









Moving Towards a Sustainable Future Through ESG

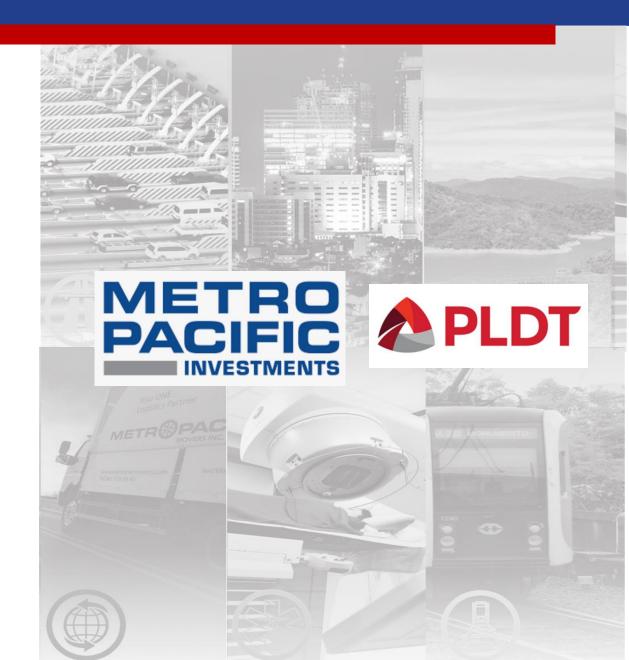
Chaye Cabal-Revilla
April 20, 2021







Sustainability
Mega Trends



Key Shifts Driving Sustainability Agenda



Regulatory Mandate



In PH, PLCs are mandated to submit Sustainability Reports alongside Annual Reports, on the basis of a "comply or explain" approach



BSP Circular 1080 Philippine banks and financial institutions are now required to incorporate environmental, social and governance and sustainability principles



PSE is now a member of the **Sustainable Stock Exchanges Initiative**, a UN Partnership Program of UNCTAD, UNGC, **UNEP and PRI**









Employee satisfaction



Nearly 40% of millennials have chosen a job because of the company's sustainability efforts. 25% Gen X and 17% of baby **boomers** concurs

Investors' Push

BlackRock.

Sustainability as a 'standard' for investing has piqued clients interest seeing **USD15.5bn** in flows into sustainable investing strategies e.g. (ESG)-optimized index exposures



UN-backed international network of investors incorporating **sustainability** into their investment decision-making and ownership practices, with over 1,700 members representing **\$81.7 trillion** in assets under management

Customer preferences



86% of Filipino consumers are willing to pay extra for products and services in comparison to the global average of 66%

