"We need to think about what are the biggest problems in Southeast Asia, and how to solve those problems quickly and effectively."

ANTHONY TAN
When my co-founder Tan Hooi Ling and I set up Grab in 2012, our aim was to address the safety concerns of passengers in Malaysia. Because of some bad incidents, some people were afraid to hop into taxis alone, especially in the early morning or at night when the roads were quiet. Visitors from overseas had also complained about overcharging by taxi drivers. By screening the drivers and using technology to track the vehicles en route to their destinations, we provided customers with peace of mind, and in the process, popularized ride-hailing in Malaysia, the Philippines and the rest of the region. Seven years later, the desire to make a positive impact on society remains firmly ingrained in our DNA. Today, a Grab ride is 1.3 times safer in terms of driver-related accidents and 1.8 times safer in terms of driver-related offences, when compared to the minimum Quality of Service standards set by the Singapore regulators. In the Philippines, the accident rate of Grab drivers is three times lower than the national average.

Grab’s vision is to drive Southeast Asia forward by improving the quality of life for everyone. Everything Grab builds is based around addressing these aspects – to increase income opportunities, financial inclusion, and middle class services. We strive to achieve a double bottom-line of delivering social value and financial value in every product and service on our platform. This year, we plan to look at how we can extend our impact to our driver-partners’ and merchants’ households too.

In the Philippines, we started Grab Misiskolar in 2016. This initiative was set up to educate drivers’ wives on managing their husband’s hard-earned income, and enable them to start their own negosyo. More than 2,000 people have attended this program.

We also recognize the changing demographics of Southeast Asia and the rise of the middle class. We aim to provide services that enable people to have more convenience in their lives, by offering services like online travel and on-demand video streaming on our platform.

Today, we are Southeast Asia’s leading super app, providing everyday services to tens of millions of customers in eight countries and helping more than 9 million micro-entrepreneurs earn more. Beyond income opportunities, we help provide financial services to the millions in Southeast Asia who do not have bank accounts. We also offer insurance and micro-loan services for our driver-partners and merchants.

When tackling real problems on the ground, Grab understands that it cannot rely on a ‘one-size-fits-all’ approach. Therefore, we adopt a hyperlocal approach for each city in Southeast Asia. This means offering multiple solutions and products, tailor-fit to address specific challenges for each city.

To do so, it is crucial to have a deep understanding of each market. This is why Grab invests heavily in technology, and is working with the local tertiary institutions and government authorities to develop local tech talent to shape the future of Southeast Asian cities.

Grab wants to be a force for good, and we look towards corporate leaders such as Globe Telecom for inspiration. Globe Telecom is a shining example of how a company can combine commercial success with support for local social innovators and start-ups.
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<td>A Conversation with the President and CEO</td>
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<td>Build the Network of Choice</td>
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<td>Obsess About the Customer</td>
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<td>Digitally Transform Businesses</td>
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<td>Management Discussion and Analysis</td>
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</tbody>
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You may access and download this Integrated Report through this QR Code.

Meanwhile, the Globe 2018 Audited Consolidated Financial Statements and Definitive Information Statement were released and filed to relevant regulators on February 28, 2019, and may be accessed from www.globe.com.ph.

For further information regarding this Integrated Report, please contact ir@globe.com.ph or gtcorpcomm@globe.com.ph.
About The Company

Globe Telecom, Inc. is a major provider of telecommunications services in the Philippines, supported by over 7,700 employees and over 1.2 million AutoloadMax (AMAX) retailers, distributors, and business partners nationwide. The company operates one of the largest and most technologically-advanced mobile, fixed line and broadband networks in the country, providing communications services to individual customers, small and medium-sized businesses, and corporate and enterprise clients. Globe currently has 74.1 million mobile subscribers (including fully mobile broadband), over 1.6 million home broadband customers, and over 1.4 million landline subscribers.

Globe is one of the largest companies in the country, and has been consistently recognized both locally and internationally for its corporate governance practices. It is listed on the Philippine Stock Exchange [GLO] with a market capitalization of US$4.8 billion as of the end of December 2018.

The company’s principal shareholders are Ayala Corporation and Singapore Telecommunications Limited, both industry leaders in their respective countries. Aside from providing financial support, this partnership has created various synergies and has enabled the sharing of best practices in the areas of purchasing, technical operations, and marketing, among others.

Globe is a member of Bridge Alliance, a strong alliance of premier mobile operators serving over 800 million customers from 34 countries in Asia Pacific, Middle East and Africa, along with strategic partners in Europe and Americas.

The company headquarters is located at The Globe Tower, 32nd Street corner 7th Avenue, Bonifacio Global City, Taguig City 1634, Metro Manila, Philippines.
**VISION**
We see a Philippines where families’ dreams come true, businesses flourish, and the nation is admired.

**MISSION**
We create wonderful experiences for people to have choices, overcome challenges, and discover new ways to enjoy life.

**PURPOSE**
In everything we do, we treat people right to create a Globe of Good.

**THE GLOBE WAY**
We put customers first.
We value people together, we make the difference.
We act with integrity.
We care like an owner.
We keep things simple.
We move fast, we are better, everyday.

**OUR STRATEGIES**

1. **BUILD THE NETWORK OF CHOICE**
To be an admired nation by providing leading-edge network technology and mobile services to about 95% of cities and municipalities in the Philippines by end of 2018.

2. **OBSESS ABOUT THE CUSTOMER**
To be the leader of the Filipino digital lifestyle by providing world-class technologies for entertainment, education, engagement and rewards designed to address customer needs.

3. **DIGITALLY TRANSFORM BUSINESSES**
To empower the local economy in its digital transformation by helping business flourish through the right technology, infrastructure, solutions and know-how.

4. **PUT PEOPLE FIRST**
To create a high performing organization through a purpose-driven workforce with a culture of empowerment, collaboration, and innovation.

**CIRCLE OF HAPPINESS PHILOSOPHY**
EMPLOYEES are empowered and find meaning in work.
CUSTOMERS are special and valued.
SHAREHOLDERS are confident and rewarded.
CONGLOMERATE MAP

The Globe Group

GLOBE TELECOM, INC

INNOVE 100%

ASTICOM 100%

GTIBH 100%

Globetel European Limited 100%

GTI Corp. 100%

GTHK 100%

Globetel Singapore 100%

UKGT**** 100%

GMI**** 100%

GIEE*** 100%

GTowers 100%

Kickstart 100%

Flipside*** 40%

Globe Capital Ventures Holdings, Inc. 100%

Globetel TeleHealth** 90%

Adspark Holdings 100%

Globe Fintech***** 45%

Adspark Inc. 100%

Socialytics 70%

Fuse***** 100%

G-Xchange, Inc.***** 100%

Yondu* 49%

Bayantel 98.57%

RCPI 91%

Sky Internet 100%

NLI 70.38%

TelicPhil*** 58%

Globetel-Japan 100%

Taodharma 57%

VTI** 50%

BAHC** 50%

BHC** 50%

AFPI* 20%

BMPL** 10%
### I. SUBSIDIARIES

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>OWNERSHIP (in percent)</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innove Communications, Inc.</td>
<td>100</td>
<td>Provides fixed line telecommunications and broadband services, high-speed internet, and private data networks for enterprise clients, services for internal applications, internet protocol-based solutions and multimedia content delivery</td>
</tr>
<tr>
<td>• TechGlobal Data Center, Inc.**</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>GTI Business Holdings, Inc. (GTI)</td>
<td>100</td>
<td>Provides Voice Over Internet Protocol (VOIP) services</td>
</tr>
<tr>
<td>• GTI Corporation (GTIC US)</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>• Globe Telecom HK Limited (GTHK)</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>• Globetel Singapore Pte Ltd (GTSG)</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>• Globetel European Limited (GTEU)</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>→ UK Globetel Limited (UKGT)****</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>→ Globe Mobile' Italy S.r.l. (GMI)*****</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>→ Globetel Internacional Europe España, S.L. (GIEE)***</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Kickstart Ventures, Inc. (Kickstart)</td>
<td>100</td>
<td>Provides aspiring technopreneurs with funds and facilities, mentorship, and market access needed to build new businesses</td>
</tr>
<tr>
<td>• Flipside Publishing Services, Inc. (FPSI)***</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Asticom Technology, Inc. (Asticom)</td>
<td>100</td>
<td>Provides shared services, system integration, and information technology services to domestic and international markets</td>
</tr>
<tr>
<td>Globe Capital Venture Holdings Inc. (GCVHI)</td>
<td>100</td>
<td>A holding company through which strategic businesses and initiatives are to be consolidated</td>
</tr>
<tr>
<td>• Globe Fintech Innovations, Inc. (GFI)*****</td>
<td>45</td>
<td></td>
</tr>
<tr>
<td>→ Fuse Lending, Inc. (Fuse)****</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>→ G-Xchange, Inc. (GXI)***</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>• Adspark Holdings, Inc. (AHI)</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>• Adspark, Inc. (AI)</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>• Socialytics, Inc. (Socialytics)</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>• Global Telehealth, Inc. (GTHI)**</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>GTowers, Inc.</td>
<td>100</td>
<td>A tower company still under pre-operating stage</td>
</tr>
<tr>
<td>Bayan Telecommunications, Inc. (BTIBayan)</td>
<td>98.57</td>
<td>Provides data and communications services such as dedicated domestic and international leased lines, frame relay services, Internet access, and other managed data services like Digital Subscriber Lines (DSL)</td>
</tr>
<tr>
<td>• Radio Communications of the Philippines, Inc. (RCPI)</td>
<td>91</td>
<td></td>
</tr>
<tr>
<td>• Sky Internet, Incorporated (Sky Internet)</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>• GlobeTel Japan, Inc.</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>• NDTN Land, Inc. (NLI)</td>
<td>70.38</td>
<td></td>
</tr>
<tr>
<td>• Telecoms Infrastructure Corp. of the Philippines (Telecphil)***</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>Taodharma, Inc. (Tao)</td>
<td>67</td>
<td>Engaged mainly in the operations of mobile communication devices and accessories retail stores which are strategically located across the Philippines</td>
</tr>
</tbody>
</table>

### II. JOINT VENTURES

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>OWNERSHIP (in percent)</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridge Mobile Pte. Ltd. (BMPL)**</td>
<td>10</td>
<td>Provides different regional mobile services to our customers</td>
</tr>
<tr>
<td>Vega Telecom, Inc. (VTI)**</td>
<td>50</td>
<td>Principal activities involve telecommunications</td>
</tr>
<tr>
<td>Bow Arken Holdings Company, Inc. (BACH)*</td>
<td>50</td>
<td>Holding company</td>
</tr>
<tr>
<td>Brightshare Holdings Corporation (BHC)*</td>
<td>50</td>
<td>Holding company</td>
</tr>
</tbody>
</table>

### III. ASSOCIATES

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>OWNERSHIP (in percent)</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>AF Payments, Inc. (AFPI)*</td>
<td>20</td>
<td>A Public-Private Partnership project to design, build, and operate the Automated Fare Collection system (AFCS)</td>
</tr>
<tr>
<td>Yondu, Inc.*</td>
<td>49</td>
<td>Provides internet and mobile value-added services, information technology, and technical services including software development and related services</td>
</tr>
</tbody>
</table>

* ACCOUNTED FOR AS ASSOCIATE
** ACCOUNTED FOR AS JOINT VENTURES
*** CEASED OPERATIONS
**** LIQUIDATED IN 2018
***** DECONSOLIDATED DUE TO LOSS OF CONTROL
**Five-Year Financial Highlights**

<table>
<thead>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Service Revenues (in Billion Pesos)</td>
<td>99.025</td>
<td>113.679</td>
<td>120.588</td>
<td>127.906</td>
<td>132.875</td>
</tr>
<tr>
<td>EBITDA (in Billion Pesos)</td>
<td>39.271</td>
<td>45.961</td>
<td>49.978</td>
<td>53.326</td>
<td>65.127</td>
</tr>
<tr>
<td>Net Income After Tax (in Billion Pesos)</td>
<td>13.372</td>
<td>16.484</td>
<td>15.888</td>
<td>15.084</td>
<td>18.626</td>
</tr>
<tr>
<td>Return on Equity (in %)</td>
<td>28</td>
<td>29</td>
<td>26</td>
<td>23</td>
<td>27</td>
</tr>
<tr>
<td>CAPEX</td>
<td>21.235</td>
<td>32.130</td>
<td>36.745</td>
<td>42.541</td>
<td>43.259</td>
</tr>
<tr>
<td>Dividend Payment to Common Shareholders (in Billion Pesos)</td>
<td>9.953</td>
<td>11.017</td>
<td>11.682</td>
<td>12.092</td>
<td>12.105</td>
</tr>
</tbody>
</table>

*2018 figures are Post-PFRS

**Economic**

**Financials**
- 33% CAPEX to Revenue ratio
- 27% Return on Equity
- 6% Shareholder Return (based on a closing share price of ₱1,900 as of December 28, 2018)

**Customers**
- 74.1M mobile customers
  » 71.5M Prepaid customers
  » 2.6M Postpaid customers
- 1.6M home broadband customers
- 38.3% Net Promoter Score

**Network and IT Infrastructure**
- Over 1,500 locations with GoWifi access
- 956 petabytes of mobile data traffic
- US$ 47M CAPEX investment for Cyber Security since 2015

**Supply Chain**
- Over 1.2M retailers nationwide
- 44.94B business to local suppliers

**Subsidiaries**
- 12,333 health-related consultations through KonsultaMD
- 450,934 customers with access to KonsultaMD
- Financial inclusion for 15M Mynt customers
- 50,000 establishments accepting Gcash QR payments
- 77,000 total number of loans disbursed
- Invested in 35 digital startups through Kickstart Ventures

**74.1M Mobile Customers**
Environment

Energy
• 6,315 Green Network Solutions deployed

Biodiversity
• Marine Protection Program for Boracay and Siargao Islands

Emissions
• 627,226 seedlings planted since 2010

Effluents and Waste
• 52.6 tons of paper saved from 3.28M customers with paperless billing
• 288,242.6 kgs of e-waste recycled
• 12.05% waste diverted from landfill

Social

Employment
• 7,716 regular employees (54% male and 46% female)
• Collective Bargaining Agreement renewed (2018-2020)

Employee Engagement
• 91% engagement score in 2018 (net of retention score)
• 87% Purpose Index
• 41% of workforce or 3,164 employees volunteered for social development causes
• 15.8% of workforce or 1,223 employees are members of 13 employee interest clubs

Learning and Development
• ₱65M invested in skills training and development
• 25.04 training hours average per headcount

Occupational Health and Safety
• Zero fatality rate and zero man-hours lost
• 7.8% of workforce or 564 employees trained on related occupational safety and health lessons

Create. History. At the 25th Anniversary of Ayala-Singtel-Globe partnership. (L-R) In the photo are Jaime Augusto Zobel de Ayala, Chairman, Ayala Corporation; Mark Anthony Javier, former president of Globe; Filemon Berba, former president of Globe, Gerardo Ablaza, Consultant of Ayala Corporation and former president of Globe; Ernest Cu, President and CEO of Globe Telecom, Chua Sock Koong, Singtel Group CEO, Simon Israel, Singtel Group Chairman
About this Report

Traditionally, Globe has been publishing annual reports and sustainability reports, with emphasis on the company’s financial and operational performance, management strategies, business activities and corporate social responsibility initiatives.

Shifting its focus to sustainable value creation, it published its second Integrated Report for 2018. It contains information about the company’s strategy, governance, and performance in the context of its external environment and how this creates value.

Through this Integrated Report, the company hopes to deepen its stakeholders’ understanding of how it contributes to addressing the major challenges and key issues in today’s society, linking its sustainability performance to its business results. This report also highlights its strategy in line with its vision, anticipating a shift towards a more digital lifestyle of every Filipino.

The 2018 Integrated Report covers data from January 1, 2018 to December 31, 2018. Select data from the previous year may be included to quantify and show year-on-year comparison, if applicable. It limited its reporting coverage to Globe Telecom, Inc., Innove Communications, and G-Xchange, Inc., particularly on the environmental, social, and governance aspects. Economic performance covers the operations of Globe and our subsidiaries with 100% ownership.

The company aligned its reporting in accordance with the International Integrated Reporting Framework (International <IR> Framework), advocated by the International Integrated Reporting Council (IIRC), the Global Reporting Initiative (GRI) Standards: Core option, the United Nations Sustainable Development Goals (SDGs), the principles in the ASEAN Corporate Governance Scorecard (ACGS) as well as the Securities and Exchange Commission’s (SEC) Integrated Annual Corporate Governance Report (i-ACGR). This report has undergone third-party external assurance conducted by DNV-GL.

Navarro Amper & Co is the independent auditor of the company’s financial statements. In accordance with regulations issued by the Securities and Exchange Commission and the Globe Audit and Related Party Transactions Committee Charter, principally handling the company’s account shall be rotated every five years. The following documents are found on page 131 onwards:

- External Assurance Certificate
- Certificate of Compliance with the Manual of Corporate Governance
- Certificate of Compliance with the Code of Conduct
- Report of the Audit and Related Party Transactions Committee to the Board of Directors
- Statement of Management’s Responsibility for Consolidated Financial Statements
- Report on the Audit of the Consolidated Financial Statements

Sustainability

From fundamental shifts in technology, industry structure, and demographics, to climate change and natural resource scarcity, the world is facing challenges that will impact generations to come.

As a leading mobile company in the Philippines, Globe is well positioned to create innovative solutions to tackle these challenges. This is not just what the business dictates, but is also driven by The Globe Purpose: in everything we do, we treat people right to create a Globe of Good.

Aligned with its purpose is the way it communicates its sustainability approach, actions, and performance to different stakeholders. This <IR> presents an opportunity to be transparent and to share the details of the company’s performance on these sustainability focus areas:

- Digital Nation
- Care for the Environment
- Care for Our People
- Positive Societal Impact

The management approach of economic performance is covered by the Corporate Governance and Management’s Discussion and Analysis sections. The company have undertaken recovery and buy-back initiatives that address its environment indicators, direct financial gains for economic indicators, and robust employee training and engagement programs that address labor practice indicators, diversity at the workplace for human rights, multi-channel platforms to define customer satisfaction, and a suite of products for digital inclusion that pertain to product responsibility, and significant community relations programs.
Materiality


Material issues and an update on the stakeholder map were defined through the consultancy services of ThePurposeBusiness, Ltd. founded in Hong Kong. The Materiality Analysis and Stakeholder Engagement exercises were done in 2015, and the outcome started to be reported in 2016.

See page 130 of this report.

<table>
<thead>
<tr>
<th>VALUE TO GLOBE</th>
<th>VALUE TO CUSTOMERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Med</td>
<td>Med</td>
</tr>
<tr>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

Stakeholder Engagement

The company's stakeholders based on their level of influence on our environmental, social, and governance performance have been grouped into eight categories after a full stakeholder engagement exercise in 2015. These groups are:

- Customers
- Frontline vendor partner
- Service vendor partner
- Government
- Parent companies and affiliates
- Employees
- Media
- Disaster respondents

Stakeholder engagement takes many forms and it can be formal and informal. Rather than having one-off consultations around specific topics, the company prefers to take an integrated approach towards stakeholder engagement. This means it has ongoing dialogue about the company’s role in society, its products and services, business performance, and other issues. This is done in both the business unit and the Group level.

The instruments used to conduct this dialogue include:

- Customer hotlines and other self-service channels and/or touchpoints, satisfaction and engagement surveys, field visits, and product launches for customers;
- Engagement surveys, independent development plan discussion, performance evaluation, planning, meeting, and/or kick-offs, strategy alignment for our employees (Ka-Globe);
- Program launches, forums, conferences and meetings, email correspondences, and focus group discussions with media;
- Conference, meetings, and/or electronic dialogue, compliance with laws and regulations, and partnerships for government;
- Meetings and SMS text message alerts for disaster respondents;
- Board and committee meetings for parent companies and affiliates;
- Meetings and alignment, and operations review and audit for service vendor partners;
- Vendor engagement survey and town halls for frontline vendor partners.
How Globe creates value

Globe Telecom is the country’s leading mobile company, driving highly customer-centric value with keen focus on enriching Filipino lives in the digital age. True to its nature of innovation and going beyond achieving business success, Globe sought and found a purpose larger than itself to serve customers more meaningfully.

The Globe Purpose is expected to further enhance the Circle of Happiness philosophy: that happy and engaged employees deliver wonderful customer experiences and strong business growth for happy shareholders. As a purpose-led organization, it is poised to create wonderful, positive, and sustainable impact to society.

CAPITALS

FINANCIAL
Driven by continued mobile data revenue growth, strong consolidated service revenues and earnings; continued investment in network expansion to monetize rising data traffic

MANUFACTURED
Fast-tracking telco infrastructure build and diversifying the customers’ multiple touchpoints and superior experience

INTELLECTUAL
Engaging with local and global partners to provide best-in-class network service, IT enablement and content offers

HUMAN
Developing a people-centered organization

SOCIAL AND RELATIONSHIP
Putting customer-centricity and nation-building at the core of business decisions

KEY STRATEGIES

BUILD THE NETWORK OF CHOICE
To be an admired nation by providing mobile services to about 95% of cities and municipalities in the Philippines by end of 2018

OBSESS ABOUT THE CUSTOMERS
To be the leader of the Filipino digital lifestyle by providing world-class technologies for entertainment, education, engagement and rewards designed to address customer needs

DIGITALLY TRANSFORM BUSINESSES
To empower the local economy in its digital transformation by helping business flourish through the right technology, infrastructure, solutions and know-how

PUT PEOPLE FIRST
To create a high-performing organization through a purpose-driven workforce with a culture of empowerment, collaboration and innovation
VALUE CREATION

SHAREHOLDERS
Globe continues to provide a sustainable, consistent and competitive dividend distribution.

EMPLOYEES
Globe employees are empowered to champion its purpose to create a Globe of Good.

CUSTOMERS
Globe customers are enabled with the power of choice as they embrace a digital lifestyle and we enable micro, small, medium and large enterprises with relevant business solutions.

BUSINESS PARTNERS AND SUPPLIERS
Globe provides opportunities to its suppliers and business partners within its supply chain.

See page 21 of this report for the Ayala Sustainability Blueprint.
Recognitions

3rd North Sumatra International Choir Competition
• Gold Medal, Globe Voices@Work, Mixed Choir
• Gold Medal, Globe Voices@Work, Musica Sacra
• Finalist, Grand Prix

15th Annual International Business Stevie Awards
• Silver, #PlayItRight, Communications or PR Campaign of the Year - Public Service

International Business Stevie Awards for Great Employers
• Gold, Employer of the Year for Telecommunications

5th Asia-Pacific Business Stevie Awards
• Gold, Innovation in Living, Learning, and Working Environments, Project PRISM
• Gold, Innovation in Education or Training App, Coach2Grow
• Silver, Innovation in Community Relations or Public Service Communications, Globe Future Makers
• Silver, Innovation in Innovation in Business-to-Business Events, Leadership Innovation Forum “Lead-In”
• Silver, Innovation in Innovation in Business-to-Business Events, Southeast Asia-United States (SEA-US) Cable System

53rd Anvil Awards
• Silver, Public Relations Tools: Exhibits and Special Events/ Conferences/ Conventions - 7th Enterprise Innovation Forum

Ad Stars
• Silver, Piracy vs Piracy, Social and Influencer; Sub Category: Social Insight and Engagement

Adobo Design Awards
• Silver, Kaleidoscope Series, Video/Film Craft (Cinematography)
• Silver, Kaleidoscope Series, Video/Film Craft (Direction)
• Silver, Kaleidoscope Series, Video/Film Craft (Editing)

ARC Awards International
• Honors, Empower the Digital Filipino, Traditional Annual Report: Telecommunications

ASEAN Corporate Governance Scorecard (ACGS)
• One of the Top Performing Publicly-Listed Companies in the Philippines

Asia Corporate Excellence and Sustainability Awards (ACES)
• Asia’s Best Workplace of the Year

Asian Sustainability Reporting Awards
• Maria Yolanda C. Crisanto, Asia’s Top Sustainability Superwomen

Boomerang Awards
• Silver, Kaleidoscope Series, Digital Craft
• Bronze, Konsulta MD “DOK Internet”

ING FINEX CFO of the Year
• Rizza Maniego-Eala, Finalist

CLIO Health Awards
• Silver, Konsulta MD “DOK Internet”

Davos Communication for Future Awards
• First Filipino company recognized by the World Communications Forum Awards Corporate Categories
• Idea of the Future, Maria Yolanda C. Crisanto, Personal Start-up and Technology
• Communications of the Future, 1st World Internet PH
• Media of the Future, 7 Ways We Create Wonderful Experiences (2016 Globe Annual and Sustainability Report)

Department of Environment and Natural Resources Award
• Certificate of Recognition, Globe Telecom, Steadfast commitment to enriching the nation’s patrimony through sustainable development

Frost and Sullivan Asia Pacific Best Practices Awards
• Cloud Infrastructure Service Provider of the Year
• Data Center Service Provider of the Year

Guinness World Records
• Plaque of Recognition: Globe Telecom Inc., for the support, active participation and partnership in breaking the Guinness World Record for most people assembling hunger relief packages simultaneously in multiple venues

Kidlat Awards
• Silver, Piracy vs. Piracy, Creative Use of Media
• Silver, Piracy vs. Piracy, Branded Corporate Social Responsibility
• Bronze, Digital Activation and Campaign

Open Signal
• 4G Availability Award

Process Excellence Network (PEX) Award
• Anti-scamming Campaign, Best Project Contributing to Customer Excellence

Spikes Asia
• Bronze, Konsulta MD “DOK Internet”

Society for Worldwide Interbank Financial Telecommunication (SWIFT)
• First and lone member of the Philippine Corporate Members

The Asset Corporate Awards
• The Asset Platinum Award, Excellence in Environmental, Social, and Corporate Governance
• Best CSR Initiative, Digital Thumbprint Program

The Eddy Awards – Philippine Entertainment Editors Awards
• Best Cinematography, Birdshot
• Best Actress, Birdshot
• Best Director, Birdshot
Memberships

- American Chamber of Commerce of the Philippines, Inc. (AmCham)
- Asia-Pacific Telecommunity Canadian Chamber of Commerce of the Philippines (CanCham)
- Asia Video Industry Association (AVIA)
- Business Continuity Managers Association of the Philippines (BCMAP)
- Contact Center Association of the Philippines (CCAP)
- Financial Executives of the Philippines (FINEX)
- GSM Association (GSMA)
- Healthcare Information Management Association of the Philippines (HIMAP)
- Infocomm Technology Association of the Philippines (ITAP)
- IT and Business Process Association of the Philippines (IBPAP)
- Makati Business Club (MBC)
- Management Association of the Phils. (MAP)
- Internet and Mobile Marketing Association of the Philippines (IMMAP)
- International Telecommunication Union (ITU)
- National Disaster Risk Reduction Management Council (NDRRMC)
- People Management Association of the Philippines (PMAAP)
- Philippine Association of National Advertisers (PANA)
- Philippine Association of National Advertisers Foundation (PANAF)
- Philippine Business for the Environment (PBE)
- Philippine Cable Television Association (PCTA)
- Philippine Chamber of Commerce and Industry (PCCI)
- Pollution Control Association of the Philippines, Inc. (PCAPI)
- Philippine Chamber of Telecommunications Operators (PCTO)
- Philippine Disaster Resilience Foundation (PDRF)
- Philippine Retailers Association (PRA)
- Public Relations Society of the Philippines (PRSP)
- Philippine Software Industry Association (PSIA)
- Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI)
- Society of Human Resource Management (SHRM)
- Supply Chain Management Association of the Philippines (SCMAP)
- Society for Worldwide Interbank Financial Telecommunication (SWIFT)
- Telecommunications and Broadcast Attorneys of the Philippines, Inc. (TELEBAP)
- World Communication Forum Association (WCFA)
INDUSTRY TRENDS

In a world that is rapidly moving and evolving, there is great opportunity to innovate and spread the benefits of access to modern technologies.

To survive and thrive, companies must stay ahead of the curve by initiating change, and providing a digital experience that enables more people to benefit from having modern technologies in their lives. This has been prompting telecommunications players to move away from the traditional “utility” business model and adopt digitalization trends to counter declining revenue and growing cybersecurity, data traffic, and disruptive technologies (Source: MSCI 2018 ICT Industry Report).

These global trends are rapidly transforming the way people live and work, while creating commercial, regulatory, and societal challenges. The issues below are identified as material to Globe Telecom as they can potentially shape assessments and perceptions about the company’s ability to create value over time.

BUILD THE NETWORK OF CHOICE

Growing demand for internet access and connectivity

Internet access and connectivity is increasing globally. For the first time ever, more than half of the global population or 4.2 billion are using the internet (2018 Global Digital suite of reports from We Are Social and Hootsuite). Majority of users have a 3G or higher speed network, and 96% of the world’s population now live within range of a mobile network (ITU 2018 Global and Regional ICT Estimates).

In the Philippines, there are already an estimated 67 million internet users (around 63% of the total population) while the mobile internet penetration rate is growing at a rate of 1.5 times (or about 30 million users) every year (Digital in 2018, We Are Social and Hootsuite).

Despite the growing trend, the digital divide continues to widen, largely due to underdeveloped infrastructure and reduced affordability of internet access.

See pages 28 to 29 of this report for further insights.

Surging data traffic

Mobile data traffic around the world has been growing exponentially as smartphones proliferate and connectivity improves. In 2018, global mobile data traffic amounted to 19.01 exabytes per month, 19% higher than in 2017 (Statista Global Mobile Data Traffic from 2017 to 2022).

Data traffic is also on the uptrend in the Philippines, which topped the world rankings for social media use for the third year in a row (2018 Global Digital suite of reports from We Are Social and Hootsuite). As the Philippine population gets increasingly connected, sharing of images, digital streaming of music and videos, and playing games, among other things, demand for more connectivity and capacity escalates. Telcos would thus have to deploy more fiber optic cables and prepare for the next wave of digitalization, further raising their capital expenditures.

See page 30 of this report for further insights.

Enabling the Internet of Things

Fifth-generation (5G) mobile networks will deliver faster and enhanced mobile broadband to consumers, transmitting data about 10 times faster than 4G LTE, the current standard (Ericsson’s June 2017 Mobility Report). 5G will also power the Internet of Things (IoT), enabling the interconnection of devices embedded in everyday objects via the internet, creating “smart cities” and a more connected world. To deliver a better customer experience using 5G, telcos will have to fortify their ICT infrastructure and increase their spending to get 5G-ready.

While some of its more developed regional neighbors are ahead in IoT adoption, the Philippines is seen to increase its share in the ASEAN IoT market by 12% and spend US$766.8 million in IoT by 2020 (2015 Frost & Sullivan report).

See page 31 of this report for further insights.
Mounting risks to business continuity

Modern technology has been increasing the pace of digitalization, or the integration of digital technologies into everyday life. While it is fueling a host of benefits, it is also making people and businesses vulnerable to risks such as cyberattacks and violation of data privacy. Adding to traditional threats to business continuity such as natural calamities and disasters and other network disruptions, companies face growing pressure to protect their business reputation, trust and confidence in their brand, and financial health.

In the Philippines, these risks pose a growing threat to business continuity. The country is seen to sustain up to US$3.5 billion in direct, indirect and induced losses from data breaches to cybersecurity (Frost & Sullivan report on “Understanding the Cybersecurity Threat Landscape in Asia Pacific: Securing the Modern Enterprise in a Digital World” released in May 2018). The study found that while 52% of companies in the Philippines had either experienced or suspected a cyberattack, 79% of firms had already deployed or were actively looking to deploy artificial intelligence to counter security breaches.

Finding ‘green’ solutions for environmental impact

Rapid growth and demand for digital technologies are causing environmental concerns. Building and maintaining mobile networks are estimated to raise carbon dioxide (CO2) emissions by 24 megatonnes from 2012 to 2015, equivalent to putting around 5 million new cars on the road (Centre for Energy-Efficient Telecommunications). Some network providers, however, have started to seize the benefits of harnessing the latest technology that allows them to reduce their ecological impact.

In the Philippines, the Department of Environment and Natural Resources (DENR) in 2017 has launched a US$35-million project to deal with the expanding problem of electronic waste, which contains hazardous substances like mercury and lead.

Changes in the regulatory environment

The increasing complexity of technology and the operating environment is leading to growing regulations in the telecommunications industry worldwide. This trend will continue to persist in the coming years, as the need to protect personal data and fight fraud online escalates (ScaleFocus report).

The Philippine telecoms industry is not isolated from these global regulatory trends. Since it was deregulated in 1987, the industry has been subjected to regulatory changes such as the Public Telecommunications Policy Act and the Open Access in Data Transmission. In 2018, the government allowed a third telco player to challenge the market dominance of existing players, Globe and PLDT. However, a study by the World Bank/IFC suggests that a third mobile operator in the Philippines is not viable without substantial reforms such as addressing the “insufficient regulatory capacity and limited authority to enforce quality and performance standards.” (World Bank/IFC study published in May 2018)

Growing appetite for digital streaming and live entertainment

More people are streaming live video content than ever before as internet penetration and speed increases, and consumers shift towards digital entertainment (eMarketers 2018 report). This is fueling the popularity of subscription over-the-top (OTT) video services such as Netflix and Amazon Prime, as well as live streaming sites. All these point to growing pressure for telcos to provide higher internet speed and bigger bandwidth so consumers can enjoy high-quality, reliable, and affordable digital streaming services.

In the Philippines, while visiting social media sites remains the top activity for Filipinos online, watching videos and playing games also rank highly. The top 10 sites visited by Filipinos are also all related to videos (HootSuite’s WeAreSocial - Southeast Asia Digital Snapshot of 2018).
INDUSTRY TRENDS

Increasing preference for customized products and services

Today’s consumers are more hyper-connected to multiple devices and channels and craving for more personalization and customization. An online survey of consumers showed 80% of respondents said they are more likely to do business with a company if it offers personalized experiences (Epsilon’s 2017 report, “The Power of Me”).

See pages 50 to 51 of this report for further insights.

Rising customer expectations for better service

With millions of subscribers, a variety of new products, and bundled and customized solutions, telcos need to customize at scale (1:1 marketing scale). They turn to modern technology to perform highly sophisticated customer service functions and this translates into better customer experience, and benefits their bottom line. Personalization can reduce acquisition costs by as much as 50% lift revenues by 5 to 15%, and increase the efficiency of marketing spend by 10 to 30% (Harvard Business Review 2015 study cited in an article by McKinsey & Company).

See pages 51 to 52 of this report for further insights.

Mounting cyber insecurity in a connected world

While technology has made everything more accessible and convenient, it has also made consumers more vulnerable to cyberattacks and criminal activities online. This is driving global spending on information security products and services which is predicted to reach US$124 billion in 2019. Securing data privacy will drive at least 10% of market demand (Gartner, Inc.).

The Philippines has been ranked as one of the ten most countries in the world with the highest volumes of cyberattacks in 2018 (Kaspersky Lab). Global coalition DQ Institute also ranked the country 2nd globally in terms of the youth’s exposure to cyber attacks. As internet access becomes more accessible to Filipinos, the potential to amplify existing risks or create new ones also increases. This underscores the urgency to educate consumers on the responsible use of the internet and protect them from cyber threats.

See pages 53 to 54 of this report for further insights.

Megatrend: Connecting the unbanked and underserved

While half of the world’s population is expected to be connected to the internet by the end of 2019, the other half – an estimated 3.8 billion people – will remain unconnected and unable to reap the social and economic benefits of the digital world.

