporate social responsibility programs. Members of the workforce are encouraged to participate in community service initiatives, including tree and mangrove planting, reading tutorials for partner-schools, blood donation, and other activities.

Employee Statistics

(G4-LA1)

The ongoing transformation and digital pivot impact the organization in different ways, including the changing needs in human resources and organizational structure. PLDT and Smart have been responsive in managing their people and have been implementing strategic human resource planning programs the past years to effectively align and match people and skills with the positions required by the evolving business.



PLDT and Smart provide equal opportunity to all job seekers. Rhea Guntalilib (seated, center) is Smart's first visually impaired software development analyst.

Of the 2,076 who availed of PLDT's manpower redundancy program within the last five years, 68.2% came from Supervisory level, 25% from Rank and File, 5.4% from Executives, and 1.35% from Top Officers. Of that total, 22.64% or 470 people availed of the program in 2015. The biggest movements were in 2010 and 2012 which together accounted for almost 64% of the total availments.

All these organizational changes are meant to achieve efficiency and effectivity. They are managed professionally, and separations are handled fairly. In April 2015, PLDT held a two-day event for retirees entitled "Retirees' Fair: Taos Pusong Pasasalamat" to inform the retirees of their separation requirements, benefits and investment options, as well as offer inspiration for enjoying the new chapter in their lives.

Because of their values-based culture, PLDT and Smart remain preferred choices of jobseekers in the industry.

As of end-2015, employee data show that in terms of diversity, the Wireless business offers a level playing field as women to men ratio is nearly 1:1 and a good 47.73% of top management positions are held by women. For PLDT, 34.34% of the population are women and 29.63% of top management are women.

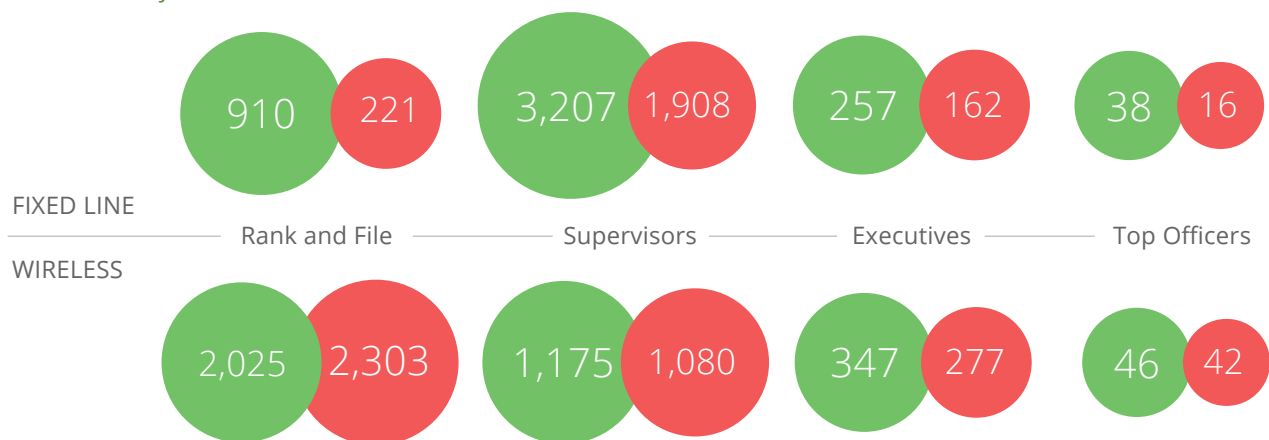
Meanwhile, in terms of age, Fixed Line employees over 50 years old notably hold 34.9% of the positions, with most of them in the supervisory level. For Wireless, the population is largely from the 30-50 yo range (60.14%).

Breakdown by Gender and Employment

(G4-9, G4-10)



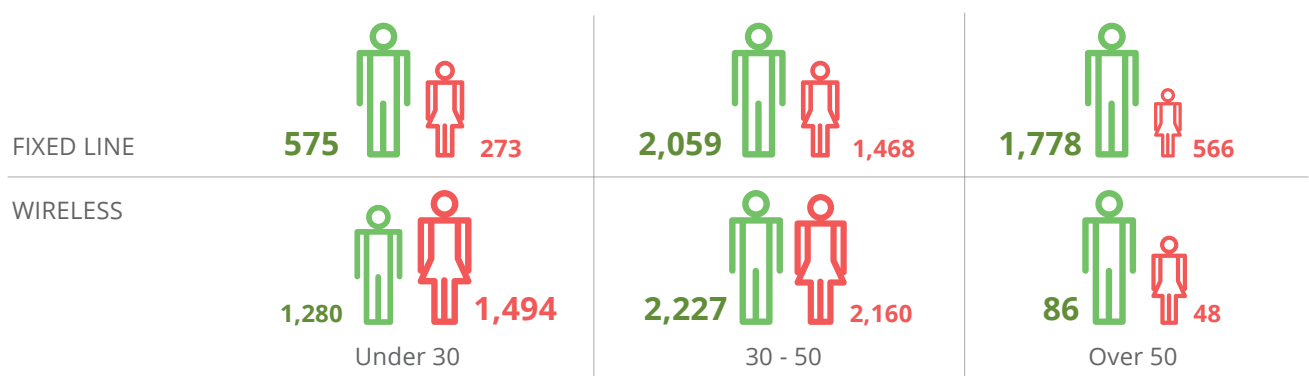
Breakdown by Gender and Level



Breakdown by Age Group and Level

Level	FIXED LINE			WIRELESS		
	Under 30	30 - 50	Over 50	Under 30	30 - 50	Over 50
Rank and File	369	394	368	2,466	1,851	11
Supervisors	474	2,837	1,804	272	1,937	46
Executives	5	273	141	29	544	51
Top Officers	0	23	31	7	55	26
TOTAL	848	3,527	2,344	2,774	4,387	134