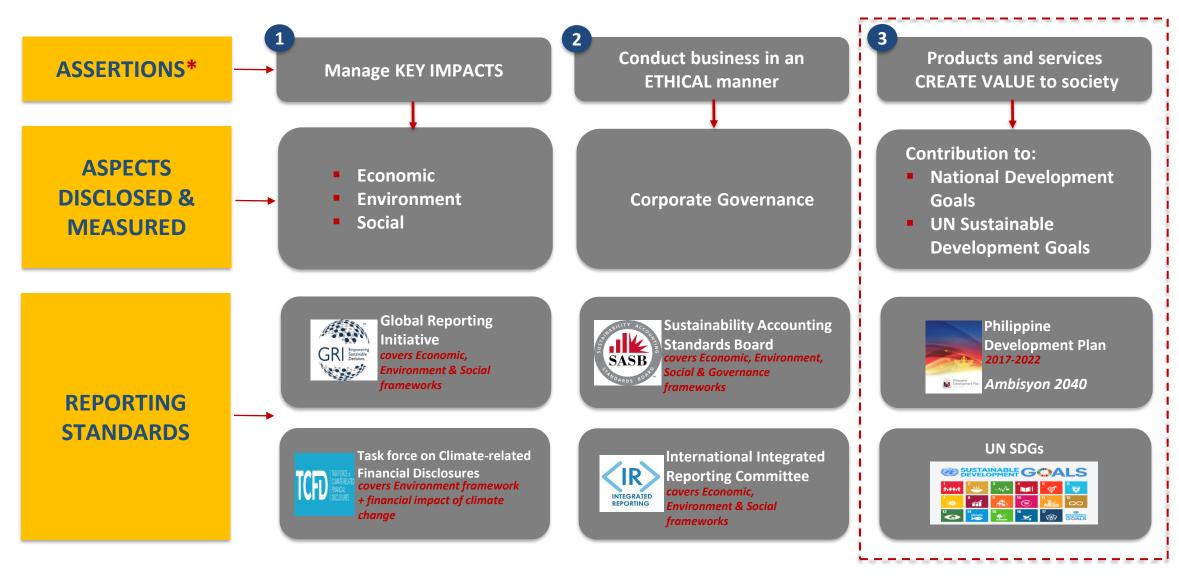


50% of sales growth among consumer packaged goods between 2013 and 2018 came from sustainability-marketed products

Sustainability from the Compliance Perspective



* Followed by the Philippine SEC



Sustainability Reporting Frameworks



GLOBAL REPORTING INITIATIVE (2000)



- HQ in Amsterdam, Netherlands
- Report content: Stakeholder inclusiveness,
 Sustainability content, Materiality
 Completeness
- Defines report quality based on: Accuracy,
 Balance, Clarity, Comparability, Reliability,
 Timeliness
- Sustainability Topics: Economic, Environmental, Social

TASK FORCE on CLIMATE-RELATED FINANCIAL DISCLOSURES (2007)



- London, United Kingdom
- Sustainability topics: Governance of climaterelated issues, Impact of climate-related issues on strategy & financial planning, Management of climate-related risks, Use of climate-related metrics and targets

SUSTAINABILITY ACCOUNTING STANDARDS BOARD (2011)



- San Francisco, USA
- Sustainability Topics: Business model and innovation, Leadership and governance, Human capital, Social capital, Environment
- Accounting metrics: Fair representation,
 Useful, Applicable, Comparable, Verifiable,
 Aligned, Neutral, Distributive

The International INTEGRATED REPORTING Framework (2009)



- London, United Kingdom
- Report content: Strategic focus and future orientation, Connectivity of information, Stakeholder relationships, Materiality, Reliability and completeness, Consistency and comparability
- Sustainability topics: Financial capital, Manufactured capital, Intellectual capital, Human capital, Social and relationship capital, natural capital

Sustainability: Investors on Impact Investing





"Our wealthiest clients want to know their <u>investments are making a</u> <u>difference to make the world a better</u> place"

- *Rina Kupferschmid-Rojas*, Global Head of Sustainable Finance at UBS Group (largest wealth-management business in the world, at \$2.4 trillion)



STATE STREET GLOBAL ADVISORS

"ESG issues have become much more important for us as long-term investors. We seek to analyze material issues such as climate risk, board quality, or cybersecurity in terms of how they impact financial value in a positive or a negative way. That's the integrative approach we are increasingly taking for all of our investments"

- *Cyrus Taraporevala*, President and CEO of State Street Global Advisors



"Responsible investment is central to our investment philosophy. Portfolio managers are accountable for assessing every investment in the context of risk, return, costs, and ESG. This has been an internal cultural evolution"

- *Claudia Kruse*, Managing Director of Global Responsible Investment and Governance for APG (world's largest pension investors, at EU570 billion)



BlackRock

"To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society. Purpose is not the sole pursuit of profits but the animating force for achieving them. Profits are in no way inconsistent with purpose—in fact, profits and purpose are inextricably linked"

- Larry Fink, CEO at BlackRock







MPIC:

Fature Proofing Our Group
Through Sustainability



MPIC: Who We Are







INVESTMENTS





99.9%



75.1% to 100% PHILIPPINE TOLL ROADS

> 29.5% to 76% INTERNATIONAL **INVESTMENTS**

Indonesia **Vietnam Thailand**

POWER Distribution & Generation

45.5%



62.4%





WATER

Treatment & Distribution

52.8%



100%



OTHERS

LOGISTICS

100%



35.8%

LIGHT RAIL



HEALTHCARE

20.0%



100%



OIL STORAGE

50%



1Q21 Sustainability Milestones



- Formalized Sustainability and Corporate Governance Committee in MPIC Board
- Established MPIC Group Sustainability Council governed by approved Sustainability Charter



Enhanced the MPIC & MPIC Group Sustainability Framework



Committed to adhering to global sustainability standards and investor disclosure requirements on top of GRI