The United Nations’ Broadband Commission for Sustainable Development has thus set seven ambitious yet achievable 2025 targets in support of “Connecting the Other Half” of the world’s population. The targets specifically seek to expand broadband infrastructure, and internet access and use by populations around the world, in support of achievement of the UN Sustainable Development Goals. Attaining this goal should benefit the “unbanked” population, estimated at 1.7 billion adults out of the 5 billion world adult population (World Global Index 2017 report).

In the Philippines, the figures remain staggering. The Bangko Sentral ng Pilipinas (BSP), the country’s central bank, said 52.8 million or nearly 75% of the country’s adult population are considered “unbanked” or without a bank account (2017 BSP Financial Inclusion Survey).

See pages 55 to 57 of this report for further insights.

Megatrend: Growing volunteer bandwagon

More than one billion people volunteer globally, equivalent to over 109 million full-time workers. This global volunteer workforce, or “volunteeria,” exceeds the number of people employed in six of the 10 most populous countries worldwide (State of the World’s Volunteerism Report 2018, published by the United Nations Volunteers programme).

Globally, the Philippines ranked 8th out of 146 countries in terms of having the highest number of people volunteering their time, according to the CAF World Giving Index 2018 by United Kingdom-based Charities Aid Foundation (CAF). The report said 19 million Filipinos volunteered in 2017 and ranked the Philippines 89th in global giving.

See pages 59 to 61 of this report for further insights.
DIGITALLY TRANSFORM BUSINESSES

Increasing digitization

Digitization, or the process of converting information into digital format, continues to grow among companies of all sizes, industries, and geographic locations. The overall economic value of digital transformation to business and society is expected to top US$100 trillion by 2025 (World Economic Forum).

Yet even with the onset of modern technologies such as 5G and artificial intelligence, the Philippines still lags behind in digitization (Asian Digital Transformation Index 2018 published by the Economist Intelligence Unit). The lack of adequate digital infrastructure, human capital, and industry connectivity were cited as primary reasons for the country’s poor ranking (10th out of 11) in the EIU’s 2018 Asian Digital Transformation Index.

See pages 64 to 66 of this report for further insights.

Growing talent and skills gap

The emergence of technology such as artificial intelligence and robotics has given way to fears that machines will replace humans in the near future. Research, however, suggests otherwise: there will be an enormous deficit of skilled workers, estimated at 85.2 million globally, by 2030 (Korn Ferry Institute study). This points to the need for businesses to source the right skills and talent to reap the benefits in the new digital economy.

While the Philippines is considered demographically gifted with a huge population of young people joining the labor force, it continues to rank poorly in terms of digital readiness (2018 World Digital Competitiveness report issued by Switzerland’s International Institute for Management Development). The country ranked 56th out of 63 countries, dropping 10 places from its 46th spot in 2017. In Asia-Pacific, the country remains one of the worst-ranked, finishing 12th among 14. The report ranked countries according to three factors: knowledge, technology, and “future readiness,” which measures the level of preparedness of the country to exploit and adapt to digital transformation.

See pages 66 to 68 of this report for further insights.

PUT PEOPLE FIRST

Waging the War for Talent

Competition to attract and retain employees has become fierce as few workers are available to replace the “baby boomers” now leaving the workforce in advanced economies. Thus the war for talent has now been identified as one of the biggest global risks to companies in the near future. Failure to attract and retain top talent can adversely impact the competitiveness and profitability of companies and, therefore, economic productivity (Enterprise Risk Management Academy).

In the Philippines, a study found that about 65% of college graduates do not have the right skills and training to qualify for the jobs of their choice, while one out of three Filipinos is employable (National Employability Report, conducted by a Delhi-based Aspiring Minds, 2017).

See pages 70 to 83 of this report for further insights.
I am happy to report that 2018 was a milestone year for Globe Telecom as it continued to deliver positive results despite serious challenges in the regulatory landscape. Allow me to put our environment in its proper context by going over the key highlights around our macroeconomic, regulatory, and corporate developments.

PHILIPPINE ECONOMIC PERFORMANCE

While the Philippine economy grew by 6.2%, falling below the 6.7% level of 2017, it marked the seventh consecutive year of economic growth in excess of 6%, a level that many countries seek to achieve.

Domestic demand once again led the economy’s growth, buoyed by consumer spending and the government’s infrastructure program. Consumer spending was supported by overseas remittances which reached US$32.2 billion compared to US$31.3 billion in 2017.

The Bangko Sentral ng Pilipinas (BSP) was forced to raise policy rates in the second half of 2018 after inflation began to rise due to higher global fuel prices, domestic bottlenecks that affected food prices, a weaker peso, and the one-off effects of the tax reform program.

FINANCIAL PERFORMANCE

Despite a slowdown in the country’s economic growth, Globe posted favorable results with consolidated revenues climbing 10% to ₱140.2 billion*. Our EBITDA margin rose to 49%** from last year’s 42%, bringing total EBITDA to ₱65.1 billion**.

This translated to a net income of ₱18.45 billion*, which grew 22% from a year ago.

Data-related services again accounted for the majority of service revenues, now at 61% of revenues versus 54% a year ago. Moving forward, we will continue to expand our data network to meet robust customer demand. This is consistent with our intent to deliver first world internet connectivity to support our country’s digital aspirations and take the Philippines to the level of its more progressive regional neighbors.

GLOBE WELCOMES THE NEW MOBILE PLAYER

Globe welcomes the entry of the new mobile player to the local telecommunications industry as this fosters a healthy competitive environment to the benefit of the consumer. As we have previously and continuously stated, we hope that the government will support not only the new entrant but all the existing operators under this new industry structure. As an important contributor to this industry, Globe now provides services to over 75 million customers.

In support for the government’s efforts to improve internet service, Globe took the step of announcing plans to divest its tower assets with the incorporation last July 2018 of a separate tower holding company. This initiative will encourage new providers of capital to join our infrastructure rollout, while allowing other industry players to pool resources for the important deployment of assets to achieve coverage.

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* Pre-PFRS
** Post-PFRS
COMMITMENT TO CREATING SHAREHOLDER VALUE

We remain committed to creating value for our shareholders with a total payout of ₱12.1 billion in common share dividends for the year 2018, similar to what we had in the previous year. This represents about 89% of 2017 core net income, in line with our dividend policy of 75% to 90% of prior year’s core net income. This also translates to a 4.9% dividend yield, which is more competitive than the yields of other Philippine listed companies.

Our commitment to 10 of the UN Sustainable Development Goals have been our Sustainability compass, guiding us in our strategies for inclusive and sustainable development for the country.

Globe aims to ensure inclusive and equitable quality education for all through our Global Filipino Schools (GFS) program. Our GFS program is now available across 17 regions in the country, enabling 218 public schools across the Philippines with ICT tools and methodologies that will equip them for a 21st-century education.

We continue to strengthen our partnership with the Department of Education and other stakeholders as we further expanded our network coverage within school vicinities to provide these schools with digital equipment, internet connectivity, and intensive teacher training. We also help inculcate content-responsible digital citizenship among young Filipino learners within the program.

In our effort to save the environment, we partnered with Save Philippine Seas (SPS), an independent non-government, non-profit organization that aims to protect the country’s rich marine resources through citizen-led initiatives. We have rolled out marine biodiversity programs in Boracay and Siargao, equipping the community and business stakeholders with modules on best practices on sustainability and biodiversity.

OUR VISION FOR THE COUNTRY

With the digital revolution taking place across many industries, Globe is aggressively broadening its business mandate to address societal challenges by leveraging its business know-how, its innovation initiatives, and its resources in order to engage and add value to society in more relevant ways.

True value can be realized when we work to build more inclusive businesses. Companies can harness innovation and creativity by moving beyond traditional models and use them to empower the markets that have sustained our businesses.

A prime example of our efforts in fostering inclusivity can be seen in our fintech business under Mynt. A joint venture with Ant Financial and Ayala, Mynt operates two other companies: GCash, the leading mobile wallet in the Philippines, and Fuse, a micro-lending company that extends small loans to Filipinos for as small as ₱1,000 via GCash through GCredit. These services are readily available to any Filipino that has a bar phone or smartphone that will register to the service.

Recognizing the challenges faced by the unbanked, Mynt set out to develop and sustain GCash ecosystems around the country. GCash now has over 50,000 QR merchants in the Philippines, scattered around malls, independent establishments, sari-sari stores, and even ambulant vendors.

GCash is now the country’s leading mobile wallet, growing exponentially to 15 million registered users nationwide in just three years. It has been awarded the Best Mobile Payment App of the Year in 2017 by The Asian Banker, and the Best Mobile Payment Service Award by the Telecom Asia Awards in 2018. It is also the leading finance app in the Google Play Store since 2015.

CLOSING REMARKS

In closing, let me thank our Board of Directors, the management team, and all our employees for their untiring commitment and dedication to serving our customers. Our board members remained engaged across a variety of governance committees throughout the year and our employee and executive teams work tirelessly to improve our standards, to innovate, and to enhance our customers’ experience. I would also like to also thank our business partners for their support, our customers for their loyal patronage, and our fellow shareholders for their trust and confidence in our ability to build and create stakeholder value in the years ahead.

Jaime Augusto Zobel de Ayala
Chairman
Ayala anchored its sustainability efforts with the UN Sustainable Development Goals in 2015. The UN SDGs serve as business objectives aligned with its purpose of Accelerating the Future by seeing potential, making businesses better, and improving lives.

For the past two integrated reports, Ayala disclosed its contributions to the SDGs. Now, the group is more deliberate in its contribution by setting targets and having champions for SDGs that are core to the businesses across the group.

**AFFORDABLE INTERNET ACCESS (SDG 9.C)**

By 2030, Globe will lead the country’s digital transformation by significantly increasing access to information and communications (ICT) for consumers and businesses, providing universal and affordable Internet access in the Philippines for 90% of the population.

**ENVIRONMENT MANAGEMENT (SDG 9.4)**

By 2030, Globe will upgrade infrastructure and retrofit its industries to make them sustainable with increased resource-use efficiency and greater adoption of clean and environmentally-sound technologies resulting in 30% reduction of CO2 emission intensity based on 2017 levels.

**FINANCIAL SERVICES (SDG 9.3.1)**

By 2030, Globe will increase the access of small-scale industrial and other enterprises in the Philippines to financial services and their integration into value chains and markets for 60% of total retail market.

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Jaime Augusto Zobel de Ayala, Chairman of Globe Telecom donates an old phone in support of Project 1 Phone, a recycling program focused on electronic waste and its proceeds are used to build classrooms.
A CONVERSATION WITH THE PRESIDENT AND CEO
Regulations were at the forefront of the telecommunications industry in 2018. There were many changes driven by government, including new regulatory policies with the intent of improving services to the public and lowering barriers for entry of a third player. Some policy changes required Globe to spend money on network and platform updates, such as the new prepaid load validity, which had the highest impact in terms of operations, and product offers.

Even though new regulations have been put in place, there is one fundamental issue that derails good intentions and hinders the delivery of services to consumers: the lack of ICT infrastructure. This affects the quality of internet services in the country, and is largely due to the debilitating permitting process - the single biggest hurdle in building cell sites and rolling out last mile fiber to homes. Currently, an average of 25 permits are needed for a new cell site, a process that takes about eight months to complete. If we are to make consumer benefits inclusive for all, the longest and most critical path of issuing permits must be addressed soon.

With low cell site density and exploding data demand, the industry as a whole is pressed to do massive capital spending. In 2018, Globe spent a record ₱43.3 billion or US$821 million in cash capital expenditures (CAPEX), and 77% of which was spent for data-related services. This translates to a CAPEX to revenue ratio of 33%, a record high among operators in the Asia Pacific region. In line with the company’s continued expansion and enhancement of its data network, cash capex is expected to reach ₱63.0 billion or approximately US$1.2 billion in 2019.

Against this landscape, Globe delivered a remarkable year of transformational growth while posting another record financial performance. Globe also received two major international recognitions as Employer of the Year by the International Business Stevie Awards and Asia’s Best Workplace of the Year by the Asia Corporate Excellence and Sustainability (ACES) Awards.

In this interview, Globe President and CEO Ernest L. Cu talks about the company’s relentless drive to push consumers and businesses towards a digital nation.

What made 2018 a record year for Globe?

We are proud of what we achieved in 2018, growing in all aspects of the business - mobile, home broadband, SMEs and enterprise - ably supported by a robust, intelligent network.

Our strategy remained the same, anchored on providing the best digital experience to our customers. This year, we focused on bringing internet services to more Filipino households through wireless home broadband, creating value through relevant content, improving how we talk to our customers through digital sales and care channels, and constantly improving overall network experience.

Our consolidated service revenues (post-Philippine Financial Reporting Standards or PFRS) hit a new record high of ₱132.9 billion. Excluding the impact of the PFRS 15 adjustments, total consolidated service revenues posted ₱140.2 billion, up 10% year-on-year. Our net income grew by 23% to ₱18.6 billion. We were also able to bring our EBITDA margin to 49% or ₱65.1 billion due to higher revenue and managed cost.

Driving this strong revenue performance once again were our data-related services which now account for 61% of our total service revenues. Mobile Data services, at ₱55.3 billion, contributed 65% of our data-related services. Fixed wireless and wireline broadband services, stood at ₱18.5 billion, accounted for 21%. Corporate data, amounted to ₱11.8 billion, comprised 14%.

As the country’s number one mobile network provider, Globe continued to benefit from the shift towards mobile data, which remained the top contributor to our mobile business, and now accounts for 52% of gross mobile service revenues from 44% a year ago. Heightened consumer spending, leading to higher prepaid top-ups, fueled mobile data traffic from 600 petabytes in 2017 to 956 petabytes in 2018. In comparison, our revenues from mobile voice and mobile SMS were down 6% and 8%, respectively, versus 2017.

Mobile revenues reached ₱99.5 billion on a post-PFRS basis, while pre-PFRS revenues registered at ₱106.9 billion, up 9% from a year ago. From a product perspective, mobile data revenues reached ₱50.8 billion in 2018 on a post-PFRS basis, while pre-PFRS mobile data revenues were higher by 28% versus the ₱43.1 billion reported in 2017.
Our mobile subscriber base totaled 74.1 million as of end-December 2018. While our total home broadband subscriber base reached over 1.6 million, an increase of 24% from 2017, of which around 61% are home wireless subscribers.

Supporting this strong performance are our pervasive 4G/LTE network, and the wide array of content offers, thanks to our partnerships with industry leaders and global content brands.

**What major initiatives did you undertake to improve customer experience?**

The philosophy of customer first and improving experience as a competitive advantage continues at Globe. Every year, we allocate substantial investments both on IT systems and network. Our quest is to continue to deliver what the Filipinos need in terms of connectivity.

Some of our major initiatives include the use of artificial intelligence, Big Data, and automation, to deliver better customer experience. The use of artificial intelligence and machine learning will further accelerate the delivery of real-time and insightful information. Part of the challenge with human-based customer care is variability in the experience. What we are doing is taking all the data we have in our intelligent systems, partnering with a technology provider like Amazon, and infusing more intelligence into the “agent,” which doesn’t always have to be a human being. You could interact via chat with the system and it knows if you have called us up three times, a VIP customer, or have made a dropped call. Based on our algorithms, the system can recommend a product tailor-fitted to your needs. We are also teaching the virtual assistant Alexa to interact in Tagalog-English (Taglish), putting in 1,000 hours of training. We want these things to be as seamless as possible.

**How did you extend inclusion in 2018?**

At Globe, we look at capacity in terms of bandwidth and speed, i.e., more people enjoying higher speeds on the same infrastructure. There are a lot of opportunities to serve households and that’s what we will take advantage of, given the country’s lack of fixed home broadband. Thus, our initial 5G offer will be for home use and this will happen next year.

The second thing that we accelerated this year was the home prepaid wifi, a first in the Philippine market. Prepaid is still the preferred payment method by a majority of Filipinos. In fact, 96 percent of our mobile customer base is prepaid, so we don’t see any reason why home broadband would be different.

The advent of financial technology also came through very loudly this year. The GCash proposition finally came into its own and is fast becoming mainstream. GCash now has 15 million registered users, and 50,000 merchants accepting QR payments. There are many users who mostly depend on it now. It has a lot of impact because it can transform the Philippines into a cashless society, while exemplifying financial inclusion among the unbanked.

We came out with banking and bank-like products. We made the Know Your Customer (KYC) process much easier through GCash. All new features, such as facial recognition system, make it easy for people to get “banked.” And GCash is broader than banking because with it you’re given a credit score, which you can eventually use when applying for home credit or a new motorcycle loan. The higher your score, the better your risk rating. It also has a record of all your financial transactions – a first in the Philippines for the masses. GCash has the most number of banks you can transfer money to, about 32 banks in total, and is the single biggest place where you can pay your bills. The convenience is unprecedented and it creates real inclusion.

We pursue the creation of quality Filipino content to go global and bring out the best in Filipino artists. Our local film industry is very small, which is unusual for a population of 100 million. We’re trying to support areas of the arts that are under-invested in. We back quality films, taking advantage of our partnerships with global distributors like Netflix, Amazon, and Disney to be able to sell Filipino movies to more audiences. I believe that up until this point, there has been no way to showcase Filipino content in a global manner.

We actually have three platforms for Filipino content going global. There’s Globe Studios, the conduit to reaching Netflix, Amazon Prime, and Disney. It helps fund quality movies that Netflix will buy, such as Birdshot, Heneral Luna, and Goyo: Ang Batang Heneral. There’s also music via the Elements Music Camp, a homebase where aspiring singers and Filipino and American professional singer-songwriters mentors were brought together to create wonderful music that can go global. The Camp produced our first 10 songs. And then there’s fashion through Stylefest PH, mentoring and helping the industry to grow.

**What major events or developments do you see emerging in the next 10 years?**

One of the most exciting things that telcos all over the world are looking at is 5G technology. This new technology can potentially change the way we live through smart cities and smart homes, and will bring with it a whole new ecosystem of devices, experiences and innovations. We are launching 5G for the home in the second quarter of 2019. We are on track, and we’ve been ready for some time.

5G technology will push adoption of Internet of Things (IoT), which is seen to become a critical engine for future growth for the telco
DEMOCRATIZING CONNECTIVITY AND INCLUSIVITY

Donald Trump

President & CEO

Ernest L. Cu

Philippines’ digital transformation?

Beyond business, how committed is Globe to ESG principles?

What role does Globe play in the Philippines’ digital transformation?

We continue to reduce our carbon emissions through green energy and efficiency programs. We also conducted sustainable marine biodiversity trainings to LGUs, students, teachers, and business owners in Boracay, prior to its re-opening, and in Siargao, to increase environmental protection awareness and imibibe sustainability practices.

We also expanded our support to individuals suffering from depression and assist in suicide prevention through the 24-7 hotlines of KonsultaMD and Hopeline at the National Center for Mental Health. We also launched the HopeBank facebook community to share messages of hope for encouragement, strength and inspiration under the campaign #SeeYouTomorrow.

To combat online piracy, Globe became a member of the Asia Video Industry Association (AVIA) and the Coalition Against Piracy (CAP). This strengthened our #PlayItRight advocacy through worldwide sharing of best practices against illicit streaming devices and illegal site blocking.

We ended the year on a high note with recognition from the Guinness World Records for our ka-Globe employees’ active participation in assembling hunger relief packages simultaneously in multiple venues worldwide with Rise Against Hunger.

25
BUILD THE NETWORK OF CHOICE

“Globally, mobile’s contribution to GDP, public funding, financial inclusion, innovation, and the digital transformation of many industries, is undeniable. Globe takes its responsibility to heart, and is making every effort to ensure that all individuals, households, and businesses are able to enjoy the benefits of the mobile ecosystem.” — Gil B. Genio, Chief Technology and Information Officer / Chief Strategy Officer

**AT A GLANCE**

- **74.1M** Mobile customers
- **71.5M** Prepaid customers
- **2.6M** Postpaid customers
- **1.6M** Home broadband customers
- **₱43.3B** (US$821M) Capital Expenditures (CAPEX)

**Deployed high-definition voice, thus improving voice quality index by 5% (Mean Opinion Score);**

**460** Increased wireless footprint with the addition of **460 new outdoor sites**;

**Deployment of massive MIMO (multiple input, multiple output) sites, to enhance capacity and provide additional broadband lines on wireless network, adding 100Gbps capacity**

**33%** CAPEX to Revenue Ratio
BUILD THE NETWORK OF CHOICE

Building a Digital Nation

Overview

Amid competitive pressures and rising challenges in the operating environment, Globe continued to fulfill its long-term commitment to provide the Philippines with first-world internet connectivity.

Globe embarked on a US$700Mn 7-yr network modernization program in 2011, which changed all its radio legacy network and expanded the mobile data coverage to 100%. After the massive network modernization program, Globe saw the unprecedented growth of its business, driven by pioneering initiatives such as a digital lifestyle play, innovative products and services, content partnerships with iconic global brands, and early-stage 5G network connectivity. Underpinning this growth is a robust network that has solidified the reputation of Globe both as a leader in mobile and a game changer.

To support the growing digital lifestyle of Filipinos, Globe will continue to invest in strengthening its data network capacity in the Philippines and optimize its existing spectrum. In 2019, the company plans to build a record number of new cell sites and invest significantly in growing its home broadband footprint. By further expanding its network footprint and connecting more Filipino homes with high speed lines, Globe will be able to deliver an even better customer experience and empower more digital Filipinos.

MEGATREND: GROWING DEMAND FOR INTERNET ACCESS AND CONNECTIVITY

Internet access and connectivity is increasing globally. For the first time ever, more than half of the global population or 4.2 billion are using the internet (2018 Global Digital suite of reports from We Are Social and Hootsuite). Majority of users have a 3G or higher speed network, and 96% of the world’s population now live within range of a mobile network (ITU 2018 Global and Regional ICT Estimates).

Despite this, the digital divide — the gap between those who have internet access and those who have not — continues to widen, largely due to the reduced affordability of internet access (The World Wide Web Foundation).

In the Philippines, there are an estimated 76 million internet users (around 71% of the total population) while the mobile internet penetration rate is growing at a rate of 1.5 times (or about 30 million users) every year (Digital in 2018, We Are Social and Hootsuite).

Improving access and connectivity

Globe has been pouring in massive investments to create a robust data network in the country. The company spends more than one-third of its top-line revenues every year — one of the highest reinvestment ratios among telcos in the world — to improve internet services and fulfill its commitment to provide two million homes with at least 10 Mbps connectivity by 2020.

The Philippines is facing a severe lack of cell sites. To date, around 71 million active internet users in the Philippines are sharing 17,850 cell sites. Thus, the Philippines is forced to serve an average of 3,753 people per cell site. This shows a stark difference when compared to some of its neighboring countries like China, where only 384 active internet users are sharing one cell site. To cope with the increasing mobile data traffic and smartphone sales, the Philippines has to build more and more cell sites. (Data from We Are Social and TowerXchange)

The disproportionate number of cell sites versus internet users in the Philippines is mainly attributed to permit bottlenecks. At least 25 permits are needed to put up one cell site. The process usually takes at least eight months, barring difficulties in securing permits from various local government units, homeowner associations, and other stakeholders. In addition to the bureaucratic red tape, lack of clarity on current laws and regulations were some of the other challenges in deploying ICT and broadband infrastructure in the country.

To address these challenges, Globe initiated the following activities in 2018:

- **Forging Public and Private Partnerships:** Globe worked with the Department of Information and Communications Technology (DICT) and the Department of Trade and Industry (DTI) on improving the ease of doing business in the country (Republic Act 11032). The telco is pushing for the implementation of an open access model that will open the telco industry to local and foreign investors, allowing sharing of cell towers and IT infrastructure. While the DICT has already signed an agreement with the National Grid Corporation of the Philippines and the Transmission Corporation for the implementation of the National
Broadband Program (NBP), there is still lack of clarity on how these will improve the speed and accessibility of internet services, particularly for underserved areas in the country.

In the National Capital Region, Globe entered into a groundbreaking agreement with the Metro Manila Development Authority (MMDA) to speed up the deployment of over 120 cell sites in major thoroughfares in Metro Manila, including EDSA, Roxas Boulevard, CS, and Congressional Avenue. The company is also providing logistical support to MMDA’s critical traffic management operations.

Through its subsidiary, Innove Communications Inc., Globe also worked closely with the DICT to complete several connectivity platform projects. Under the agreement, Innove has to deliver a total of 703 circuits over three years, which started in 2016, to some underserved municipalities across the country while the DICT has to ensure that Innove can secure building permits from the respective local government units. As of end-2018, Globe has already completed the upgrading of 880 cell sites in Mindanao. Globe also modernized 1,103 sites, and built 44 new sites in the Philippines’ south. A total of 56 new sites are also ongoing completion. Globe increased the LTE coverage in Mindanao, which has been growing at an annual rate of 32%.

Through GoWiFi, the public WiFi hotspot service of Globe, the company strengthened its “win-win” relationships with several businesses across different industries. By making the availability of internet connection in the public sphere a mutually beneficial endeavor, WiFi service providers and business owners in more than 1,500 locations nationwide, including major malls, convenience stores, coffee shops, supermarkets, transportation hubs, hospitals and airports, enable Globe to redefine the customer experience in public WiFi usage. The company also partnered with Pilipinas Shell to enable the establishment of GoWiFi hotspots in select Shell service stations, providing its customers with connectivity.

Promoting Inclusivity in its Network: Globe partnered with Gawad Kalinga, a non-profit, non-government organization that promotes poverty alleviation and nation building, to roll out 2G cellular service in far-flung barangays that have zero or limited cellular connectivity. This is through Konekt Barangay, an innovative microsite solution that provides signal coverage within a 300- to 500-meter radius and covers about 500 subscribers per microsite. In October 2018, Globe rolled out Konekt in unserved rural barangays of Loreto, Agusan Del Sur, a landlocked province in the southern Philippines region of Mindanao.

Connecting the Philippines with the World: Globe inched closer to achieving first-world connectivity for the country when it commercially launched the US$250-million Southeast Asia-United States (SEA-US) submarine cable system. The cable system is connected to the Globe cable landing station in barangay Talomo, Davao City which also houses the Power Feed Equipment. Outside of Luzon, this undersea cable served as the first direct connection of Globe to the United States via Guam, Hawaii, and California, offering faster transmission of data to the U.S. The facility also completely bypasses the Taiwan earthquake zone to ensure continuity of service and greater resiliency. This is expected to prevent a repeat of the 2006 incident where major international cables were destroyed because of the Taiwan earthquake, resulting in the isolation of the Philippines for a few days in terms of internet connectivity.

Globe also extended its internet reach in Europe by connecting its network with Deutscher Commercial Internet Exchange (DE-CIX), the world’s largest internet exchange point (IXP) by size. This further boosted its existing infrastructure and enabled users direct access to European content. DE-CIX serves over 1,500 network operators, internet service providers (ISPs), and content providers from more than 100 countries with peering and interconnection services at its 13 locations in India, the Middle East, Europe, and North America. Globe currently has the most number of connections to IXPs among Philippines telcos with 41 as of 2018, based on information from Hurricane Electric. This reflects the Philippines’ presence in the global IP landscape.
Mobile data traffic around the world has been growing exponentially as smartphones proliferate and connectivity improves. In 2018, global mobile data traffic amounted to 19.01 exabytes per month, 19% higher than in 2017 (Statista Global Mobile Data Traffic from 2017 to 2022). Data traffic is also on the uprend in the Philippines, which continued to top the world rankings for social media use for the third year in a row (2018 Global Digital suite of reports from We Are Social and Hootsuite). As the population gets increasingly connected, sharing of images, digital streaming of music and videos, and playing games, among other things, demand for more connectivity and capacity escalates. Telcos would thus have to deploy more fiber optic cables and prepare for the next wave of digitalization, further raising their capital expenditures.

Globe continued to dominate the market share in mobile. In 2018, its data traffic grew by 59% in 2018 to 956 petabytes, compared to the same period in 2017. Its customer data throughput increased by 25% during the period.

To meet growing demand for data, Globe continued its 4G LTE cell site deployment efforts, rolling out over 3,500 new LTE base stations by end-2018, which represents a 38% increase from the previous year.

To support the deployment, Globe allocated ₱43.5 billion in capital expenditures to widen its 4G/LTE data coverage, improve voice quality, and increase data speeds. The company’s 3G coverage increased to 90.29% of the population and 4G LTE coverage to 78.7%, all are equipped with high-speed transmission capability. Routine network quality tests confirm that Globe leads in most quality indicators. Its international mobile operations now has 551 roaming partners in 177 destinations for 3G voice/data and 160 roaming partners in 64 destinations for LTE.

Meeting the data demand

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MEGATREND: SURGING DATA TRAFFIC

**Mobile Data Traffic in Petabytes 2014 - 2018**

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>PhP</td>
<td>142</td>
<td>252</td>
<td>361</td>
<td>600</td>
<td>956</td>
</tr>
</tbody>
</table>

Source: Philippine Stock Exchange and Securities and Exchange Commission Disclosure
*2018 Revenue Post-PFRS

Data-related services now account for 61% of total service revenues

*Pre-PFRS
DEMOCRATIZING CONNECTIVITY AND INCLUSIVITY

Making 5G connectivity a reality to Filipinos

Making the Philippines among the early adopters of 5G technology, Globe is on track to offer 5G service by the second quarter of 2019. This will be offered initially to Globe At Home fixed broadband subscribers who will enjoy speeds of 50 Mbps to 100 Mbps. The company completed a live demonstration of its 5G technology at the Bonifacio Global City in Taguig City and showcased wireless speeds of 2Gbps.

Using 5G-enabled, wireless radios (Air Fiber) technology, Globe can circumvent infrastructure bottlenecks usually encountered in using traditional fiber rollouts, particularly the tedious and circuitous process of securing multiple permits from local government units.

While upgrading its network to support 5G, Globe also pushed the boundaries of 4G/LTE technology to enhance the overall fixed wireless experience of its customers. Since 2017, the company has been commercially deploying massive MIMO (multiple input, multiple output) technology using 2CC carrier aggregation, which doubles LTE capacity and provides vast mobile capacity, coverage, and reliability for the 5G future.

As a result of these continuous efforts, Globe won the 4G availability award from OpenSignal. “It was much easier to find a 4G signal on Globe Telecom’s network, according to our data. Users were able to tap into the company’s 4G service 67.5% of the time, which is still short of the 70% availability indicative of a maturing LTE rollout, but it’s getting close,” said OpenSignal, a site that tracks the real-world experience of consumers on mobile networks.

Another first in the local market was the 5G Patisserie. This involves 5G network slicing to offer a seamless, virtual, end-to-end 5G network tailored to a wide diversity of use cases, whether a smart energy grid or a connected car. The company’s goal is to demonstrate that network slices can be dynamically created, as well as managed, with minimal human intervention and time-to-market, without affecting other network slices. This won for Globe and its partners Singtel and KDDI Research the Outstanding Catalyst for Innovation award at the TM Forum Digital Transformation Asia 2018, the annual gathering of Asia’s top telcos and solution vendors.

Gearing Up for IoT

In addition to the deployment of 5G, Globe also introduced elements to support IoT applications in the future. This includes the Narrow Band-Internet-of-Things (NB-IoT) technology, which it piloted with its partner vendor, Huawei. Huawei is our main equipment and technology partner. However, Globe alone operates and secure its network without any intervention from Huawei.

While some of its more developed regional neighbors are ahead in IoT adoption, the Philippines is seen to increase its share in the ASEAN IoT market by 12% and spend US$766.8 million in IoT by 2020 (2015 Frost & Sullivan report).
Modern technology has been increasing the pace of digitalization, or the integration of digital technologies into everyday life. While it is fueling a host of benefits, it is also making people and businesses vulnerable to risks such as cyberattacks and violation of data privacy. Adding to traditional threats to business continuity such as natural calamities and disasters and other network disruptions, companies face growing pressure to protect their business reputation, trust and confidence in their brand, and financial health.

In the Philippines, these risks pose a growing threat to business continuity. The country is seen to sustain up to US$3.5 billion of direct, indirect and induced losses from breaches to cybersecurity (Frost & Sullivan report on “Understanding the Cybersecurity Threat Landscape in Asia Pacific: Securing the Modern Enterprise in a Digital World” released in May 2018). The study found that while 52% of companies in the Philippines had either experienced or suspected a cyberattack, 79% of firms had already deployed or were actively looking to deploy artificial intelligence to counter security breaches.

Ensuring network stability

Being a major telco provider that serves millions of customers in the Philippines and overseas, Globe invested in Business Continuity Management (BCM) as an important component of its operations. Being the first Philippine telco to be re-certified in BCM (ISO 22301) on an enterprise-wide scale in 2014, Globe continued to sufficiently adopt and implement contingency planning and disaster recovery program to ensure that its customers have access to its voice, SMS, and data network at all times, especially during emergencies when they need the services are needed.

A dedicated team manages the company’s BCM and works with other teams in the organization to ensure that business continuity needs are addressed. In July 2018, the management system that governs this process was re-certified by BSI Singapore, an experienced and trusted BCM certification body in the region.

Under its #GlobeREADY campaign, the company participated regularly in the Metro Manila Metrowide Shake Drill of the government, and aligned its disaster recovery program (DRP) with various state agencies, local government units, local communities, socio-civic organizations, and other stakeholders to raise awareness and build resilience against calamities. In 2018, Globe conducted 39 evacuation drills in its offices, mobilized response teams, and activated multiple crisis command centers. Globe tested its ability to deploy emergency communication solutions to help manage the impact of a potential 7.2-magnitude earthquake in Metro Manila. These include Cell-on-Wheels (COW); full mobile cell phone network system called Cellular-on-a-Light-Truck (COLT); fuel cells and other alternatives to diesel-powered generators; and Generators-on-a-Truck (GOAT).

In addition, Globe deployed its own portable two-way radio infrastructure and acquired prepaid satellite phones, as well as completed the implementation of a Cell Broadcast System for free disaster alerts and free calling services for customers.

<table>
<thead>
<tr>
<th>Number of Outages in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
</tr>
<tr>
<td>Umbrella</td>
</tr>
<tr>
<td>Catastrophic</td>
</tr>
<tr>
<td>Major</td>
</tr>
<tr>
<td>Minor</td>
</tr>
</tbody>
</table>

A peak into Globe Telecom’s Mobile Command Center. This is where engineers and network staff plan recovery solutions during disasters and calamities.
WHEN DISASTER STRIKES

- Globe continues to update its Disaster Recovery Program to prepare for the occurrence of a 7.2-magnitude earthquake ("The Big One"). In addition to having a backup network, Globe also aims to support rescue operations by deploying urgently needed equipment and Globe personnel, both by air and land, from a strategic location to the disaster area. The company is developing selected fixed sites that can survive “The Big One” to serve as staging areas and provide additional network coverage. The innovative Network in a Box (NIB) is an actual cell site that can serve a modest number of subscribers but can be carried by a personnel as backpack. Globe regularly participates in the National Simultaneous Earthquake Drills (NSED), an event held nationwide every quarter and led by the National Disaster Risk Reduction and Management Council (NDRMMC), the disaster preparedness arm of the Office of Civil Defense.

- As a member of the Rapid Emergency Telecommunications Team formed by NDRRMC, Globe liaises with military and police forces and may tap any of these partnerships during disasters.

- In 2018, it actively participated in the following:
  - Disaster preparedness planning with NDRRMC for Super Typhoon Ompong (international name: Mangkhut);
  - Collaboration with the Philippine Disaster Resiliency Foundation (PDRF), and the United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA) to address humanitarian needs during disasters; and
  - Meetings with NDRRMC to establish formal guidelines for sending disaster alerts to mobile subscribers.