Breakdown by Age Group and Gender



Employee Management

(G4-LA2, G4-LA6)

Employee Compensation, Benefits, and Programs: Training and Development, Health and Safety, Engagement and Volunteerism

Going beyond government-mandated laws on compensation and benefits, PLDT and Smart share a common compensation philosophy that espouses the following principles and objectives that are communicated to every employee:

- The primary aim is to attract and retain quality employees
- Pay for Position, which incorporates pay for the importance of the position with respect to the internal organization and considers the external market covering the pay practices in the industry
- Pay for Performance, focusing on company, team, and individual performance to achieve business goals. This provides for both short-term and long-term incentives and is given more weight and importance than other pay components
- Pay for Person, which incorporates pay for competencies and skills of the individual that are valuable to the company

Aside from taking compensation and benefits into consideration, both PLDT and Smart recognize that employees have a broad range of concerns that include working conditions, skills training, career opportunities, health and safety, and work-life balance.

PLDT reports that its Environmental, Health and Safety (EHS) programs have resulted in an accumulation of 1,539,552 safe man-hours without time lost to accidents as of November 2015.



Safe manhours without time lost to accidents



(G4-LA7)

Sports and recreation activities are readily available to members of the PLDT Group to promote work-life balance among employees.

PLDT shoulders the medical cost for employees who become ill, inclusive of medicines, hospital confinements, and post-operative rehabilitation. Employees are also required to undergo Annual Physical Examination, which 80.50% of employees have complied with as of October 2015. For continued education and information dissemination, 59 medical education fora were conducted in 2015 that addressed common health issues such as diabetes, hypertension, and cardio-pulmonary disease.

PLDT also ensures that work-life balance is achieved by promoting sports and recreation programs with 134 events including talent shows, voice, theater and dance workshops, song writing, basketball, bowling, volleyball, badminton, track and field, Frisbee, dodgeball, table tennis, football, billiards, tennis, chess, darts, yoga, family fun day, and fitness/wellness programs that covered and engaged about 96% of employees as of November 2015.

As mandated by law, PLDT regularly reports to the Bureau of Working Conditions of the Department of Labor and Employment the following: its Annual Medical Report, Annual Work Accident/ Illness Exposure Data Report, and Report on Health and Safety Organization.



Training and Skills Development

(G4-LA9)



PLDT has a Training Development and Career Center that offers programs for all employees such as behavioral, business skills, telecoms and IP technology, business systems, as well as supervisory and leadership training. A lot of these are held at the Telecommunications Training and Education Center (TelTEC) at PLDT's Innolab Building in Mandaluyong City. TelTEC houses a good number of standard training rooms and technical training laboratories, a well-equipped corporate library, as well as dorm facilities.

As of September 2015, PLDT's Training Development and Career Center produced 5,592 classroom-trained graduates and 5,254 computer-based training graduates. Total employees trained numbered 10,846. Training is delivered by 34 full time trainers and more than 100 resource persons from training service providers. Meanwhile, Smart offers the Smart

At the Innolab, employees may avail of relevant training modules designed to enhance their business and management skills.



5,592

Classroom-trained graduates



5,254

Computer-based training graduates

10,846

Total employees trained

as of September 2015

(G4-LA10)

University program which caters to employees of all positions and departments – from orienting new hires, to enabling on-the-job coaching, grooming new supervisors, and training leaders to rise above their roles. It partnered with various renowned training firms to customize its programs, as well as its e-learning courses.

Smart's commitment in building a strong talent base is evident with 70% of managers promoted within. Majority of its supervisors, managers, and heads have spent at least 11 years in the company. Sixty percent of its senior managers started out as staff members or as supervisors.

Notably, Smart has been cited by various organizations for being an employer of choice in the industry, and those recognitions were bolstered by the Towers Watson 2014 survey which showed that Smart's employee engagement score was higher than global norms for high-performing companies. This may be attributed to Smart's "Live Well, Live More" program which aims to inspire employees to live by the company's "Live More" mantra.

Among the components of this program are: a rewards and recognition program, family events, community service activities, and over 20 employee clubs focusing on various interests like photography, religion, and sports. Smart also holds financial wellness fairs where experts share their knowledge on savings and investments. To promote work-life balance, Smart holds sports tournaments and wellness classes for its employees.

With all these, Smart was cited at the ASEAN Corporate Sustainability Summit and Awards 2015 as winner in its Employee Engagement and Development category.

