



Moving Towards a Sustainable Future Through ESG

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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 **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



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



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

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

TASK FORCE on CLIMATE-RELATED FINANCIAL DISCLOSURES (2007)

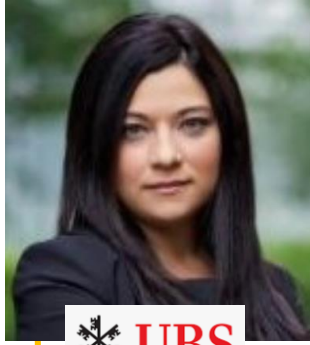


- London, United Kingdom
- Sustainability topics: Governance of climate-related issues, Impact of climate-related issues on strategy & financial planning, Management of climate-related risks, Use of climate-related metrics and targets

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



“Our wealthiest clients want to know their investments are making a difference to make the world a better place”

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



“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)



“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



“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:
Future Proofing Our Group
Through Sustainability*





TOLL ROADS

Network of toll roads

99.9%
MPTC
METRO PACIFIC TOLLWAYS

POWER

Distribution & Generation

45.5%

MERALCO


62.4%
gbp
GLOBAL BUSINESS POWER

100%

METPower
VENTURE PARTNERS

WATER

Treatment & Distribution

52.8%

Maynilad

100%
 Metro Pacific Water

OTHERS


LOGISTICS
100%

METROPAC
MOVERS INC.

HEALTHCARE
20.0%
METRO PACIFIC
HOSPITALS

100%

mwell

LIGHT RAIL
35.8%
 **LIGHT RAIL
MANILA**
CORPORATION

OIL STORAGE
50%
 **PHILIPPINE
COASTAL
STORAGE &
PIPELINE**
CORPORATION

75.1% to 100%
PHILIPPINE TOLL ROADS

29.5% to 76%
INTERNATIONAL INVESTMENTS
Indonesia
Vietnam
Thailand

1Q21 Sustainability Milestones

1

Formalized Sustainability and Corporate Governance Committee in MPIC Board

2

Established MPIC Group Sustainability Council governed by approved Sustainability Charter



3

Enhanced the MPIC & MPIC Group Sustainability Framework

4

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**

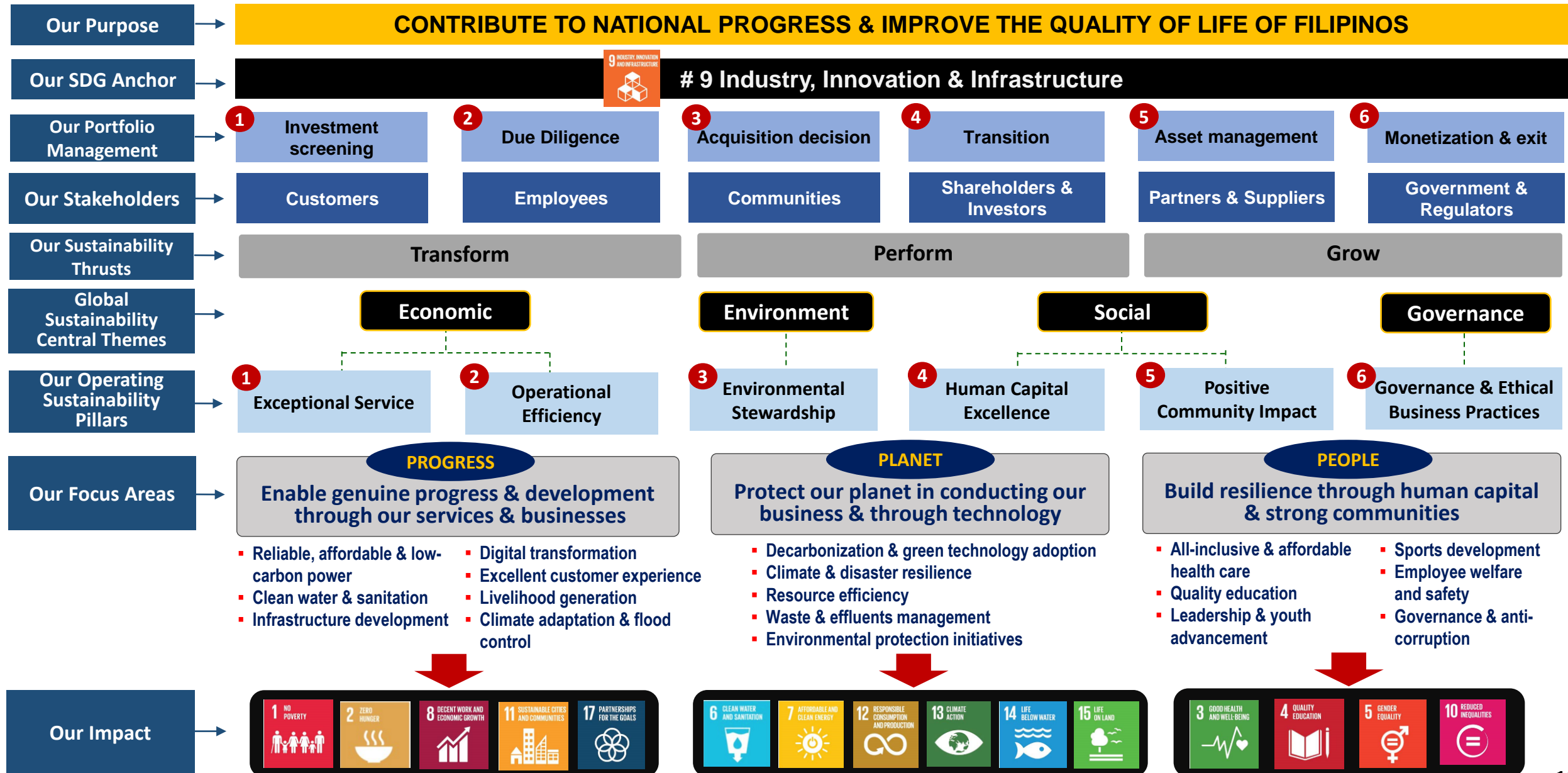
- Committed to the UNGC principles – as a **Participant** (global engagement)