- Globe extended assistance to communities affected by these calamities and disasters and deployed Public Service Stations with free call and phone charging services for the affected constituents in 2018:
  - Mt. Mayon volcanic eruption, January - Bicol Region
  - Typhoon Basyang, February - North Luzon
  - Typhoon Josie, July - North Luzon
  - Typhoon Ompong, September - North Luzon
  - Typhoon Rosita, October - North Luzon
  - Typhoon Usman, December - South Luzon and;

BUSINESS CONTINUITY MANAGEMENT POLICY

Globe values people and puts customers first in everything we do. We build sustainable, resilient and reliable infrastructures and operating systems that will ensure continuity of our services before, during and after any disaster. At the core of our BCM is a robust enterprise architecture that will protect the integrity of customer data and transactions at all times. Our network infrastructure is designed to ensure service disruptions are at a minimum or at best none, with strategic redundancies embedded within our architecture. We have standby resources — physical, financial and manpower augmentation — through our network of vendor partners and shareholder community to overcome large-scale business disruptions and disastrous events so that our customers will continually be served with mobile, data and other telecommunications services. It is management's primary objective, including our critical business partners to meet this commitment.

We commit to:

- Prioritize the safety and well-being of all Globe employees and their families;
- Ensure the continuity of key products and services and keep customer service impacts to a minimum;
- Conduct a regular review of our and our partner’s management system to ensure that the commitment of this policy are being delivered and continuously improve on business continuity capacity in accordance with local and international standards and best practices;
- Comply with all laws and regulatory obligations applicable to our telecommunication business;
- Establish critical public and private partnerships which creates value for our stakeholders and provide meaningful humanitarian assistance to affected areas.
Countering illegal activities

Globe intensified its campaign against fraudsters and thieves to protect its customers against illegal activities. The company worked in close coordination with police authorities and online buy-and-sell stores to stop the illegal sale of Globe modems and other products. It constantly monitors its network to guard against the potential sale of these hacked devices, and disconnects/disables fraudulent connections immediately without notice.

Globe also intensified its nationwide clampdown on illegal international simple resale (ISR) activities. ISR operators often lease dedicated lines to make direct calls abroad and use the facilities to sell international call minutes to consumers at a much lower price. This rampant practice contributes to revenue loss that would have been used to subsidize capital-intensive local exchange networks so landline users can enjoy competitive monthly charges. Globe has been working with local government units and police forces for over a decade in the battle against ISR syndicates.

In 2018, Globe embarked on a system refresh to align all VAS partners. This unprecedented move to fully eliminate perceptions or incidents of stolen (“nakaw”) load manifests the company’s firm commitment to put its customers’ interest first. When some third-party VAS enroll customers automatically, this results in a prepaid load deduction. To protect its customers against this unscrupulous practice, Globe enforced tighter rules and rigorous steps to ensure strict compliance by its VAS content partners. To avoid spam/scam messages, VAS providers will only be allowed to send out content (infotexts, ringtones, wallpapers, and other multimedia services) that are deemed relevant based on customer interest.

In addition, Globe ran an anti-scaming campaign that involved blocking prepaid numbers found to be consistent sources of spam/scam text messages. It used a comprehensive and fully automated mechanism that filters out unwanted and unsolicited SMS messages. Some of these numbers were subject of complaints reported through www.globe.com.ph/stopspam where customers can provide all the details of spam/scam messages received through their mobile devices. Numbers verified to be a constant source of spam/scam messages are disconnected from the service.

The success of the company’s anti-spam solution earned Globe the PEX Award for “Best Project Contributing to Customer Excellence” given by the Process Excellence Network (PEX), a global community of process professionals, business leaders, and executives who want to improve their business through process and operational excellence. The award recognizes outstanding projects that create a major impact on customer experience, and whose execution noted tangible and measurable improvements in customer satisfaction.

SECURE NETWORK IN 2018

<table>
<thead>
<tr>
<th>Category 1 - 7,491,727</th>
<th>Category 2 - 486,011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intra-Public Land Mobile Network</td>
<td>Home-Public Land Mobile Network</td>
</tr>
<tr>
<td>(these are the messages that should only be sent within an operators network)</td>
<td>(these are the messages that should be received from an inbound roamer’s home network)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Category 3 - 16,357</th>
<th>Category 4 - 5,993</th>
<th>Category 5 - 5,893</th>
<th>Category 6 - 3,515</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visited Public Land Mobile Network</td>
<td>Globe prepaid numbers deactivated (spam/scam) in 2018</td>
<td>numbers from other networks blacklisted (spam/scam) in 2018</td>
<td>valid complaints for scam and spam messages</td>
</tr>
<tr>
<td>(these are the messages that should only be received from an outbound roamer’s visited network)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Strengthening cybersecurity

Today’s highly accessible and affordable data and content packages have made it easier and more convenient to download content from everywhere. This raises the users’ vulnerability to unsafe and illegal content, and to potential risks to their data privacy. It also deprives the sources of original content protection for their intellectual property or licensing rights.

Committed to comply with the Data Privacy Act of 2012, Globe put in place various measures such as the formal assignment of a Chief Information Security Officer as Data Protection Officer, running in-depth Privacy Impact Assessments especially with partners, and completing various programs and projects to make sure it is able to defend customers’ right to privacy. Since 2014, Globe has been embarking on a Cybersecurity Transformation journey and completed the three-year program in December 2017 that involved expanding the size of its cyber security team, adopting world-class technologies and standards, and working with the best global partners in the space. These measures were undertaken to ensure that Globe customers are protected against cybersecurity threats.

Globe is now at the forefront of cybersecurity in the country. Its Advanced Security Operations Center (ASOC) continues to deliver services such as customer service platform management, threat detection, threat hunting, and incident response for both the Globe network and the network of its customers. This is linked to Trustwave’s global network of nine federated ASOCs and is supported by a worldwide team of security-minded professionals. In January 2019 Globe Telecom has rectified the issue with affected customers on sending wrong confirmation receipt to another individual and reported the incident to the National Privacy Commission in compliance with regulatory requirements.

Anton Bonifacio, Globe Chief Information Security Officer, shares the benefits of a fully secure business at the Globe Advance Security Operations Center (ASOC) launch.
MEGATREND: FINDING ‘GREEN’ SOLUTIONS FOR ENVIRONMENTAL IMPACT

Digital technologies has the potential to help reduce global carbon emissions by up to 15% – or one-third of the 50% reduction required by 2030 – through solutions in energy, manufacturing, agriculture and land use, buildings, services, transportation and traffic management (World Economic Forum Annual Meeting in January 2019). “The digital sector is already well on track to reduce its own emissions, which represent 1.4% of the global total,” Ericsson CEO Borje Ekholm wrote. It can also take a strong lead in accelerating demand for 100% renewable energy.

In the Philippines, the Department of Environment and Natural Resources (DENR) in 2017 launched a US$35-million project to deal with the growing problem of electronic waste, which contains hazardous substances like mercury and lead.

Committed to Environmental Sustainability

With a footprint that covers two-thirds of the country’s population as customers and thousands of cell sites nationwide, Globe recognizes that it can best serve the Filipino nation by ensuring that it operates responsibly and creates positive environmental impact even as it continues to transform the lives of people with technology and mobile solutions.

In 2018 Globe strategized the implementation of an Integrated Management System (IMS) to identified critical sites. The IMS integrated three management systems, Business Continuity Management, Occupational Health and Safety Management, and Environmental Management, into a holistic framework, defining its interconnection and implementing unified objectives across the whole Globe organization. The information rollout and implementation started in the third quarter of 2018 with the enterprise-wide certification process targeted in 2019.

Its employees (Ka-Globe), along with its business partners, also embrace this mission outlined in the company’s Environmental Sustainability Policy. Ka-Globe multiplies and magnifies environmental efforts — from patronizing carpooling programs to reduce their own carbon footprint.

Environmental Compliance

In line with its environmental sustainability program, Globe has been compliant to various regulatory requirements and has undertaken various green initiatives to continuously reduce the carbon footprint of its network operations. The company has these to show for its full compliance:

- Certifications
    - Globe Valero Telepark
    - Data Center in Cavite
    - Data Center in GT-IT Lahug, Cebu

- Occupational Health and Safety (OHSAS 18001:2007) for specific Globe sites
  - Globe Valero Telepark
  - Data Center in Cavite
  - Data Center in GT-IT Lahug, Cebu

Globe also complies with the Environmental Impact Statement system of the DENR and pay required fees for the submission of applications for Environmental Clearance Certificates or Certificates of Non-Coverage for all cell sites and other facilities.

To help address UN SDG 12 on the promotion of sustainable consumption and production, Globe has enjoined its millions of postpaid customers to help save thousands of trees and reduce greenhouse gas emissions by enrolling their fixed and mobile accounts in the paperless billing program. In 2018, a total of 3.28 million subscribers or 76% of the total subscribers have switched to paperless billing, equivalent to 52.6 tons of paper.

<table>
<thead>
<tr>
<th>Energy GRI 302-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel Consumption from generators (in liters)</td>
</tr>
<tr>
<td>Scope/Boundaries: Corporate Offices, Data Centers, Cell Sites</td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>Diesel</td>
</tr>
<tr>
<td>Gasoline</td>
</tr>
</tbody>
</table>

| Fuel Consumption from fleet (in liters) |
| Scope/Boundaries: Corporate Offices, Stores, Cell Sites |
| 2017 | 2018 |
| Diesel | 1,342,346.70 | 1,321,415.72 |
| Gasoline | 3,597,998.87 | 3,637,291.28 |

| Electricity Consumption (in kwh) |
| Scope/Boundaries: Corporate Offices, Data Centers, Cell Sites. Stores, Warehouse |
| 2017 | 2018 |
| Operations (owned and leased facilities) | 482,360,321 | 484,421,707.75 |
### Energy Consumption (in Gigajoules)*

<table>
<thead>
<tr>
<th>Scope/Boundaries: Corporate Offices, Data Centers, Cell Sites, Stores, Warehouse</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel consumption from generators (Diesel and Gasoline)</td>
<td>330,505.28</td>
<td>311,259.47</td>
</tr>
<tr>
<td>Fuel consumption from fleet (Diesel and Gasoline)</td>
<td>172,191.04</td>
<td>172,708.71</td>
</tr>
<tr>
<td>Operations (owned and leased facilities)</td>
<td>1,736,448.92</td>
<td>1,743,869.71</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,239,145.24</strong></td>
<td><strong>2,227,837.89</strong></td>
</tr>
</tbody>
</table>

*Values converted from US Energy Information Administration

### Emissions GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-4, GRI 305-5

#### GHG emissions (in tonnes CO2e)

<table>
<thead>
<tr>
<th>Scope 1</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>From total fuel consumed (transport and gensets)</td>
<td>38,531.75</td>
<td>36,167.20**</td>
</tr>
<tr>
<td><strong>From purchased electricity</strong></td>
<td><strong>271,458.81</strong></td>
<td><strong>352,389.63</strong>*</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>294,739.06</strong></td>
<td><strong>388,556.83</strong></td>
</tr>
</tbody>
</table>

**2018 GHG emissions breakdown for Scope 1**

- Carbon Dioxide (CO2) 33,550.43
- Methane (CH4) 68.52
- Nitrous Oxide (N2O) 2,548.25

Global Warming Potential (GWP): CH4 = 21  N2O = 310
Reference: World Resources Institute

*** Emission Factor reference: National Grid Emission Factor (NGEF), Department of Energy

#### Green Network Solutions

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Green Network Solutions deployed</td>
<td>3,350</td>
</tr>
<tr>
<td>Reduced GHG Emission (in tonnes)</td>
<td>482</td>
</tr>
</tbody>
</table>

#### Effluents and Waste GRI 306-2

<table>
<thead>
<tr>
<th>Scope/Boundaries: The Globe Tower, GT Plaza, Valero, GTIT Plaza Cebu, TGT Cebu, MK2, Gen Trias</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recyclables</td>
<td>15.80</td>
<td>20.68</td>
</tr>
<tr>
<td>Residuals</td>
<td>155.50</td>
<td>150.92</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>171.30</strong></td>
<td><strong>171.63</strong></td>
</tr>
<tr>
<td>Percentage of waste diverted from landfill</td>
<td>9.18%</td>
<td>12.05%</td>
</tr>
</tbody>
</table>

#### Hazardous Wastes disposed and weight by type (in kg)

<table>
<thead>
<tr>
<th>Scope/Boundaries: Corporate Offices, Data Centers, Cell Sites</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Used lead acid battery</td>
<td>116,298.00</td>
<td>150,720</td>
</tr>
<tr>
<td>Grease waste</td>
<td>12,263.00</td>
<td>6,067</td>
</tr>
<tr>
<td>Electronic Waste</td>
<td>224,290.69</td>
<td>288,242.6</td>
</tr>
<tr>
<td><strong>Used oil disposed (in liters)</strong></td>
<td><strong>9,660</strong></td>
<td><strong>4,750</strong></td>
</tr>
<tr>
<td>Busted fluorescent lamps</td>
<td>1,926</td>
<td>-</td>
</tr>
</tbody>
</table>
To ensure that the generated hazardous wastes of Globe are disposed of properly, it partnered with accredited DENR Treatment, Disposal, and Storage (TSD) Facilities and Transporters nationwide.

For used lead acid batteries, it has partnered with Oriental and Motolite Marketing Corporation (OMMC) and EnviroCare as its primary transporters nationwide and Evergreen Environmental Resources, Inc. (EERI) as its TSD. EERI has a closed-loop system to eliminate waste generation. They utilize a green slag technology for lead recycling, crushing and recovery of plastic materials for plastic recycling, and acid neutralization for the battery acid. All water used in the treatment process are sent to their in-house wastewater treatment facility.

For used oil, it partnered with Genetron International Marketing through the Bantay Langis Project of ABS-CBN Lingkod Kapamilya Foundation which has nationwide coverage. Genetron collects used oil and re-refines them to re-incorporate the treated product into the economy. Water used in the treatment process are then treated through their in-house wastewater treatment facility.

For busted fluorescent lamps (BFL), it partnered with Maritrans Recycler, Inc. for Visayas and Mindanao, and Cleanway Environmental Management Solutions, Inc. (CEMSI) for Luzon as its transporters and treaters. BFL contains mercury vapor hazardous to human health. BFLs are treated using bulb-crusher machines which contains the mercury vapor through a vacuum and separates the glass fragments for recycling.

For grease wastes, it partnered with Cleanway Environmental Management Solutions, Inc. (CEMSI) for proper treatment and disposal. The grease waste undergoes physico-chemical treatment prior to encapsulation and disposal in their very own double-lined secure landfill located within their facility premises.

For electronic wastes (e-waste), it partnered with several TSDs that employ the same method for recycling. These are, Total Environment Solutions - Asset Material Management Philippines (TES-AMM), Maritrans Recycler, Inc., HMR Envirocycle. E-wastes are disassembled or shredded to recover plastic materials, electronic components, and precious metals for recycling. The unrecyclable components would then be decontaminated, encapsulated, and sent to a secured sanitary landfill for final disposal.

Studies conducted by the World Health Organization (WHO), the world’s most trusted authority on health issues, indicate there is no convincing scientific evidence that the weak radio frequency signals from cell sites or base stations and wireless networks can cause adverse health effects. (Source: WHO, The International Agency for Research on Cancer Monographs on the Evaluation of Carcinogenic Risks to Humans, May 2011).

This notwithstanding, Globe goes out of its way to ensure that radio frequency (RF) signals coming from its cell sites do not pose any adverse health impact to the public. As part of a continuing effort, the company conducted RF radiation measurement tests in six cell sites in 2018, and a public hearing on radiation safety in the northern Philippines province of Ilocos Sur.

The company obtained radiation-safety certificates from the Department of Health (DOH), which were based on guidelines issued by the International Commission on Non-Ionizing Radiation Protection and the Institute of Electrical and Electronics Engineers on maximum human exposure to radio frequency fields. Globe secures permits from the Bureau of Health Devices and Technology (BHDT) under the DOH for every cell site it puts up. This ensures its facilities adhere to global health standards.

Globe has ten accredited Radio Frequency Radiation Safety Officers (RFRSO) who completed a radio frequency radiation safety seminar conducted by the BHDT. The RFRSOs are in charge of ensuring safety within an RF facility.

Ensuring the safety of towers

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DEMOCRATIZING CONNECTIVITY AND INCLUSIVITY

With energy efficiency in mind, Globe equipped 3,017 cell sites with green network solutions such as fuel cell system, lithium ion batteries, free cooling systems, and hybrid DC generator systems. These were aimed at minimizing carbon emissions, especially as the company continues to widen its network footprint in the country.

**Making towers eco-friendly**

Globe helped reduce 2,882.4 CO₂ through its Project 1 Phone, an environment program focused on recovering and recycling all kinds of electronic wastes such as mobile phones, laptops, desktops, computer peripherals, and other electronic gadgets. In 2018, the program recycled 288,242 kilograms of electronic waste making it a total of 856,533.29 kilograms since the program started in 2014.

Proceeds from e-waste recycling go directly to Habitat for Humanity Philippines to help for the building of ICT-enabled and disaster-resilient classrooms across the country.

**Green Network Solutions**

| **Fuel Cell System** | Deployment of fuel cells began in 2014 as a green solution to replace diesel genset and provide power backup to cell sites. They require lower maintenance cost with no moving parts compared to generator sets requiring more extensive maintenance of diesel motors. They also offer simpler fuel refilling, are quiet to operate, and do not emit pollution.  
  • Direct Current (DC) back-up power  
  • Uses methanol and deionized (DI) water blend as fuel  
  • Silent operation / no vibration  
  • Very low emission  
  • Suitable for roof-top sites or where applicable |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lithium Ion Battery (LiFePO4 - Lithium Iron Phosphate)</strong></td>
<td></td>
</tr>
</tbody>
</table>
  • replaces lead acid batteries to provide back-up power to cell sites  
  • No lead plumbum (Pb) and acid content  
  • Lighter than valve-regulated lead-acid (VRLA) battery for same capacity  
  • Fast-charge capability (1C - charge and discharge rate)  
  • High cycle and deep-cycle operation  
  • Does not require cooling  
  • With built-in Battery Management System (BMS)  
  • Less prone to theft  
  • High reliability vs. VRLA (3-year performance) |
| **Free Cooling System** |  
  • Proven to reduce energy consumption (electricity cost)  
  • Best-match solution with DC backup power sources such as Fuel Cells and DC Gensets |
| **Hybrid DC Generator** | A hybrid solution consists of DC generator set and deep cycle batteries (DCB) used for “off-grid” sites, reducing the operation of the generator by as much as 60%, resulting to lower use of diesel fuel and lower maintenance of the generator.  
  • consumes less fuel due to its load-following ability compared to an equivalent AC genset and has a longer service interval (500 hours)  
  • more cost-efficient solution compared to fuel cell for open field sites  
  • The quiet-type DC genset provides low noise of 48dBA decibel, allowing its use even in residential areas during brownouts.  |
| **DC Generator** |  
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  • more cost-efficient solution compared to fuel cell for open field sites  
  • The quiet-type DC genset provides low noise of 48dBA decibel, allowing its use even in residential areas during brownouts.  |

Promoting electronic waste recycling
In line with the company’s efforts to protect marine biodiversity, it partnered with Save Philippine Seas, an independent non-government, non-profit organization based in Bukidnon, Mindanao. Their vision is to ensure the nation’s water, food and human security by reforesting the mountain ranges of Mindanao, home to the country’s last watersheds. These ranges are inhabited by Indigenous People (IP’s) and Bangsamoro communities. Hineleban Foundation together with Globe, have partnered in this enormous task by entering into a Sacred Customary Compact with the IP’s and a Peace and Development role with the Bangsamoro People, agreeing to join efforts by identifying steps to fulfil this dream.

Globe and Hineleban Foundation’s partnership began in December 2016, whose combined efforts are currently reforesting 124 out of 300 hectares of denuded primary rainforests which is a fraction of the 44,000 hectares surveyed and targeted by Hineleban Foundation in Bukidnon and Lanao del Sur. The program is structured into five phases over a 5-year period, lasting until December 2021.

The reforestation process begins with the planting of calliandra to quell acidic cogonal grass. This is followed by the planting of tree species that are ideal for agroforestry, including brazilian fire trees and Caribbean pine trees. Intercropping then becomes the objective, with 600 indigenous tree species per hectare planted to secure the area as a permanent watershed. Some of the species grown are almon, bagtikan, mayapis, apitong, red lauan, palosapis, white lauan, olayan, katii and nato. Hineleban Foundation’s reforestation methodology is internationally recognized, having received the Grand Prize Award for best project in the forestry sector, from the Agricultural Research Centre for International Development and the French Development Agency in 2015.

Beyond reforestation efforts, the partnership works with the local communities in ensuring food security, and sustainable livelihood. The program engages more than 21 barangays, 826 households of surrounding communities in Sitio Bagalangit and Baranggay Kalugmanan, Manolo Fortich and Barangay Baylanan in Talakag, Bukidnon.

### SUMMARY

<table>
<thead>
<tr>
<th>Offset percentage</th>
<th>1.25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trees planted with Hineleban Foundation</td>
<td>124,442 trees *since 2016 partnership (additional 7,135 from volunteer planting activities)</td>
</tr>
</tbody>
</table>

### Helping protect marine biodiversity

In line with the company’s efforts to protect marine biodiversity, it partnered with Save Philippine Seas, an independent non-government, non-profit organization that aims to protect the country’s rich marine resources through citizen-led initiatives for collective action and behavior change. The Partnership led to the creation of a Marine Biodiversity and Sustainable Business Practices Workshop (“workshop”) which aims to (i) increase awareness on coastal marine ecosystems; (ii) identify environmental and social issues and threats; and (iii) integrate sustainable business practices in day-to-day operations. Since the program was first implemented in July, a total of 92 participants made it to the circle. Boracay, being the pilot area, catered to 36 attendees from the local government unit and various public schools. The workshop focused on teaching educators, student leaders and local environment officials the value of marine conservation and how they can positively influence their respective communities.

Siargao business owners attend the Globe myBusiness awareness campaign on marine biodiversity conservation in General Luna, Siargao Island
In October, the target participants were Boracay’s business owners. Twenty-seven (27) made it to the session and committed to join Globe Telecom’s advocacy of eliminating single-use plastics in their daily operations.

By December, the workshop made it to Siargao Island, a protected landscape and seascape under national law. In recent years, it has become a popular tourist destination, attracting Filipinos and foreigners alike. Visitor arrivals have increased significantly, which has placed unprecedented social and environmental pressures on the island and its natural resources.

With the workshop in place, twenty-nine (29) of Siargao Island’s business owners made their own commitments on how to operate sustainably. The Municipal Environment and Natural Resources Officer (MENRO) also actively participated and shared how the government is working in the area of marine conservation.

ENVIRONMENTAL SUSTAINABILITY POLICY

Globe sees a wonderful Philippines by reducing our impact to the environment and supporting a low carbon future to address climate change. While we operate in the Philippines, our employees, customers, vendor partners and other stakeholders have a presence worldwide. We have the responsibility to demonstrate high standards of environmental management and stewardship in order to reduce our impact and that of our stakeholders.

We commit to:
- Integrate climate change measures into our strategies and planning, set targets and report environmental impacts to our stakeholders;
- Comply with all local environmental laws, relevant standards and practices to our business. Where possible, we move beyond regular compliance and apply best practices and global voluntary standards on environmental and social responsibility;
- Consciously improve on resource consumption efficiency and minimize waste generation through prevention, reduction, recycling and reuse within our operation and through the life cycle of products;
- Manage our activities to minimize pollution and impacts on air, water, land, flora, fauna and cultural and heritage values;
- Encourage and train our employees and business partners to help reduce environmental impact through mutual understanding of this policy and implementation standards among our value chain;
- Influence stakeholders to move towards a more sustainable consumption and production;
- Support partners which share the same environmental values to ensure the conservation and restoration of vital ecosystems;
- Review and improve on environmental management system to ensure that the commitments of this policy is delivered;
- Collaborate with government, businesses, international institutions, special interest groups, portfolio companies and other organizations to innovate products that will address climate change.
MEGATREND: CHANGES IN THE REGULATORY ENVIRONMENT

The increasing complexity of technology and the operating environment is leading to growing regulations in the telecommunications industry worldwide. This trend will continue to persist in the coming years, as the need to protect personal data and fight fraud online escalates (ScaleFocus report). The Philippine telecoms industry is not isolated from these global regulatory trends. Since it was deregulated in 1995, the industry has been subjected to many regulatory changes.

REGULATORY CHANGES WITH DIRECT IMPACT ON TELCOS

Third Telco Player

The government announced the selection of the Mislatel consortium as the provisional New Telco Player (NMP) in the country in November 2018, a year since launching an initiative to introduce more competition in the industry and improve connectivity in the archipelago. As of the adjournment of Congress on February 8, 2019, the process of approving the change in control of Mislatel from the original owners to Udenna, Chelsea Logistics Holdings Corporation and China Telecom, is yet to be completed.

However, a study by the World Bank/IFC suggests that a third mobile operator in the Philippines is not viable without substantial reforms such as addressing the “insufficient regulatory capacity and limited authority to enforce quality and performance standards.” (World Bank/IFC study published in May 2018)

Globe Position

Globe welcomes the new market player as this can help foster a healthy competitive environment and ultimately benefit consumers. The new player has the potential of opening up new sources of revenue streams for telcos while providing consumers with more innovative products and services.

Globe Initiative

Globe is open to the concept of sharing of passive infrastructure with other telcos, including the third major telco player, in order to avoid unnecessary capital expenditure and avoid a wasteful duplication of resources.

Common Tower Policy

The lack of cellular towers in the country has long been identified as the greatest barrier to seamless mobile voice and internet connectivity with no viable short-term solution in sight due to permitting issues. Latest data released by TowerXchange, an independent community for global tower industry, showed that Asian markets with the highest number of cellular towers in the region implement a common tower policy that allows for more than two tower companies. To address this, the Department of Information and Communications Technology (DICT) is in the process of formulating a common tower policy that will govern the entry of independent tower companies to hasten the roll out of new telecommunication towers.

Globe Position

Countries with the most number of tower companies have the highest number of towers (2018 TowerXchange report). India, one of Asia’s early movers in terms of tower sharing, has over eight tower companies, with 459,395 cellular towers as of first quarter of 2018.

Tower sharing is seen as a means to address the demand for more cell towers in countries where mobile markets are fast-growing. For instance, Indonesia has over 93,500 towers being serviced by over 11 independent tower companies. To address the increasing appetite of Indonesians for data, its government has implemented regulations that have made tower sharing mandatory among all mobile network operators. Other Asian countries have since followed Indonesia’s model.

Meanwhile, the Philippines, the world’s top social media user, only has a total of 16,600 cell sites and needs at least 50,000 towers to properly serve 113 million subscribers today. Based on the latest data from TowerXchange and We Are Social, user-per-cell site density in the Philippines is now about 4,257, based on estimates of 17,850 total cell sites against 76 million subscribers as of December 2018.

Open, competitive tower markets with fewer restrictions have proven to be the most efficient, a study by Analysys Mason, a global consultancy and research firm specializing in telecommunications, showed. Open tower markets extend benefits on a macro-level through more jobs and investments, bringing in local and foreign investments that will boost the country’s reserves. India, which is considered to be among the most efficient tower markets in the world, has over eight TowerCos with over 461,000 cellular towers as of third quarter in 2018.
To foster healthy competition, Globe established GTowers, a separate tower holding company. It also initiated talks with independent third parties for the divestment of its tower assets. This will allow the third telco player to rapidly roll out its network and launch commercial operations. It will also give smaller players the opportunity to scale up their business without the burden of high capital expenditures.

Lower Interconnection Costs

The National Telecommunications Commission (NTC) lowered the entry barrier for the new telco player by reducing interconnection costs between telcos. Moreover, Section 9 of Republic Act No. 11202, otherwise known as the Mobile Number Portability Act, provides that “no interconnection fee or charge shall be imposed by any mobile service provider for domestic calls and SMS made by a subscriber after the effectivity of this Act.”

Globe Position
This new policy poses both an opportunity and a threat to Globe, depending on the time horizon being evaluated. In the short term, lower interconnection costs will benefit Globe since it sends more traffic to its competitor’s network (net payable). Over time, however, this benefit could be eroded if there is parity in traffic. The policy also raises public expectation that the cost of calls and SMS will correspondingly go down because of the lower interconnection charges between telcos. In this sense, this poses a threat to lower profitability. On the other hand, interconnection charges constitute only a small portion of the retail cost collected from customers and should not affect the current retail cost. There is also a pending case before the Supreme Court on a previous NTC Circular lowering interconnection charges by 0.20 centavos.

Globe Initiative:
Globe has been working closely with the Department of Information and Communications Technology (DICT) and the National Telecommunications Commission (NTC) to come up with the implementing rules and regulations that will be fair for both consumers and service providers.

One-Year Prepaid Load Expiration

Under Joint Memorandum Circular No. 03-07-2009, series of 2017, jointly issued by the DICT, NTC and DTI all prepaid load will now carry a one-year expiration period regardless of amount.

Globe Position:
Globe has complied with the NTC-DICT-DTI Joint Memorandum Circular No. 03-12-2017 prescribing a one-year expiration period for prepaid load. Effective January 5, 2018, all Globe prepaid load with denomination of ₱300 and above will carry a one-year expiration period.

Globe Initiative:
Globe asked for a deferment of the effectivity of the one year expiration period for prepaid loads below 300, which was favorably granted by the DICT. As of July 5, 2018, Globe has fully complied with Joint Memorandum Circular No. 03-12-2017.
Telcos in the country have been paying the NTC for the use of different spectrums. In June 2018, the DICT ordered the NTC to review SUFs to determine whether the rights holders are making efficient use of their specific frequency bands or otherwise face higher SUFs. A proposed bill seeks to change how the SUF is computed, with fees from ₱5 million and 3G fees about ₱50 million.

Globe Position
An increase in SUFs will entail additional costs for telcos like Globe, as current estimates put the additional costs at more than ₱7 billion.

Proposed Increase in Spectrum User Fees (SUFs)

The recently enacted Mobile Number Portability Act (Republic Act No. 11202), aims to enable consumers to retain their mobile numbers when switching to other service providers or change their subscription plans. It also imposes a fine of up to ₱1 million and revocation of a telco firm’s franchise to operate for the fifth and subsequent instances if the mobile number portability is “unjustly refused even after mediation.” The law requires the NTC to promulgate the Implementing Rules and Regulations (IRR), within three (3) months from the effectivity of the law. Within six (6) months from the promulgation of the IRR, services providers are mandated to comply with the provisions of the law and set up a mechanism for the purpose of implementing nationwide mobile number portability.

Globe Position
Globe supports the implementation of Mobile Number Portability but will require more time to comply with the law.

Globe Initiative
Since February 2018, Globe has commenced preparations for the eventual effectivity of the mobile number portability act. Globe has been working closely with the Department of Information and Communications Technology (DICT) and the National Telecommunications (NTC) to come up with implementing rules and regulations that will be fair for both consumers and service providers.

Proposed Open Access Act

This proposed legislation removes the requirement of securing a congressional franchise for entities seeking to enter the data transmission business. It will also allow market segmentation of the data transmission business into four segments: international gateway, core network, middle mile, and last mile. It also encourages facility sharing among players.

Globe Position
If enacted into law, this will potentially increase competition and eat up market share in some segments. However, it also opens up opportunities for telcos to monetize their assets and reduce operating costs by using shared facilities.
Proposed Amendment to the Public Service Act

This proposed bill seeks to reclassify telecommunications as a public service instead of a public utility which will have the effect of relaxing existing restrictions on foreign ownership in the telecommunications sector.

Globe Position:
Allowing a higher percentage of foreign ownership will lower entry barriers and foster competition.

OTHER REGULATORY CHANGES WITH INDIRECT IMPACT ON TELCOS

National ID System

In 2018, Republic Act No. 11055 established a single national identification system known as the Philippine Identification System (PhilSys) for all citizens and resident aliens of the Republic of the Philippines.

Globe Position:
Having a national ID will enable Filipinos to benefit from having a valid proof of identity for universal coverage, data integrity and security, and optimum utility. It will enable the “unbanked” and “uncarded,” estimated by the Bangko Sentral ng Pilipinas to account for more than 70% of the population, to gain legal recognition and have access to financial services.

Under the law, the government will issue an ID that will integrate data from different government agencies. This presents opportunities for telcos to provide the required connectivity, data center, or other managed services to be used for the National ID system.

Proposed Tax Reform for Acceleration and Inclusion 2 (TRAIN 2)

The second package of the tax reform program (Tax Reform for Acceleration and Inclusion 2 or TRAIN 2) is still going through the legislative process. Based on the latest version of the House bill, renamed Tax Reform for Attracting Better and High-quality Opportunities (TRABAHO), the proposed legislation could have a huge potential impact on telco operators in the country. The first is a gradual reduction in the corporate income tax rate. Currently the highest in the ASEAN region at 30%, this is proposed to be cut by 2 percentum every two years at starting at 28% in 2021 up to 20% by 2029, under certain conditions. This feature aims to increase the investment competitiveness of the Philippines vis-à-vis its neighbors.

The second is a rationalization of the investment incentive reform system, including the franchise tax exemption granted to telcos. The country’s telcos are exempt from paying customs duties, tariffs and real property taxes on radio telecommunications and electronic communications equipment, as provided under their legislative franchises. While exemption from national franchise tax may be retained, telcos are intended to be subject to import duties and taxes and real property tax after four years from implementation of the TRABAHO Bill.

Globe Position:
While House Bill 8083 was approved on 3rd and final reading in September 2018, this may still evolve and change at the Senate Committee level or the plenary, especially that the Senate has not started deliberations on its own version of the bill. Globe will continue to assess the impact of the TRABAHO bill once passed in Congress and signed into law.
OBSESS ABOUT THE CUSTOMER

"Our Purpose of Treating People Right is lived out every day in the way we obsess about improving customer interactions. Inspired by customer feedback, we are harnessing digital capabilities - from back-office automation and solutions that uplift the quality of service rendered by our frontliners, to self-service channels that empower the more digital Filipino consumers to manage their account and, more importantly, deliver consistency in their experience with Globe."
— Rebecca Eclipse, Chief Customer Experience Officer

AT A GLANCE

<table>
<thead>
<tr>
<th>GLOBE STORES</th>
<th>Physical stores where customers can avail all Globe services through these business centers, as well as shop for phones, mobile accessories, broadband products, and apparel.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>7,906,925 👍</strong></td>
<td>Annual foot traffic in 240 Globe Stores</td>
</tr>
</tbody>
</table>

• Globe Online Shop (https://shop.globe.com.ph): online shop where customers can find the best products that fit their lifestyle. Customers can get great deals on phones, mobile accessories, apparel, and broadband products.  
• Facebook Messenger / Bot:  
  → Gie for Globe Postpaid and Globe at Home  
  → Thea for Globe Platinum  
  → Talk2Globe on Facebook and Twitter |

<table>
<thead>
<tr>
<th>GLOBE COMMUNITY</th>
<th>(<a href="https://community.globe.com.ph/">https://community.globe.com.ph/</a>): An online forum where customers and Globe employees can interact.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>26,411,432</strong></td>
<td>Page Views</td>
</tr>
<tr>
<td><strong>309,820</strong></td>
<td>Members</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>APPLICATION-BASED PLATFORMS</th>
<th>Customers can maximize Globe products and services by using these mobile apps:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Globe at HOME App</strong></td>
<td>A tool to help customers monitor their Globe at Home Postpaid Broadband and/or Globe at Home Prepaid WiFi accounts. Prepaid account holders can check prepaid balance, track data usage, top-up their device, or Share-A-Promo. On the other hand, Postpaid account users can pay their bill online, track their data usage, and purchase volume boost for their plan.</td>
</tr>
<tr>
<td>• <strong>Globe Rewards</strong></td>
<td>Customers can earn points to enjoy exclusive offers for shopping, dining, travel and entertainment partners of Globe.</td>
</tr>
<tr>
<td>• <strong>Globe SWITCH</strong></td>
<td>A Globe-exclusive store that brings mobile internet access to the most popular apps at the most affordable prices available.</td>
</tr>
<tr>
<td>• <strong>GoSAKTO</strong></td>
<td>Customers can create their own prepaid promo that fit their needs, budget, and digital lifestyle.</td>
</tr>
<tr>
<td>• <strong>GlobeOne</strong> (formerly called GServices):</td>
<td>A convenient way for customers to manage their Globe accounts whenever, wherever. Customers can check their balance, track usage, subscribe to promos, activate roaming, modify their account, and even manage multiple Globe accounts under their name.</td>
</tr>
</tbody>
</table>
Enabling the Filipino Digital Lifestyle

Overview

Providing the best customer experience is a key strategic priority at Globe, and the defining factor that makes the organization unique. Since 2009, the company has been on a mission to provide the best customer experience to its millions of subscribers in the Philippines. To make the paradigm shift, Globe underwent an organizational transformation — from being business-focused to being customer-centric.