Aside from organizing employee engagement activities, PLDT and Smart also understand the importance of encouraging the spirit



PLDT and Smart understand the importance of development and personal growth. They have rolled out comprehensive training programs designed to build and enhance the skills set of their talent base.

of volunteerism for well-rounded development and personal growth of employees. Caring about others and helping out in the community make the work more meaningful and psychologically rewarding. PLDT and Smart are proud of the work and initiatives of employee volunteers – PLDT's Employee Volunteers Group and Smart's employee volunteers. From blood donation drives, to tree planting, to coastal clean-ups, and all other community service projects, PLDT and Smart volunteers can be relied upon to answer the call for help.

PLDT also encourages the spirit of volunteerism in its iCare Program as it asks employees to be proactively involved in reporting issues such as cable theft or sagging wires and cables, or leaning poles in their communities that would affect the quality of the company's service. The program includes recognition of employees' contribution and reports that have helped improve the company's service delivery every year.

Corporate Social Responsibility

(G4-SO1, G4-SO2)

Serving the community is an integral part of the mission of connecting the digital divide, and with their technology and services, PLDT and Smart are well-positioned to provide much needed assistance to communities.

As good corporate citizens, PLDT and Smart are leveraging their core business and infrastructure to act as “Enabler,” especially in communities with the greatest need, through the CSR programs implemented in synergy by PLDT’s Community Relations, Smart’s Community Partnerships, and the PLDT-Smart Foundation (PSF). The latter’s community programs are discussed in more detail in the 2015 PSF Annual Report.

PLDT and Smart utilize their technologies to empower the base of the pyramid (BOP) communities in the CSR pillars of Education, Disaster Preparedness, Livelihood, Environment, and Health. The combination of digital solutions with face-to-face, on-the-ground activities makes for a strong, comprehensive and effective CSR strategy that truly brings change to people’s lives.

PLDT and Smart support various sports programs that unify the nation and promote patriotism and pride of country. PLDT and Smart, together with the MVP Sports Foundation (MVPSF), support Gilas Pilipinas in its bid to win a place in the forthcoming Olympic Games. They also provide full support to football, taekwondo, badminton, and cycling.



In 2015, over 1,000 aspiring teachers received scholarship grants from the Gabay Guro Program.

Smart also lends support to college basketball, particularly the two premier leagues – University Athletic Association of the Philippines (UAAP) and the National Collegiate Athletic Association (NCAA).

Enabler of Education and Digital Literacy

As enablers of learning, PLDT and Smart implement various programs which include the following:

Gabay Guro Program. This is the flagship program of PSF together with the PLDT Managers' Club, Inc. (MCI). Gabay Guro has six components: scholarships, training, computerization and broadbanding, teachers’ tribute, livelihood, housing, and educational facilities. As of December 2015, Gabay Guro had provided scholarship grants to 1,123 aspiring teachers from various state universities and colleges. As of August 2015, it had helped produce a total



15,000

Teachers trained across the country

of 378 education major graduates. Gabay Guro also expanded its reach in 2015 by adding 16 partner schools and state universities, bringing the total to 47 partner institutions. Furthermore, to help schools in communities hit by recent calamities, Gabay Guro donated 19 classrooms in Leyte, Bohol, and Capiz. It conducted livelihood programs in Bohol and Leyte, in partnership with the PLDT Employees Credit and Cooperative, Inc., and trained over 15,000 teachers across the country, including some in Kuala Lumpur and Sabah, Malaysia.

Infoteach Outreach Program. On its 12th year, this program continues to empower public high school students and teachers nationwide by upgrading their computer and internet skills through hands-on training. With a record participation of 6,360 teachers and students nationwide, the program covered 159 public high schools in 38 cities and municipalities within 20 Department of Education (DepEd) school divisions. It produced 42 master trainers and 520 trainers. Since 2004, Infoteach has trained 13,586 students and teachers. Partnering with Intel Philippines and the UP Open University (UPOU), Infoteach expanded its program to include out-of-school youth and offered an Alternative Learning System (ALS) track through community e-centers. For its comprehensive and holistic approach, the Infoteach program received an Excellence Award for Best Presentation and Content at the International Conference on Education and Social Science held in Singapore.

The best teachers and students of Infoteach joined the 7th PLDT Home DSL Broadband Quiz, the biggest online competition in the country spearheaded by PLDT, in partnership with DepEd and UPOU. The champion in each division level nationwide in the teacher category received a scholarship certificate from PLDT and an opportunity to enroll for an online training in UPOU. Teacher and student winners also received cash prizes and personal computers for their schools.



PLDT-UPOU Online Teachers Development Program. This provides scholarship grants to qualified graduates of the PLDT Infoteach Outreach Program and enables teachers to enroll in the Diploma in Computer Science program offered online by UPOU as priority course. The teachers may also enroll in other courses necessary for their own personal growth and development.

Complementary Teachers Development Program. In partnership with UPOU, DepEd, and local government units of Quezon, this program was launched in the province. It aims to upgrade the skills and knowledge of Science, Math, and Language teachers through enrollment at UPOU. PLDT also donated computers to 44 public schools in Quezon.

Support for Philippine Digital Literacy for Women. Also in partnership with UPOU, Philippine Community eCenter Network, and Intel, PLDT supports the Philippine Digital Literacy for Women campaign to train 10,000 grassroots women by providing and mobilizing required resources.

Dynamic Learning Program (DLP).