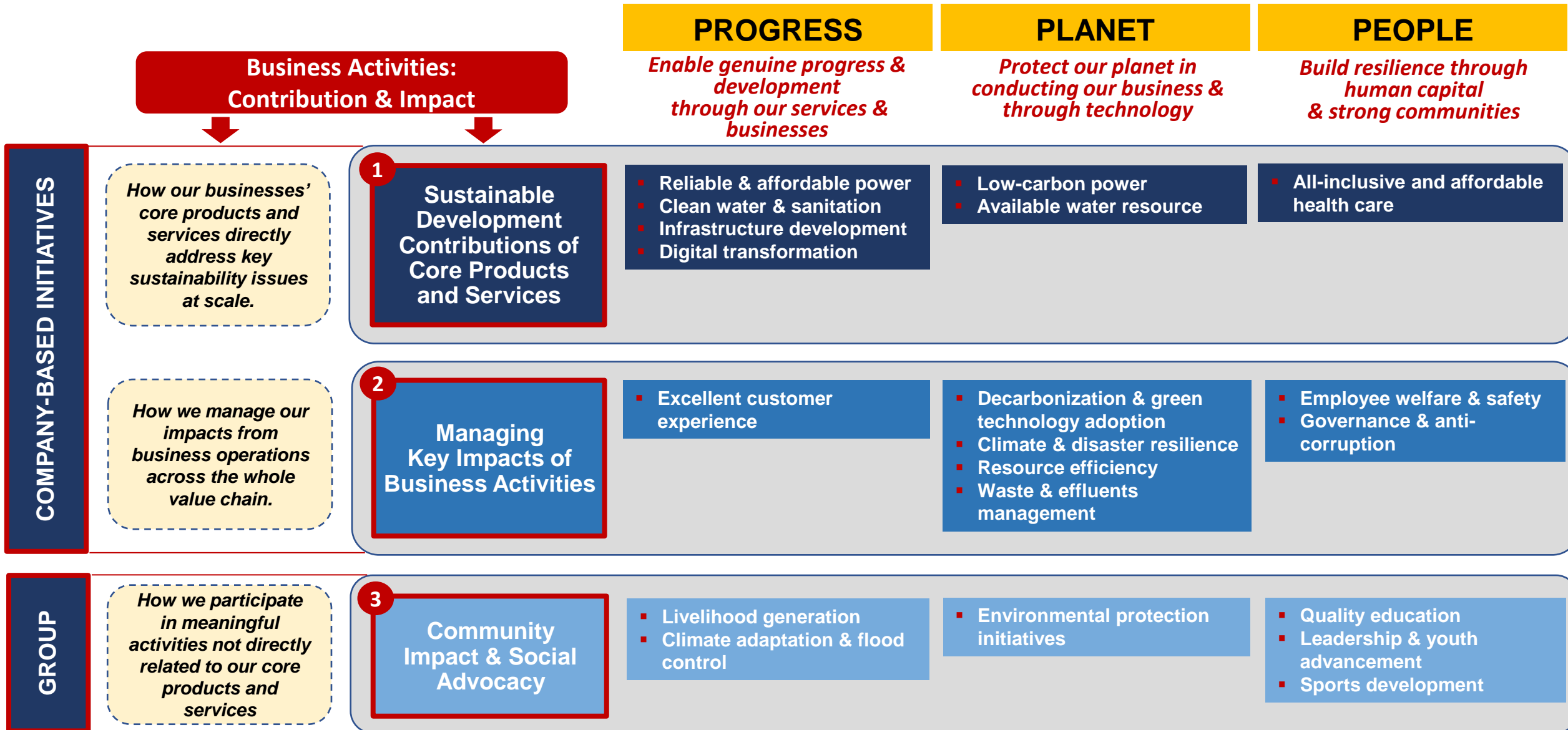


**Carbon
Disclosure
Project**

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

MPIC Group Sustainability Framework







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



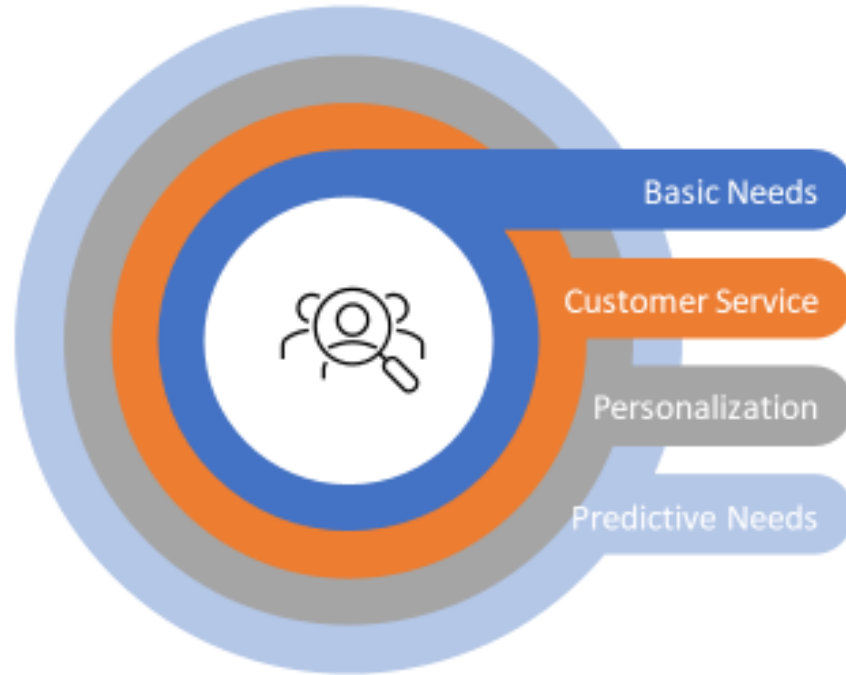
DENR with MPIC, Maynilad, MPW, PLDT, Smart

- Use of fly ash as a raw material in cement production
- Composting to reduce landfill waste
- Creative recycling and upcycling



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 well-being
- **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