Serving as its compass is the Net Promoter Score (NPS), a management tool that gauges customer loyalty. Since adopting an omnichannel strategy in 2015, enabling frontliners and partners to efficiently address customer service concerns, Globe was able to improve its NPS consistently as the number of customer complaints it received declines. In 2018, its NPS went up to 38.3% from 28.9% a year ago. This was consistent with the results of a Corporate Reputation Study by Kantar Philippines in 2017, which earned Globe an index score of 72, higher than its Philippine competitors.

To get to this position, the company engaged its customers and employees, blending the best of technology and human interaction in a personal, instantaneous, and easy way. In 2013, it launched a collaborative platform called Globe Community that enables customers and employees to work together and create solutions. Beyond being a discussion forum, Globe Community helps to constantly deepen the company’s understanding of its customers and their needs, breaking traditional communication silos between customers and service teams. Now, over 200,000 customers from Globe Community’s growing base are regularly tapped to participate in user research and co-designing processes prior to product and service launches.

Globe also takes into consideration customer experience at every step of the product and sales journey. In 2018, the company started delivering cloud-based intelligent omnichannel routing and interactions management. Amdocs, a provider of software and services to communications and media companies, collaborated with Amazon Web Services (AWS) to enable Globe to bring digital engagement to life, delivering effortless experience across all its touchpoints, including web, portal, self-service and mobile applications, social media and messaging platforms, hotline, as well as email. This is powered by capabilities such as artificial intelligence, machine learning, and a unified agent desktop that enables frontliners to assist customers efficiently.

Globe also adopts User-Centered Design practices so customers have an active voice in every aspect of the business. Through the User Council Program, customers give feedback and input when testing Globe products.

The company’s employee service program, Learning Globe Wonderful Service (LGWS), teaches Ka-Globe how to efficiently address customer concerns and use a common service language. Using a mix of classroom trainings during onboarding and onground immersions, Globe offers employees with a comprehensive view of the day-to-day scenario at the frontlines.

PUTTING THE CUSTOMER AT THE HEART OF OUR OPERATIONS

- **Human-Centered Design**
  Seeding Design Thinking/HCD across the organization and making Design Research and User Council a standard part of experience design

- **Customer Journey Mapping**
  Conducted BB Hot House sessions to refresh customer journeys, and developed the CX capability roadmap

- **Net Promoter Score and Voice of Customer**
  Net Promoter Score/ Voice of Customer is an automated near-real time mechanism to capture customer feedback (NICE Fizzback). It enabled the company to measure customer’s likelihood to recommend Globe to family and friends, supported by qualitative feedback on the ratings provided.

MEGATREND: GROWING APPETITE FOR DIGITAL STREAMING AND LIVE ENTERTAINMENT

More people are streaming live video content than ever before as internet penetration and speed increases, and consumers shift towards digital entertainment. This global trend is also fueling the surge in popularity of subscription over-the-top (OTT) video services such as iFlix, Netflix, and Amazon Prime, estimated to grow by 24% in 2019 (eMarketers 2018 report). All these point to growing pressure for telcos to provide higher internet speed and bigger bandwidth to enable consumers to enjoy high-quality, reliable, and affordable digital streaming services.

In the Philippines, while visiting social media sites remains the top activity for Filipinos online, watching videos and playing games also rank highly. The top 10 sites visited by Filipinos are also all related to videos (HootSuite’s WeAreSocial - Southeast Asia Digital Snapshot of 2018).
Global Competitiveness in eSports: Singtel and four of its regional mobile associates have entered a collaboration agreement aimed at stimulating the gaming and eSports ecosystem in Southeast Asia, Australia and India to scale up eSports, content creation and distribution. Singtel, Optus, Airtel, AIS, Globe and Telkomsel plan to jointly develop solutions and services for gamers and fans across the region, including providing access to local, regional and global eSports competitions, original content and exclusive programming. To drive the growth and development of the country’s eSports and gaming culture, the company launched Globe Games, a holistic program designed to provide gamers and fans access to the latest titles, local, regional and global eSports competitions, original content and exclusive programming.

Globe forged strategic partnerships with Philippine eSports pioneer Mineski, Riot Games, and leading Southeast Asian game publisher Garena to develop an eSports League of Legends team. This supports the ambitious goal of seeing Filipinos win in the eSports Olympics in 2020. This also opens up sponsorship opportunities and team earnings for Globe as additional new sources of revenue for content. The company’s first-of-its-kind and exclusive partnership with Garena also includes marketing competitions and content production for the leading mobile game, Arena of Valor (AoV). Together, the companies will introduce a series of “Valor Cup” eSports tournaments offering teams the chance to compete for entry into the AoV World Championships in Los Angeles, California, USA. The partnership also extends to the Riot Games owned title, League of Legends (LoL), the world’s most played PC game with over 100 million active monthly users worldwide.

Globe also launched its partnership with ONE Championship and became the exclusive partner for the ONE Championship Super App in the Philippines. This further cemented its portfolio to address the different interests of digital savvy consumers.

Over the last two years, Globe has already deployed more than one million new broadband lines, enabling more Filipinos to enjoy a digital lifestyle. The company has committed to roll out two million new broadband lines by 2020 in line with its vision to make the Philippines a first-world digital nation.

In terms of wired broadband facilities, Globe deployed fiber broadband in 12 cities in Metro Manila and in 19 provinces nationwide. Majority of its fiber build are located in Cebu, Davao, Quezon City, Sta. Rosa and Calamba in Laguna.

It continues to deploy VDSL, which now covers 16 cities in Metro Manila and 18 areas that include Bulacan, Cavite, Baguio, Cavite, Cebu and Davao City. VDSL technology provides high-speed broadband service up to 200 Mbps using existing copper footprint. This is expected to redefine home broadband experience for Filipinos amid growing customer demand for bandwidth-intensive multimedia content.

Globe also sustained the deployment of massive MIMO (multiple input, multiple output) to enable the network to multiply the capacity of a wireless connection without requiring more antennas. (for more information on massive MIMO, please refer to Network of Choice section)

Home Prepaid WiFi: In line with the company’s thrust to deliver fast, reliable, and affordable home internet to more Filipinos, Globe revolutionized the home internet space by being the first in the Philippines to launch Prepaid Home WiFi for just ₱499 (less than US$10) a month. Globe also introduced the most affordable wifi connection (1GB of data for only ₱15) through the HomeSurf15 promo.
• Distribution Partnerships: Redefining local primetime entertainment and continuing its support for Filipino talent and content, Globe expanded its video streaming platforms through partnerships with ABS-CBN’s iWant and iflix to offer a more robust library of local shows, movies, and TV series. Through iWant, users from the Philippines gain free access to original films and series, current and past ABS-CBN shows, movies, restored film classics, music, and live concerts. Iflix also boasts an extensive lineup of powerhouse Filipino movies such as I Love You, Hater, Love You To The Stars And Back, Sin Island, The Ghost Bride and Bloody Crayons, alongside Iflix Originals Hot Ones and Live Life With Kris, all of which are exclusive to the platform.

In 2018, the critically acclaimed indie film “Birdshot,” was brought to worldwide audiences via the top video streaming platform Netflix. “Birdshot” garnered international attention as the Best Film in the Asian Future Tokyo Film Fest 2016 and as the Oscar selection for the Philippines in 2017. The indie film was directed by Mikhail Red and presented by Globe Studios, the entertainment production company arm of Globe, along with TBA Studios and Pelikula Red.

• Competitions: Globe Studios also helped promote budding Filipino filmmakers by conducting the Globe Independent Film Festival (GIFF) for the second year. The festival launched the next Filipino film classic and awarded local filmmakers in various categories: narrative, experimental, animation, documentary, and music video. It also provided grants to 10 filmmakers for a mentorship program to complete a short film.

Globe Studios also mounted the Elements Music Camp, a national singing-songwriting camp that brought together aspiring and professional musicians and local and international mentors to share, learn, and promote Filipino music. The Camp produced 10 new songs which were streamed via the biggest ad-supported music streaming service in the Philippines, Spotify.

Stylefest PH, on the other hand, promised full fashion experience for Pinoyos. It helped emerging designers put their stuff out there, where buyers can see it and buy it directly. Digital audience participated and enjoyed the offerings as well. Apart from fashion shows, StyleFest PH has designed expositions, held talks with local and international speakers, and conducted mentorship sessions with a style council composed of fashion veterans. The chosen finalists were given the chance to have their capsule collections available to the public through the Zalora website and the 0917 Lifestyle counters at Globe stores. The program also guided the new designers on the artistic and the operational side of the business.

• Live Events: Globe Studios and Globe Live partnered with Huawei to transform The Globe Iconic Amphitheater into a one-of-a-kind pop-up club during the holiday season in 2018. The event, “Live Street: Make Snow Possible,” gathered popular and up-and-coming musical acts in the amphitheater’s Instagram-perfect holiday setup.

**Bridging Filipinos to go Global**

**MEGATREND: INCREASING PREFERENCE FOR CUSTOMIZED PRODUCTS AND SERVICES**

Today’s consumers are more hyper-connected to multiple devices and channels and craving for more personalization and customization. An online survey of consumers showed 80% of respondents said they are more likely to do business with a company if it offers personalized experiences. (Epsilon’s 2017 report, “The Power of Me”).

In addition to satisfying subscribers’ growing preference for digital streaming and entertainment, this initiative also enabled Globe customers to stream their favorite movies from safe and legitimate sources on demand.

MEGATREND: INCREASING PREFERENCE FOR CUSTOMIZED PRODUCTS AND SERVICES

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Globe Streamwatch Xtreme: Globe introduced a global innovation in home Internet and entertainment technology: Globe Streamwatch Xtreme, the world's first all-in-one device with fast home Internet, free local TV channels, and Internet TV with one million videos, shows, and movies. This offers internet connection that is 2X faster, 2X stronger, and with 2X wider coverage than pocket wifi device. It also comes with a Set Top Box that gives customers the power to select and stream from a variety of online content like YouTube and Facebook videos and many more that everyone in the family can enjoy.

Content Partnerships: Globe partnered with Iflix, iWant, Amazon Prime Video, FOX+, DLIFE, VIU, HOOQ in 2018.
Giving customers the power of choice

To further grow its postpaid plans portfolio, Globe offered ThePLAN PLUS to allow users to live a fully digital lifestyle by rightsizing their data usage. With ThePLAN PLUS, customers only have to bring their own smartphone and get as much as 42GB of data (with 10 GB GoWATCH for videos) for more time online. They get access to their favorite movies, shows, and music through Netflix and Spotify Premium, as well as customize and build their plan based on their needs from a variety of Globe plans ranging from ₱599 to ₱2,999.

MEGATREND: RISING EXPECTATIONS FOR BETTER SERVICE

With millions of subscribers, a variety of new products, and bundled and customized solutions, telcos need to customize at scale (1:1 marketing scale). Support services such as service configuration, order fulfillment, customer care, and billing are becoming increasingly complex, raising the cost of customization. Thus, telcos turn to modern technology such as artificial intelligence (AI) to perform highly sophisticated functions such as augmented reality, speech recognition, and digital assistants and customer service chatbots. They turn to modern technology to perform highly sophisticated customer service functions and this translates into better customer experience, and benefits their bottom line. Personalization can reduce acquisition costs by as much as 50%, lift revenues by 5 to 15 %, and increase the efficiency of marketing spend by 10 to 30% (Harvard Business Review 2015 study cited in an article by McKinsey & Company).

Serving customers better through bot

To communicate with its large customer base in a more personalized way, Globe built a Facebook Messenger bot called Gie of Globe. Gie is a personalization of a young, digital-savvy Filipina designed to be highly relatable to its customers as well as smart enough to know when a customer service experience needed an additional human touch. Compared with a call center, Gie generated higher customer satisfaction rate of 22%. It also enabled Globe to raise employee productivity 3.5 times.

Globe Platinum subscribers, meantime, have access to Thea, a virtual concierge that provides assistance to those who availed of ThePLATINUM Plans. Like Gie, Thea is also a digitally savvy Filipina millennial, credible and trustworthy, representing the Globe Platinum brand.

Globe steadily serves more customers, as it remains with the challenge to keep quality consistent as it improves synergy between technology and people.

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<table>
<thead>
<tr>
<th>CUSTOMERS</th>
<th>NET PROMOTER SCORE</th>
<th>CONTAINMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,200 DAILY POSTPAID MOBILE</td>
<td>1,500 DAILY GLOBE AT HOME</td>
<td>+26.3 POSTPAID MOBILE</td>
</tr>
</tbody>
</table>

Enabling customers to track data consumption

GlobeOne app, replaced GServices as the company’s flagship app, enables its customers to track their data consumption. Users are also able to see all Globe promos on both postpaid and prepaid numbers. Beyond being a self-service channel, it also serves as a gateway for its customers to enjoy the digital life. The app also offers recommendations based on customer usage and exclusive content from our wide range of partners.
Personalizing customer experience online

Globe also redesigned its website for a more personalized experience online. Customers are now able to easily find products that suit their individual and business needs. They can also buy Globe merchandise from an improved online shop to make purchases simpler and more convenient. The redesigned site is powered by Adobe Experience Manager.

Pioneering eSIM for customer convenience

Globe launched Subscriber Identification Module (eSIM) to the Philippines, a breakthrough in mobile technology. The eSIM is pre-installed in mobile and wearable devices, equipped with automatic activation without the need for a physical SIM. Its digital management capability and automatic syncing features also enable customers to use and manage multiple devices.

Making customers feel valued

For the third year in a row, long-time Globe customers were treated to a day of gratitude using the iconic ‘917’ prefix. The countdown to September 17 (9/17) began with a weekend of deals and giveaways, including exclusive perks such as free data for long-time TM and Prepaid customers; at least 100 Rewards points for Postpaid and Platinum customers depending on tenure; free volume/speed boost, Rewards points, and other goodies for Globe At Home, Globe Business, and Globe myBusiness customers; free chips, and movie screenings to select schools nationwide and “tambayan” (hangout) nooks in public parks.

In Globe Balikbayan: A Wonderful Christmas Reunion, Globe renewed its partnership with Philippine Airlines (PAL) to make the homecoming and family reunions of returning Overseas Filipino Workers more memorable. Travelers at the NAIA Terminals, Cebu and Davao international airports received more than 1,400 surprise gift packs and were greeted by a special Christmas choir.

What our customers say about us

Happy 0917 Day!

**GLOBE POSTPAID**

Happy 0917 day! 17 years with Globe! And they gifted me with 917 Globe Rewards points! Now where do I spend it? Last year I spent it at The Face Shop.. Thank you @enjoyGlobe!

#Gratefuleveryday

- Emma ruth tiong @maruthtiong, Globe postpaid subscriber

**GLOBE PREPAID**

Thank you so much! @enjoyGLOBE sa napakaagang pamasko!! Sana may kasunod pa

#globetelecom #GratefulEveryday

#Thank You

- Derek @derektaguba, Globe prepaid subscriber

**TM**

8 years nami sa akong TM sim, maypa mi, nagdugay

#Gratefuleveryday

- wyn @gillianwyn, TM subscriber

Engaged 1.3 million customers during the 917 celebrations
MEGATREND: MOUNTING CYBER INSECURITY IN A CONNECTED WORLD

While technology has made everything more accessible and convenient, it has also made consumers more vulnerable to cyberattacks and criminal activities online. This is driving global spending on information security products and services, which is predicted to reach US$124 billion in 2019. Securing data privacy will drive at least 10% of market demand (Gartner, Inc.).

The Philippines has been ranked as one of the ten most countries in the world with the highest volumes of cyberattacks in 2018 (Kaspersky Lab). As internet access becomes more accessible to Filipinos, the potential to amplify existing risks or create new ones also increases. This underscores the urgency to educate consumers on the responsible use of the internet and protect them from cyber threats.

Globe ensured compliance with the data privacy act (Republic Act 10173), putting into place various measures such as the formal assignment of Chief Information Security Officer, Anton Bonifacio, as Data Protection Officer, running in-depth privacy impact assessments especially with partners, and the completion of various programs and projects to make sure the company is able to defend its customer’s right to privacy.

Promoting Intellectual Property, Customer Protection, and Online Responsibility

Globe combats child pornography by blocking websites and related content, in accordance with Republic Act 9775 or the Anti-Child Pornography Act of 2009. In 2018, Globe blocked a total of 2,471 domains or sites that hosted lewd content and child pornography as part of this campaign.

The Optical Media Board (OMB) partners with Globe for its anti-piracy advocacy #PlayItRight. The OMB is led by (2nd to the right) its Atty. Anselmo B. Adriano, Chair & CEO, together with (rightmost) Atty. Victor Padilla II, OMB Executive Director. They are joined by (second to the left) Nikko Acosta, Globe Senior Vice President for Content Business, and Yoly Crisanto, Senior Vice President for Corporate Communications.

The company continued its anti-piracy advocacy, #PlayItRight to protect customers against malware and other cybersecurity threats that go with illegal content or torrenting sites. Globe partnered with the Optical Media Board (OMB) and worked with the Department of Trade and Industry - Intellectual property Office (DTI-IPO) to promote the creation of proper legislation to combat the prevalence of online piracy. The success of the company’s #PlayItRight campaign earned Globe a Silver at the International Business Awards, Communications or PR campaign of the year for public service.

Globe officially became a member of the Asia Video Industry Association (AVIA) to help strengthen its fight against piracy of all forms of content: video, music and gaming. The Coalition Against Piracy (CAP), an initiative of AVIA, which is a collective of Asian and international entertainment companies and distribution platforms, expressed its support for #PlayItRight.

Through its #makelTsafePH advocacy, the company provided practical tips and easy-to-digest information about the various online threats an organization may face. Clients were made aware of their responsibilities to protect their organization.

Globe and Wattpad, the global multi-platform entertainment company for original stories, joined forces to promote proper online behavior and responsible internet usage among the youth and keep them safe from cyber threats — from viruses and other malicious software to cyberbullying and sexual exploitation, to name a few.

Wattpad now reaches more than seven million people in the Philippines, with millennial and Gen Z users making up more than 80% of its audience. For its #makelTsafePH cyber wellness campaign, Globe saw Wattpad as a promising platform to reach out to the young demographic that is most susceptible to the negative aspects of the internet.

To increase awareness about mental health, Globe partnered with the Department of Health and the Natasha Goulbourn Foundation by providing information and communications technology infrastructure support to HOPELINE, a 24/7 emotional crisis intervention hotline. Since the partnership in 2012, more than 25,000 calls were received and properly endorsed to various partner hospitals and psychologists. The 24/7 hotline allowed people to call and open up their concerns thus allowing detection of early signs of depression and emotional anxiety. Moreover, the partnership also launched the #SeeYouTomorrow campaign through educational video materials and created HOPEBANK, a facebook page with crowd-sourced content, as part of the awareness program on mental health.
Protecting Consumers Online

Globe also sees the need to advocate for cyber wellness and judicious use of the internet among individuals. The Digital Thumbprint Program (DTP), the Cyber Wellness Program of the Singtel Group of Companies within the Asia Pacific Region, promotes responsible digital citizenship and teaches Filipino youth about the impact of their online behavior through workshops on cyber security and safety, online etiquette and responsibility, empowerment through technology.

Digital Thumbprint Program

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<tbody>
<tr>
<td>Schools with access to the modules</td>
<td>4,080</td>
</tr>
<tr>
<td>New ambassadors trained</td>
<td>218</td>
</tr>
<tr>
<td>Teacher population with access to the modules</td>
<td>55,084</td>
</tr>
<tr>
<td>Student population with access to the modules</td>
<td>1,957,125</td>
</tr>
<tr>
<td>Strategic Partnership</td>
<td>Department of Education</td>
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<tr>
<td>Award</td>
<td>Best Initiatives in Social Responsibility - The Asset Corporate Awards</td>
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Impact Assessment

<table>
<thead>
<tr>
<th>Area</th>
<th>Participating Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pasay City</td>
<td>Kalayaan NHS</td>
</tr>
<tr>
<td>Marikina City</td>
<td>Jesus dela Pena NHS</td>
</tr>
<tr>
<td>San Juan City</td>
<td>San Juan NHS</td>
</tr>
<tr>
<td>Quezon City</td>
<td>Masambong NHS + Antipolo Samson NHS</td>
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Nielsen tested whether DTP would lead to increased levels of digital citizenship awareness among students. Nielsen measured the responses of 275 Grade 7-12 students who studied three of the four modules of the program – Digital Insight, Digital Impact, and Digital Ambition.

Based on the study, DTP has led to an increase from 74% to 95% in the number of students’ who are aware on how personal data in cyberspace is used by third parties such as social media sites, advertisers, and other companies.

This prompted more participants to take steps to keep their online information safe and secure, with 39% setting their profile to private vis-à-vis 24% before DTP and 48% using anti-virus protection for communication compared to the previous level of 23%.

Students engaging in group chats or messages with strangers online have also decreased remarkably, from 25% to 6% after the DTP workshop.
While half of the world’s population is expected to be connected to the internet by the end of 2019, the other half – an estimated 3.8 billion people – will remain unconnected and unable to reap the social and economic benefits of the digital world.

The United Nations’ Broadband Commission for Sustainable Development has thus set seven ambitious yet achievable 2025 targets in support of “Connecting the Other Half” of the world’s population. The targets specifically seek to expand broadband infrastructure, and internet access and use by populations around the world, in support of achievement of the UN Sustainable Development Goals. Attaining this goal should benefit the “unbanked” population, estimated at 1.7 billion adults out of the 5 billion world adult population (World Global Index 2017 report).

In the Philippines, the figures remain staggering. The Bangko Sentral ng Pilipinas (BSP), the country’s central bank, said 52.8 million or nearly 75% of the country’s adult population are considered “unbanked” or without a bank account (2017 BSP Financial Inclusion Survey).

MEGATREND: CONNECTING THE UNBANKED AND UNDERSERVED

The vision of Globe is to bring down the “financial wall” for every Filipino. Through Globe Fintech Innovations, Inc. (known as Mynt), the company aims to promote inclusivity and finance for all. It reaches out to the underserved by the traditional banking system or the unbanked.

A business venture of Globe, Ant Financial, and Ayala Corporation, Mynt is able to financially empower Filipinos through GCash, GCredit, and Fuse. These three companies under Mynt offer fintech solutions in five key areas: payments, remittance, loans, business solutions, and platforms.

GCash continues to be the leader in the mobile financial services segment starting with a mobile wallet where the unbanked can place their money and use it to send money, buy telco loads, pay bills, or buy things offline or online. Fuse also allow the unbanked and underserved to avail of loans, insurance, and investment.

In 2018, Mynt expanded its mobile money customer base and strengthened its remittance and payment value propositions via GCash. It also built and scaled up its retail and consumer loan businesses and provided relevant fintech solutions to organizations through scalable and portable platforms.

<table>
<thead>
<tr>
<th>MYNT AND FUSE</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>Total Number of Subscribers</td>
<td>5.1 million</td>
<td>15 million</td>
</tr>
<tr>
<td>Monthly Transaction</td>
<td>6 billion</td>
<td>9 billion</td>
</tr>
<tr>
<td>Number of brand partners</td>
<td>300 partners</td>
<td>6,000 partners</td>
</tr>
<tr>
<td>Number of establishments accepting GCash/QR Code</td>
<td>2,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Total Number of Loans Disbursed</td>
<td>66,000</td>
<td>77,000</td>
</tr>
</tbody>
</table>
A WORLD WITHOUT CASH

“We should make the Philippines a cashless society. Cashless society, no corruption. Life is easier,” said Jack Ma, co-founder and executive chairman of Alibaba Group and its affiliate Ant Financial, a technology company that brings inclusive financial services to the world.

This vision of a cashless society is slowly being realized through Globe Fintech Innovations, Inc. (Mynt), a joint venture of Globe Telecom, Ant Financial, and Ayala Corporation.

With Ant Financial’s scale and experience, Globe Telecom’s leadership in mobile communications, and Ayala Corporation’s strength as one of the country’s largest conglomerates, Mynt is positioned to bring about the best and the latest solutions to the local market to promote inclusivity and finance for people from all walks of life through mobile technology.

The Philippines currently has over 127 million active SIM cards and 80 million online users. Nearly 70 percent of the over 100 million population also own mobile phones.

On the other hand, only around 3 percent of the population has a credit card while 9 in 10 Filipinos do not have bank accounts. In addition, 34 percent of municipalities have difficulties in accessing banks, and 90 percent of the population do not have credit scores (source: Bangko Sentral ng Pilipinas, 2018). This impedes Filipinos’ access to formal credit and puts them at the mercy of loan sharks.

Thus, no less than Jack Ma saw the country’s high mobile penetration as an opportunity for creating an inclusive society. “Today, everybody has a mobile phone. Mobile phone can make everybody equal in technology,” he said.

Fintech Services for All
Leveraging on Globe Telecom’s huge customer base of over 74 million that accounts for more than half of the Philippine mobile phone market, Mynt can now offer financial services to the unserved and underserved markets.

A. Cashless Payments
Beginning with GCash, a micropayment service that transforms the mobile phone into a virtual wallet for secure, fast, and convenient money transfer, Mynt was able to successfully penetrate the e-payments space and introduce cashless payments to local consumers via GCash QR or Scan to Pay.

GCash allows users to conduct any monetary transaction through the convenience of their mobile phone. Using the GCash App, GCash customers can Send Money from their GCash wallet to another GCash wallet or bank accounts free of charge; Pay utility and government bills, eliminating the hassle of queuing at payment centers; Make Purchases domestically and abroad, Buy Prepaid Mobile Load and surfing data, Borrow Load and Book Movies.

B. Microloans and Credit Scores
Mynt’s push into financial services is intended to build on the telco and GCash customer bases, with aggressive plans for growing the micro-lending business through Fuse Lending, a tech-based lending company it set up in 2016 to enable Filipinos to get microloans as well as other products such as investments and insurance, without the traditional requirements set by banks and other lending institutions.

Big Data is used in information technology to synthesize vast amounts of data sets relevant to an organization. Mynt is using the technology to perform massive data analytics and create a sustainable and scalable credit product in the country.

Using data-driven lending, Fuse offers GCredit and GScore for lending and credit scoring, respectively. GCredit is a credit line attached to one’s GCash account with funds they can then use to buy groceries, medicine, or even school supplies in partner merchants via GCash scan to pay. The amount they can avail of is determined by GScore, the first trust score in the Philippines which checks the financial capacity of an individual to pay back a credit based on their GCash usage.

GScore addresses the difficulty of most Filipinos to access credit due to absence of formal documents that prove financial capacity. Instead, GScore provides a “trust score” that people can earn without too much barrier just by engaging in regular GCash transactions such as buying load, paying bills, purchasing goods and services, among other things.

At present, many Filipinos have no other recourse but to turn to informal or unlicensed money lenders or loan sharks who extend loans without collateral or documentary requirements. In exchange, they charge the borrowers exorbitant interest rates of 20 percent or higher, leading to a debt trap where people find it hard to break out of a borrowing cycle just to stay afloat.

With GCredit, once a customer pays his credit balance, the GCredit replenishes instantly. Customers can now have access to funds whenever they have emergencies or life milestones. In addition, those who continue to use and pay their GCredit properly will be given higher GCredit limits.

Harnessing Technology
The partnership with Ant Financial, augurs well for the Philippine market because of technological advancement and market experience that Ant provides. Through Ant, Mynt is able to harness the latest technologies that can revolutionize financial services.
This benefits the majority of the population who otherwise would have fallen through the cracks in the digital divide.

Block chain technology is one of the latest technologies being used by Mynt. Powered by a cutting-edge block chain technology developed by Alipay, the online payment platform operated by Ant Financial, Mynt launched the first block chain-based cross-border digital wallet remittance service globally in June 2018. It offers a fast, secure, convenient, transparent, and low-cost way to transfer money directly between those in Hong Kong and the Philippines.

Alipay has applied block chain technology to streamline the remittance process, radically improving the speed of delivery, enhancing transparency, and drastically reducing costs while ensuring better security measures when sending money across borders. This service between GCash and AlipayHK will provide round-the-clock, real-time money transfer between Hong Kong and the Philippines at a competitive exchange rate, and with much lower transaction fees.

Using AlipayHK’s mobile phone application, money will be transferred within seconds to a GCash user with just a few clicks. Blockchain technology changes and radically improves the speed and efficiency for remittance services. Based on the agreement, once a user submits a remittance application, all network participants including AlipayHK, GCash, and Standard Chartered Bank, the first and core partner bank supporting this initiative, are notified. The segmented procedures of the remittance process can consequently take place in parallel, enabling the verification and execution of the transaction to occur simultaneously. Through the blockchain platform, the sender and receiver are also able to track their money with every step of the way – from when the remittance application was made, until when the receiver successfully obtains the money. All information stored, shared, or uploaded through the blockchain remittance platform is further encrypted with the most advanced protocols to protect the user’s privacy.

Reinvention and Revolution
Through the continuous development and reinvention of its services, the company expects to perform a pivotal role in creating a cashless nation and championing financial inclusion.

In his speech when he visited Manila in 2017, Jack Ma, said “dreamers” would lead the “third technological revolution” by building services on internet technology.

Ant Financial may have found a co-dreamer in Mynt. Committed to its mission of providing security, accessibility, and convenient fintech solutions to Filipinos, businesses, and organizations, Mynt is making technology play a unifying force instead of a divide, and fueling the aspirations of the financially underserved.
Ensuring a healthy nation and promoting the well-being of its people is essential to sustainable development. Thus, one of the United Nations Sustainable Development Goals mandates governments to provide affordable and quality health care to all their citizens, but this remains an elusive goal (Philippine Institute for Development Studies).

Harnessing the benefits of technology, Globe was able to help address the country’s healthcare needs through Konsulta MD, a 24/7 health hotline service of Global Telehealth, Inc. (GTI). KonsultaMD provides customers, especially the underserved, easy access to licensed and professional doctors. In 2018, KonsultaMD launched Hope Bank, a safe online space for people to openly express their feelings and thoughts about mental health. Through Hope Bank Facebook community, members may share messages of hope that people coping with mental health issues can access.

### KonsultaMD

#### Calls by Age, Gender, Region

<table>
<thead>
<tr>
<th>AGES</th>
<th>FEMALE</th>
<th>MALE</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-40</td>
<td>60%</td>
<td>54%</td>
</tr>
<tr>
<td>41-60</td>
<td>40%</td>
<td>46%</td>
</tr>
</tbody>
</table>

### Social Impact Through The Years

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total successful health related consultations</td>
<td>8,170</td>
<td>12,333</td>
</tr>
<tr>
<td>Subscribers acquired</td>
<td>230,089</td>
<td>450,934</td>
</tr>
</tbody>
</table>

### Sales Channel and Contribution & Subscriber Plans

- **18%** TOTAL INSTITUTIONAL
- **82%** TOTAL OUTBOUND
- **5%** POSTPAID
- **32%** INSTITUTIONAL
- **63%** PREPAID

- Outbound telemarketing has been growing Year-in-Year. 2018 outbound Sales grew by +54% vs 2017
- We’ve segmented our subscriber s into Postpaid, Prepaid, & Institutional (Mix). This allows us to analyze behaviors of each categories accordingly moving into 2019

### Subscriber Plans as of end 2018

- **54%** Male
- **46%** Female
- **4%** Non-member
- **95%** Subscriber
- **1%** Extension

### Caller by Age

- **30%** 18-30
- **30%** 31-40
- **22%** 41-50
- **11%** 51-60
- **6%** 61-70
- **1%** 71 above
- **1%** Unknown

- 2018 Caller Profile shows an almost even split for both Male and Female in terms of utilization.
- 2018 Caller Profile shows our primary users are the Primary Subscribers.
- 2018 Caller Profile shows our primary callers’ age range from 18-35yo.
- 2018 Caller Profile shows an underutilization of extension lines
MEGATREND: GROWING VOLUNTEER BANDWAGON

More than one billion people volunteer globally, equivalent to over 109 million full-time workers. This global volunteer workforce, or “volunteeria,” exceeds the number of people employed in six of the 10 most populous countries worldwide (State of the World’s Volunteerism Report 2018, published by the United Nations Volunteers programme).

Globally, the Philippines ranked 8th out of 146 countries in terms of having the highest number of people volunteering their time, according to the CAF World Giving Index 2018 by United Kingdom-based Charities Aid Foundation (CAF). The report said 19 million Filipinos volunteered in 2017 and ranked the Philippines 89th in global giving.

• General Medicine (Cough, Fever, Colds, Flu & STD) is still the most utilized specialty in 2018. This contributes over 44% of our calls.
Empowering customers to participate in nation-building

Time Please, a collaboration between Globe Telecom and The Walt Disney Company Philippines to promote volunteering, wrapped up the program with a staggering 22.1 million volunteer hours, proving the Filipinos’ inherent desire to make a difference in other people’s lives and to help in nation building.

Time Please provided a robust menu of volunteering activities and united the volunteering ecosystem by connecting volunteers to various organizations using a simple, convenient and easy to understand web platform.

Of the 22.1 million volunteering hours accumulated for Time Please, 12.8 million volunteer hours were rendered by DepEd’s community of public school teachers and students, 8.2 million by volunteers under Gawad Kalinga, and 1.1 million from nationwide members of the Boy Scouts of the Philippines. In addition, 22,100 volunteer hours were allotted for sustainability efforts under the Ayala Group of Companies (Ayala Foundation, Ayala Corporation, Ayala Land, Bank of the Philippine Islands, and Manila Water); 10,600 hours were rendered by employee volunteers of Globe Telecom; and 8,800 hours from members of the Armed Forces of the Philippines.

Access to digital technology is giving birth to more do-gooders who are growing accustomed to sending donations conveniently from their mobile phones and online. In September 2018, Globe customers were able to convert their rewards points into donations for Filipinos affected by Typhoon Ompong. Their generosity translated into ₱1.1 million in donations, which were matched by Globe with an equal amount of ₱1.1 million. The total ₱2.2 million in donations went to Rise Against Hunger PH, the local affiliate of the international relief agency that globally advocates an end to hunger. This translated to 22,222 meal packs, which were distributed by International Care Ministries to 1,500 families in the Typhoon Ompong-stricken town of Baggao in Cagayan Valley. Each family received 24 packs, which lasted for 14 days.
Young athletes have shown positive behavioral changes such as increased confidence, more interest in studying and caring for their health and lifestyle, and becoming better team players after joining TM Football Para sa Bayan (TMFPSB), a holistic and sustained sports program of Globe Telecom, according to global research firm Nielsen.