The DLP is a revolutionary teaching pedagogy, developed by Dr. Christopher and Dr. Ma. Victoria Carpio-Bernido, that promotes independent student learning with absolutely no homework and 80% student activity. Since 2010, Smart and the PSF have worked closely with the Bernidos to propagate this pedagogy to schools all over the country. In 2012, all 19 public high schools in Basilan Province implemented DLP. Since then, the students' mean percentage scores in the National Achievement Test have increased by 10%, absenteeism has declined substantially, and the schools have been able to produce an average of five Department of Science and Technology (DOST) scholars every year. DepEd Sarangani adopted DLP for the Madrasah Curriculum which has both Islamic studies and standard basic education. As of 2015, DLP has been implemented in 319 public schools nationwide, covering 159,688 students with 6,886 teachers oriented and trained. To further enhance the program, PSF also supported the development of learning modules in English, Filipino, Math, Science,

Araling Panlipunan, Technology, Livelihood Education, and Physics.

Smart Wireless Engineering Education Program (SWEEP). This is the only industry-academe linkage program of its kind in the country that aims to help tertiary schools produce industry-ready engineering and information technology graduates and technology entrepreneurs. To date, more than 33,000 faculty and students from 70 colleges and universities nationwide have been trained on the latest trends in technology. Embedded in SWEEP is an innovations program called the SWEEP Innovation and Excellence Awards. It is the longest-running and biggest technology competition in the country, which encourages the youth to develop innovative and market-ready wireless applications. Now on its 12th year, the SWEEP Awards has produced 153 wireless prototypes developed by students joining the annual competition.

In April 2015, Smart launched the SWEEP Technology Scholarship Program for School Year 2015-2016. It aims to provide financial assistance, covering tuition and allowances, to 12 deserving graduating students from state and local partner colleges and universities of SWEEP. To date, 67 students have benefitted from the program. It is Smart's contribution to promoting STEM (Science, Technology, Engineering, and Mathematics) education in the country.

Smart TechnoCart. The TechnoCart is a complete mobile digital laboratory designed to enhance literacy learning among Kindergarten students in public elementary schools through tablet and internet technologies. This "computer lab on wheels" includes 20 seven-inch tablets for the students, and a tablet, laptop, projector, Smart Bro pocket WiFi, and starter load for the teacher. Each tablet comes pre-installed with the Batibot mobile app—the country's first interactive mobile app for kids in Filipino. The TechnoCart package also comes with capacity-building for teachers. In



2015, Smart donated TechnoCarts to 19 public schools all over the country.

Adopt-a-School Program.

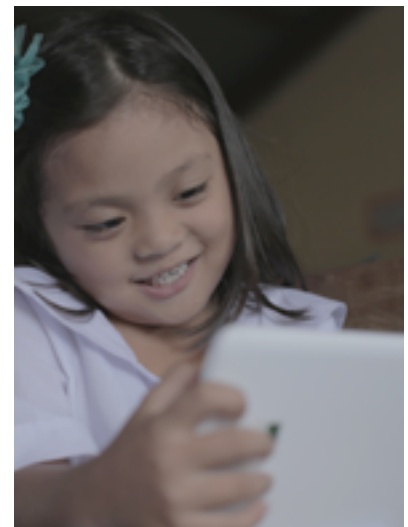
Conducted in collaboration with PBSP, this program involves the donation of school buildings, including a 2-storey building with 6 classrooms and a computer laboratory in Catmon Elementary School in Malabon which was called the "Paaralang Laan sa Dunong at Talino." Using proceeds from the Balik Baterya program, PLDT funded the construction of a single-storey school building with two classrooms at the Surigao State College of Technology, including chairs, tables, and blackboards.

A big part of the on-the-ground education advocacy projects are school donations and grants, such as the following:

- A two-classroom building as well as tables and chairs for students and teachers of the Ivisan National High School in Capiz. (In partnership with the Philippine Disaster Resilience Foundation or PDRF)
- Four new classrooms for Pontevedra Elementary School and for Mambusao National High School, in Capiz. The donation included chairs, tables, blackboards, electric fans, and comfort rooms.
- Three classrooms for Mocpoc



PLDT is an active participant in DepEd's Brigada Eskwela Project.



Kindergarten students learn through fun games in the Batibot mobile app.

Elementary School in Bohol, bringing to 11 the total number of Gabay Guro-donated classrooms in various towns of Bohol since 2013. The donation included tables, chairs, blackboards, electric fans, and a comfort room.

- Commitment to donate Php 1.0 million from 2015-2019 to Boys Town in Silang, Cavite
- The Aklat, Gabay, Aruga Tungo sa Pag-Angat at Pag-Asa (AGAPP) school building, costing Php850,000, at Danao Elementary School in Panglao, Bohol
- An internet connectivity grant, extended in partnership with Google Foundation, for the Nabunturan National Comprehensive High School
- Six units of personal computers for St. Michael Development Center of Tolosa, Inc. in Tolosa, Leyte

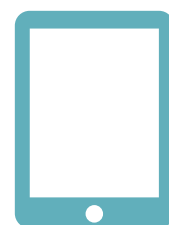
Brigada Eskwela. Partnerships with DepEd also included participation in its Brigada Eskwela Project. PLDT donated paints, hand wash facilities, school supplies, and garden tools, as well as help in repainting, cleaning, and establishing vegetable gardens for different public schools. PLDT, in partnership with PBSP, also participated in the "Ready for School" campaign in Nangka Elementary

School in Marikina. Some areas supported in the past years include Muntinlupa, Malabon, Pampanga, Cebu, Bacolod, and Quezon Province. For its part, in 2015, Smart supported 15 public schools nationwide and mobilized a hundred employee-volunteers in Kapitan Eddie T. Reyes Elementary School in Taguig City alone to help prepare it for the coming school year.