AN ALL IN ONE ACCESS CARD



Employee
Identification



Main Office
Access Card



Visa/Mastercard
Enabled Card
for Purchases
In Store or
Online



Wallet for Online
Transactions



Access to
HRIS via
QR System



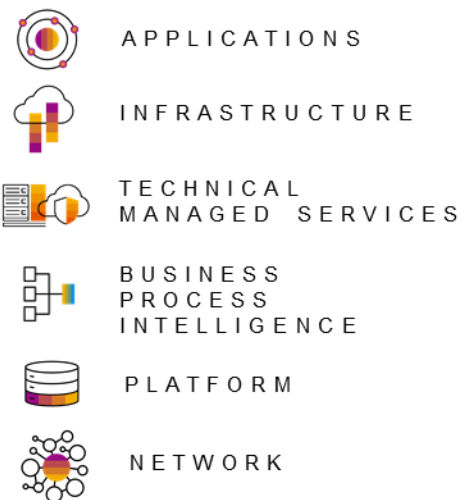
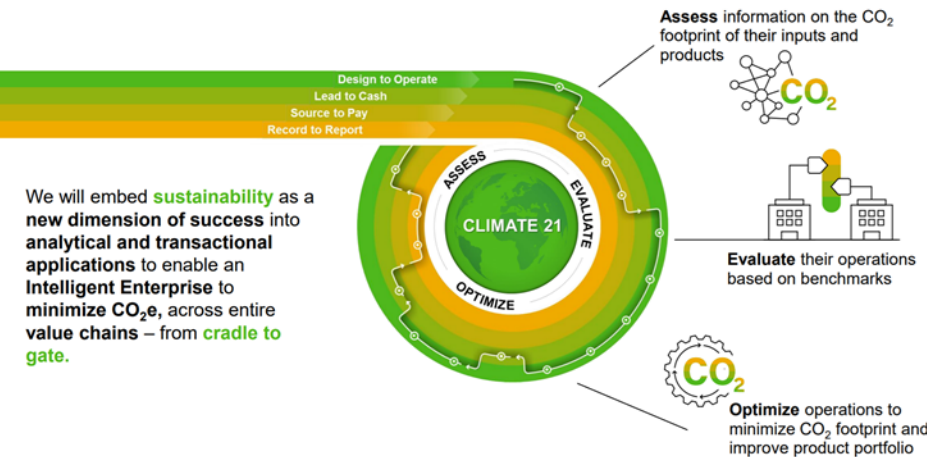
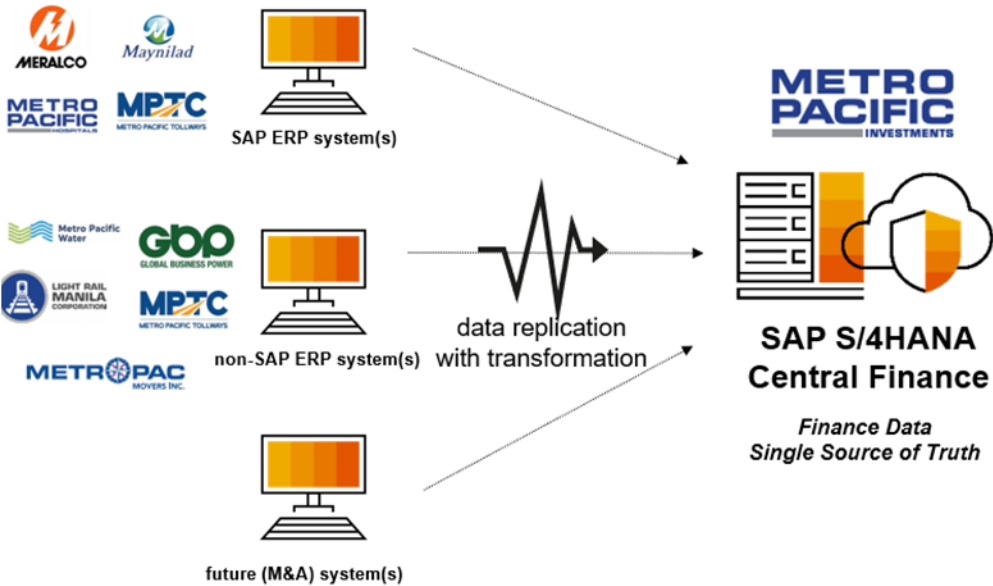
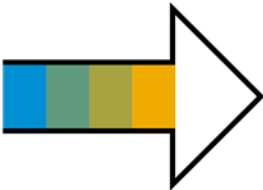
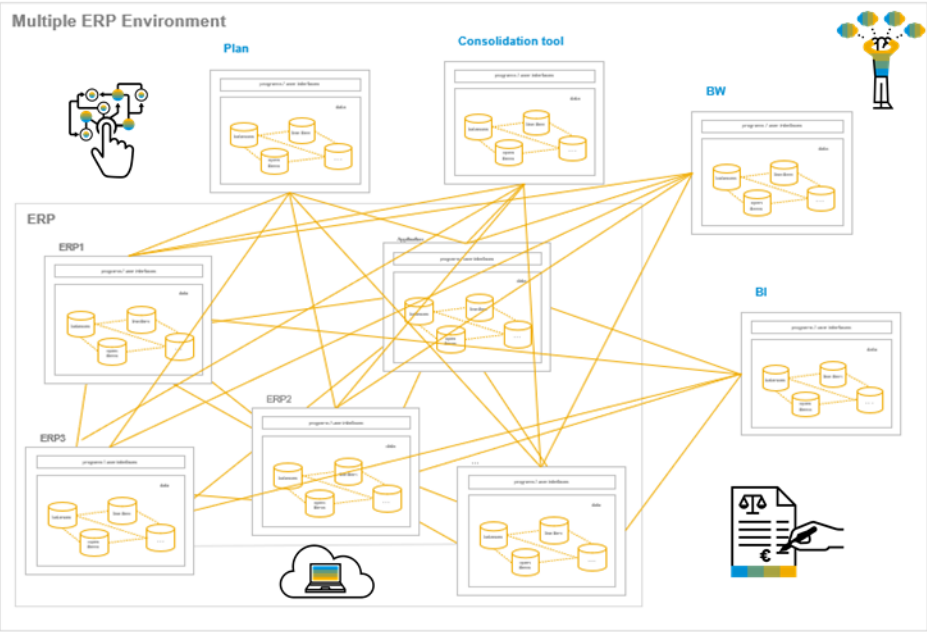
Access to
MPIC Benefits
via QR Code
Scanning