Nielsen assessed 50 TMFPSB participants aged 10-12 who are residing in Metro Manila; San Carlos City, Negros Occidental; and Vigan, Ilocos Sur.

Based on the study, about 93% of the students indicated that they are able to concentrate and focus more at school and other forms of education after undergoing training through the football clinics conducted by Globe in partnership with Green Archers United Football Club.

Likewise, 9 in 10 respondents expressed more enjoyment in working with others as well as developed better dietary, exercise, and sleeping habits after participating in the program. They also felt more confident, optimistic, and determined in the face of challenges.

Since 93% of the young athletes believe that partaking in football programs can provide scholarships and prizes. Most of them see football as a way to contribute to tuition and other educational fees, thereby leading to an increase in school retention. The study noted that financial issue was cited as the second most common reason leading to school drop out.

TMFPSB is a component of TM Sports Para Sa Bayan, which provides opportunities to underprivileged kids, especially those who are out of school, to improve their lives and reach their dreams through sports.

Globe provides a series of development programs through various sports activities. For TMFPSB, over 1,200 kids have already signed up for football clinics since 2016, reaching more than 100 clubs and organizations across 63 cities and municipalities in the Philippines. The football clinics are being held in partnership with select non-government organizations, football associations, and the Green Archers United Football Club to provide basic and advanced training to the young athletes.

So far, TMFPSB has produced three kids who are now part of the Philippine National Team. Likewise, through Globe Telecom’s partnership with Astro Malaysia Holdings, 24 kids were able to participate in trainings in Kuala Lumpur in 2016 and 2017, while 12 more left for Malaysia this 2018. Ten players were also sent to Spain to train under FC Barcelona Escola.

The 12 talented Philippine delegates to Astro Kem Bola Advanced Training Camp in Malaysia
DIGITALLY TRANSFORM BUSINESSES

“One of the key components of building a digital nation is building a digital enterprise, and our goal is to leverage on our data business as well as our IT-enabled services to help businesses perform more than what is usual. By being passionate as our clients are with their business, we will be able to achieve consistent growth.”
— Albert M. de Larrazabal, Chief Commercial Officer

AT A GLANCE

- 50,000 retailers using GCash
- 208 enterprises using cloud-based cybersolutions
- More than 2,300 businesses using RUSH solutions and loyalty apps
- 17% revenue of enterprise business
- Close to 600,000 registered users under RUSH solutions
- 37% contribution of enterprise to wireline business
- 15 enterprises using #Hotline service
- 5% contribution to wireless business
Leading Enterprises in their Digital Journey

Overview

As part of the company’s strategy of bringing its business partners and customers to the digital era, Globe focused on building the foundation to drive its digitalization ambition. The company continues to invest in and build the necessary ICT capabilities, and digitize internal processes to enhance the pace of innovation and provide superior customer experience.

In 2018, Globe signed a three-year agreement with SAP, a German-based multinational software corporation, for a business suite platform and service solutions. These aimed to digitalize the company’s own finance processes, enabling real-time decision making and supporting an agile business environment.

Through the S4/HANA business suite platform, as well as Concur and Ariba Procure-to-Pay (P2P) service solutions, Globe was able to modernize its business processes to keep up with the fast-changing business landscape. These solutions allow the company to upgrade its Enterprise Resource Planning (ERP), which automates most of its manual processes.

Outside these system enhancements, Globe has also taken great strides to help make businesses — large or small — flourish. As a major telco player and technology partner of businesses, Globe is in a unique position to enable local enterprises to achieve global competitiveness, helping businesses reap the benefits of modern technologies.

The company has two business units that address the specific needs of enterprises:

- **Globe Business** is the information and communications technology (ICT) arm of Globe. It offers connectivity solutions that cover data, internet and managed connectivity capabilities, delivering high-speed data spanning across the world, assuring enterprises of reliability and traffic fluidity through its cable diversity. With the growing trend for enterprises to go fully digital and as part of its commitment to enable a digital nation, Globe Business provides industry-focused solutions to address specific business pain points of its industry verticals, leveraging on the latest ICT capabilities and innovations that will drive global competitiveness.

- **Globe myBusiness** is the primary enabler of micro, small, and medium enterprises (MSMEs) in the country which comprise 99.6% of the 924,721 business establishments and account for 62.9% of the total workforce (2017 List of Establishments of the Philippine Statistics Authority). Helping MSMEs overcome challenges would enable the country to cascade the benefits of its economic gains. Globe myBusiness has a portfolio of digital business solutions to help entrepreneurs expand their reach and run their operations more efficiently for increased profitability.

MEGATREND: INCREASING DIGITIZATION

Digitization, or the process of converting information into digital format, continues to grow among companies of all sizes, industries, and geographic locations. The overall economic value of digital transformation to business and society is expected to top US$100 trillion by 2025 (World Economic Forum).

To reap the benefits of digitalization, however, organizations must be able to transform the way they work — gain speed, agility, and the ability to quickly adapt, test and learn. Successful digital transformations are able to adopt agile methodology at scale, leading to impressive gains in productivity, employee engagement, quality, and, most significantly, speed.

Yet even with the onset of modern technologies such as 5G and artificial intelligence, the Philippines still lags behind in digital transformation (Asian Digital Transformation Index 2018 published by the Economist Intelligence Unit). The lack of adequate digital infrastructure, human capital, and industry connectivity were cited as primary reasons for the country’s poor ranking (10th out of 11) in the EIU’s 2018 Asian Digital Transformation Index.
DEMOCRATIZING CONNECTIVITY AND INCLUSIVITY

Helping large enterprises thrive in the digital economy

To help local businesses migrate, adapt, and thrive in the digital economy, Globe Business provides solutions to enterprises facing roadblocks in their digitalization journey.

In June 2018, Globe Business mounted “Breakthrough with Globe Business Solutions” where it unveiled a full suite of business solutions to drive agility and scalability for businesses:

- Amazon Web Services (AWS) are global cloud-based products that enable businesses to optimize costs, save time, and achieve more targets by doing away with large IT infrastructure, on-site data centers, expensive software, and round-the-clock IT experts.
- Globe Business Cloud Solutions raise employee productivity while fostering more collaboration within and outside the workplace.
- G Suite is a collection of productivity applications that Google developed to provide personalization and administration options for businesses.
- GoCanvas Mobile Forms allow businesses to digitize all their processes and functions in a fully customizable mobile app so automation and distribution is faster and easier.
- Cybersecurity tools help ensure the security of critical data and customer information.
- Voice and SMS solutions offered by Globe Labs enable businesses to broaden their market by engaging in SMS marketing, sponsored access, subscribed content and voice engagement services.
- RUSH solutions let companies create and customize their own customer loyalty programs through mobile applications, digital stamp cards, and rewards programs.
- GCash enables businesses to facilitate cashless transactions with their customers, such as making cashless payments and transferring money through their mobile devices. GCash also offers payroll solutions done through the same cashless environment.

How Globe Helps Address the Digital Needs of Industries

- Driving Expansion Simpler
  To help local manufacturers enhance their day-to-day business, particularly their mission-critical business operations, Globe Business introduced the Software Defined-Wide Area Network (SD-WAN). The cutting-edge technology simplifies the way enterprises and growing businesses manage and expand their corporate network. SD-WAN also enables banks to power online and phone banking services, as well as enhance the visibility of branch applications and ATM networks.

- Powering IT Gaming
  To cater to the changing needs of the growing IT gaming enterprises sector, Globe Business entered into a joint venture with TechZone Philippines Inc. to form TechGlobal Data Center, Inc. TechGlobal aims to provide a globally competitive, carrier-neutral facility to manage customers’ critical ICT requirements for higher power output and extra layers of security. The TechGlobal Data Center is currently operated and maintained by the Data Center Operations of Globe and reflects best practices and processes aligned with other Globe Data Centers.

- Making Jobs Search Easier
  Globe Business set up the first IT-BPO recruitment hotline #8353 or #TELE in the Philippines for Teleperformance, the world leader in outsourced omnichannel customer experience management. This enables Filipinos to search, inquire, and apply for business process outsourcing (BPO) industry jobs easier and faster. Globe Prepaid and Postpaid jobseekers nationwide may call the hotline for free through their mobile phones even without load. Teleperformance’s recruitment number also provides greater reach for provincial areas that have a growing demand for employment.

- Enabling Retailers to Serve Customers Better
  Globe Business offered the #Hotline service to local retailers as a modern approach to customer service. The service allows companies to be accessible and responsive to the needs of its customers. It also provides great customization, wider reach, and a simpler experience. Among the early adopters of the #Hotline service were Jollibee Foods Corporation and Shakey’s Philippines. The #Hotline service allowed the biggest fast food chains in the country to expand their reach simply by enabling over 60 million Globe customers nationwide to order toll-free via their mobile phones and landlines.
DIGITALLY TRANSFORM BUSINESSES

Forging partnerships and sharing expertise

Globe stepped up its bid to develop a robust digital economy in the country by forging stronger partnerships with various stakeholders as well as by sharing its expertise and leadership insights, to bring IT solutions and technological innovations to more Filipinos.

- **Globe myBusiness Academy**: In partnership with the Department of Trade and Industry (DTI), Globe myBusiness is bringing technology closer to MSMEs and empowering Filipino business owners and aspiring entrepreneurs. Under the Globe myBusiness Academy, a one-stop platform for information dissemination about top-notch digital solutions and government services, businesses can step up their bid to be globally competitive. Globe myBusiness Academy also enables SMEs to gain insights from entrepreneurs on running a successful business using online tools. The platform also helps in spreading awareness about DTI’s services and the DTI Negosyo Center through its various digital platforms, workshops, seminars, and conferences.

- **RestomaniaPH**: Globe myBusiness launched the first-ever RestomaniaPH, the biggest and most comprehensive forum and expo event that brought together some of the most renowned names in the restaurant and café industry. Through the event, Globe myBusiness was able to gather partners in the Restaurant Business Network to create the first restaurant- and café-specific business ecosystem designed to provide relevant services to companies in the food industry. The event gave restaurant business owners knowledge and insights to level up their customer experience using technology.

- **Digital 2.0**: This is a thought leadership forum on the importance of digital transformation in today’s business environment. Through its in-house digital enabler Digital Ventures, Globe was able to gather Visayas-based entrepreneurs to help them accelerate their digital journey. Digital 2.0 is composed of learning sessions that included talks, panel discussions, and interactive demos. Business leaders from Cebu City and Davao City gained valuable insights on how they can seamlessly integrate practical digital solutions to day-to-day operations and the challenges these entail. The forum also gave Globe a platform to showcase the capabilities of Globe Labs and RUSH, two of the services developed by Globe Digital Ventures.

- **Samsung Knox**: Globe myBusiness partnered with Samsung, the global leader in smart device manufacturing, to offer Samsung Knox so business owners can protect their company data while raising worker productivity. Samsung Knox is a user-friendly, cloud-based device management solution with an affordable license fee that provides a simple deployment process to help SMEs address enterprise mobility concerns without having to invest time and money extensively.

- **2nd Annual ISG Movers Awards**: Globe continues to promote a stronger IT ecosystem by nurturing partnerships with IT vendors. In 2018, the company organized the 2nd Annual ISG Movers Awards to give recognition to leading technology and solutions providers such as: Amazon Web Services (ISG Mover of the Year and Innovation Mover of the Year), VMware (CIO Mover of the Year), Amdocs (Operational Excellence Mover of the Year), SAP (Delivery Excellence Mover of the Year), Apigee (Digital Transformation Mover of the Year Award), and Gartner (New Mover of the Year Award).

MEGATREND: GROWING TALENT AND SKILLS GAP

The emergence of new technologies such as artificial intelligence and robotics have given way to fears that machines will replace humans in the near future. Research, however, suggests otherwise: there will be an enormous deficit of skilled workers, estimated at 85.2 million globally, by 2030 (Korn Ferry Institute study). This points to the need for businesses to source the right skills and talent to reap the benefits of the new digital economy.

While the Philippines is demographically gifted with a huge population of young people joining the labor force, it continues to lag behind in terms of digital readiness (2018 World Digital Competitiveness report issued by Switzerland’s International Institute for Management Development). The Philippines ranked 56th out of 63 countries, dropping 10 places from its 46th spot in 2017.

In Asia-Pacific, the country remains one of the worst-ranked, finishing 12th among 14. The report measured countries’ “future readiness,” the level of their preparedness to exploit and adapt to digital transformation, as well as the availability of knowledge and technology.
Helping organizations gear up for digitalization

- **Globe Innovation Month 2018:** The event enabled organizations to gain insights on adopting an agile mindset and leveraging on digitalization to build a resilient workplace for the future. Over 2,000 stakeholders participated in the month-long initiative, which kicked off with a series of innovation talks called “Mindbrew,” a weekly session of engaging discussion on how companies across various industries innovate to remain relevant in a competitive, tech-driven landscape. A two-day forum provided a platform for Globe leaders and experts from McAfee, HP Enterprise, Google Cloud, Microsoft, Huawei, Cisco, and other technology partners to share their knowledge on topics on innovation, intelligent home solutions, and the workplace of the future.

- **IT-BPO Shift:** Globe, through Globe Business and Globe University, created a digital professional program for leaders and employees of the IT-BPO industry. Called “Shift,” the program helps prepare the industry amid talks of automating business critical operations and artificial intelligence. The program was made in collaboration with the IT & Business Process Association of the Philippines (IT-BPAP), the IT and BPO industry’s umbrella organization.

- **ShiftED for Schools:** Globe myBusiness launched ShiftED, a campaign to help schools in developing globally competitive students and teachers. ShiftED also covers the education-related activities of Globe such as the Digital Thumbprint Program, which promotes responsible digital citizenship and cyber wellness for students; and PRISM, a three-week digital literacy improvement program aimed at advancing the digital literacy skills of Filipino educators. Globe myBusiness also provides connectivity and solutions that can aid schools, as well as learners and educators, to be digitally ready.

At the EduTech 2018 forum held at the SMX Convention Center in 2018, Globe myBusiness unveiled digital solutions that will allow educational institutions to be future-ready and prepare students and teachers for digital transformation. The event gathered over 1,400 education and technology leaders, as well as business, technology and library managers. Globe myBusiness showcased Business-Grade Connectivity for campus-wide WIFI requirements; a School Management System portfolio to automate school administrative processes; and the Learning Management System so students and teachers can collaborate on a single platform effectively and efficiently.

- **Global Filipino Schools (GFS):** In partnership with the Department of Education (DepEd), Globe was able to help advance learning in the 21st century and education technology in the country through the Global Filipino Schools (GFS) program. Schools under the GFS program receive free internet connectivity as well as ICT tools such as tablets, projectors, virtual reality goggles, casting dongles, pocket wifi devices, and a mobile cart. Globe also provides an intensive teacher training program on 21st-century learning approach, ICT integration in classrooms, as well as content for responsible digital citizenship. School beneficiaries serve as a training hub for teachers in the DepEd division the school belongs to. Ahead of their 2020 target, Globe and DepEd brought the program to all 17 regions in the Philippines, enabling 218 schools, 11,666 teachers and 331,241 students with access to ICT tools and methodologies.

### An Impact Assessment Study for The Global Filipino Schools Program (conducted by Kantar TNS in 2018)

- A total of 888 teachers and 7247 students were interviewed across pre-read and post-read.
- Students interviewed belonged to grades 7-12.
- Teachers interviewed handled same grade levels as the students.
- Interviews were done online through Google Forms (monitored by Globe Telecom).

70% of teachers and students say they have ICT equipment in their school.

Among teachers, improvements in facilities were felt most among those in Luzon, likely driving GFS rating in these areas. Students in NCR also felt they were better equipped post-intervention. In other areas, improvements were felt sporadically. Here are the improvements seen:

- Use of projector/monitor instead of writing on the blackboard/manila paper.
- Use of Microsoft Office to make reports and presentations.
- Students are able to catch up on lessons missed through technology.
- Allows teachers/students to interact with other local/international schools using technology.
- Grades are now computed using technology.
- Faculty/staff/school are capable of handling technology such as computers, etc.

21st Century Learning helped in drive engagement for both teachers and students inside the classroom. Positive impact of 21st century learning:

- Increased teachers engagement.
- Students displayed higher levels of engagement, both self-rating and from teachers’ POV, across areas.
Globe Future Makers Program

Innovators supported

- **iVolunteer** is an online platform that aggregates volunteer opportunities around the country, and encourages the public to be active volunteers as individuals or groups.

- **Virtualahan** is an organization that caters to Persons With Disabilities sector, and designs livelihood training and long term job placement opportunities for its members.

- **TULA** operates after-school centers that teach students progressive approaches to learning core subjects and life skills.

- **The Spark Project** is a Filipino-based crowdfunding website and community for local entrepreneurs, change makers, and doers.

- **Bagosphere** is an end to end training and upskilling center that supports thousands of frontline workers to achieve better lives. Focusing on soft skills and digital skills for their better chances of employment.

Business Integration

- **iVolunteer** was the implementing partner of Time Please, the nationwide volunteering program of Globe. It was able to garner 22.1M volunteering hours from people across Luzon Visayas and Mindanao.

- **The Spark Project** is the implementing partner for Globe Future Makers 2019. They are helping build the community of social innovators who use technology for social good.

Award

- 2018 Asia-Pacific Stevie Awards: International Business Award - Globe Future Makers-Silver Award for Innovation in Community Relations or Public Service Communications

MEGATREND: GOING BEYOND CONNECTIVITY

Digital technology is not only changing the way businesses operate, it is also unlocking value for telco customers to benefit from services and end-to-end solutions as telcos go beyond their traditional role of providing network connectivity.

In a 2018 industry report, MSCI said telcos can “increase the scope of their reach by acquiring new technologies and capabilities that will enable more customer engagement” given the growing appetite for data. This could lead to the “emergence of new business models” that will offer new forms of advertising, media and content partnerships, live gaming, and virtual reality, among others, as telco players explore new revenue streams from the ever-increasing data flowing through their networks, the report said.
Creating more value for enterprises

- Kickstart Ventures: As the Philippines’ most active corporate venture capital firm, Kickstart enables digital startups anywhere in the world to launch faster and achieve scale and profitability sooner. The wholly owned subsidiary of Globe is also backed by the combined resources of Singtel and Ayala Corporation. In 2018, two new investments in logistics tech were added to Kickstart’s investment portfolio that now includes 37 digital tech companies based in the Philippines, Indonesia, Malaysia, Israel, United States, and Canada:

  - Enterigo, a last-mile fulfillment and logistics solutions provider based in the Philippines and launched as a service in March 2018; and
  - Collectco, a fast-growing integrated logistics solution provider for e-retailers in Malaysia, particularly for non-last-mile delivery and pick up with a focus on “click and collect” for fulfilment as a more efficient alternative to last mile delivery in metro areas.

- These investments comprise Kickstart’s “eCommerce and Marketplace Enablers” stack, which includes startups innovating in digital lifestyle, e-commerce, and financial inclusion/trust. In addition to investing in digital startups, Kickstart also participates in roundtable discussions with government agencies that impact the startup ecosystem. It also lends its technical expertise for proposed legislation affecting the startup and innovation ecosystems.

- AdSpark Holdings: AdSpark, another wholly owned Globe subsidiary, is a full digital service agency known for bringing marketing solutions such as SMS advertising for Globe products. AdSpark has grown to include content, creatives, and digital media buying in its growing service menu. In 2018, the company expanded its digital monitoring capabilities by upgrading its Social Command Center facilities. This enables AdSpark to perform real-time crisis monitoring, event coverage, brand monitoring, and audience behavior monitoring. AdSpark has also invested in building dedicated teams of social analysts, media activation managers, community managers, and media and creative strategists to monitor campaigns. AdSpark also ramped up its digital media offerings through a media partnership with Paydro, the Philippines’ most popular mobile game show app. AdSpark also became the exclusive media placement agency after securing the wifi advertising spots on all Ayala Malls.

- Globe Digital Ventures: In 2018, Globe Digital Ventures, the in-house digital enabler of Globe, acquired the movie schedule and ticketing website, Sureseats.com, from Ayala’s Sureseats. This solidifies the market position of GMovies as an e-commerce platform for cinema ticketing, and allows movie patrons to experience a faster and hassle-free process of purchasing movie tickets in Ayala Malls Cinemas. In addition, GMovies also strengthened its partnerships with major mall operators and cinema producers that want to achieve cost efficiency by driving customers to buy online. Closer synergies with movie distributors such as ABS-CBN and United International Pictures helped promote GMovies through the releases of movie trailers featuring the app, as well as partnerships with major brands such as BPI, Citibank, Unilever, Samsung, and Shopee, which introduced GMovies to a wider customer base. Revenue from Sureseats is projected to grow by 40% as more customers transact online. The volume of transactions for cinema tickets bought through the GCash app also grew by 900% in 2018 from the previous year.

- In addition to GMovies, Globe Digital Ventures also launched a new digital-based loyalty program for The Bistro Group (TBG), which owns a chain of international and homegrown casual dining brands. Using a comprehensive digital loyalty platform called RUSH, TBG was able to offer the Bistro Frequent Foodie (BFF) loyalty app so customers can keep track of vouchers, receive exclusive discounts, and make reservations, ultimately elevating their customer experience with TBG.

Wattpad is one of the companies Kickstart Ventures has invested in coming from how they have transformed entertainment in the Philippines and around the world. Kickstart Ventures is represented by Minette Navarrete (left) while Wattpad on the otherhand is represented by Allen Lau, Wattpad CEO and Co-founder.

Ernest Cu (5th from left), Globe President and CEO and Jean Paul Manuud (6th from left), The Bistro Group (TBG) President and COO at the launch of the new BFF mobile app.
PUT PEOPLE FIRST

“We put a premium on ensuring our employees find purpose and meaning in their work. By allowing their work to serve a purpose beyond just livelihood, we ensure the ability of our people to lead happy and meaningful lives.”
— Renato M. Jiao, Chief Human Resource Officer

AT A GLANCE

| Sustainable Engagement Index score in 2018 (net of retention score) | 91% |
| Organizational Health Index | 88% |
| Purpose Index | 87% |

3,164 unique employee volunteers
32,640 man-hours for volunteering.

Gold Stevie Award for Employer of the Year in the field of telecommunications

Asia’s Best Workplace of the Year at the Asia Corporate Excellence & Sustainability (ACES) Awards

131 Globe employees helped international hunger relief organization, Rise Against Hunger (RAH) achieve its goal of entering the Guinness World Record with the greatest number of people assembling hunger relief packages simultaneously at multiple venues in five minutes.
Putting People First

Powering the Workforce of the Future

Overview

Promoting a culture of empowerment, collaboration, and innovation enables Globe to create a high-performing organization and a purpose-driven workforce.

Making people feel a valued part of the Globe community is rooted in the company’s business philosophy, “Circle of Happiness.” Spinning this circle entails building a culture where people come first, and allowing them to create wonderful experiences for Globe customers. This, in turn, drives business growth and makes shareholders happy.

When employees feel empowered and respected, find meaning in work, have alternative ways of thinking freely for fresh perspectives and out-of-the-box ideas, and discover new opportunities and growth, they can contribute better to the organization’s success. Their rich mix of insights helps Globe serve its customers better and this translates to a strong brand experience that people love and connect with.

In 2018, the company won two prestigious global awards that recognized Globe as a high-performing organization:

- Asia’s Best Workplace of the Year at the Asia Corporate Excellence & Sustainability (ACES) Awards. This recognized the people-centric approach and strong commitment of the company towards employee empowerment and enrichment. ACES is given to companies that maintain healthy attrition rates, engage and nurture a great pool of talents, as well as practice knowledge sharing among employees and stakeholders.

- Gold Stevie Award for Employer of the Year in the field of telecommunications. The Stevie Awards for Great Employers recognizes the world’s best employers and human resources professionals, teams, achievements, and human resource-related products and suppliers who help create and drive great places to work.

MEGATREND: WAGING THE WAR FOR TALENT

Attracting top talent has never been more important to telcos as the industry experiences exponential growth. Having a workforce with the right skills in the right roles allows telcos to navigate the path to sustainable growth. Failure to attract and retain top talent can adversely impact the competitiveness and profitability of companies and, therefore, economic productivity (Enterprise Risk Management Academy).

In the Philippines, a study found that about 65% of college graduates do not have the right skills and training to qualify for the jobs of their choice, while one out of three Filipinos is employable (National Employability Report, conducted by a Delhi-based Aspiring Minds, 2017).

Investing in Talent Development

Globe continues to keep top talent by providing opportunities for continuous learning. In 2018, it offered more than 100 skills and leadership training courses to over 5,100 people and 256 leaders.

Since it launched the Globe University campus in 2015, Globe has trained over 5,100 people and nurtured nearly 256 leaders. Various experts in the field using various teaching methodologies facilitate the programs in this central learning hub.

In 2018, Globe University has increased its reach from ~3.6k employees to ~5k employees through an increase in classes by 56% compared to the previous year. The line trainer pool has also increased by 58% and delivered a total 206 training sessions or ~4k training hours. GU has introduced 27 new courses last 2018 and aggressively deployed regional classes numbering to 62 classes.

The Globe University embodies the company’s commitment to invest in the personal and professional development of its employees.
Priority Learnings in Globe University

- Agile - aims to give an overview of Agile mindset, including its values, principles and frameworks.
- Data Analytics - an introduction to the design of dimensional models and data warehouses.
- Design Thinking - touches on the basics of problem discovery and solving. It includes activities so participants can learn by doing.
- Lean Six Sigma - Holistic approach for continuous improvement projects.
- 7 Habits of Highly Effective People - By living the 7 Habits, participants will become profoundly more effective in the things that matter most in their work and personal life.
- Everyday Leadership - Pertains to 6 Key Actions that support performance management and culture building (Inspire purpose, Collaborate, Drive Performance, Daily Kumustahan, Feedback & Coaching and Build Talent).
- Mindfulness - Discusses the benefits of mindfulness from a neuroscience standpoint, and simulate practical tools to create mindful moments in an accelerated modern world overwhelmed with noise and distraction.
- 5G Technology - Describes 5G industry trends and understanding of 5G network architecture and frequency spectrum and key technologies.
- Cloud Technology - Identifies the values and benefits of cloud solutions.
- Domains of Information Security - Covers the essential principles of network security and risk management.
- Solutions Selling - Provides a set of core selling and key interaction skills to lead mutually beneficial sales conversations that also focuses on the product solutions that are at par with the changing world.

Deepening the bench

The overall talent strategy of Globe involves creating an internal talent pipeline, ongoing succession planning, and talent review.

- General Management Development Program (GMDP): This is offered to external candidates who are top graduates with Masters degrees and interested in middle-management positions at Globe. For 6 months, GMDPs are immersed in Globe, fast tracking their immersion and learning curve to be the future leaders of the company.
- Management Development Program (MDP): Fresh college graduates gain exposure and training across different Globe domains for a deeper understanding of the telecommunications industry. They also contribute to the company’s corporate social responsibility initiatives and get mentoring from senior management and executives. For 12 months, management trainees undergo a holistic program that involves cross-functional training and rotation in the various businesses of Globe. This is designed to fast track their learning and career growth. In 2018, 12 management trainees were on boarded in this program.
- Integrated Leadership Development: This comprehensive program builds capabilities and creates a career development roadmap at Globe to ensure a consistent pipeline of leadership talent to sustain the growth of the organization.
- Everyday Leadership (EDL) program: This teaches key actions, behaviors, and attitudes that Globe leaders should emulate to drive their employees’ performance effectively.
- iLead Globe: This CEO-sponsored nine-month program steers the company’s Executive Development Program (EDP) to identify next-generation senior leaders through a series of class-based learning and fieldwork initiatives.

Ensuring the future of Globe

Globe is committed to developing future leaders and have made deliberate efforts in succession planning to ensure that leadership development is oriented towards succession management.

The company devotes attention to continuous identification of high potential / learning agile employees through ongoing performance reviews and talent discussions. It assesses talent against Globe Telecom’s success profiles and conduct in-depth leadership diagnostics so as to identify those who are seen as distinct in driving the business forward and leading the organization at senior levels and may be included in the company’s succession plan.

Select employees complete online leadership questionnaires and 360 feedback tool to understand their leadership characteristics, learning orientation or agility and how they approach critical thinking, complexity, risk and long-range business planning.
Globe also prepares individualized plans and measures for each successor candidate, focusing on role-readiness and development action plans to target closing specific skill and experience gaps. These development plans and interventions are discussed during ongoing Talent Reviews with the CEO, CHRO and Group Heads.

The company supports its leaders’ development journey to make them more aware of the leadership competencies they possess and bring out their talents and strengths to accelerate their development. Hence, it evolved towards a more holistic development framework focused on leadership competencies and attributes which are required for today’s work environment to enable its leaders to increase their collaborative leadership, digital innovation, individual capabilities/ personal effectiveness to contribute to the organizational performance, sustain business success and continuity.

The company develops strategic thinkers, innovative, entrepreneurial leaders with a passion for excellence and uncompromising integrity who lead by example, consistently deliver end-to-end customer experience and introduces game-changing thinking and actions. Globe Leaders exhibit learning agility and awareness of self and others, continually strive to be authentic in practicing their values, becoming servant leaders and talent builders accountable for the company’s future and its people’s development, living the qualities of collaboration and the ability to inspire higher purpose in others and reflect the Globe Way of doing things.

Globe partnered with top colleges and universities to offer Graduate to Globe, a development program to discover the best and brightest young minds who will steer the future growth of the company. The program includes:

- Singtel Scholarship Program: In partnership with Singtel, a major shareholder of Globe, the program aims to support the college education of young talents who aspire to join the telecommunications and ICT industry in Asia Pacific. Scholars get valuable exposure and experiences through local and international internships, work assignments, and mentorship by SingTel and Globe senior leaders.

- Globe Summer Internship Program: This project-driven, eight-week internship program blends classroom learning with real-world application. It offers interns the opportunity to work on meaningful projects that directly impact business results. Out of hundreds of applications, 20 outstanding students from various universities were chosen for the internship program in 2018.

- Globe Game Changer: This is a premiere digital innovation competition that aims to bring out the most innovative and game-changing ideas from the top graduating students in the country. Winners in 2018 were given the opportunity to travel to Singapore and visit the offices of Globe partners Singtel, Linkedin, and Google.

- Cadetship Program: This six-month program aims to build a strong pipeline of homegrown talents that will fill up key positions in Globe in the future. Fresh college graduates or those in their early careers are given in-depth training and professional experiences in IT, technology, and marketing. In 2018, 38 cadets joined the Enterprise Data Office, Information Systems Group, and Broadband business units of Globe.

- Junior Mobile Wizards (JMW): This six-week immersion program is offered to grades 10 to 12 students (junior and senior high school) aspiring to become brand ambassadors of Globe. Selected JMW candidates share their knowledge and learn new skills while experiencing fun at work. In 2018, 21 young and talented students gained first-hand training and experience in interacting with customers in Globe stores.

### Recognizing and rewarding loyalty and excellence

The company launched Kudos, an online appreciation platform that enables Globe employees to send virtual “thank you” messages to their Ka-Globe (colleagues) in appreciation of their wonderful service. Accumulated Kudos points can be swapped for rewards (such as exclusive discounts and privileges with partner hotels, travel shops, restaurants, gas stations, and other establishments).

Key to 2018 was driving usage of the platform, which in turn, helped drive more recognition of the right behaviors. This includes making the platform accessible through Google SSO and through an app; and enticing employees through premium rewards such as the GU shirt.

In addition to Kudos, Globe also holds the annual Globe Excellence Award (GEA) to recognize employees who embody the Globe Way values through excellence in leadership, innovation, service, and Volunteerism. A total of 200 nominations were received in 2018, up by 50 nominations from 2017.

Globe also shows its appreciation for the contributions of long-time employees by hosting an annual fellowship for those with 25 years of employment with the company belonging to the Globe Quarter-Century Club. As of end-2018, the Club had 152 members, many of whom graciously attended the luncheon party on November 13, 2018 at Giorietta Mall, Ayala, Makati City.

### Kudos

<table>
<thead>
<tr>
<th>Kudos</th>
<th>Total Received</th>
<th>Total Sent Kudos</th>
</tr>
</thead>
<tbody>
<tr>
<td>Points</td>
<td>2,049,879</td>
<td>1,697,760</td>
</tr>
</tbody>
</table>
Globe looks after its employees’ holistic growth as individuals. It prioritizes the well-being of Ka-Globe, and recognizes the diverse needs of every individual. In 2018, the Human Resources (HR) department of Globe mounted a rebranding campaign called “Life@Globe” to emphasize the positive benefits of its programs and initiatives. For employees to achieve work-life balance, Globe offers various facilities in its corporate headquarters such as a gymnasium, a bank, a salon, a pharmacy, a minimart, and a carwash.

To address the differences in needed benefits of employees, the company has a Flexible Benefit Program that allows employees to customize their company-provided benefits to suit their needs as well as those of their dependents. Employees have an opportunity to convert their leaves to upgrade their health benefits, or use their car benefit to enroll extended dependents for medical benefits. Globe also established year-round sports and wellness programs, including sports-themed interest clubs, so it can safeguard the health and fitness of its employees while promoting a sense of community. In 2018, these interest clubs had a total of 1,223 active members, an 87% jump from the previous year, an indicator of growing employee engagement at Globe.

On top of the regular on-site annual physical examinations (APE), the company also promotes Wellness@Globe by providing employees with an in-house gymnasium facility in partnership with Gold’s Gym, employee discounts with Ayala-owned Generika pharmacy, and regular classes under the Globe Wellness Center, including zumba, yoga, TRX suspension training, pop dance, streetdance, and belly dance. An in-house nutritionist is also available for free consultation twice a week.

Other HR initiatives in 2018 include: Happy Land bootcamp, quarterly blood donation drive, Financial Wellness Fair, Wonderful Surprise activations (where employees were treated to surprise delightful treats to celebrate company milestones such as winning the ACES Award for Best Workplace and Gold Stevie’s for Employer of the Year Award-Telco Category and other occasions), Only@Globe initiatives (bazaars, pop-up stores, expos mounted by vendor partners), hospitality-related initiatives to showcase Globe Tower as the “Best Workplace,” and other programs.

Caring for people

On-stage are the eight (8) finalists for the Globe Employee of the Year Award which aims to recognize employees who embody the Globe Way values. This year’s finalists are (L-R) CJ Alegre, Maan Reyes, Emily Sigwa, Emil Dela Cruz, Catherine Ramones, Myk Ogbinar, and Julie Alparan. The winner for this year is Maan Reyes from Channel Management and joining her are Globe Chairman, Jaime Augusto Zobel de Ayala, and Ernest Cu, Globe President and CEO.
Globe upholds labor standards across its own operations and value chains. It promotes practices that provides employees a productive, secure, and conducive workplace, better prospects for personal and career development, and social integration. It also promotes non-discrimination, equal opportunities and treatment, and freedom to express workplace concerns.

Globe respects employees’ membership and participation in the Globe Telecom Employees Union Federation of Free Workers (GTEU-FFW), which remains active in upholding the rights of every Ka-Globe to form a collective bargaining unit. Through GTEU-FFW, employees are also kept abreast of the company’s Collective Bargaining Agreement (CBA). As a testament to the longstanding relationship between Globe and GTEU-FFW, the parties renewed their five-year CBA for years 2016-2020.

The company also strictly complies with the Department Order No. 174 of the Department of Labor and Employment which provides a new set of guidelines for contracting and subcontracting. Globe engages accredited third-party vendors on the regularization of all its contractual employees.