Batibot Mobile App. In support of the Kindergarten Act that institutionalized Kindergarten in all schools in the country, Smart launched in August 2015 the Batibot mobile app, the first mobile application for kids in Filipino aligned with the DepEd's Kindergarten curriculum. The app, which can be downloaded for free on Android devices, is designed to help Filipino children develop literacy through its four interactive components: (1) Alphabet, which teaches proper writing and phonetics; (2) Stories, which imparts values through storytelling; (3) Karaoke, which shares knowledge through songs; and (4) Games, which teaches concepts of logic like matching, grouping, differentiation, and chronology. In just four months, Batibot ranked 58th in its category on Google Play and reached more than 15,000 downloads with an average of 476 daily active installs and 330 daily active users.



15,000
Batibot app
downloads



476
Daily active installs

Enabler of Disaster Preparedness and Resilience

PLDT and Smart are strong advocates for disaster preparedness and emergency response in communities all over the Philippines. Under an integrated disaster preparedness and response strategy called SafePH, they are able to immediately deploy mobile satellite services, restore and reactivate the cellular network in record time, partner with other companies (such as Telecoms Sans Frontieres, Vodafone Foundation, and Thuraya) for interim network solutions, offer timely and relevant services, and roll out innovative mobile money solutions.

PLDT and Smart promote the culture of preparedness to partner-communities, including religious organizations, schools, local government units, and even households in high-risk areas to build their capacities to prepare for, deal with the impact of, and bounce back from, disasters.

SafePH was recognized with the award for “Best Use of Mobile in Emergency or Humanitarian Situations” at the Global Mobile Awards held at the 2014 Mobile World Congress in Spain.

Moreover, Smart supports the GSMA Humanitarian Connectivity Charter, a landmark global telecommunications industry commitment to assist customers and responders before, during, and after humanitarian emergencies. Smart is one of the four founding signatories to the Humanitarian Connectivity Charter, along with Axiata, Etisalat, and Ooredoo, that collectively represent over one billion subscribers in 35 countries.

Under SafePH, the following programs and projects have been launched:



The SafePH advocacy promotes the important role of communications in disaster preparedness and response.

Tech for Disaster Preparedness.

Smart launched Batingaw in July 2014 — a mobile app that transforms smartphones into lifelines during times of emergencies. Batingaw which means “warning bell” was developed in partnership with the Office of the Civil Defense-National Disaster Risk Reduction and Management Council (OCD-NDRRMC) and a startup called Tudlo Innovation Solutions. The mobile app provides government agencies, organizations, and individuals timely access to disaster alerts, weather advisories, location data, and mapping information. It also features step-by-step instructions that guide users to safety during disasters. The app also enables users to quickly send information to emergency agencies. The same application, called PINDOT (Provincial Information Network on Disaster Occurrences and Threats), was customized for the disaster management requirements of the Albay provincial government.

PRPP. Smart’s TNT Pamilyang Ready, Pamilyang Panalo program involves going to communities exposed to disaster risk to teach and promote disaster preparedness techniques. It has conducted several disaster preparedness caravans to promote a culture of preparedness, with primary focus on teaching disaster preparedness to individuals and families in a light and entertaining manner. Caravans were held in Marinduque, Quezon, Caloocan City, Antique, Iligan City, Isabela, and Negros Oriental in 2015.

Communications Summit. Smart has also partnered with the OCD-NDRRMC for the conduct of the Regional Communications Summit series across the country to promote multi-channel communications strategy in case of disasters. The first summit was held in Cebu for Region 7, and then in Cagayan de Oro for Region 10.

Laging Handa. Smart produced a series of disaster-readiness educational videos especially designed for children who are most vulnerable during disasters. The video series entitled "Maging Laging Handa" covers precautionary measures and safety tips for various calamities such as typhoons, floods, tsunamis, storm surges, earthquakes, and landslides. Localized and verified by experts, the videos were integrated in the DepEd's Disaster Risk Reduction curriculum for elementary students.

Partnership for Resilience. Smart also supports a scientific research project of Ateneo De Manila University, Manila Observatory, and PDRF. Smart provides the connectivity for the Observatory's automated weather stations in Shell gasoline stations in various parts of Luzon, Visayas, and Mindanao, such that the monitoring equipment are able to transmit data to Manila Observatory's central database for analysis and study. The collaboration aims to strengthen disaster preparedness efforts in high-risk areas.

Relief Operations. Working with affiliated companies under the banner of Tulong Kapatid, PLDT and Smart continue to participate in disaster relief operations, setting up Libreng Tawag (Free Call) stations in disaster-struck communities while delivering relief goods and providing medical and dental services to people affected by calamities.

Meanwhile, the PSF served a total of 7,562 families in 2015 through relief operations for victims of various typhoons that hit the country, including Typhoons Seniang, Ineng, Lando, and Nona, as well as for victims of a devastating Mandaluyong fire in December.