Sustainability Accounting Standards Board

- Admitted as the first conglomerate Sustainability Accounting Standards Board (SASB) alliance member globally
- Aligned with SASB Industry Standards in MPIC's 2020 Sustainability Report



Taskforce on Climate-related Financial Disclosures

- Accepted as a TCFD supporter one of the pioneers in the Philippines
- Will align with TCFD framework in 2021 Sustainability Report



United Nations Global Compact

 Committed to the UNGC principles – as a Participant (global engagement)

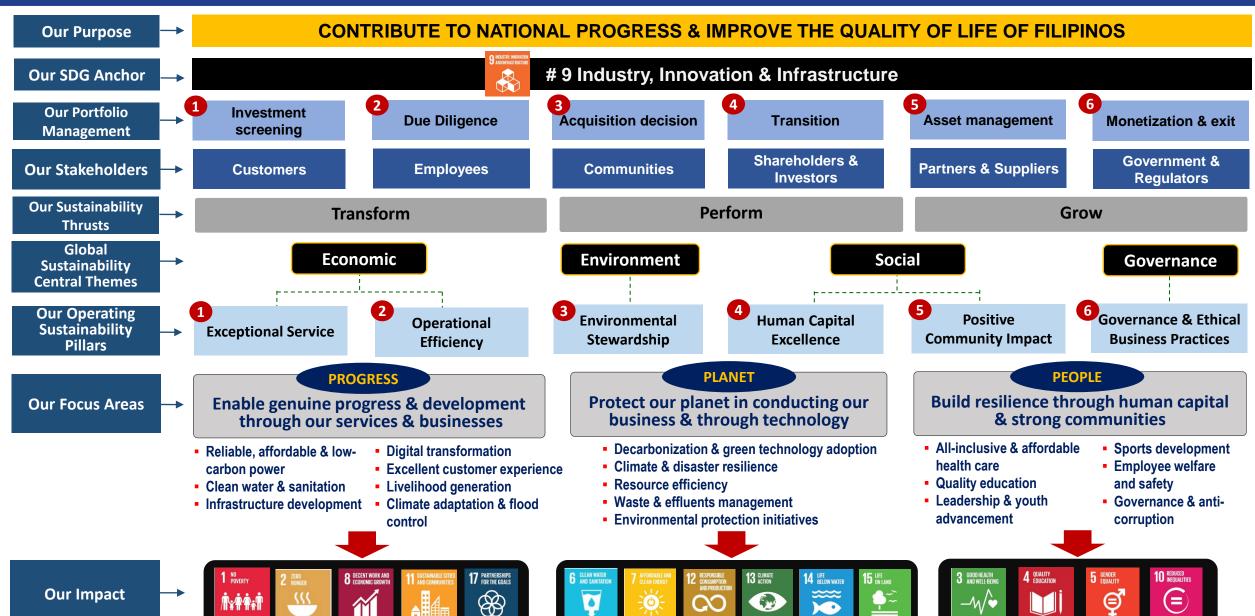


Carbon Disclosure Project

- First and only CDP supporter in the Philippines
- Will participate in 2021 disclosure cycle

MPIC Group Sustainability Framework





MPIC Group Sustainability – FOCUS AREAS



Business Activities: Contribution & Impact

PROGRESS
Enable genuine progress &

development

through our services &

businesses

Protect our planet in conducting our business & through technology

PLANET

PEOPLE

Build resilience through human capital & strong communities

How our businesses' core products and services directly address key sustainability issues at scale.

Sustainable
Development
Contributions of
Core Products
and Services

Reliable & affordable power

- Clean water & sanitation
- Infrastructure development
- Digital transformation

- Low-carbon power
- Available water resource

All-inclusive and affordable health care

How we manage our impacts from business operations across the whole value chain.