Globe puts a premium on workplace health and safety, committing to zero fatality and minimal to no injury among employees. Guided by best practices, the company obtained an Occupational Health and Safety (OHSAS 18001:2007) certification for three sites: Valero Telepark in Makati City, GTIT Plaza in Cebu City, and Data Center in Cavite City.

The company also continues to provide a healthy and safe workplace to its employees by:

- Continually assessing all health and safety hazards in the workplace and providing program to eliminate these hazards;
- Complying with occupational health and safety standards applicable to the business;
- Training and motivating employees to work with safety in mind, and encouraging partners to adopt the same principles;
- Reporting occupational health and safety performance to stakeholders; and
- Conducting a regular review of its management system to ensure that the commitments of this policy are being delivered, and striving for continual improvement.

In addition, Globe keeps its entire organization prepared in the event of natural and man-made disasters. In 2018, emergency drills and exercises were conducted in 39 Globe sites nationwide, and mobilized 7,102 employees, visitors, and vendors. Prior to these drills, sessions on First Aid with Basic Life Support, Basic Fire Fighting, Rescue Techniques, Disaster Management, and Incident Command System were conducted to further strengthen the preparation for the drill exercises.

### Club Description Members

<table>
<thead>
<tr>
<th>Club</th>
<th>Description</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>917Crew</td>
<td>Streetdance club, represents Globe in inter-company competitions (JZA Cup)</td>
<td>30</td>
</tr>
<tr>
<td>DRMHWS</td>
<td>Art &amp; Camera</td>
<td>50</td>
</tr>
<tr>
<td>Globe Adventure Club</td>
<td>Adventure sports (mountaineering, biking, trail running)</td>
<td>238</td>
</tr>
<tr>
<td>Globe Badminton Club</td>
<td>Hosts badminton clinics and tournaments (GSmash), represents Globe in inter-company competitions</td>
<td>159</td>
</tr>
<tr>
<td>Globe Football Club</td>
<td>Hosts football clinics, represents Globe in inter-company competitions</td>
<td>160</td>
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<tr>
<td>917Golf Club</td>
<td>Represents Globe in inter-company competitions (JZA Cup)</td>
<td>51</td>
</tr>
<tr>
<td>Globe Triathlon Club</td>
<td>Represents Globe in inter-company competitions, serves as support group for triathletes within the company</td>
<td>51</td>
</tr>
<tr>
<td>Voices@Work</td>
<td>Company Glee Club, represents Globe in competitions within the country and abroad</td>
<td>30</td>
</tr>
<tr>
<td>Moto917</td>
<td>Newest Interest club that aims to promote safety among motorcyclists in the Globe community; also trains motorcyclists to give emergency support for LAS</td>
<td>35</td>
</tr>
<tr>
<td>MUSAC</td>
<td>Music club</td>
<td>100</td>
</tr>
<tr>
<td>Globe Power &amp; Speed Club</td>
<td>Running club, represents Globe in competitions (e.g. Milo Marathon)</td>
<td>115</td>
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<tr>
<td>Globe Volleyball Club</td>
<td>Hosts volleyball clinics and tournaments (GSpike), represents Globe in inter-company competitions (JZA Cup)</td>
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### Upholding employees’ rights

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### Promoting health and safety in the workplace

Globe upholds labor standards across its own operations and value chains. It promotes practices that provides employees a productive, secure, and conducive workplace, better prospects for personal and career development, and social integration. It also promotes non-discrimination, equal opportunities and treatment, and freedom to express workplace concerns.

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Globe also launched the G.E.A.R (Globe Emergency and Accident Reporting) app to enable employees to use their smartphones to conveniently report vehicular accidents, workplace accidents, and property damage. Automation eliminates the use of paper and provides the user with real-time updates on ongoing investigations.

With the recent ratification of DO 198-18, IRR of RA 11058 “An Act of Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof”, all contractors and proponents have now the same requirements as well as joint liabilities on Occupational Safety and Health scope. The provisions and mandates will standardize the Occupational Safety & Health cutting across the Project proponents, Facility Owner, its main contractors, suppliers and sub-contractors thus making its implementation more effective.

For 2019, 20 Major Facilities of Globe will be applying for the Integrated Management System certification that covers the following ISO Standards: ISO45001 – Occupational Health and Safety Management System
ISO14001 – Environmental Management System
ISO22301 – Business Continuity Management System

These initiatives will ensure the coverage and protection of employees and workers, environment and business operations.

All projects being implemented by Globe contractors are required to conduct Basic Construction Safety to discuss the Safety and Emergency Management Plan pertaining to the project. Contract workers assigned to various facilities of Globe, particularly Technicians and Engineers of Technical sites, are automatically members of the Emergency Response Team. These members are trained to respond to various types of emergency situations, guided by Globe Telecom’s Safety, Health and Environment Management Policies and Guidelines.

In February 2018, a collaborative effort by the Network Technical Group Implementation Team and Safety Team created a Job Hazard Analysis (JHA) and Safety Plan for high risk activities involved in Tower Retrofitting. The teams identified various hazards present at their activity and were given corresponding controls. These were disseminated to all 20 main contractors and their respective sub-contractors with main focus on Hotworks and Working at Heights risks. The JHA and Safety Standards were cascaded to all contractors working on over 200 sites.

### OCCUPATIONAL HEALTH AND SAFETY (GRI 403-1)
(in number of employees)

<table>
<thead>
<tr>
<th>OH&amp;S</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Safety Committee Members</td>
<td>907 (12.60% of workforce)</td>
<td>952 (12.34% of workforce)</td>
</tr>
<tr>
<td>Total # of fatalities (work-related incidents resulting to death)</td>
<td>Zero Fatality</td>
<td>Zero Fatality</td>
</tr>
</tbody>
</table>

### Occupational Health and Safety Trainings in 2018

<table>
<thead>
<tr>
<th>Training Courses</th>
<th>Hours</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Articulated Truck Driving and Assessment</td>
<td>120</td>
<td>54</td>
</tr>
<tr>
<td>Industrial Climbing, Hauling and Rope Access (ICHRA)</td>
<td>72</td>
<td>31</td>
</tr>
<tr>
<td>Industrial First-Aid and Basic Life Support (IFBLS)</td>
<td>128</td>
<td>89</td>
</tr>
<tr>
<td>Basic Occupational Safety and Health</td>
<td>244</td>
<td>152</td>
</tr>
<tr>
<td>Ambulance Operations Training</td>
<td>16</td>
<td>37</td>
</tr>
<tr>
<td>Outside Plan Telecom Safety</td>
<td>16</td>
<td>47</td>
</tr>
<tr>
<td>Introduction to Industrial Hygiene with WEM</td>
<td>24</td>
<td>14</td>
</tr>
<tr>
<td>Industrial Fire Fighting</td>
<td>24</td>
<td>28</td>
</tr>
<tr>
<td>Urban Search and Rescue Training</td>
<td>40</td>
<td>22</td>
</tr>
<tr>
<td>Construction Safety (COSH)</td>
<td>64</td>
<td>52</td>
</tr>
<tr>
<td>Advanced Electrical Safety</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>744 hours</strong></td>
<td><strong>543 pax</strong></td>
</tr>
</tbody>
</table>
Attracting top talent has never been more important to telcos as the industry experiences exponential growth. Having a workforce with the right skills in the right roles allows telcos to navigate the path to sustainable growth. Failure to attract and retain top talent can adversely impact the competitiveness and profitability of companies and, therefore affect economic productivity (Enterprise Risk Management Academy).

In the Philippines, a study found that about 65% of college graduates do not have the right skills and training to qualify for the jobs of their choice, while one out of three Filipinos is employable (National Employability Report, conducted by a Delhi-based Aspiring Minds, 2017).

MEGATREND: GROWING EMPLOYEE ENGAGEMENT

Globe continuously finds avenues for its employees to find meaning in their work and take pride in the brand. Among the many ways it engages employees is by promoting the spirit of volunteerism. Every year, Globe gives its employees one day of Volunteer Time-Off to pursue their personal advocacy. It also instituted activity-based and skill-based volunteering to enable collaboration with partner groups and communities. In 2018, the company engaged 3,164 unique employee volunteers, 41% of its total workforce, spending 32,640 man-hours for volunteering.

Championing volunteerism

Beyond its own workforce, Globe forged these local and international partnerships in 2018 to magnify the contributions of its volunteerism efforts:

- **Time Please**: This national platform for volunteerism was a collaboration between Globe and The Walt Disney Company Philippines to encourage and empower Filipinos, including Globe employees, their families and friends, to participate in existing volunteer programs or come up with their own ideas on how to make a difference. The program appealed to Filipinos’ strong culture of volunteerism rooted in the spirit of the bayanihan (communal unity and cooperation). In 2018, Time Please had a three-month volunteering campaign that produced a staggering 22.1 million volunteer hours.

- **Rise Against Hunger (RAH)**: Joining forces with thousands of volunteers from the United States, Italy, India, and South Africa, Globe employees helped international hunger relief organization Rise Against Hunger (RAH) achieve its goal of entering the Guinness World Record with the greatest number of people assembling hunger relief packages.
simultaneously at multiple venues in five minutes. In addition to the donations from Globe employees (which came from their Taste N' Go transactions), the company also raised ₱1.1 million from 17,500 Globe customers who donated their unused Globe Reward points, which was matched by Globe. The combined ₱2.2 million in donations to RAH supported families affected by typhoons.

- Overseas Volunteering Program (OVP): Globe employees joined employees from Singtel, Optus, and 24/7 call center in Cagayan de Oro and Bukidnon for the citizenship drive in education, sports, and environmental awareness and protection. They also conducted the Digital Thumbprint Program (DTP) to teach more than 500 elementary students lessons on cyber safety and digital responsibility. 3 Globe employees also helped conduct an English camp for grade 2 students with AIS supported schools and students in Chonburi Province in Thailand.

Globe celebrates its win in the Guinness World Record with greatest number of people assembling hunger relief packages simultaneously at multiple venues in five minutes.

MEGATREND: SHIFTING TO AN AGILE ORGANIZATION

Organizations nowadays need to be thinner, faster, stronger, more adaptable, and more profitable to keep pace with the accelerating changes in their operating environment. This gives rise to so-called “agile organizations” that can balance stability and dynamism. To be a truly agile organization, however, companies must possess four critical elements: strategic leaders who value flexibility, a nimble culture, a lean culture, and an agile method that focuses on customer value.

Leading innovation

To continue leading in a world that is perpetually evolving, Globe leaders seized the opportunity to understand new digital technology developments, holistic market applications of financial technology, scaling up e-commerce play, and 5G technologies. In 2018, Globe Chairman Jaime Augusto Zobel de Ayala and President and CEO Ernest Cu led 120 key executives in extensive immersion activities at the corporate headquarters of Alipay, Alibaba, and Huawei Technologies in Hangzhou, China. This exposure led to the launch of “Big Bold Moves,” high-impact initiatives that address certain pain points and capture new business opportunities for Globe employees and customers such as Taste N’ Go - a food ordering and table reservation app for Globe employees at the Globe Tower 8th floor dining hall; myCoach app to help Globe employees receive meaningful hands-on coaching using their mobile devices, and various innovations around GCash, including a new way to attract potential customers by providing them with free vouchers for them to use right at their GCash app.

Globe leaders at the 2018 Leaders Summit in Hangzhou, China.
Collaborating as squads

To become a nimble organization, Globe reconfigured its teams into “squads” to further promote a collaborative and transparent environment. Employees are encouraged to get out of their functional silos and turn themselves into self-managed and customer-focused multidisciplinary teams to speed up business growth and harness their full potential and skills. One of the ways the company is able to break down organizational silos and foster team collaboration is through the use of Facebook, a social media platform popular among Filipinos. With Facebook’s Workplace, the company and its employees create a two-way conversation, offer real-time feedback (likes, comments and reactions), address immediate concerns, and share knowledge. The Globe Tower also has an open-office design that enables employees to constantly collaborate and harness digital technology to make work life easier.

To reach out to Ka-Globe in the different regions in the country, the HR department conducts a roadshow of various HR programs called the Regional Kumustahan. In 2018, this was held in the cities of Cebu and Davao.

Communication as a tool to Empower People

To reach out to Ka-Globe in the different regions in the country, the company provides different communications channels to inform employees about various internal programs such as:

- Regional Kumustahan - this year-round visit to the Regional Offices of Globe allows HR to communicate with our ka-Globe from the different sites, gather insights, and customize employee programs based on their needs.
- Ka Globe-Jam - is a quarterly town hall that informs employees of business attainments and gives opportunities for Ka-Globe to engage with senior leaders during the open forum.
- Collab Council - is a consortium of communication custodians across Globe. It serves as a consulting body for the organization’s internal and external communications. The group also serves as a venue for integration of communication strategies and plans from Corporate Communications, HR, ISG, ISDP, LAS, and Globe University.

Valuing employee feedback

Globe is obsessed about getting feedback not only from its customers but also from its employees. The company commissions an independent survey to track its employees’ level of satisfaction through Globe iSpeak and Organizational Health Index (OHI). In 2018, 97% of the workforce participated in iSpeak while 88% for OHI. For the same year, Globe achieved a 91% net of retention score under the Sustainable Engagement Index. Apart from external measures, Globe also has an in-house survey called the Purpose Index to gauge how well the organization is in living out its Purpose. Already on its 2nd year, the survey has seen a growing employee base at 87% who affirmed that the work that they do and even their personal purpose both contribute to the fulfillment of the Globe Purpose.

Fueling employee passion for the customer

Globe has a “Customer First Circle” culture-building program that encourages employees to further improve customer experience. Top “passion projects” under the program get to represent Globe in the annual CREST (Centre of Regional Excellence for SingTel Group) Summit.

The program, which has been ongoing since 2009, enables employees to come up with innovative solutions that address the root causes of customer pain points and maximize opportunities for improvement.
After pioneering paperless billing that allows the company to reduce the cost of printing and delivery, as well as its carbon footprint, Globe embarked on digitalization initiatives that promote a lean culture among employees. The company launched a digi-sign app where office transactions such as travel, gift disclosure, related party disclosures, memoranda, and legal contract requests, among others, are processed online.

Globe also developed an employee ride-sharing strategy using a mobile app to book rides around its offices. With Globe IKOT, the company not only inspired employees to use the company shuttle service when attending business meetings at the different Globe offices in Manila and Makati, it also helped reduce its carbon footprint by at least 584 metric tons, which is equivalent to planting 4,133 trees. The service was upgraded to Loop, a web-based solution that provides an easier and more convenient way for employees to avail of the free shuttle service without waiting in line. Loop allows employees to simply reserve a seat, digitally plan their travel, and monitor the vehicle’s whereabouts via map, thus allowing them to remain productive until their scheduled departure.

Another digital innovation is the Employee Virtual Assistant (EVA) that enables Globe employees to file and view their work leaves, salary, update personal and work information on their mobile phones. The mobile app acts as a Human Resource Information System (HRIS) on the go. As of end-December 2018, a total of 5,440 Ka-Globe or 70% of the workforce have started using EVA for HR-related concerns.

Globe also extends the benefits of technology in the workplace by introducing an innovative mobile app called Taste N’ Go that enables employees to order food and book a table in advance at the company cafeteria. This enhances employee well being and helps raise productivity at work as it eliminates waiting time and queuing.

Digitization initiatives extend to Globe Telecom’s internal processes and tools which are modernized to improve the user experience and improve the ease of completing internal services. One example is the modernization of the company’s internal ticketing tool form, Remedyforce, where it provides better user experience through a mobile application. The Legal Contract Request is an automation of the Contract Routing Slip which documents contracts that are routed for review to the Legal team.

The company adopted SAP Ariba spend management solutions to digitalize and document processes end-to-end, on a single, integrated platform in the cloud.

Memos are now being routed for approval via the Memo App, an online platform for paperless memo creation and approval featuring visible approval status, real-time notification to approver and requester, single online memo repository and secure environment for confidential information.
### Employment (GRI 401-1) (GRI 403-1)

<table>
<thead>
<tr>
<th>EMPLOYMENT</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employees</td>
<td>7,206</td>
<td>7,716</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>3,860</td>
<td>4,143</td>
</tr>
<tr>
<td>Female</td>
<td>3,346</td>
<td>3,573</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 30</td>
<td>1,609</td>
<td>1,908</td>
</tr>
<tr>
<td>30-50</td>
<td>5,304</td>
<td>5,490</td>
</tr>
<tr>
<td>Over 50</td>
<td>293</td>
<td>318</td>
</tr>
<tr>
<td>Category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sr. Management</td>
<td>476</td>
<td>480</td>
</tr>
<tr>
<td>Mid Management</td>
<td>4,203</td>
<td>4,446</td>
</tr>
<tr>
<td>Specialists &amp; CBU</td>
<td>2,527</td>
<td>2,790</td>
</tr>
<tr>
<td>Location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luzon</td>
<td>6,123</td>
<td>6,633</td>
</tr>
<tr>
<td>Visayas</td>
<td>648</td>
<td>656</td>
</tr>
<tr>
<td>Mindanao</td>
<td>435</td>
<td>440</td>
</tr>
</tbody>
</table>

### New Employee Hires (GRI 401-1)

<table>
<thead>
<tr>
<th>New Employee Hires and Turnover</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employee Turnover</td>
<td>753</td>
<td>678</td>
</tr>
<tr>
<td>Attrition Rate / Turnover Rate</td>
<td>10.47%</td>
<td>9.08%*</td>
</tr>
<tr>
<td>*12.6% General Industry Average</td>
<td>14% Telco Average</td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>381</td>
<td>363</td>
</tr>
<tr>
<td>Female</td>
<td>372</td>
<td>315</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 30</td>
<td>177</td>
<td>202</td>
</tr>
<tr>
<td>30-50</td>
<td>545</td>
<td>429</td>
</tr>
<tr>
<td>Over 50</td>
<td>31</td>
<td>47</td>
</tr>
<tr>
<td>Category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sr. Management</td>
<td>58</td>
<td>51</td>
</tr>
<tr>
<td>Mid Management</td>
<td>452</td>
<td>455</td>
</tr>
<tr>
<td>Specialists &amp; CBU</td>
<td>243</td>
<td>172</td>
</tr>
<tr>
<td>Location</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luzon</td>
<td>658</td>
<td>621</td>
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<tr>
<td>Visayas</td>
<td>55</td>
<td>33</td>
</tr>
<tr>
<td>Mindanao</td>
<td>40</td>
<td>24</td>
</tr>
</tbody>
</table>

### Collective Bargaining Agreement (GRI 102-41)

<table>
<thead>
<tr>
<th>Collective Bargaining Agreement</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of total permanent employees covered</td>
<td>259</td>
<td>330</td>
</tr>
<tr>
<td>3.6%</td>
<td>4.3%</td>
<td></td>
</tr>
</tbody>
</table>

### Employee Engagement

<table>
<thead>
<tr>
<th>Employee Engagement biennial</th>
<th>2016</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Engagement Index*</td>
<td>91%</td>
<td>91%</td>
</tr>
</tbody>
</table>

* Willis Towers Watson 2018

---

### Parental Leave (GRI 401-3)

<table>
<thead>
<tr>
<th>Parental Leave Retention Rate*</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Female</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

### Training and Education (GRI 404-1)

<table>
<thead>
<tr>
<th>Training Education</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Training Hours</td>
<td>135,976</td>
<td>193,203</td>
</tr>
<tr>
<td>Average Training Hour per headcount</td>
<td>24.66</td>
<td>25.04</td>
</tr>
<tr>
<td>Total Investment</td>
<td>₱62.2M</td>
<td>₱65M</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>46,747</td>
<td>113,069</td>
</tr>
<tr>
<td>Female</td>
<td>41,473</td>
<td>79,958</td>
</tr>
<tr>
<td>Category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sr. Management</td>
<td>1,765</td>
<td>6,196</td>
</tr>
<tr>
<td>Mid Management</td>
<td>91,953</td>
<td>128,959</td>
</tr>
<tr>
<td>Specialists &amp; CBU</td>
<td>30,884</td>
<td>57,440</td>
</tr>
<tr>
<td>Academy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology and Innovation</td>
<td>78,335</td>
<td></td>
</tr>
<tr>
<td>Sales and Marketing</td>
<td>22,756</td>
<td></td>
</tr>
<tr>
<td>Leadership</td>
<td>39,336</td>
<td></td>
</tr>
<tr>
<td>Professional Development</td>
<td>51,936</td>
<td></td>
</tr>
<tr>
<td>Employee Volunteerism</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unique Employee Volunteers</td>
<td>3,803</td>
<td>3,164</td>
</tr>
</tbody>
</table>
Globe of Good

Sustainability at Globe is anchored on The Globe Purpose, “In everything we do, we treat people right to do a Globe of Good,” and aims to contribute to the UN Sustainable Development Goals to create a Globe of Good.

As a purpose-led organization, Globe Telecom seeks to create a wonderful world by combining innovation with the power of collaboration, to achieve inclusive and sustainable development for all. As the business continues to grow, the company strengthens its contribution to nation-building with an engaged and empowered workforce. Hinged on four (4) sustainability strategy pillars: Digital Nation, Care for the Environment, Care for People, and Positive Societal Impact, the company commits to contribute to ten (10) United Nations’ Sustainable Goals (UN SDGs) morning.

Globe Bridging Communities (or GlobeBridgeCom) is the corporate social responsibility arm of the company, which leads and supports various sustainable development programs that promote quality education, environmental conservation, social innovation, active citizenship through volunteerism and responsible use of information and communications technology, resulting in enabled, empowered and enriched lives for its employees and partner communities.

DIGITAL NATION
Education and Cyberwellness
Global Filipino Schools (GFS)
- Fulfilled commitment to DepEd: reaching all 17 regions (218 schools)
- 11,666 teachers and 331,241 students reached

Digital Thumbprint (DTP)
- 55,084 teachers with access to modules
- 1,957,125 students with access to modules
- 218 new cyber wellness ambassadors trained
- Youth Leadership workshop to colleges and state universities

Social Innovation
Globe Future Makers (GFM)
- 5 Social Innovators integrated into the Globe value chain
- 4 GFM representatives to Singtel Regional Future Makers

Mental Health
- Hope hotline received 25,024 mental-health related calls (2012 up to December 2018)
- Awareness campaign in partnership with Department of Health (DOH) / National Center for Mental Health (NCMH)

COMMUNITY IMPACT
Disaster Management
- 68 Libreng Tawag / Charging Stations
- 4,913 families supported with relief goods

Drug Rehabilitation
- Cebu Drug Rehab Center

Youth Development
- 100+ youth sports organizations and communities nurtured and engaged for TM Sports Para sa Bayan
- 12 youth representatives to the FC Barcelona Football Program

ENVIRONMENT SUSTAINABILITY
Environment
MARINE BIODIVERSITY CONSERVATION
- Boracay Rehab Program
  » Donation of communal septic tank benefiting 15 households (in partnership with Manila Water)
  » Workshops for Sustainable Businesses (in partnership with Save Philippine Seas)
  » Vigormin distribution to 4,000 boracay households
- 57 Boracay and Siargao Business owners and LGU trained on sustainable business practice modules

Electronic Wastes
- 288,242.6 kg of e-wastes recycled in 2018

Rainforestation
- 130 hectares of denuded primary forest area reforested

CARE FOR PEOPLE
Volunteerism
EMPLOYEES
Guinness World Records x Rise Against Hunger
- 3,164 unique employee volunteers
- 32,640 employee volunteer hours
- 2 Singtel Overseas Volunteer Programmes

CUSTOMER
Time Please in partnership with Disney
- 22.1m Volunteer Hours tracked
- 80 partners engaged nationwide
CORPORATE GOVERNANCE

2018 was another stellar year for Globe Telecom’s corporate governance (CG) standards and initiatives. Last July 31, we received recognition as a top-performing publicly-listed company (PLC) in the Philippines under the ASEAN Corporate Governance Scorecard (AGCS), presented by the country’s Institute of Corporate Directors (ICD).

Also on November 31, Globe received its recognition as part of the top 50 ASEAN PLCs, which was organized by the ASEAN Capital Markets Forum. Globe was proud to represent the country as the only Philippine telco to be recognized during the ASEAN CG Awards Ceremony. The company also received the Asset Platinum Award for Excellence in Environmental, Social and Corporate Governance (ESG) at The Asset Corporate Awards.

Notwithstanding the CG awards and recognition, Globe proactively adopts policies and practices that are beyond minimum requirements of applicable laws and regulations, and persevere to sustain good CG standards embedded in the company’s corporate culture and business conduct alongside providing quality products and services to our subscribers and customers. The company realizes its strategic influence in the capital market and, thus, continue to balance its aggressive business environment with upholding a culture of good governance.

As strong advocates of fairness, accountability, transparency, integrity and sustainability in all aspects of the business, its Board of Directors, the Management, the officers, and all its employees commit to the principles and best practices of CG in the attainment of corporate goals aligned with Globe Telecom’s strategic direction.

Globe CG practices are principally contained in its Articles of Incorporation (AOI) and By-Laws, complemented by the Manual of Corporate Governance (MCG), company policies, Committee charters, our Board’s charter, and our Code of Conduct and Ethics (CoC). Our AOI and By-Laws maintain the basic structure of CG while the MCG, charters, policies and CoC act as supplements. These legal documents outline the core of our operational framework including the principal duties of the members of the Board with emphasis on the governance structure, composition, and diversity in the Board, ensuring that duties and responsibilities are performed in a manner that safeguards
the interests of the company and protects the stakeholders amidst an increasingly competitive environment.

Globe is likewise dedicated to maintaining the organization’s compliance with the Securities and Exchange Commission’s (SEC) Code of Corporate Governance, all listing rules of the Philippine Stock Exchange (PSE), and other regulations issued by the SEC, among other regulatory agencies. An annual Certification of Compliance with Globe Telecom’s MC is issued and signed by the Chief Compliance Officer and countersigned by the President and CEO. An annual Certification of Compliance with Globe Telecom’s CoC is issued and signed by the Chief Human Resource Officer (CHRO). These Certifications are also posted on the company website’s CG page and included in this report.

Globe also continues to align company policies and practices with the ASEAN Corporate Governance Scorecard (ACGS), which adopts international CG best practices and standards including the CG principles of the Organisation for Economic Co-operation and Development (OECD). The company website is maintained to ensure investor-friendliness and the convenient access of information for shareholders and various stakeholders. The company website contains comprehensive information about the business, products and services, disclosures and reports, CG scorecard, surveys and reports, press releases and an archive thereof, as well as corporate policies, charters and manuals, vision, mission, core values, investor relations program, sustainability and corporate social responsibility activities, among others. Globe ensure that all information included in its company website are accurate, relevant and up-to-date.

Globe Telecom’s updated MCG complies with the SEC’s Code of CG and is aligned with the CG best practices espoused in the SEC’s Integrated Annual CG Report (i-ACGR). Its Charter of the Board of Directors and different Board Committee Charters undergo regular review and enhancement in accordance with its MCG, the ACGS and the SEC Code of CG, among other guidelines. Through keeping these CG structures effectively working and updated in place, coupled with continuous regulatory compliance, CG enables Globe business to operate aggressively while ensuring the interests of our customers – internal and external stakeholders – are addressed and protected.

**BOARD OF DIRECTORS**

**Board Composition**

The Board of Directors is the supreme authority in matters of governance and management over the business of Globe Telecom. Within their charterd authority, the directors acting as a Board have the fullest powers to regulate the concerns of the company according to their best judgment.

Eleven board members are elected by the shareholders during the Annual Stockholders’ Meeting (ASM) and hold office for the ensuing year until the next ASM. The President and Chief Executive Officer (CEO) is elected as the sole executive director while the other members as non-executive directors (NEDs) who are not involved in the day-to-day management of business. Among the board members are three independent NEDs, one of whom is the lead independent director (ID). In 2018, Mr. Rex Ma. A. Mendoza was the lead ID. Mr. Mendoza chaired the Nomination and Governance and the Compensation and Remuneration Committee. Globe IDs, as defined in its MCG, are independent of the company, from Management and major/substantial shareholders and are free from any business or relationship that could materially interfere in their exercise of independent judgment in carrying out their responsibilities as directors.

As part of CG best practices and in implementation of Globe Telecom’s board diversity policy in the workplace, Globe has at least one female ID in the Board. The Board is composed of directors with a wide age range. None of our IDs serve in more than five boards of publicly-listed companies and have served Globe in the same capacity for more than nine years. Globe Telecom’s executive director does not serve any other publicly-listed company’s Board. The board members also have different expertise, corporate qualifications and academic backgrounds. Globe has a very diverse mix of directors with professional backgrounds and experience in various industries other than the telco industry such as law and litigation, international tax, tax advisory and planning, tax advocacy, investment and trade laws, accounting and audit, finance and investment management, sales and marketing, network operations, IT solutions, customer and services management, CG and strategic planning. The directors also come from various educational backgrounds that include biochemistry, business administration, marketing and finance, and metallurgical engineering, accountancy and law, and mathematical sciences, among others. The board members also come from different ethnic backgrounds and are a mix of different nationalities. Apart from Filipinos, Globe also has a director from Singapore and the United States of America.

**Key roles and responsibilities**

The Board of Directors is our highest governance body. It establishes Globe Telecom’s company’s vision, mission, and strategic direction, as well as monitors the implementation of the corporate strategy and the overall corporate performance of the company to ensure transparency, accountability, integrity and fairness, and to protect the long-term interests of the stakeholders. The Board, through its various committees, also oversees and conducts a review of overall risk management (RM) systems, and material controls, covering operational, financial and compliance areas, and overall RM-related systems. Finally, it approves corporate operation and capital budgets, major acquisition and disposal of assets, major investments, and changes in authority and approval limits. An annual review of the mission, vision, and values, together with Globe Telecom’s business strategies, is conducted to stay relevant to the growing needs of our stakeholders. The Board performed this exercise again in 2018.

The thrust for a CG proactive business culture emanates from the top. The Board, as part of its functions and responsibilities, leads, develops and reviews Globe Telecom’s strategic
direction and business strategies regularly. The Board created various committees to support Board functions and serve as venues to discuss business strategies, CG responsibilities and Globe Telecom’s strategic direction, among other business matters. These committees also serve as venues to discuss matters in relation to the specific responsibilities of each committee.

In upholding good CG within Globe Telecom’s corporate culture, the Board also adheres to its Board Charter, as a supplement to Globe Telecom’s By-Laws, MCG and CoC. The Board also encourages environmental concern, sustainability and social responsibility among our employees and stakeholders. It motivates the company to participate in domestic and regional CG forums, conferences, fellowships and initiatives. It is instrumental in encouraging sustainable development and empowering the organization for responsible business operations and working alongside local government and other institutional partners to contribute to solving complex global challenges that may affect the company. The Board sets the tone and makes a stand against corrupt practices reflected through Globe Telecom’s anti-corruption policy and program espoused in our CoC.

The Board, in its decision-making function, is also encouraged to decide with integrity, accountability and on behalf of the good interest of the organization and all its stakeholders. Among relevant considerations when carrying out its duties, the Board is aware of its duty as the governing body of a public utility rendering public service. Meanwhile, Management is entrusted with implementation and close monitoring of Board-approved business strategies, and is likewise tasked to conduct the company’s business with the highest CG standards and conduct.

Nomination and election of directors
The board members are highly qualified and have the ability to thoroughly examine issues and matters that affect Globe Telecom’s business. In accordance with our By-Laws, MCG and company policies, any shareholder, including minority shareholders, may submit to our Nomination and Governance Committee the names of the nominees to the Board of Directors including the IDs. The Corporate Secretary, supported by our Assistant Corporate Secretary, presents all nominations to the Committee together with profiles of each nominee that include, among others, their qualifications, expertise beneficial to the business, academic and professional backgrounds and notable corporate exposures relevant to Globe Telecom’s business. Prior to the election of directors at the ASM, the Nomination and Governance Committee, chaired by an ID, reviews the qualifications of each nominee.

In addition to the qualifications and disqualifications stated in the Board and Nomination Policy, the Committee also considers other factors in the evaluation of nominee directors for election such as record of integrity and good repute and ability to promote smooth interaction among Board members, among others that are in accordance with good CG principles and standards as stated in the Nomination and Governance Committee Charter. As necessary, Globe uses professional search firms or other external sources of candidates (such as director databases set-up by director or shareholder bodies) when searching for candidates to the Board of Directors. Furthermore, as stated in the board diversity policy, no director or candidate for director shall be discriminated upon by reason of gender, age, disability, ethnicity, nationality or political, religious, or cultural backgrounds.

The profiles of the nominee directors are also provided in Globe Telecom’s Definitive Information Statement (DIS or SEC Form 20-IS), which is submitted to pertinent regulators, disseminated to shareholders and posted on the company website. The profiles of the 2018 Board of Directors are included in this report as well on pages 116 to 127.

<table>
<thead>
<tr>
<th>Director</th>
<th>Position</th>
<th>Nature of Appointment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jaime Augusto Zobel de Ayala</td>
<td>Chairman</td>
<td>Non-Executive</td>
</tr>
<tr>
<td>Fernando Zobel de Ayala</td>
<td>Co-Vice Chairman</td>
<td>Non-Executive</td>
</tr>
<tr>
<td>Lang Tao Yih, Arthur</td>
<td>Co-Vice Chairman</td>
<td>Non-Executive</td>
</tr>
<tr>
<td>Ernest L. Cu</td>
<td>Director, President and CEO</td>
<td>Executive</td>
</tr>
<tr>
<td>Delfin L. Lazaro</td>
<td>Director</td>
<td>Non-Executive</td>
</tr>
<tr>
<td>Samba Natarajan</td>
<td>Director</td>
<td>Non-Executive</td>
</tr>
<tr>
<td>Romeo L. Bernardo</td>
<td>Director</td>
<td>Non-Executive</td>
</tr>
<tr>
<td>Jose Teodoro K. Limcaoco</td>
<td>Director</td>
<td>Non-Executive</td>
</tr>
<tr>
<td>Rex Ma. A. Mendoza</td>
<td>Lead Independent Director</td>
<td>Non-Executive</td>
</tr>
<tr>
<td>Saw Phaik Hwa</td>
<td>Independent Director</td>
<td>Non-Executive</td>
</tr>
<tr>
<td>Cirilo P. Noel</td>
<td>Independent Director</td>
<td>Non-Executive</td>
</tr>
</tbody>
</table>
The full discussion of Globe Telecom’s procedures and criteria for election of its directors are included in our By-Laws, MCG, company policies, Charter of the Board of Directors and the Charter of the Nomination and Governance Committee. All of which are available on the company website.

**Board Committees**
The Board may create committees as it deems necessary, in accordance with company By-Laws, MCG, and Charter of the Board of Directors to support it in the performance of its functions and to aid in CG responsibilities, among others. The eleven Board members are also members of the different Board Committees created. Appointments of directors to their respective Committees are completed at the organizational meeting held after the ASM. There are five Board Committees subject to the authority of the Board as a whole. These committees are the Executive Committee, Audit and Related Party Transactions (RPT) Committee, Compensation and Remuneration Committee, Nomination and Governance Committee, and the Finance Committee.

All the Committees have their own charters that are aligned with the objectives and responsibilities of each Committee. All charters are posted on the company website.