Helping hands. The PSF heeded the call to help in rehabilitating communities affected by Typhoon Yolanda in November 2013. In 2014, PSF partnered with One Meralco



Foundation and Caritas Manila for "RISE! Rebuilding from the Ruins," a benefit concert dedicated to the victims which aimed to raise funds for the reconstruction and rehabilitation of churches and chapels that were destroyed by the typhoon.

By April 2015, five chapels were inaugurated and formally turned over to the respective community beneficiaries:

1. San Roque and Our Lady of Fatima (Castilla, Palo, Leyte) – donated by Manuel V. Pangilinan (MVP) and PSF
2. San Roque and Nuestra Señora De Salvacion (Teraza, Palo, Leyte) – donated by Smart
3. San Roque Chapel (Tacuranga, Palo, Leyte) – donated by Smart
4. San Roque and San Isidro Labrador (Macaranas, Palo, Leyte) – donated by PLDT
5. San Agustin (Camaysihay, Palo, Leyte) – donated by PLDT

PLDT also supports the Building Resilient and Economically Adept Communities and Households (BREACH) project of the PDRF in partnership with USAID. BREACH aims to break the vicious cycle of relocation

in Yolanda-hit areas by improving the living conditions and reducing vulnerability to disasters of relocated survivors in Tacloban City.

PLDT provided 30 butterfly houses known as the "Village of Joy" out of the total 44 houses initially built through the BREACH program. Around 1,800 PLDT employee volunteers donated to the "House of Joy" project which helped fund the building of the transitional houses. The typhoon-resilient transitional shelters are able to withstand estimated 195 kph winds. Each butterfly house is made out of 100% recycled materials, using eco-boards made of 80% plastic and 20% aluminum. These innovative housing units are both fire- and water-proof.

Meanwhile, for families rendered homeless by Typhoon Pablo in Davao Oriental, the PSF helped build 266 typhoon-resistant homes in a five-hectare resettlement site in the Municipality of Baganga. Each home was designed to withstand winds up to 250kph. The "MVP Homes" project was done in partnership with Tulong Kapatid, a consortium of companies led by MVP.

(G4-EC8)

Enabler of Livelihood

To enable various sectors in their quest for economic development, PLDT and Smart initiated the following programs:

Dedicated Alert Lines for Ocean Biodiversity (DALOY) is a collaboration with the Bureau of Fisheries and Aquatic Resources (BFAR), Philippine National Police Maritime Group (PNP MG), and USAID-ECOFISH to provide an official and dedicated SMS hotline that enables concerned citizens to report maritime violations quickly and easily. DALOY is part of the project of BFAR and USAID to promote an ecosystem-based fisheries management. Smart provided the Infoboard, an SMS broadcast facility, to the PNP MG to enable them to broadcast, as well as receive and manage inquiries, complaints, and reports on fishing violations (dynamite fishing, commercial intrusion, wildlife violation, cyanide fishing). Through DALOY, artisanal and subsistence fisherfolk will be assured of more secure fishing grounds.

For farmers, Smart supported the **Rice Crop Manager (RCM)** project of the International Rice Research Institute (IRRI) and the Department of Agriculture-Agricultural Training Institute (DA-ATI) by distributing mobile phone units and SIM cards to RCM-registered farmers. Smart also provided low-cost mobile packages with special call and text rates for the farmers to be able to take advantage of the opportunities offered by RCM to help increase their net income and yields.

For the tourism sector, Smart launched the **Digital Tourism Project**, in partnership with Cebu-based new media startup InnoPub and in collaboration with local government units and tourism organizations. The project uses mobile technology to provide tourists with timely, relevant, and accurate cultural and historical information about places they want to visit or are visiting. The project involves developing a free app that



Discarded tarpaulins from the Group's promotional materials are shipped to partner communities for upcycling, converting these into high-quality, environment-friendly merchandise.

will serve as travel guide, as well as interactive tourism markers. The app uses QR codes and NFC to deliver information about a site or structure.

For entrepreneurs, PLDT Smart SME Nation has **TechIsland** – an annual business convention that aims to educate, enable, and empower micro small, and medium enterprises on the value of technology and how it solves real-life business challenges.

PSF and PLDT-Smart SME Nation, in collaboration with Business and Professional Women (BPW) Makati and IBM Philippines, launched the **Gender Responsive Economic Actions for the Transformation of Women (GREAT Women)** ICT platform to enable women entrepreneurs to use broadband internet connectivity and digital services to grow their business. The platform can be accessed through a mobile app readily downloadable on iTunes Store or Google Play. The initiative is under

the GREAT Women Program started in 2006 as a convergence of national and local government agencies, women's groups, and private sector groups aimed at improving local business policy, projects, and services for women in business.

And for social enterprises, Smart's **Project Zero** is a social entrepreneurship program established in partnership with designer PJ Arañador, GK Sooc Arevalo, GKnomics, PBSP, Business Fair Trade Consulting, and Sooc Social Ventures. Discarded tarpaulins from Smart's promotional materials are shipped to Iloilo for upcycling, converting these into high-quality, environment-friendly fashionable bags. Its main goal is to create livelihood projects through innovative design and product development.