Managing
Key Impacts of
Business Activities

Excellent customer experience

- Decarbonization & green technology adoption
- Climate & disaster resilience
- Resource efficiency
- Waste & effluents management

- Employee welfare & safety
- Governance & anticorruption

How we participate in meaningful activities not directly related to our core products and services

Community Impact & Social Advocacy

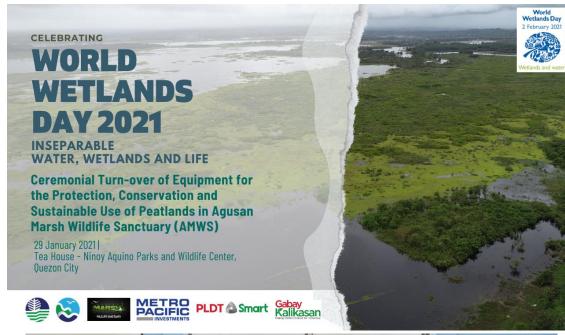
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- Livelihood generation
- Climate adaptation & flood control
- Environmental protection initiatives
- Quality education
- Leadership & youth advancement
- Sports development

COMPANY-BASED INITIATIVES

Gabay Kalikasan (Group Anchor Program)







DENR with MPIC, Maynilad, MPW, PLDT, Smart

Mangroves Conservation Campaign with Ms. Pops Fernandez
- DENR with MPIC/Shore It Up, PLDT-Smart















Power: Sustainability & Waste Management



- Use of fly ash as a raw material in cement production
- Creative recycling and upcycling

Composting to reduce landfill waste















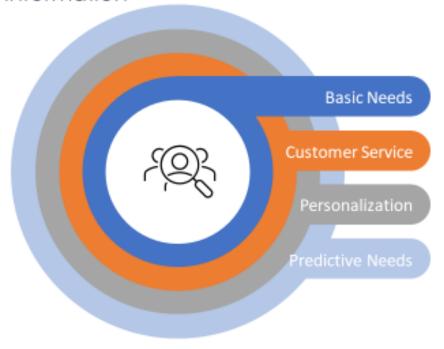
Tollways: Sustainability & Customer Experience





Digital and Data Strategy: Frustration-Free Customer Experience

Empower the customers and customer service personnel with the right tools and information



SUSTAINABILITY & CUSTOMER EXPERIENCE

- Reduced Travel Time
 - Less traffic = less gas consumption, less carbon emissions
 - Higher productivity
 - More time for family and personal wellbeing
- Fewer complaints; reduced reloading issues
 - ✓ Improved mental health
 - Reduced stress
- Greening initiatives
 - ✓ Help curb pollution and climate change
 - ✓ Health & wellness

Customer experience and sustainability at the heart of digitalization and analytics

MPIC Super ID: Sustainability & Employee Experience







Employee Identification

TRISH

CM-074



Main Office Access Card



Visa/Mastercard **Enabled Card** for Purchases In Store or Online



Wallet for Online Transactions





Access to HRIS via **QR** System



Access to MPIC Benefits via QR Code Scanning



PayMaya

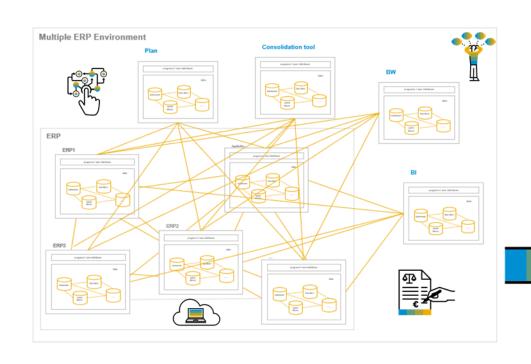
Tollways and Train Connection/ Payments via Paymaya Facility



Connection to Thousands of **Facilities Accepting** Paymaya Cards

Finance & Sustainability Transformation



















Finance Data Single Source of Truth

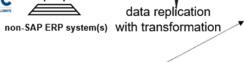




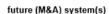
GOC





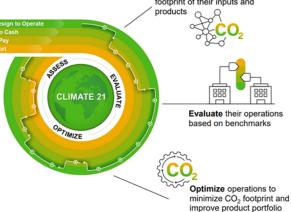








new dimension of success into analytical and transactional applications to enable an Intelligent Enterprise to minimize CO2e, across entire value chains - from cradle to gate.