<table>
<thead>
<tr>
<th>Board Committee</th>
<th>Role</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive</strong></td>
<td>Provides guidance to management in:</td>
<td>Chairman: Jaime Augusto Zobel de Ayala (NED)</td>
</tr>
<tr>
<td></td>
<td>(a) formulating the basic strategies for achieving targets set by the Board;</td>
<td>Members: Lang Tao Yih, Arthur (NED) Jose Teodoro K. Limcaoco (NED)</td>
</tr>
<tr>
<td></td>
<td>(b) putting in place the infrastructure for control and operational RM systems that assess risks on an integrated cross-functional approach, and review and assess the adequacy of Globe Telecom’s operational RM process, specifically on strategic, technology, and operational risk, jointly with Management. This function shall include receiving from senior management periodic information on risk exposures and RM activities;</td>
<td>Ernest L. Cu (ED) Samba Natarajan (NED)</td>
</tr>
<tr>
<td></td>
<td>(c) considering and/or completing mergers, acquisitions and strategic investments; and,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(d) undertaking strategic projects and significant transformation initiatives that include corporate governance campaign, regulatory compliance and sustainability programs.</td>
<td></td>
</tr>
<tr>
<td><strong>Audit and Related Party Transactions (RPT)</strong></td>
<td>Provides assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders relating to:</td>
<td>Chairman: Cirilo P. Noel (NED, ID)</td>
</tr>
<tr>
<td></td>
<td>(a) the integrity of the financial statements and the disclosures; financial reporting process and principles;</td>
<td>Members: Saw Phaik Hwa (NED, ID) Rex Ma. A. Mendoza* (NED, ID) Romeo L. Bernardo (NED)</td>
</tr>
<tr>
<td></td>
<td>(b) internal controls;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(c) policies and processes on external/independent auditor’s appointment, enhancing independence and audit quality, remuneration, and assessment of performance of the external auditors;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(d) adequacy and effectiveness of the internal audit function;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(e) compliance with legal, regulatory, and corporate governance requirements;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(f) RM oversight of financial reporting, operational, and fraud risks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(g) assessment, review, approval and disclosure of related party transactions according to Globe Telecom’s RPT policy.</td>
<td></td>
</tr>
</tbody>
</table>

* Lead ID
**CORPORATE GOVERNANCE**

<table>
<thead>
<tr>
<th>Board Committee</th>
<th>Role</th>
<th>Members</th>
</tr>
</thead>
</table>
| **Compensation and Remuneration** | Provides assistance to the Board of Directors in governance matters relating to compensation and benefits of directors, key officers, personnel, and other employees of Globe. | Chairman: Rex Ma. A. Mendoza* (NED, ID)  
Members: Fernando Zobel de Ayala (NED)  
Lang Tao Yih, Arthur (NED)  
Saw Phaik Hwa (NED, ID)  
Cirilo P. Noel (NED, ID) |

| **Nomination and Governance** | Provides assistance to the Board of Directors in relation to:  
(a) installing and maintaining a process to ensure that all directors to be nominated for election at the next Annual Regular Stockholders’ Meeting have the qualifications and none of the disqualifications for directors stated in the company’s By-Laws, MCG and in relevant laws, rules and regulations;  
(b) selecting a mix of competent directors, each of whom can add value and create independent judgment as to the formulation of sound corporate strategies and policies; and  
(c) previewing and evaluating the qualifications of all persons nominated to positions in the corporation, which require appointment by the Board. | Chairman: Rex Ma. A. Mendoza* (NED, ID)  
Members: Saw Phaik Hwa (NED, ID)  
Cirilo P. Noel (NED, ID) |

| **Finance** | Oversees Globe Telecom’s financial policy and strategy, including capital structure, dividend policy, acquisitions and divestments, treasury activities, tax strategy and compliance, retirement fund contributions, and financing proposals brought to the Board of Directors for approval. | Chairman: Delfin L. Lazaro (NED)  
Members: Fernando Zobel de Ayala (NED)  
Romeo L. Bernardo (NED)  
Samba Natarajan (NED) |

*Notes: Non-Executive Director (NED), Independent Director (ID)*

RM is a responsibility shared by all Board committees. Therefore, each Committee is responsible for identifying and addressing risk areas and factors that are relevant to the duties, functions and objectives of the respective Committee. Regular RM reports are provided to the Board through the Audit and RPT Committee and the Chief Risk Officer.

**Board Meetings and Attendance**

Board meetings are scheduled before the start of the financial year and the schedule is posted under the CG section of our company website. Committee meetings are scheduled by the respective committees. Consultation with, reports from and discussion with Management on specific financial and operational matters take place as needed. In accordance with CG best practice and MCG, the Board receives board documents and materials containing reports on Globe Telecom’s strategic, operational, and financial performance, and other regulatory and relevant matters, at least seven business days in advance of Board meetings.

In 2018, our Board of Directors had a total of seven Board meetings. Attendance of each director in Board meetings held in 2018 is enumerated below:
### Attendance of Board of Directors

<table>
<thead>
<tr>
<th>Board Member</th>
<th>Meetings Attended</th>
<th>Meetings held</th>
<th>Percent Present</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jaime Augusto Zobel de Ayala</td>
<td>6</td>
<td>7</td>
<td>86%</td>
</tr>
<tr>
<td>Lang Tao Yih, Arthur</td>
<td>7</td>
<td>7</td>
<td>100%</td>
</tr>
<tr>
<td>Fernando Zobel de Ayala</td>
<td>7</td>
<td>7</td>
<td>100%</td>
</tr>
<tr>
<td>Ernest L. Cu</td>
<td>7</td>
<td>7</td>
<td>100%</td>
</tr>
<tr>
<td>Romeo L. Bernardo</td>
<td>7</td>
<td>7</td>
<td>100%</td>
</tr>
<tr>
<td>Samba Natarajan</td>
<td>7</td>
<td>7</td>
<td>100%</td>
</tr>
<tr>
<td>Delfin L. Lazaro</td>
<td>7</td>
<td>7</td>
<td>100%</td>
</tr>
<tr>
<td>Jose Teodoro K. Limcaoco</td>
<td>7</td>
<td>7</td>
<td>100%</td>
</tr>
<tr>
<td>Rex Ma. A. Mendoza</td>
<td>7</td>
<td>7</td>
<td>100%</td>
</tr>
<tr>
<td>Saw Phaik Hwa</td>
<td>7</td>
<td>7</td>
<td>100%</td>
</tr>
<tr>
<td>Cirilo P. Noel¹</td>
<td>5</td>
<td>5</td>
<td>100%</td>
</tr>
<tr>
<td>Manuel A. Pacis¹</td>
<td>1</td>
<td>1</td>
<td>100%</td>
</tr>
</tbody>
</table>

¹ Mr. Noel was elected as ID on 17 April 2018. Mr. Pacis ceased to serve Globe as ID on the same date.

The average rate of attendance of our Board of Directors was ninety-eight percent (98%) in 2018, which is more than compliant with the SEC’s minimum attendance requirement of fifty percent (50%). Meanwhile, the average attendance rate of our IDs was one hundred percent (100%) for the same year.

The attendance of each Director according to their respective Committee meetings is enumerated below:

<table>
<thead>
<tr>
<th>Total Meetings</th>
<th>Board Committee</th>
<th>Members</th>
<th>Present</th>
<th>Absent</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Executive</td>
<td>Jaime Augusto Zobel de Ayala</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lang Tao Yih, Arthur</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jose Teodoro K. Limcaoco</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ernest L. Cu</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Samba Natarajan</td>
<td>6</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>Audit and Related Party Transactions</td>
<td>Manuel A. Pacis¹</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Saw Phaik Hwa</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rex Ma. A. Mendoza</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Romeo L. Bernardo</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cirilo P. Noel¹</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Compensation and Remuneration</td>
<td>Rex Ma. A. Mendoza²</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fernando Zobel de Ayala</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Lang Tao Yih, Arthur</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Saw Phaik Hwa</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manuel A. Pacis¹</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cirilo P. Noel¹</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>2</td>
<td>Nomination and Governance</td>
<td>Rex Ma. A. Mendoza²</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Manuel A. Pacis¹</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Saw Phaik Hwa</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cirilo P. Noel¹</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>5</td>
<td>Finance</td>
<td>Delfin L. Lazaro</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Romeo L. Bernardo</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fernando Zobel de Ayala</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Samba Natarajan</td>
<td>5</td>
<td>-</td>
</tr>
</tbody>
</table>

¹ Mr. Noel was elected as ID on 17 April 2018. Mr. Pacis ceased to serve Globe as ID on the same date.
² Mr. Mendoza was appointed as lead ID, replacing Mr. Pacis as lead ID, on 17 April 2018.
Discussions with independent views during meetings are encouraged, given due consideration and properly documented through the minutes of meetings.

The NEDs also meet separately during the year without any executives present. The NEDs held their meeting in December, which was led by Mr. Rex Ma. A. Mendoza, the lead ID. Among the agenda items covered during the meeting were updates on regulatory matters and cybersecurity, and a discussion on Globe investments.

The Board has access to the Corporate Secretary who, among his duties and responsibilities, acts as adviser to directors regarding their responsibilities and obligations, and oversees the flow of information prior to meetings. The Board is also assisted by the Chief Compliance Officer to ensure regulatory compliance and sustain engagement on CG-related matters, among other duties and responsibilities.

**BOARD REMUNERATION**

The Board’s remuneration is set at an optimum level to attract and retain high caliber directors who continuously and effectively deliver services. In accordance with Globe Telecom’s By-Laws, the Board receives, pursuant to a resolution of the stockholders, fees and other compensation for their services as directors and members of committees of the Board of Directors.

Globe Telecom’s directors receive ₱200,000 per diem remuneration for every Board meeting and stockholders’ meeting attended. This rate was based on a benchmark study against industry rates as well as a previous study in 2010 to standardize the pay of Board of Directors across the Ayala Companies. The per diem remuneration of directors remains at ₱100,000 for every committee meeting attended or such meetings other than those mentioned above. The stockholders ratified this resolution at our regular ASM in April 2014.

In accordance with the MCG and the Charter of the Board of Directors, no director participates in discussions or deliberations involving his/her own responsibility, unless they are known to be impartial. The directors, including the IDs, do not receive options, performance shares or bonuses other than their per diem remuneration as directors. Meanwhile, the executive director does not receive per diem remuneration in addition to his remuneration as part of the Globe senior management in his role as the President and CEO.

The following NEDs, who were elected at the ASM on April 17, received gross per diem remuneration for attending Board and Committee meetings in 2018:

<table>
<thead>
<tr>
<th>Director</th>
<th>Gross Per Diem Remuneration (in Php)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jaime Augusto Zobel de Ayala</td>
<td>1,900,000.00</td>
</tr>
<tr>
<td>Lang Tao Yih, Arthur</td>
<td>2,300,000.00</td>
</tr>
<tr>
<td>Fernando Zobel de Ayala</td>
<td>2,000,000.00</td>
</tr>
<tr>
<td>Delfin A. Lazaro</td>
<td>1,800,000.00</td>
</tr>
<tr>
<td>Samba Natarajan</td>
<td>2,600,000.00</td>
</tr>
<tr>
<td>Jose Teodoro K. Limcaoco</td>
<td>2,000,000.00</td>
</tr>
<tr>
<td>Romeo L. Bernardo</td>
<td>2,400,000.00</td>
</tr>
<tr>
<td>Rex Ma. A. Mendoza</td>
<td>2,300,000.00</td>
</tr>
<tr>
<td>Saw Phaik Hwa</td>
<td>2,300,000.00</td>
</tr>
<tr>
<td>Cirilo P. Noel</td>
<td>1,400,000.00</td>
</tr>
<tr>
<td>Manuel A. Pacis</td>
<td>700,000.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>21,700,000.00</strong></td>
</tr>
</tbody>
</table>

1 Mr. Noel was elected as ID on 17 April 2018. Mr. Pacis ceased to serve Globe as ID on the same date.

The questionnaire covers a thorough evaluation criteria focused on structure, efficiency, and effectiveness of the Board, participation and engagement of each Board member, contribution of each Board member to their respective Committees as well as the performance of Management and the Chairman of the Board. The criteria also reflect the specific duties, responsibilities, and accountabilities of each Board member assessed in line with Globe By-Laws, MCG, Charters and governing policies. For transparency and an additional layer of feedback mechanism for Globe shareholders, the questionnaire is also posted on our company website.

The self-assessment exercise is facilitated by the Chief Compliance Officer. Every three years, the assessment shall also be supported by an external facilitator selected for this purpose. An annual executive session also takes place dedicated to evaluating and discussing matters concerning the Board, including evaluating Globe Telecom’s performance and an independent review of its Management team.

Board Performance

The Board values inputs and suggestions that feedback mechanisms provide to assist them as they reflect on their performance as individual directors and as a governing body. As such, the Board of Directors participates in an annual self-assessment exercise to assess their individual and collective performance. This exercise also provides a means to assess a director’s attendance at Board and committee meetings, participation in boardroom discussions, and manner of voting on material issues.

The self-assessment exercise, through a self-assessment questionnaire, is given to each director to ensure the effectiveness of their governance, to reflect on the performance of top management including the President and CEO, to highlight specific strengths, and to identify areas of improvement. It also provides a venue for the Board members to identify priorities for the Board and the company for the succeeding year. The assessment is comprised of appraisal of the Board, of individual directors, of the different Board Committees, the Management and of the Chairman of the Board.

There is likewise an annual strategy workshop held at the beginning of the year to discuss the Globe Telecom’s strategic direction for the entire year.

Training and Continuing Education Program

To execute their roles well, training on CG is given to directors prior to assuming office. This is also institutionalized in the MCG and Charter of the Board. The Board, together with the key officers, also actively attend training programs annually to keep abreast of updates in CG standards and relevant
The attendance of our Board and key officers to the CG training programs and seminars are properly and timely disclosed through posting of the Certificates of attendance and completion on the Globe website and the inclusion of the same in the i-ACGR. All training programs and seminars attended by the directors and key officers fulfill the compliance with the SEC directive for all key officers and members of the Board of publicly-listed companies to attend a program on CG at least annually.

**MANAGEMENT**

The President and CEO is accountable to the Board for the development and recommendation of strategies, and the execution of the defined strategic imperatives. Through the Board and Executive Committee, the President and CEO is able to update and inform the Board of Globe Telecom’s business strategies and plans, CG and sustainability initiatives and requirements, among other economic matters relevant in the performance of the business.

After ASMs, the newly-elected Board of Directors convenes an organizational meeting to set-up its board committees and appoint key officers. After the ASM on April 17, the key officer appointments were disclosed to pertinent regulators accordingly.

### GLOBE TELECOM KEY OFFICERS

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alberto M. de Larrazabal</td>
<td>Chief Commercial Officer (CCO)</td>
</tr>
<tr>
<td>Rosemarie Maniego-Eala</td>
<td>Chief Finance Officer (CFO), Treasurer, and Chief Risk Officer (CRO)</td>
</tr>
<tr>
<td>Carmina J. Herbosa</td>
<td>Chief Audit Executive (CAE)</td>
</tr>
<tr>
<td>Gil B. Genio</td>
<td>Chief Technology and Information Officer (CTIO), and Chief Strategy Officer (CSO)</td>
</tr>
<tr>
<td>Maria Aurora Sy-Manalang</td>
<td>Chief Information Officer (CIO)</td>
</tr>
</tbody>
</table>
The Chief Sustainability Officer (CSO), Maria Yolanda C. Crisanto, was appointed to monitor and report on the environmental, sustainability and social impacts of the business operations. Ms. Crisanto and the Sustainability team also help ensure that Globe continues to do its part in recognition of Globe Telecom’s environmental and social impact as well as in maintaining its commitment to carrying out responsible business operations. The CSO also reviews economic aspects, environmental and social aspects for this annual report. Part of Ms. Crisanto’s duties and responsibilities as the CSO is to communicate sustainability concerns and initiatives from the management to the Board through the President and CEO, who empowers Globe Telecom’s advocacy for sustainability and CG. The CSO is also Globe Telecom’s Senior Vice President for Corporate Communications, who reports directly to the President and CEO and is part of senior management.

Meanwhile, Globe Telecom’s Data Protection Officer (DPO) and Chief Information Security Officer (CISO), Mr. Anton Reynaldo M. Bonifacio, reports directly to the CTO to uphold responsibilities in accordance with the Data Privacy Act or Republic Act No. 10173. The CISO and DPO also leads the Information Security and Data Privacy Division (ISDP), which is a fully-operationalized group that focuses on Globe Telecom’s data privacy and cybersecurity matters. The Board, through the Audit and RPT Committee, is provided regular updates on information security and data privacy matters by the CISO to ensure that cyber risks and technology or digital threats to the business and customers are prepared for, addressed and managed effectively.

In addition, the Office of Strategy Management (OSM) reports to the President and CEO and oversees Globe Telecom’s strategy management processes from strategy formulation to execution and performance tracking linked to the company’s rewards system. Globe reviews and formulates strategic priorities annually, which then guide the formulation of the key business strategies and goals for the year. Using the balanced scorecard framework, each business group identifies financial and non-financial objectives, and sets targets and initiatives to achieve them as reflected in the groups’ terms of reference (TOR). To ensure line of sight, the group TORs are cascaded to all employees, making sure that everyone understands and appreciates their contribution to the group goals.

Key programs, projects, and major organizational initiatives are taken up by our senior management, composed of the President and CEO, and the heads of each major business units and support groups. All budgets and major capital expenditures must be approved in accordance with Globe Telecom’s limits of authority and by the CEO prior to endorsement to the Board for approval. Senior management consults with the chief advisors to provide sound inputs and advice as required. They all meet at least once a week.

Management is mandated to provide complete and accurate information on Globe Telecom’s operations and affairs in a timely manner. Management is also required to prepare financial statements for each preceding financial year in accordance with Philippine Financial Reporting Standards (PFRS). Management’s statement of responsibility with regard to the company’s financial statements and the fair and truthful preparation thereof is included in this report on page 140.
CORPORATE OBJECTIVES

Globe is not simply a telco company. Globe is an organization that creates and enables digital life for the Philippines, so Filipinos can access choices, overcome challenges, and discover new way to enjoy life. Globe achieves this through obsessing about its customers, digitally transforming businesses, building the network of choice, and empowering our people. Globe continues to provide meaningful support to all its stakeholders and create wonderful channels to the digital lifestyle for Filipinos and all stakeholders.

The strong thrust towards information and communications technology (ICT) infrastructure growth and network upgrades continues in 2019. With the SEC’s approval for the incorporation of a separate tower holding company in August 2018, Globe believes this will help speed up the building and deployment of cellular towers in the country. Globe continues to push for cooperation among its partners and stakeholders to improve processes and procedures that can bolster ICT infrastructure growth. Globe looks forward to rolling out fifth-generation (5G) wireless technology services in 2019. 5G entails higher connectivity speeds, lower latency and better ICT capacity. Globe announced that it will begin offering the first 5G Globe At Home service by the second quarter of 2019. Globe continues to act on its commitment to bring first-world internet in the Philippines.

In everything Globe does in its business with its people and stakeholders, its purpose-driven culture of collaboration, good governance and sustainability fuels its commitment to build a digital nation.

REMUNERATION OF EXECUTIVE DIRECTOR AND SENIOR MANAGEMENT

The remuneration philosophy, policy and framework is designed to attract, retain and engage talents. It is designed to support the business strategies and enhance value of the organization. The policy specifies the relationship between remuneration and performance, including but not limited to, specific financial and non-financial metrics.

• Globe encourages and nurtures a strong performance-oriented culture; recognizes and rewards talents who demonstrate and create value for the organization

• Globe positions the company as a preferred employer in providing compelling total rewards experience encompassing continuous learning and development; competitive and market-driven compensation; pay for performance; and core and innovative benefits to meet personal and family needs.

In order to support its rewards philosophy, its targeted reward strategies are as follows:

• Adopt a total rewards approach, using both the tangible and intangible aspects of rewards to drive the Globe employment experience

• Market driven to attract and retain top talent in the business

• Operate on a single-platform-differentiated-application approach to accommodate different talent segments

• Promote relevant reward programs that will be sensitive to employee lifecycles and experiences

• Practice transparency, clarity, and consistency in our reward delivery

The benchmark for remuneration is developed through a rigorous review and evaluation by the Human Resources (HR) Group according to a comprehensive criteria that consider numerous factors including market trends, employee roles in the organization, applicable laws and rules, and business competitors, among others. Through these annual sessions, our HR Group compare Globe remuneration criteria, packages and plans against top companies across industries operates in such as fast-moving consumer goods, telecommunications, banking and financial services. These reviews also consider the company as a whole, business units’ contribution to the organization and individual performance. Remuneration is also reviewed vis-à-vis market rates and our financial capability is considered for any incentive payout. Performance evaluations for senior management were made according to these considerations and in accordance with the Charter of our Compensation and Remuneration Committee. In 2017, the HR Group engaged Towers Watson to assist in the enterprise-wide remuneration benchmarking exercise, among other services.

Current remuneration initiatives allow for certain incentives to be withheld or deferred in any year should an executive fail to meet performance requirements or be involved in any misconduct and are given a disciplinary action resulting to suspension or demotion.

REMUNERATION COMPONENTS

The remuneration structure of Globe is composed of four main components – Fixed Remuneration, Benefits, Short Term Incentives (Performance Bonus), and Long Term Incentives. The structure is designed such that the variable component increases as the employee moves up in our corporate ladder. This only applies to our employees, including our executive director. The NEDs of the Board receive per diem remuneration approved by shareholders. The Compensation and Remuneration Committee establishes the formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of employees as provided in the Charter of the Committee.

Fixed Remuneration

The fixed remuneration is composed of the base salary and is reflective of the value of the role in the prevailing market and the value of the role compared to the other roles in Globe Telecom. Other factors that come into play in the base salary are individual performance, qualifications, experience that the employee brings into the company. The year-on-year increases are determined by individual performances, prevailing market rates on annual salary increases, pay positioning, economic indicators, and Globe Telecom’s financial capability.
**Benefits**

Globe benefits are consistent with local market practice and are relevant to meet the personal and family needs of employees. Included here are medical benefits for in-patient and out-patient care, life insurance, retirement benefits, club membership, and car and car-related expenses.

**Short-Term Incentives (Performance Bonus)**

The short-term incentive plan is Globe Telecom's Variable Pay Program. The incentive is determined by the achievement of performance targets that are set at the beginning of the performance year. It considers delivery of corporate, business unit, and individual performance targets that are defined annually. This is usually paid out to employees within the second quarter of the year following the confirmation of all performance targets and individual performance.

Corporate and Business unit targets are financial/operational targets set in order to support the overall business goals and thereby increasing our value as a company. This incentive plan drives us to work together towards achieving common goals and encourages performance in the company. The award size for this incentive is differentiated by the employee’s level such that higher incentive multiple is at stake as the employee moves up the organization.

**Long-Term Incentive Plan**

The Long-Term Incentive Plan’s primary objective is to drive long term performance in a highly competitive market by aligning management interest with the shareholders’ interest. It also aims to motivate participants to sustain high levels of contribution. Furthermore, it is designed to attract and retain key executives whose contributions are essential to Globe Telecom's growth and profitability through a rewards scheme that fosters a sense of genuine loyalty among employees and belongingness within the Globe community thereby retaining these talents even after payouts are given out. Lastly, the plan should propel shareholder value through superior business performance driven by happy and satisfied employees.

The incentive is delivered through a performance share based plan where it awards executives with company shares contingent upon the achievement of specified long-term goals over a specified performance period.

The plan allows for overlapping performance periods to support rolling multi-year business plans and employee retention. It has a 3-year performance period to support business planning cycle.

To ensure alignment of executives' interest to that of Globe Telecom's, the plan includes a stock ownership requirement where the executives are required to maintain shares equivalent to 50% or 75% to 100% of their annual base salary, depending on the rank of the executive and specific internal HR policies.

**ETHICS AND INTEGRITY**

Globe respects the rights of its stakeholders. Globe adopted a Code of Conduct and Ethics (CoC), and promulgated policies including, but not limited to, conflict of interest, whistleblowers, insider trading, RPTs, anti-corruption, protection of intellectual property rights and data privacy, and health, safety and welfare of employees. Globe also has existing formal policies concerning unethical, corrupt, and other prohibited practices covering our employees, Management and members of the Board. These policies serve as guide to matters involving work performance, dealings with employees, dealings with customers and suppliers, handling of assets, records and information, avoidance of conflict of interest situations and corrupt practices, as well as the reporting and handling of complaints from whistleblowers. These documents support and assist in maintaining the balance of business and governance in Globe. These are also on the company website for investors and other stakeholders to refer to at their convenience.

**Customer Welfare**

Globe puts customers first. Globe truly makes a difference through superior, end-to-end customer experience brought to life by a genuine culture of service and caring. Service is embedded into Globe culture, as well as to vendor partners, sustaining the momentum of Globe Telecom’s Circle of Happiness where happy employees create happy customers.

**Employee Welfare**

Globe is committed to provide the best protection for the health and safety of its employees. The same is done to the communities surrounding its operations. It is Management’s primary objective and the employee’s individual and collective responsibility to meet this commitment. To this end, Globe shall:

- Continuously assess all health and safety hazards in the workplace and provide programs towards its eliminations;
- Comply with all occupational safety and health news applicable to our telecommunication business;
- Train and motivate its employees to work in a safe manner and encourage our business partners to adopt these principles;
- Report occupational safety and health performance to stakeholders;
- Conduct a regular review of management system to ensure that the commitments of this policy are being delivered; and that Globe strives for continual improvement.

**Rewards or Compensation Policy**

Globe attracts, retains and engages its talents to support business strategies and enhance value of the organization through remuneration philosophy and framework. Globe puts a premium on workplace diversity, just compensation and benefits, engagement, safety and wellbeing, human rights, and continue to promote learning for every employee.

**Vendor Audit**

Globe follows socially responsible procurement practices for vendors. The team maximizes value through commodity management, selection of best-in-class suppliers, and pursuit of process excellence in procurement and supply chain management. Vendor partners undergo a comprehensive accreditation process which includes assessment of their legal, technical, and financial capability from business continuity to conflict of interest,
safety, health, and environmental policies. Grounded on the practice of fair, ethical and governance policies, opportunity is equitably provided to the appropriate suppliers through competitive bidding and auctions. Proposals are evaluated on the basis of best-value including a consideration of their environmental and social policies and practices. Given equivalent proposals, preference for purchase award is given to local suppliers.

Relationships with suppliers are also highly valued, with each considered a business partner. Globe continues to recognize and foster strong business relations with our partners through the Business Partner Awards. Vendors also provide learning opportunity through plant visits and technology briefings. Conversely, Vendor Clinics are initiated for selected vendors to help improve their performance and competitiveness.

As strong advocates of fairness, accountability, transparency, and integrity in all aspects of the business, Globe commits to the principles and best practices of CG and responsibility in the attainment of the company’s corporate goals and strategic direction.

Furthermore, Globe recognizes the importance of institutionalizing practices in the pursuit of its goals. The Globe Supplier Code of Ethics establishes standards of quality and business integrity to ensure that working conditions are safe, workers are treated with respect and dignity that business operations are environmentally responsible and conducted ethically.

The Supplier Code of Ethics shall be applicable to all vendors of the Globe Group of companies. Globe expects its vendors to acknowledge and actively support the Code and to continually seek to conform to the standards contained therein. Globe expects that the principles apply to vendors, their parent entities and subsidiaries or affiliated entities, and with other entities with whom they do business including employees, suppliers, subcontractors, and other parties.

**Environmental Sustainability Policy**

Globe is committed to promote environmental sustainability by reducing the impact of its business operations to the environment and we shall achieve this together with the help of our employees, business partners, and clients. Globe has robust systems in place to manage its environmental impact and integrate these into corporate social responsibility management.

**Community Interaction**

Through Globe Bridging Communities, the Corporate Social Responsibility platform of Globe, and its subsidiaries, Globe aims to transform underserved communities nationwide through relevant and innovative solutions that harness the power of collaboration and inclusivity through information and communications technology. The objective is to ensure sustainability by creating shared value across its employees, customers, and stakeholders in areas where it operates. As business continues to grow, Globe contributes to nation-building and shareholder value with an engaged and empowered work force committed to do a Globe of good.

Globe adopts best practices of ISO 26000 Social Responsibility enabling the company to operate in a socially responsible way across the organization and seek continuous innovative solutions in creating a wonderful world. ISO 26000 helps businesses and organizations translate principles into effective actions and shares best practices relating to social responsibility, globally.

**Conflict of Interest**

Globe is above board and, at all times, exercises discretion, prudence, and mature judgement when entering transactions for the company. In carrying out their duties with integrity and in the interest of the company, it is the duty of board members to withdraw themselves from discussions that put them in a conflicted situation. It is the obligation of every regular employee, officers and directors of Globe and its subsidiaries, including consultants/project hires seconded to or engaged on a full-time basis by Globe, to declare and divulge in writing to the company their own involvement in any conflict of interest with the company. The CoC provides for the definition, guidelines and procedures, including the reportorial of any such circumstance, involving conflict of interest.

In general, conflict of interest will be deemed to exist where an employee has or may possibly have a financial or personal interest divergent with or in conflict with his professional obligations, or where financial or other personal considerations may compromise, or have the appearance of compromising the employee’s judgment in the administration, management, decision-making, and discharge of his official functions. Personal interest is not confined to the personal involvement of the employee himself—it may also arise from the employee’s family or close personal relationship with a contractor, sub-contractor, customer, competitor, creditor, or any other entity that does business with the company.

At the start of the year, Globe HR Group requires all employees to submit the Related Party Disclosure Form, regardless if an employee has any declaration or none.

**Anti-corruption**

The employee, by virtue of his or her employment, is bound not to betray that trust by seeking to gain any undue personal or pecuniary advantage (other than the rightful proceeds of employment) from his dealings with or for and in behalf of Globe.

Globe employees maintain the highest standards of honesty and professional conduct. Seeking undue financial and material advantage from transactions with Globe is a breach of trust between the employee and the company.

Employees are reminded through internal communications channel to fill out gift disclosures especially during national festivities. The form is then submitted to employees’ respective group heads who will decide whether the gift shall be returned or kept by the employee or be surrendered to Human Resources Group for possible use during company events.
CORPORATE GOVERNANCE

Globe conducts periodic lectures and seminars on anti-corruption initiatives through its Human Resources Group to all employees. The same is also included in the on-boarding orientation program attended by new employees.

Whistle-blowing

Globe is committed to compliance with laws and regulations to which it is subject to and conducts business in accordance with ethical standards. All Globe officers and employees, and all its suppliers and business partners, are thus required to observe and practice high standards of business and personal ethics in the conduct of their duties and responsibilities.

Through various channels which includes a hotline (0917-8189934), portal, an email address (gt_whistleblower@globe.com.ph) as well as specific group under the HR Labor Relations department (HR-LR), we provide a mechanism that allows employees and even third parties to report suspected violations of company policies by employees, officers, directors, and partners, on unethical and corrupt practices, misappropriation of company assets, fraudulent reporting practices, and other violations of our Code of Conduct, MCG, and Securities Regulation Code. Disclosures—in whatever form, including verbal—made in good faith will be investigated according to the protocols established in this policy and protected by keeping the information confidential. The identity and source of the information are likewise kept anonymous upon request and protected to the extent required by law.

These are by no means the only channels by which disclosures may be received. Persons or units within the organization who receive disclosures shall forward or relay the disclosures to the Security and Enterprise Risk Management (ERM) for activities involving 3rd party contractor and HR-LR for activities involving an employee. ERM designates a complaint administrator who is in charge of administering the portal, and receiving, collating, and submitting all disclosures to the Disclosure Committee (DC), who is composed of the company’s Corporate Secretary, HR, Internal Audit, ERM and Legal Services. If and when a disclosure involves a member of the Board or ERM or the complaint administrator, the disclosure shall be transmitted directly to the Corporate Secretary for handling. Meanwhile, if disclosure involves the DC, the disclosure will be endorsed to the Board.

Once disclosure is submitted, the Whistleblower shall receive a notice that the complaint has been received and that it shall be processed in accordance with the policy. Disclosures will then be investigated by either ERM or HR-LR depending on the activity. If with financial and/or reputational risk, Security and ERM will forward the report to DC for proper endorsement to the Office of the President, Audit and Related Party Transactions Committee and Legal Group for possible criminal case/action. Meanwhile, for employee related activities, HR-LR will implement appropriate disciplinary proceedings in accordance with due process. If with financial (₱1 million and up) and reputational risk, HR-LR will do the same and forward to DC for proper endorsement to the Office of the President, Audit and Related Party Transactions Committee, and Legal Group for possible criminal case/action. The Whistleblower will also receive an update if no merits were found on the complaint filed.

Insider Trading

Globe restricts trading of securities (buying or selling) by covered persons considered to have knowledge of material information, during the blackout period, except in accordance with this policy.

Globe also prohibits key officers and employees with access to the quarterly results in the course of its review, from trading in company shares ten (10) trading days before and three (3) trading days after any structured report or disclosure, and three (3) trading days before and three (3) trading days after an unstructured report or disclosure.

Related Party Transactions (RPTs)

Globe discloses, reviews, and approves RPTs, in accordance with the principles of transparency and fairness, to ensure that they are at arm’s length, the terms are fair, and they will inure to the best interest of Globe Telecom, its subsidiaries or affiliates and all shareholders. Together with other company policies, the Policy on RPTs is posted on the website and embedded in the MCG and CoC.

The RPTs are disclosed in Globe Telecom’s financial statement (page #), annual reports, and other applicable filings in accordance with the relevant rules and issuance of the SEC and other applicable regulatory bodies. The disclosure includes, but is not limited to, the name of the related party, relationship with the corporation for each RPT, the nature and value for each RPT. Such disclosure is also made publicly available, for shareholders and other stakeholders, through the website and such other media channels as applicable.

Under the RPT policy, shareholders, including minority shareholders, and other stakeholders are provided with proper guidelines and procedures for right of action and remedies that are readily accessible in order to redress corporate conduct in case of any abuse on such transactions (e.g. email account and hotline numbers), as necessary. The policy contains this whistle-blowing mechanism, provides for the creation of a dedicated committee for the review of material RPTs and also identifies materiality thresholds of such transactions.

In accordance with the Policy on RPTs, the Audit and RPT Committee convene to review and monitor material RPTs, among others, to ensure Globe Telecom’s best interest, its shareholders’, and all other stakeholders’, and that the RPTs are executed with fair and transparent terms prior to endorsement to the Board for approval.

Non-compliance with any of the provisions of the policy on RPT shall result in the nullification of any agreement or contract involved in the execution of the RPT. A director, officer, employee, or Related Party is subject to the corresponding procedures and penalties under the CoC and relevant laws, as applicable.
The role of the Audit and RPT Committee in the review and approval of all RPTs is discussed in this report on page 102.

**Creditors’ Rights**

It is Globe Telecom’s policy to protect the rights of its creditors by maintaining, at all times, good credit standing. Globe thus, strictly observes contractual obligations, and regard fair and truthful disclosure and transparency of financial records and dealings of utmost importance to assure creditors of continued credit worthiness. Globe periodic reports to its creditors such as latest certified Financial Statements, Certificate of No Default, and CFO Certification on compliance with financial ratios ensure the Creditors of the company’s financial soundness.

Globe provides prompt and accurate reports of its financial standing to creditors by providing them financial and operating results, Management and Discussion Analysis and Financial Statements on a periodic basis that allow the creditors to continuously evaluate and monitor performance and credit standing.

Moreover, Globe adopted an expanded CG approach in managing business risks. A Revised ERM Policy was developed to provide a better understanding of the different risks that could threaten the achievement of Globe Telecom’s vision, mission, strategies, and goals. The policy also highlights the vital role that each individual plays in the organization from senior management to staff in managing risks and in ensuring that the company’s business objectives are attained. With this, it assures the creditors of Globe Telecom’s proactive management of risks and commitment to sustaining the growth of the company. As part of the implementation, we regularly submit our quarterly financial results to the PSE and SEC.