Tollways and
Train Connection/
Payments via
Paymaya Facility



Connection to
Thousands of
Facilities Accepting
Paymaya Cards



ONE Offer

ONE Contract

Unmatched TCO

RISE WITH SAP

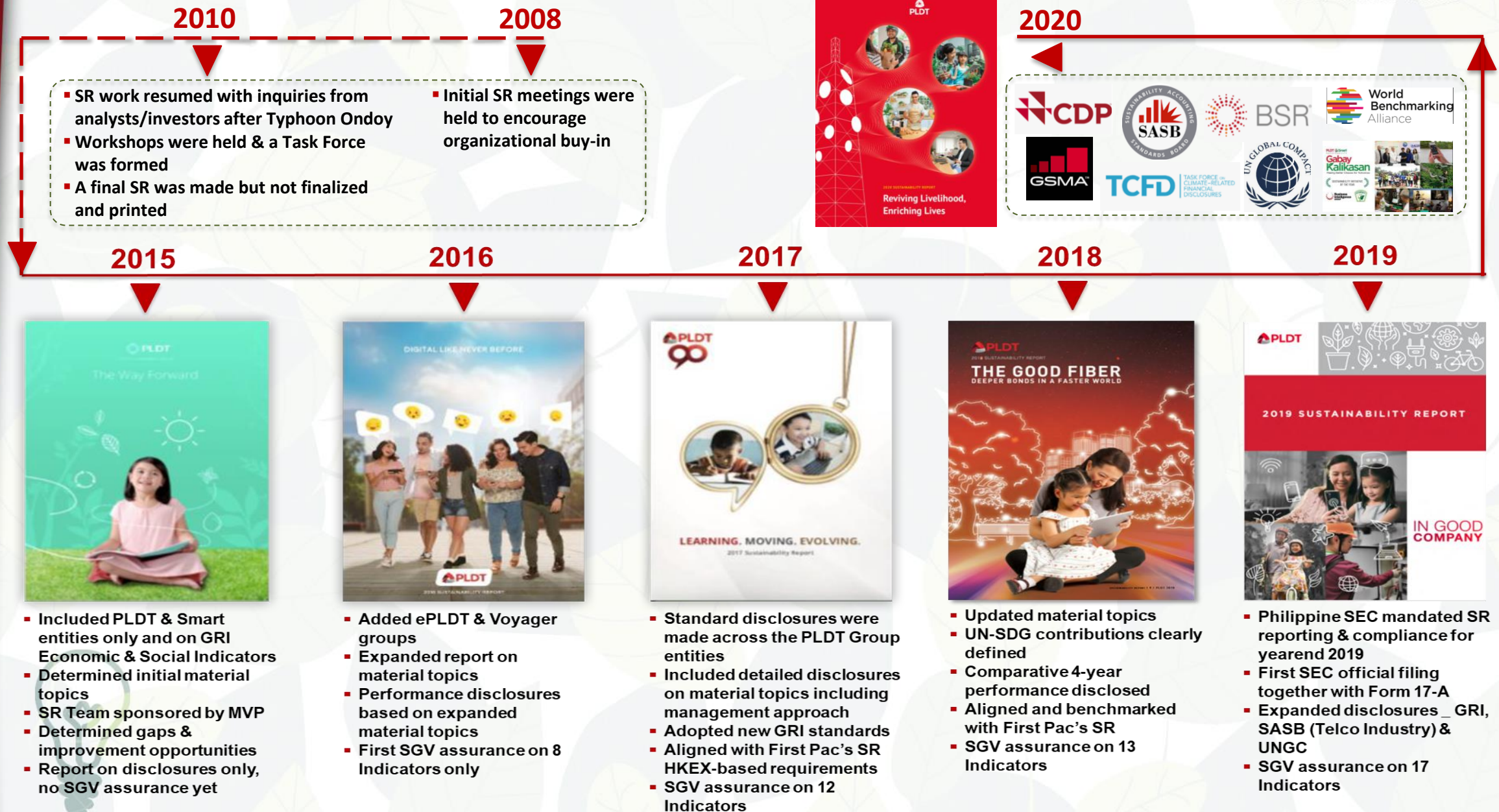
Business Transformation as a Service



The PLDT Group Sustainability Story



Sustainability Reporting Journey



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 Sustainability Commitment to global investors



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

- PLDT was approved as a pioneer Company in the Philippines 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



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 business 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



“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



Rebecca Bar (host)



Chaye Cabal-Revilla

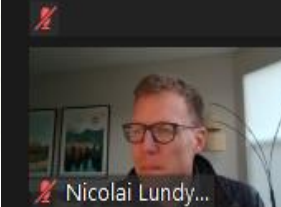
“I was very impressed with the substance and that it was a very comprehensive report. It is rare to see this level of transparency in these markets, and novel to have the richness of the data. It shows a self-confidence of the company to share, track, and capture all this data. Gives a strong perception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

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



Rebecca Bar, SA...

Chaye Cabal-Re...



Nicolai Lundy...

Jeanne-Mey Su...



Chaye Cabal-Re...

Need for Climate Action

2020 Is Our Last, Best Chance To Save The Planet

- *Time Magazine*, July 2020