Aside from these campaigns, on-the-ground CSR activities included

donations such as the 301 pieces of fiber glass re-usable multipurpose boxes that PLDT donated to the Nagkakaisang Mamalakaya ni Apung Iru (fisherfolks of Apalit, Pampanga) for use as fish containers. These boxes complement the fishnets and other fishing materials donated the year before.

(G4-EN13)

Enabler of Environment Stewardship

PLDT and Smart implemented the following initiatives:

PLDT TELEpuno's 5-year tree-planting program of 80,000 seedlings to regenerate the natural ecology of the 80 hectares of Infanta-Real Quezon watershed forest reserve reached its culmination in 2014. The program was completed in partnership with the DENR, PBSP, Multi-Sectoral Watershed Management Council, Inc. (MSWMC), and the local governments of Infanta and Real, Quezon. To make the program sustainable, it was buttressed by livelihood initiatives such as: support for the Pangasius Production Project of the Samahan ng Magbubukid at Mangingisda sa Barangay Cawayan (SMMBC); support for the Eco-Bag Project of a women's organization in Barangay Gumian called KILOS; and support for the vermi-compost project of farmer's organization KANLUNGAN.

Complementing this is PLDT's 66K M.V.P. (Movement for Volunteerism and Partnership) Trees which is an environmental greening project aimed at planting 66,000 trees participated in by the MVP Group of Companies and which covers areas in Benguet, Pampanga, Bulacan, Marikina, Iloilo, Cebu, and Davao.



Other tree-planting projects were implemented in:

- San Antonio, Naguilan, La Union
- Bago City, Negros Occidental
- Mt. Cabuyao, Tuba, Benguet
- North Luzon Expressway
- Mt. Pagturao, Bontoc, Mountain Province
- Mt. Banahaw, Liliw, Laguna
- Ipo Watershed, Norzagaray, Bulacan
- Cebu Hillylands
- Buhisan Watershed, Cebu City
- Sitio Cantipla, Barangay Tabunan, Cebu
- Real and Infanta, Quezon Watershed Forest Reserve
- Mt. Banahaw, Sariaya, Quezon
- Arakan Valley, North Cotabato
- Carmen, Cebu
- San Jose, Molo, Iloilo City

In Guimaras, Smart has adopted five hectares of mangrove plantation at the Taklong Island National Marine Reserve (TINMR) in Nueva Valencia. Two hectares have already been planted, with Smart volunteers planting 1,111 mangrove seedlings in 2015. The project is being done together with the DENR-Guimaras Provincial Office as well as people's organizations San Roque Coastal Environment Program Association and La Paz Fisherfolks and Aquatic Resources Mangrove Management Association.

Smart also took an active role in the Marikina Watershed Initiative in 2015 as it complemented the massive

government reforestation in the area by channeling its efforts on livelihood projects for the community.

Together with the Philippine Eagle Foundation (PEF), PLDT supported the Forest Corridor Development Program with a reforestation project, conservation incentives for partner-communities, and corporate adoption of a captive Philippine eagle. PLDT also supports PEF's conservation breeding program. On December 7, 2015 at 1:20 p.m., PEF announced the hatching of its MVP-adopted 26th chick, a big breakthrough after nearly five years of round robin pairing among younger sets of eagles in the conservatory.

Also notable is Smart's **Green Merchandising program**, which involves the use of eco-friendly materials for outdoor and in-store advertising and merchandising. Smart uses recyclable banners and recycled paper for its posters. It utilizes stone paper, a limestone-based plastic substitute, for its promotional store awnings. The program has received various awards such as the Sourcing Excellence grand prize from the Supply Chain Management Association of the Philippines (SCMAP) and the Asian CSR Awards 2013 in Indonesia.

PLDT and Smart volunteers also actively participate in annual Earth Day Celebrations and Coastal Clean Up campaigns, including Metro Pacific Investment, Inc's annual Shore It Up program. Smart also takes part in the annual Earth Hour advocacy such that lights in major facilities are dimmed for one hour in solidarity with the global call for conservation and sustainable development.

Enabler of Quality Health Care

(G4-EC7)

To enable quality health care for all, PLDT and Smart implemented the following programs:

SHINE. Secured Health Information Network and Exchange (SHINE) is an award-winning platform for electronic medical records and e-referral system. SHINE allows healthcare facilities such as rural health units and professionals to create electronic medical records, send electronic referrals to other facilities, generate reports, and send SMS to remind patients of their medical appointments or their medications. Recently redesigned and renamed SHINE OS+, it is now an open-source platform that allows more users, including developers, to contribute modules and plug-ins, and customize the system according to their healthcare needs and preferences. It is among the first health service solutions in the country that are compliant with the requirements of the Philippine Health Insurance Corp. and the Department of Health (DOH).

Health Centers. Donations for better health care services in rural communities included two e-Health centers in Tacloban and Biliran, both in Leyte province. Smart partnered with PDRF and HP to establish these e-Health centers that enable local health officers to test and treat patients in consultation with doctors of the Makati Medical Center via video streaming. PLDT, in partnership with PDRF, also set up the V&G Health Center in Caibaan, Tacloban City which houses brand



new equipment for a birthing clinic and general health care services. Meanwhile, PSF donated a mobile clinic to Kapampangan Development Foundation, Inc. (KDF), in addition to the 12 birthing clinics it donated for KDF communities in Pampanga and Bulacan.