APPLICATIONS



INFRASTRUCTURE



TECHNICAL MANAGED SERVICES



BUSINESS PROCESS INTELLIGENCE



PLATFORM



NETWORK

ONE Offer

ONE Contract

Unmatched TCO



Business Transformation as a Service







The PLDT Group
Sustainability Story



Sustainability Reporting Journey

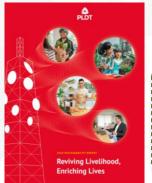


2010

2008

- SR work resumed with inquiries from analysts/investors after Typhoon Ondoy
- Workshops were held & a Task Force was formed
- A final SR was made but not finalized and printed

 Initial SR meetings were held to encourage organizational buy-in



2020



2015 2016 2017 2018 2019



- Included PLDT & Smart entities only and on GRI Economic & Social Indicators
- Determined initial material topics
- SR Team sponsored by MVP
- Determined gaps & improvement opportunities
- Report on disclosures only, no SGV assurance yet



- Added ePLDT & Voyager groups
- Expanded report on material topics
- Performance disclosures based on expanded material topics
- First SGV assurance on 8 Indicators only



- Standard disclosures were made across the PLDT Group entities
- Included detailed disclosures on material topics including management approach
- Adopted new GRI standards
- Aligned with First Pac's SR HKEX-based requirements
- SGV assurance on 12 Indicators



- Updated material topics
- UN-SDG contributions clearly defined
- Comparative 4-year performance disclosed
- Aligned and benchmarked with First Pac's SR
- SGV assurance on 13 Indicators



- Philippine SEC mandated SR reporting & compliance for yearend 2019
- First SEC official filing together with Form 17-A
- Expanded disclosures _ GRI, SASB (Telco Industry) & UNGC
- SGV assurance on 17 Indicators

Linking Sustainability to Business

Deliverable



SUSTAINABILITY

Sustainability Pillars	Awesome Customer Experience & Quality of Service	Growth-Driven Innovation	Responsible & Efficient Operations	Effective Environmental Stewardship	Positive Community Impact	Excellence in Human Capital	Good Governance & Ethical Business Practices`
		<u> </u>		•			
Specific Business Objectives	To provide reliable customer experience and improve access to and quality of services	To develop innovations that create value to consumers and society	To achieve resource efficiency in all facets of business operations	To protect our environment and our country's natural resources for sustainable development	To contribute to nation-building through community and volunteer programs that support key priorities and engagements	As an equal opportunity employer, to cultivate a diverse and inclusive culture to develop transformational leaders	To commit to the highest standards of business ethics and corporate governance requirements
Business Metrics	 Fixed and Wireless network capacity Network coverage Speed score Net promoter score Customer satisfaction survey Data Privacy and Cybersecurity incidents Data Privacy and Cybersecurity awareness programs 	 4G & 5G coverage percentage Smart cities coverage Smart Wi-Fi coverage; no. of APIs Innovative products and services launched 	 Electricity and fuel consumption GHG emission and intensity Water and waste management Energy reduction initiatives Use of environment-friendly alternatives for merchandising materials Use of renewable energy sources in operations Paperless billing 	 Carbon off-seting initiatives Waste and recycling programs Environmental awareness programs Strategic partnerships and alliances 	 Number of communities reached Number of initiatives conducted 	 Attrition rate Employee composition by age, rank, and gender Training hours Management development programs Employee benefits Employee engagement initiatives 	 Communication and training on Anti-corruption Policies and Procedures Incidents of Corruption
Collaboration with	CRO, Network, IT	CRO, Network, IdeaSpace, QBO	All BUs	PDRF, Network, Facilities, ComRel	PDRF, PSF, ComRel	People Grp	CGO. Legal, CSOG. DPG

SUSTAINABILITY REPORT – assured by SGV, compliant with Global Sustainability Standards, subject to ESG rating

Sustainability Global Alliances





SUSTAINABILITY ACCOUNTING STANDARDS BOARD

- PLDT is the First Telco to be an Alliance Member worldwide;
 First Company in Asia Pacific
- Shows our SustainabilityCommitment to global investors

TCFD

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

- PLDT was approved as a <u>pioneer</u>
 <u>Company in the Philippines</u> to be a TCFD Supporter
- 8th Telco globally
- Quantified PLDT Group's Transition,
 Market and Physical Risks in 2020



UNITED NATIONS GLOBAL COMPACT

- PLDT and Smart approved as Participants in 2020 on a global level
- PLDT-Smart's various environmental programs are a pioneer in helping curbing the impact of climate change



BSR[°]

BUSINESS FOR SOCIAL RESPONSIBILITY

- Only member company in the Philippines
- Will give us access to tech innovation and futures labs, more resilient business strategies & sustainable busines models; access to global, grant-funded sustainability initiatives & researches