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 have direct consequences on the telecom.

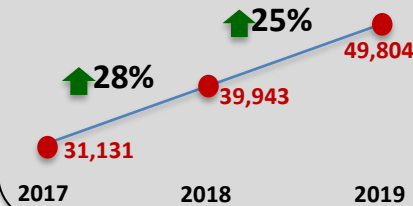
Carbon Footprint Management

CARBON EMISSIONS

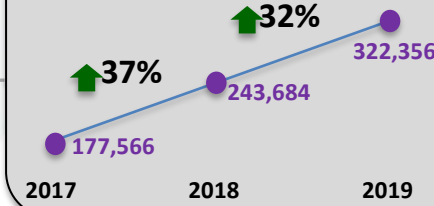
460,000 Metric Tons

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

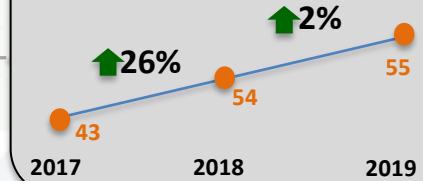
BASE STATIONS



FIBER KMS



CORE/DATA NETWORK SITES



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”

- **Larry Fink**, CEO



BlackRock

Paperless Billing

(Video Campaign)

How much do your **monthly bills** really cost?



REFORESTATION



**MANGROVES
PRESERVATION**



**MARINE
PROTECTION**



**PEATLANDS
CONSERVATION**

“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 in their 3 Case Studies



World Benchmarking Alliance

2020 WBA – DIGITAL INCLUSION

World Benchmarking Alliance

DIGITAL INCLUSION BENCHMARK TOP 10

#1	TELSTRA (Australia)	1.73/2
#2	TELEFONICA (Spain)	1.62/2
#3	ORANGE (France)	1.59/2
#4	PLDT (Philippines)	1.52/2
#5	NOKIA (Finland)	1.51/2
#6	CISCO (US)	1.47/2
#7	DEUTSCHE TELEKOM (Germany)	1.37/2
#8	HP (US)	1.32/2
#8	NTT (Japan)	1.32/2
#10	SAMSUNG (Republic of Korea)	1.30/2

PLDT Smart

2020 SUSTAINABILITY INITIATIVE OF THE YEAR

PLDT Smart SUSTAINABILITY

Gabay Kalikasan
Making Better Choices for Tomorrow

SUSTAINABILITY INITIATIVE OF THE YEAR

Business Intelligence GROUP USA



2020 A4S SUMMIT

A4S ACCOUNTING FOR SUSTAINABILITY

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



METRO PACIFIC

INVESTMENTS