Blood Drive. Dugong Alay Katumbas ay Buhay and Dugong PLDT campaigns are bloodletting activities conducted in partnership with Philippine Children's Medical Center (PCMC) and Philippine Red Cross. PLDT employees from various offices donate blood in support of the DOH campaign to provide safe blood to those in need. Dugong PLDT was given recognition during PCMC Pediatric Blood Center's 16th Pagkilala at Pasasalamat awarding ceremonies. Under the program, the blood donations gathered were given to the medical center's indigent patients.

Medical Missions. PLDT Medical Missions provide free medical and dental services and medicines to victims of calamities and disasters, impoverished constituents of various municipalities, as well as indigenous minority groups. In partnership with the local government of Zamboanga City and the City Health Office, PLDT employee volunteers from Manila and from PLDT Zamboanga Customer Service Operations Zone (CSOZ), along with volunteer doctors, conducted a medical and dental mission as well as a feeding program in barangays Muti, Tagasilay, Tigbalabag, Mangusu, and Tictapul, Zamboanga City. The project served a total of 810 medical and dental patients, both adults and children, while simultaneously feeding a total of 596 children. The PLDT VisMin Customer Service Operations District, Regional Access & Transport Operations, and RegFxATOp executives and staff also donated 550 sets of slippers to children in the said barangays.



Operation Smile. Since 2005, Smart has been supporting Operation Smile—an organization conducting medical missions in the Philippines and all over the world, giving the gift of smile to 200,000 children with cleft conditions. In the Philippines, it has provided an estimated 1,500 cleft surgeries and at least 3,000 dental treatments through medical missions. In 2015, Smart — in partnership with Ateneo Wireless Java Competency Center — developed an iOS and Android app which enables Operation Smile volunteers to take photos of patients in remote areas, key in patient information, and send the data to a Cloud-based database to be accessed by specialists afterwards. Without having to see the cleft patients personally, doctors can make initial diagnoses and provide initial therapy to prepare the patients for treatment later on.



PLDT and Smart have invested in mHealth—the practice of medicine and public health supported by wireless communication devices such as mobile phones and tablet computers. The Group has likewise rolled out inclusive health services in various parts of the Philippines.

GRI Content Index

In accordance - CORE (G4-32)

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G4.4	Primary brands, products, and/or services	14
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G4.7	Nature of ownership and legal form	12
G4.8	Markets served (geographic breakdowns)	9
G4.9	Scale of reporting organization	30,49
G4.10	Number of employees by employment contract	49
G4.12	Describe organization's supply chain	35
G4.13	Report any significant changes in the reporting period	No Changes
G4.14	Report precautionary approach principle by organization	None
G4.15	Externally developed EES charter and principles	None
G4.18	Explain process for defining report content and aspect boundaries	27
G4.19	List all identified material aspects in process of defining report content	27
G4.20	For each material aspect, report aspect boundary (within)	65
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Category	Aspects	Relevant Section	Material Concerns	Within Organization	Outside Organization	Relevance Outside the Organization
Environment	Energy	Environment	Resource Efficiency in Operations	✓		
	Water			✓		
	GHG Emissions			✓		
	Waste			✓		
Society	Community	Corporate Social Responsibility	Access to Communication	✓	✓	This applies to all our CSR programs and our partners.
Product Responsibility	Product and Service Labeling	Product and Service Innovation	Innovation in Products and Services	✓		
		Customer Experience	Response to Natural Disaster / Calamity	✓	✓	This is applicable to our suppliers and vendors to support in providing quality service at all times.
			Availability of Service Quality	✓	✓	
	Future Proof Network	Network Improvements	✓	✓		
	Customer Privacy	Customer Service	Information Security	✓		
	Compliance	Corporate Policies	Annual Reporting and Disclosure	✓		
Compliance to regulatory standards			✓	✓	Our suppliers and partners should also be compliant to the regulatory standards.	
Labor Practices	Employment	Our People	Attracting and Retaining Talent	✓		
	Occupational Health and Safety		Employees Health and Safety	✓		
Economic	Risks and Opportunities	Enterprise Risk Management	Business Continuity and Disaster Management	✓		
	Economic Impacts	Our Services	Revenue Generation	✓		
			Asset Protection	✓		

General Standard Disclosure		Page No.
G4.22	Any statements from previous report have been restated and reason for restatement	None
G4.23	Significant changes in scope and aspect boundaries from previous reporting period	None
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G4.25	Report basis for identification and selection of stakeholders	26
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	G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	50
	G4-LA6	Rates of injuries, occupational diseases, lost days, absenteeism and work related fatalities	50
	G4-LA7	Health and safety topics covered with trade unions	51
	G4-LA9	Average training hours for employees	52
	G4-LA10	Programs for skills management	53

Aspect	Specific Disclosure		Page No.
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	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor and measure taken to abolish it	None
	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced labor and measure taken to abolish it	None
	G4-S01	Percentage of operations with implemented local community engagement, impact, assessments, and developing programs	54
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	G4-PR5	Results of Customer Satisfaction	33
	G4-PR7	Incidents of non-compliance to marketing laws and codes	None
	G4-PR8	Total number of complaints regarding breaches of customer privacy and losses of customer data	33