GLOBAL SYSTEM FOR MOBILE SYSTEM ASSOCIATION

- Part of the GSMA-Climate Action Task Force:
- Science-based pathway to reach zero net emissions via an Climate Action Toolkit
- Enablement effect of mobile and energy efficiency of 5G
- Setting renewable energy targets
- Sharing of programs, best practices and innovations



SASB: 2020 Corporate-Investor Dialogue

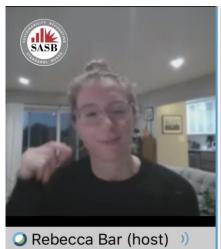


"Overall, our investor feedback participants commended PLDT for a great first SASB report and for being such an industry and regional leader." - SASB

Deep Dive #2 – PLDT

Summary of Investor Feedback

 Praised for leadership in the Philippines market





I was very impressed with the substance and that it was a very comprehensive report. It is rare to see this level of transparency in these markets, and novel to have the richness of the data. It shows a self-confidence of the company to share, track, and capture all this data. Gives a strong perception that the company is run well and has reporting embedded in the culture."

-Director of Responsible Investing at an Australian-based investment manager





Need for Climate Action





Climate Vulnerability

According to the Global Climate Risk Index (CRI) 2020, the Philippines was ranked the second country most affected in 2018 and the fourth country most affected in the last two decades by climate change.

IMPACT TO BUSINESS

- Damage to infrastructure
- Higher repairs & maintenance cost
- Service disruption
- Reputational risk
- Employee and customer health and safety
- Supply chain disruption
- Constraints on available resources



Telecommunications

| Sector Analysis: Understanding Effects of Physical and Transition Risks on Telecoms

Assessment of key physical and transition risks and their respective consequences on telecoms. This chart measures whether certain hazards will

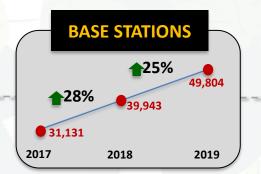
Carbon Footprint Management

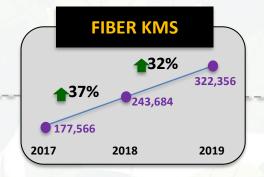


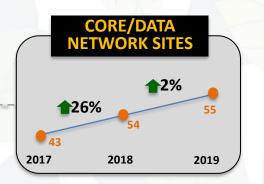
CARBON EMISSIONS

460,000 Metric Tons

Flattish in the last 3 years (Scopes 1 & 2)







RACE TO ZERO PLAN

- 1 Operational and organic efficiencies
- Reduction in average aircon temperature (3% savings) Office, Network facilities, Data centers
- Paperless billing & transactions
- Digitalization BTO/IT
- Re-usable tarpaulins/merchandising materials; redesigned SIM/SIM-jackets
- 2 Use of renewable energy in operations
 - Solar power and fuel cells for cell sites
 - Use of hybrid generators more of solar energy, fuel only when necessary
 - Energy Efficiency Collaboration: CSO, Enterprise Innolab, Network, Facilities with ADB Ventures
 - POC for Tawi-Tawi: marine renewable energy (using underwater current, tides/waves energy)

 with 3 Grant Proposals from: USAID, DOST, Schottel UK

3 Investment in environmental programs

"Companies should disclose a plan on how their business model will be compatible with a net zero economy and their plan should be incorporated in the long-term strategy"





BlackRock

Paperless Billing (Video Campaign)



How much do your monthly bills really cost?



: Environmental Programs

- Link to Business



to reach our net zero target



REFORESTATION







"Nature is the foundation of economic growth. Leaders of the world today have a moral and pragmatic imperative to take bold decisions that protect, restore and sustainably manage the only planet we have and safeguard it for present and future generations"

- World Economic Forum, The Future of Nature and Business



Global Wins for 2020





2020 GSMA DIGITAL DIVIDENDS





Natural Resource Management
GSMA featured 2 of our Sustainability programs

ured 2 of our Sustainability programs in their 3 Case Studies

2020 SUSTAINABILITY INITIATIVE OF THE YEAR















2020 A4S SUMMIT





Speaker & Panelist at the 2020 A4S Summit – Measuring Public Sector Contribution Towards & Sustainable Development with the UN, WBA & BSR