The loan agreements with banks and other financial institutions provide for certain restrictions and requirements with respect to, among others, maintenance of financial ratios and percentage of ownership of specific shareholders, incurrence of additional long-term indebtedness or guarantees and property encumbrances.

**Board Diversity Policy**

In addition to the qualifications, disqualifications, and other criteria set forth in Globe corporate documents and relevant law in relation to the nomination and election of members of the Board, Globe is committed to promote and observe diverse membership among its directors.

The Board of Directors, led by the Chairman, encourages shareholders to nominate candidates who will diversify membership in the Board. Therefore, as company policy, no director or candidate for directorship shall be discriminated upon by reason of gender, age, disability, ethnicity, nationality or political, religious or cultural backgrounds. The MCG reiterates this policy and further states that the Board must be composed of at least three independent directors, one of whom shall be a female, at all times. Directors must also have understanding of the telecommunications industry or sufficient professional experience and competence in other relevant industries, which further encourages a diversified collaboration of views and skillset within our Board.

**Data Privacy and Intellectual Property Rights**

The Privacy Policy outlines the policy in relation to the collection, use, and protection of Customer Data to provide customers and other stakeholders with a wonderful experience. Globe notifies all customers and relevant stakeholders with any update on the Privacy Policy by posting it on the website for easy reference. The company initiates internal campaigns on data privacy and cybersecurity to ensure internal stakeholders are also fully aware of their rights and responsibilities in relation to the use of the products and services that the digital lifestyle offers. The appointment of the DPO, Mr. Anton Reynaldo M. Bonifacio, establishes further, Globe Telecom’s adherence to the country’s Data Privacy Act of 2012 (Republic Act 10173). Unlike most organizations, Globe has the Information Security and Data Privacy Division (ISDP), which is a fully operationalized, separate and independent group that focuses on Globe Telecom’s privacy and cybersecurity matters.

Globe respects customer and stakeholder privacy and intellectual property. As such, it secures and protect Customer Data with proper safeguards to ensure confidentiality and privacy; prevent loss, theft, or use for unauthorized purposes; and comply with the requirements of the law. Globe uses international and global frameworks as a reference for control environment and utilizes the latest tools and technologies that allows it to prevent, detect, investigate, and respond to the various threats in its environment. Globe has a Security Operations Center (SOC) that monitors its technology infrastructure and environment, operates 24x7, and manned by a dedicated team. All systems and processes in the organization go through extensive assessments and reviews, targeting information collection, storage, and processing practices, to guard against unauthorized access, alteration, disclosure, or destruction. The status of all privacy and cybersecurity programs and operations are presented to and reviewed by the Audit and RPT Committee of the Board on a quarterly basis.

Among other safeguards, Globe keeps its records as accurate as possible. If customer personal information is wrong, gives ways to update it. Registered customers may access account details, correct personal information and report abuse of privacy or intellectual property rights by contacting the Globe Customer Care (+632 7301000 or 211 using one’s mobile phone) or his/her designated relationship manager, as may be applicable; or by visiting any Globe Store or the website at www.globe.com.ph. Contact details of the Data Privacy Officer are likewise publicly available through the website and effective procedures are in place in case of a report or complaint on data privacy or intellectual property. Rest assured, Globe does its utmost to comply with relevant rules and laws on data privacy and intellectual property rights.
CG CULTURE AND ACTIVITIES

Globe understands that governance is beyond regulatory compliance, reports, and disclosures. It believes that CG’s relevance is most evident when its standards and practices are embedded in business culture and that having governance integrated in the business operations is a commitment to a corporate journey that it chooses to invest time and effort in. Therefore, fairness, transparency, integrity, sustainability and accountability must be experienced not only by customers and stakeholders, but also among its employees. As such, collaborations of the Compliance and Governance team, under the Corporate and Legal Services Group (CLSG), with the Internal Audit, Investor Relations and Corporate Communications groups are sustained. These collaborations result in regular campaigns that promote appreciation for principles and fundamentals of CG and sustainability among Globe employees as well as Globe Telecom’s user-friendly and up-to-date website for investors and stakeholders.

The company also continued to reach out to its internal stakeholders to promote awareness and share internal expertise through the Attorney At Iba Pa (AttyATBP), an initiative led by the CLSG that extends corporate and legal services out of the daily contracts and reports into contributing to the practical needs of employees. This has been an annual event following its debut in October 2015. In 2018, AttyATBP extended assistance outside the Globe Telecom workplace, for the first time, to serve the company’s immediate local community. The team furnished a special education (SPED) classroom for Enlisted Military’s Signal Village Elementary School (ESVES) in Taguig City and conducted a training workshop on cyber wellness for 30 grade school teachers as part of the company’s employee volunteerism program.

CLSG mobilized its members and personally worked on furnishing the SPED classroom weeks before the AttyATBP event date. CLSG’s assistance to the SPED room included new chairs and tables, SPED-friendly books, toys, an air conditioning unit, television units and other SPED-dedicated learning materials. The fully-furnished SPED classroom was completed, and opened to SPED students on November 20 in celebration of United Nations Universal Children’s Day. The event also included a ceremonial signing of a deed of donation and ribbon-cutting for the room. ESVES is home to 40 SPED students and over 7,000 regular students.

To continue to fuel the culture of CG across subsidiaries, Globe organized and conducted its first CG Training for various directors and officers of its subsidiaries on September 14. ROAM, Inc. led the fruitful discussions that included, among others, an introduction to CG, the SEC Code of CG for publicly-listed companies, recently passed law on the ease of doing business and efficient delivery of government services, CG trends for the year, and CG cases.

As more beneficiaries experience the good in these strategic initiatives and partnerships, the more valuable CG becomes for the business and its people. Through these kinds of activities, Globe is able to extend accountability, sustainability and care to its employees and communities that surround it.

DISCLOSURE AND TRANSPARENCY

The management is continuously committed to high standards of disclosure, transparency, and accountability. The management established the sustainability policy and reviews its adequacy at the highest level periodically and allocated resources to ensure effective implementation. The practice of sustainability reporting was implemented as a means to provide fair, accurate, and meaningful assessment of its overall performance on triple bottom line (viz. Economic, Environment, and Social) responsibility to our stakeholders including investors.
As a listed company in the PSE and PDEx, with reportorial requirements, rules and applicable laws as well as regulations of relevant regulatory agencies, Globe aims to provide a fair, accurate, complete and meaningful assessment of our company’s financial performance and prospects through the annual report, quarterly financial reports, and analyst presentations. Globe practices regular disclosure of financial results. Quarterly financial results are immediately disclosed after the approval by the Board to PSE and SEC. Quarterly and year-end financial statements and detailed management’s discussion and analysis are filed within 45 and 105 calendar days, respectively from the end of the financial period. The financial reporting disclosures are in compliance with the PSE and SEC requisites. Globe drives management and respective departments to release its audited financial statements within 60 days from financial year-end, in compliance with the ACGS standard that is earlier than the local regulatory deadline. These reports are made available to the analysts after disclosure, as well as released through various media channels, on the company website.

In case of mergers, acquisitions and/or takeovers requiring shareholders’ approval, the board of directors of the offeree company shall appoint an independent party to evaluate the fairness of the transaction price. Such shall be disclosed in Globe Telecom’s financial statements and relevant reports. Globe shall also ensure compliance with applicable law, rules, and regulations prescribed by the SEC and the PSE. Any market-sensitive information such as dividend declaration is also disclosed to the SEC and PSE and then released through various modes of communication.

In accordance with Globe Telecom’s strong advocacy for CG, the company recognizes the importance of regular communication with its investors, and is committed to high standards of disclosure, transparency, and accountability through its Investor Relations (IR) program. The IR Program is geared towards fulfilling Globe Telecom’s commitment to a transparent disclosure regime and accessibility for all stakeholders.

In addition to the ASM, Globe extends various venues for stakeholders to communicate effectively with the company through the conduct of analysts’ briefings, ad-hoc briefings, investor conferences, media briefings, one-on-one or small group meetings, and investor days that are organized by the IR Department and/or Corporate Communications Group or in partnership with shareholders, broker or other partner institutions. Other than keeping the company website up-to-date, these venues provide another means for Globe to discuss quarterly financial results, announcements, material disclosures and other relevant information with stakeholders. Globe continues to streamline communication efforts and enhance several customer touch points, enabling them to interact with Globe at their convenience. Among other enhancements, Globe utilizes email, live chat, SMS, website, and social media channels (e.g., Facebook, Twitter, Instagram) to provide customers with real-time information and quicker responses to concerns. A conference call facility is setup during analysts’ briefings and meetings to enable wider participation among shareholders and other stakeholders. Globe also participates in both local and international investor conferences, which host various shareholders and other stakeholders. Details and information on these conferences are published on the corporate website. Globe sustains this convenient and accessible line of communication through the IR Program in the last financial year and will continue to enhance this in the succeeding years.

Globe fully understands that the changes and progress in digital lifestyle include the fast-paced character of its customers, shareholders and different stakeholders. Because of this, the company website must also be an effective channel of information and a manifestation of CG advocacy. Among other information, the website is updated with corporate announcements, reports and disclosures that are accessible to all stakeholders.

The website is maintained regularly to ensure user-friendliness, accessibility, accuracy of information and relevance for all our stakeholders. The company website has dedicated pages to CG (http://www.globe.com.ph/about-us/corporate-governance.html), IR (http://www.globe.com.ph/about-us/investor-relations.html) and Sustainability (http://www.globe.com.ph/about-us/sustainability.html), among other relevant pages. Subscribers and stakeholders are encouraged to explore the CG and IR pages of the website to learn more about Globe Telecom’s wonderful corporate culture apart from products and services.

**Dividend Policy**

Globe declares dividends stockholders with common shares on a regular basis as may be determined by the Board of Directors.

On November 5, the company’s Board of Directors approved the adjustment in dividend payout policy to 60-75% of prior year’s core net income to be applied to dividend declarations beginning 2019. Dividends declared on the company’s stocks are payable in cash or in additional shares of stock. As a policy and as much as practicable, a 30-day period is observed for the payment of dividends to shareholders from the declaration date of such dividends.

The Board regularly reviews the company’s dividend policy, including the frequency of its distribution, taking into account operating results, cash flows, debt covenants, capital expenditure levels, and liquidity. The payment of dividends in the future will depend upon the company’s earnings, cash flow, and financial condition.
**CORPORATE GOVERNANCE**

**OWNERSHIP STRUCTURE**

Globe regularly discloses the top 100 shareholders of common and preferred equity. Disclosure is also made of the security ownership of certain record and beneficial owners who hold more than 5% of our common and preferred shares. Finally, the shareholdings and percentage ownership of the directors and key officers are disclosed in the Definitive Information Statement sent to the shareholders prior to the ASM.

<table>
<thead>
<tr>
<th>Stockholders</th>
<th>Common</th>
<th>% of Voting Preferred</th>
<th>% of Non-Voting Preferred</th>
<th>Total Outstanding</th>
<th>% of Total Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ayala Corp.</td>
<td>41,157,276</td>
<td>30.93%</td>
<td>-</td>
<td>-</td>
<td>41,157,276</td>
</tr>
<tr>
<td>SingTel Group</td>
<td>62,646,487</td>
<td>47.08%</td>
<td>-</td>
<td>-</td>
<td>62,646,487</td>
</tr>
<tr>
<td>Asiacom Philippines, Inc.</td>
<td>-</td>
<td>-</td>
<td>158,515,016</td>
<td>100.00%</td>
<td>-</td>
</tr>
<tr>
<td>Directors, Officers, Executive Stock Option Plan</td>
<td>429,409</td>
<td>0.32%</td>
<td>5</td>
<td>0.00%</td>
<td>27,500</td>
</tr>
<tr>
<td>Public</td>
<td>28,820,076</td>
<td>21.66%</td>
<td>-</td>
<td>-</td>
<td>19,972,500</td>
</tr>
<tr>
<td>Total</td>
<td>133,053,248</td>
<td>100%</td>
<td>158,515,021</td>
<td>100%</td>
<td>20,000,000</td>
</tr>
</tbody>
</table>

**DEALINGS IN SECURITIES**

Globe adopts strict policies and guidelines for trades involving the company’s shares made by directors and key officers and those with access to material non-public information. Directors and key officers and those with access to the quarterly results in the course of its review are prohibited from trading Globe shares starting from the time when quarterly results are internally reviewed until after we publicly disclose its results. Notices of trading blackouts are regularly issued to the directors and key officers concerned and to those with access to such material non-public information.

All directors and key officers are required, within three (3) trading days upon change in their ownership of securities, to submit the statement of changes of ownership in securities (SEC Form 23-B) in relation to their trades to the office of its Chief Compliance Officer for immediate submission and disclosure to the SEC and the PSE. Once submission and disclosure to pertinent regulatory agencies are completed, the same is reflected on relevant company reports and the company website under “PSE/SEC Disclosures” of the IR webpage.

**GLOBE TELECOM BOARD OF DIRECTORS**

<table>
<thead>
<tr>
<th>Title of Class and Nature of Ownership</th>
<th>2018 Beginning Balance in Company Shares</th>
<th>Change/s in Shareholdings</th>
<th>End Balance in Company Shares as of 31 December 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jaime Augusto Zobel de Ayala</td>
<td>Common (direct) 2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Common (indirect) 1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Lang Tao Yih, Arthur</td>
<td>Common (direct) 2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Ernest L. Cu</td>
<td>Common (direct) 85,353</td>
<td>21,500 (A)* April 5, 2018</td>
<td>106,853</td>
</tr>
<tr>
<td></td>
<td>Common (indirect) 4,000</td>
<td>-</td>
<td>4,000</td>
</tr>
<tr>
<td></td>
<td>Voting Preferred (direct) 1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Non-voting Preferred (indirect) 16,700</td>
<td>-</td>
<td>16,700</td>
</tr>
</tbody>
</table>
None of the members of our Board of Directors and management owns 2% or more of the outstanding capital stock of Globe.
**ACCOUNTABILITY AND AUDIT**

To support the Board in the discharge of its functions, primarily on internal controls, risk management, material related party transactions (RPTs) and other key corporate governance matters, it is the policy of Globe to constitute and maintain a competent and working Audit and Related Party Transactions (RPT) Committee in fulfilling their oversight responsibility to the shareholders relating to: a) the integrity of the financial statements and disclosures, financial reporting process and principles; b) internal controls; c) policies and processes on external auditor’s appointment, enhancing independence and audit quality, remuneration, and assessment of performance of the external/ independent auditors; d) adequacy and effectiveness of the internal audit function; e) compliance with legal, regulatory, and corporate governance requirements; f) risk management oversight of financial reporting, operational, and fraud risks; and g) assessment, review, approval and disclosure of related party transactions according to Globe Telecom’s RPT policy. Management however, has primary responsibility for financial statements and disclosures, financial reporting process, internal controls, legal and regulatory compliance, and risk management. The Audit and RPT Charter approved by the Board defines clearly the roles and responsibilities of the Audit and RPT Committee.

The Audit and RPT Committee is composed of four (4) directors, three (3) are independent and non-executive including the Chairman. The Board appoints all members of the Committee.

The Audit and RPT Committee meets at least four (4) times during the year and invites the President and Chief Executive Officer (CEO), Chief Finance Officer (CFO) and concurrently the Treasurer and Chief Risk Officer (CRO), external auditors, internal auditors, and other members of management, as needed, based on the meeting agenda.

During these meetings:
- The Committee reviews the financial statements and all related disclosures and reports prepared and presented by the CFO and released to the public and/or submitted to the SEC for compliance with both the internal financial management handbook and pertinent accounting standards, including regulatory requirements.
- The Committee assesses the adequacy and effectiveness of the internal audit function by reviewing and approving Globe IA’s scope of work, authority, independence, compliance to professional standards, reporting relationships, key responsibilities, and changes in their work plan.
- The Committee reviews the results of management’s annual risk assessments based on reports provided by CRO covering information on risk exposures and risk management activities, and as supported by the results of internal audit reviews.
- The Committee reviews and discusses with management, the internal and external auditors; and reports annually to the Board of Directors, the adequacy and effectiveness of the company’s internal controls and risk management systems, in all material respects.
- The Committee assesses, reviews, approves and discloses all covered and material Related Party Transactions (RPT) defined in Globe Telecom’s RPT Policy, including writeoff of exposures, policies on conflicts of interest or potential conflicts of interest to the Board of Directors and ensures appropriate disclosure. Likewise, the Committee oversees the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, and periodically reviews RPT policies and procedures. All relevant RPTs were reported to and reviewed by the Audit and RPT Committee last February 11, 2019. All RPTs are done at arm’s length and in accordance with the RPT policy. For a disclosure of the RPTs, please refer to the 2018 Audited Consolidated Financial Statements.

The collective responsibility over our risk management oversight rests with the Board of Directors. To delineate the scope of such responsibility, the various Board committees are designated with oversight function on specific risks. The Executive
Committee has oversight on corporate strategic risks, technology, and operational risk management, putting in place the infrastructure for risk management systems that assess risks on an integrated cross-functional approach; reviews and assesses the adequacy of our strategic, technology, and operational risk management processes, jointly with Management. The Finance Committee oversees our financial risk management, including risks related to capital structure, acquisitions and divestments, treasury activities, tax strategy and compliance. The Audit and RPT Committee provides oversight of the financial reporting and operational risks specifically on financial statement and reporting, internal controls, legal and regulatory compliance, corporate governance, risk management, fraud risks and related party transactions. The CRO provides the Audit and RPT Committee with periodic reports on risk exposures and risk management activities by management, while Globe IA provides reasonable assurance on the effectiveness of the risk management system and processes.

The Audit and RPT Committee reports regularly to the Board of Directors on our risk management efforts by providing the Board with a more collaborative and effective review of risks across the company and assurance over our overall risk management, that aids the Board in making strategic decisions for the company.

With guidance provided by the Board, management remains primarily responsible for the development and implementation of risk management strategies, policies and systems.

The Audit and RPT Committee reports after each meeting and provides a copy of the minutes of its meetings to the Board. To ensure compliance with regulatory requirements and assess the appropriateness of the existing Charter for enabling good corporate governance, the Audit and RPT Committee also reviews and assesses the adequacy of its Charter annually, seeking Board approval for any amendments. The most recent Charter review and assessment was done on August 6, 2018 and the Audit and RPT Committee approved the retention of the existing Charter (approved by the Board on August 7, 2017). To ensure the Audit and RPT Committee effectively fulfills its responsibilities according to global best practices and expectations set out in the approved charter, Globe Telecom’s MCG, SEC Memo Circular No. 4 (Series of 2012), ACGS and SEC Memo Circular 19 (Series of 2016) or Code of Corporate Governance for Publicly-Listed Companies, the Committee conducts an assessment of its performance and undergoes training, at least annually. The results of the assessment and any ensuing action plans are reported to the Board.

On an annual basis, our President and CEO, CFO, and CAE provide a written certification to the Audit and RPT Committee confirming the reliability of financial statements for the year; full compliance with financial, legal and regulatory requirements and reporting; attestation on Globe Telecom’s sound internal controls and compliance system; and confirmation that the CAE reports functionally to the Audit and RPT Committee and administratively to the CEO allowing Internal Audit to independently fulfill its responsibilities.

INTERNAL AUDIT
The establishment of an Internal Audit function is a fundamental part of Globe Telecom’s CG practices and policies. An Internal Audit Charter, approved by the Audit and RPT Committee/Board, establishes the mission, scope of work, authority, independence, compliance to professional standards, reporting relationships, and key responsibilities of the internal audit function.

Internal Audit is a service, providing an independent and objective assurance and consulting function within Globe that shares our common goal of creating and enhancing shareholder value through a systematic, disciplined, and risk-based approach in evaluating and improving the effectiveness of risk management, control, and governance processes. Globe IA provides reasonable assurance to the Board, management and the stockholders on the adequacy and effectiveness of controls encompassing Globe Telecom’s governance of operations, information systems, reliability and integrity of financial and management information, effectiveness and efficiency of operational systems and processes, safeguarding of resources and effective utilization, and compliance with laws, rules and regulations.

To perform its auditing functions effectively, Globe IA maintains its independence from management and controlling shareholders by reporting functionally to the Board, through the Audit and RPT Committee and administratively, to the President and CEO. The Audit and RPT Committee, having appointed the CAE, also concurs in his/her replacement, reassignment, or dismissal.

Working closely with the Audit and RPT Committee, the CAE maintains an effective internal audit function by managing the entire operations, and strongly supports the attainment of corporate objectives through coverage of the most critical processes in the conduct of risk-based assurance reviews. The CAE reports the results of audit reviews and other activities in a manner that helps management take appropriate action on identified risks/issues within a reasonable period of time. Management remains primarily responsible for resolving the risks/issues. The CAE continuously improves the internal audit operating process and standards and ensures strict compliance with International Standards for the Professional Practice of Internal Auditing (the Standards) of the Institute of Internal Auditors (IIA) and ensures alignment to global best practices. Among other responsibilities, the CAE strengthens leadership and talent bench, uplifts performance management and manages internal costs.

Globe IA maintains, reviews, and assesses the adequacy of its Charter annually to ensure conformance with the Standards and SEC regulations. The result of the periodic assessment and any arising revisions are reviewed and approved by the Audit and RPT Committee, with concurrence by the Board. The latest charter review was performed in August 6, 2018.

Globe IA governs its internal audit activities in conformance with the IA’s Code of Ethics, and Globe
Telecom’s Code of Conduct. The CAE is responsible for overall conformance with the Standards. To assess whether the purpose, authority and responsibility of internal audit, as defined in the IA Charter continue to be adequate and effective in enabling the internal audit function, the CAE develops, maintains, and communicates an appropriate and effective quality assurance and improvement program (QAIIP) that covers all aspects of internal audit reviews and activities. The Audit and RPT Committee also receives periodic reports on the status of internal audit activities, achievement of key performance indicators, and QAIIP. Globe IA periodically undergoes an independent external Quality Assurance Review (QAR) to ensure consistent conformance with the Standards. For the third time, Globe IA achieved the highest “Generally Conforms” rating from its external QAR in 2018, a demonstration that Globe IA truly lives its purpose of helping the organization accomplish its objectives through its leading practices in the conduct of various audits and consulting services.

Globe IA adopts a risk-based audit approach in developing its annual work plan ensuring that risks, mapped to eTOM (enhanced telecommunications operations map) based processes, with integrated risk assessments for processes across the enterprise, are captured in the audit universe. Globe IA’s annual work plan is reassessed quarterly to consider emerging risks and the changing dynamics of the telecommunications business, thereby allowing maximum and timely coverage of key/critical risk areas. The Audit and RPT Committee reviews and approves the annual work plan and all deviations. The Audit and RPT Committee also ensures that audit resources are allocated adequately and focused on the areas of highest risks.

To promote excellence, Globe IA provides for continuing professional and personal development for all internal auditors to equip them in the conduct of reviews, with focus on acquiring expertise on Globe Telecom’s business processes, network and IT systems, internal controls, new accounting and auditing standards and regulatory updates. The audit team is composed of professionally certified accountants, internal auditors, IT and information security auditors, control self-assessors, and licensed engineers, among others. In addition, Globe IA has been actively participating in Ayala Group and Singtel Internal Audit Networks and learning from international knowledge and thought experts to benchmark and adopt leading-edge global best practices on methodology, process improvement and audit tools for digitalization to develop a team of world class, multi-skilled, internal audit professionals.

To keep up with the dynamic risk environment and rapidly changing regulatory and industry requirements, Globe IA has also adopted technology-driven audit processes such as Continuous Auditing (CA), Robotics Process Automation (RPA), agile auditing, among others, to improve overall audit efficiency and enhance organizational value.

Globe IA also continuously facilitates self-assessment activities among various business groups to aid management and foster a controls self-assessment environment at Globe.

The Audit and RPT Committee regards Internal Audit as a vital support in the effective discharge of the Committee’s oversight role and responsibilities.

EXTERNAL AUDIT

The Audit and RPT Committee ensures that Globe has set appropriate policies and processes that strengthen the external auditor’s independence and improve its audit quality. The external auditors are directly responsible to the Audit and RPT Committee in helping ensure the integrity of the company’s financial statements and reporting process.

The last tender bid process for the external auditor’s annual statutory audit was conducted in Q4/2014. The Audit and RPT Charter requires bid tenders every five (5) years or as the need arises as decided by the Audit and RPT Committee. Annually, the company conducts an external auditors’ performance appraisal.

From the results, the Audit and RPT Committee evaluates and proposes to the Board for endorsement and approval of the stockholders, the appointment of the external auditors. The endorsement is presented to the stockholders for approval at the ASM. Representatives of the external auditors are expected to be present at the ASM to have the opportunity to make a statement on the company’s financial statements and results of operations and be available to respond to appropriate questions during the meeting.

In line with Globe Telecom’s Manual on Corporate Governance, the Audit and RPT Committee has an existing policy to review and pre-approve the audit and non-audit services rendered by Globe Group’s external auditors. It does not allow the Globe Group to engage the external auditors for non-audit services expressly prohibited by SEC regulations to be performed by external auditors for its audit clients. This is to ensure that the external auditors maintain the highest level of independence from the Globe Group, both in fact and appearance.

In the ASM last April 17, 2018, the shareholders appointed the accounting firm of Navarro Amper & Co./Deloitte Philippines (NA/DP), an affiliate of Deloitte Southeast Asia Ltd. (a member firm of Deloitte Touche Tohmatsu Limited) as the external auditor of Globe Telecom, Inc. and Subsidiaries (Globe Group) for the calendar year 2018. NA/DP has been the external auditor of Globe Group since 2015. In accordance with regulations issued by the SEC and the Audit and RPT Committee Charter, the audit partner principally handling the company’s account shall be rotated every five (5) years or sooner. The most recent rotation occurred in 2017.

There were no disagreements with NA/DP on any matter of accounting principles or practices, financial statement disclosures, auditing scope and procedures.

Fees approved in connection with the audit and audit-related services rendered by NA/DP pursuant to the regulatory and statutory requirements
for the years ended 31 December 2018 and 2017 amounts to P55.38 million and P20.62 million respectively, inclusive of 7.5% out-of-pocket expenses (OPE).

In addition to performing the audit of Globe Group’s financial statements, NA/DP was also contracted to provide non-audit services in accordance with established procurement policies in 2018.

The aggregate fees billed by NA/DP are shown below

<table>
<thead>
<tr>
<th>(Amount in millions of Pesos)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit and Audit-Related Fees*</td>
<td>55.38</td>
<td>20.62</td>
</tr>
<tr>
<td>Non-Audit Fees</td>
<td>6.89</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>62.27</td>
<td>20.62</td>
</tr>
</tbody>
</table>

*Excludes 2018 audit fees rendered by external auditors other than NA/DP:
- GTI HK, P640K (P637K in 2017) performed by Deloitte HK
- GT EU, P249K (P263K in 2017) performed by Wellden and Turnbull LLP
- GT SG, P307K (P247K in 2017) performed by Ardent Taodharma, Inc.
- P288K (P431K in 2017) performed by Punongbayan and Araullo

Audit Fees represent audit of Globe Group’s annual financial statements and review of quarterly financial statements in connection with statutory and regulatory filings or engagements for the years ended 2018 and 2017.

Audit-Related Fees in 2018 represent quality assurance review on data clean-up activity performed by a third party for Globe. 2017 audit-related fees pertain to services related to financial and tax due diligence procedures for a planned company acquisition.

Tax Fees. Globe has not engaged NA/DP for any tax-related services for the years ended 2018 and 2017. There were no tax fees incurred for the said years.

Non-Audit Fees in 2018 pertain to services rendered in relation to Philippine Financial Reporting Standards (PFRS) 16: Leases which includes trainings, impact assessment, advisory services (e.g., guidance and recommendations with regard to its implementation) and agreed-upon procedures on data gathering from existing lease contracts as part of the pre-implementation activities. NA/DP was not engaged to perform non-audit services for 2017.

NA/DP has confirmed to the Committee that the 2018 non-audit services rendered by them are allowed to be provided to an audit client under existing SEC regulations and the Code of Ethics of Professional Accountants in the Philippines and do not conflict with their role as Independent Auditors of the company.
RISK MANAGEMENT

Globe Telecom believes that effective Risk Management (RM) practices are crucial to sustaining its profitability and resiliency as a company. Hence, Globe ensures that RM remains a core capability and an integral part of how decisions are made in the organization to deliver value to shareholders. The company’s thrust is to embed RM in the daily lives of employees, empowering them to make risk-informed choices when confronted by risks and opportunities.

Globe lives out its RM philosophy via three key pillars - Structure, Process and Culture.

STRUCTURE
We strive to cultivate an organizational structure that supports strong corporate governance, clearly defines risk taking responsibility and authority, facilitates ownership and accountability for risk taking, and ensures proper segregation of duties.

PROCESS
We strive to sustain sound processes that facilitate the identification, assessment, quantification, mitigation, management, monitoring and communication of risks at the enterprise and operational level. We also regularly review our RM processes and policies on a continuing basis and stay abreast of current developments to ensure that we remain robust and relevant, through benchmarking against industry and global best practices.

CULTURE
We strive to nurture a risk aware culture by setting the appropriate tone at the top, defining clear accountability for risks, espousing transparency and timeliness in sharing risk information, enabling risk-adjusted decisions, recognizing appropriate risk-taking attitudes, and embedding the right risk skills across the organization.

ROLES AND RESPONSIBILITIES

Board of Directors
The Board of Directors oversees and conducts an annual review of the company’s material controls, covering operational, financial and compliance areas and overall RM systems. The Board oversees and actively discusses the status of key risks including management’s activities in managing risks such as: Political, Regulatory, IT, Cyber, Data Privacy, Business Disruption, Competition, Financial Markets, People, to name a few. The overall responsibility for RM oversight rests with the Board. To enable the Board to effectively discharge Globe Telecom’s RM function, various Board committees have been designated to provide RM oversight for specific risk areas.

The Audit and Related Party Transactions Committee reports regularly to the Board of Directors on our risk management efforts by providing the Board with a more collaborative and effective review of risks across the company and assurance over Globe Telecom’s overall risk management, that aids the Board in making strategic decisions for the company.

BOARD RISK MANAGEMENT OVERSIGHT

<table>
<thead>
<tr>
<th>Executive Committee</th>
<th>Audit and Related Party Transactions Committee</th>
<th>Finance Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provides oversight on corporate strategic risks, technology, and operational risks</td>
<td>• Provides oversight on financial statements and disclosures, financial reporting principles, process, policies and system, internal controls, external/independent auditors, internal audit function, risk management, compliance with relevant legal, regulatory and corporate governance requirements</td>
<td>• Provides oversight on the company’s financial risk management including risks related to capital structure, acquisitions, divestments, treasury activities, tax strategy, and compliance</td>
</tr>
<tr>
<td>• Provides guidance in setting up integrated and cross-functional risk management systems and controls infrastructure</td>
<td>• Reports regularly to the Board of Directors on Globe Telecom’s risk management efforts by providing the Board with a more coordinated and effective review of risks across the company and assurance over Globe Telecom’s overall risk management</td>
<td></td>
</tr>
<tr>
<td>• Reviews, jointly with management, the adequacy of risk management processes for strategic, operational, and technology risks</td>
<td>• Assesses, reviews, approves and reports all covered and material related party transactions (RPTs) according to Globe Telecom’s RPT Policy</td>
<td></td>
</tr>
</tbody>
</table>
DEMOCRATIZING CONNECTIVITY AND INCLUSIVITY

Management
With guidance provided by the Board, Globe Telecom's management is fully responsible for decision-making over the day-to-day affairs of Globe including the design, development and implementation of the RM strategies, policies and systems intended to address the identified risks.

A Management-Level Risk Management Committee (MLRMC), chaired by the Chief Risk Officer, was established to assist the Board in fulfilling its oversight responsibilities in relation to risk governance in Globe and to enable:

- Cultivation of an organizational structure with a sound ERM framework effectively working in place that supports strong corporate governance.
- Clear definition of risk-taking responsibility and authority.
- Ownership and accountability of risk taking and ensure proper segregation of duties.

Chief Risk Executive
The President and Chief Executive Officer (CEO) acting as the Chief Risk Executive (CRE) is ultimately responsible for RM priorities, including strategies, tolerances and policies which he recommends to the Board for approval. The CRE:

- Acts as the final enforcer of the RM process;
- Establishes organizational structure, assigns authority and designates management of key risks to risk owners to ensure that the RM activities are carried out effectively;
- Reviews the continuing effectiveness and relevance of the RM framework, processes, organization and tolerances, as assisted by the Chief Risk Officer;
- Ensures that RM activities are linked to the risk owners’ Key Result Areas.

The CRO reports quarterly to the Board through the ARPT Committee regarding the company’s critical risks, control issues and key mitigation plans and provides insights on the following:

- RM processes are working as intended,
- Risk measures and mitigation plans are reported and continuously reviewed by risk owners for effectiveness; and
- Established risk policies and procedures are being complied with.

Outside the quarterly scheduled ARPT Committee Meetings, the CRO and the Enterprise Risk Management Department provide regular updates to the ARPT Chairman via executive sessions, on the status of key risks, management’s risk action plans and strategies and new or emerging risks needing immediate attention.

Chief Risk Officer
The Chief Risk Officer and concurrent Chief Finance Officer supports the CRE at the Management level. The CRO ensures that:

- There is adequate supervision and guidance over the development, implementation, maintenance and continuous improvement of RM policies, processes and documentation.
- RM processes and activities are embedded within the organization’s policies, business cycles and operational decisions.
- Responsibilities for managing specific risks by senior Management are clear.
- The level of risk accepted by the company is appropriate.
- An effective control environment exists for the company as a whole.
- In collaboration with the CEO/CRE and senior Management, the ARPT Committee, the Board, and other stakeholders are provided periodic information on the results of the annual risk assessment exercise and updates on the status of top risks, key risk mitigation activities, key risk and performance indicators and emerging risks that could impact the attainment of Globe Telecom’s objectives.

The Internal Audit (IA) Team provides reasonable assurance on the effectiveness of RM systems and processes. IA’s examinations cover a regular evaluation of adequacy and effectiveness of RM and control processes encompassing the company’s governance, operations, information systems, reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules and regulations.

Risk Owner
The risk owner has overall accountability for the assigned risk/s and is granted authority to enable effective management of a particular risk. The risk owner’s function also includes:

- Understanding the risk/s and determining its drivers
- Planning for and executing appropriate RM strategies and mitigation plans for key risks identified
- Securing required resources needed to effectively manage the risks
- Monitoring and reviewing the level of risk exposures and continuing relevance of RM strategies and plans
- Providing timely updates on the status of RM activities to concerned stakeholders.

Internal Audit
The Enterprise Risk Management Department
The Enterprise Risk Management Department (ERMD), headed by a Risk Management Program Officer, supports the CRO in undertaking her role. Key functions of the ERMD include:

- Facilitating Management Team’s annual risk assessment exercise and reporting the results thereof
- Coordinating with risk owners to gather information and updates on Risk, the status of and its management/mitigation activities
- Facilitating the execution of Line Management’s risk assessment exercise
- Developing and implementing risk culture building programs to drive and embed the RM discipline across the organization
Risk Management Approach

The ISO 31000 framework for RM is used as the basis for Globe Telecom’s RM process. The established framework also ensure that compliance processes and procedures are effectively guided by the RM policy.

Globe Telecom’s RM cycle starts with an enterprise-wide assessment of risks performed by the Management team as part of the annual planning and budgeting process. This process starts with the identification of key risks that threaten the achievement of Globe Telecom’s business objectives at corporate and business unit level. Risks are then analyzed, assessed and assigned to various risk owner/s for the development of plans in managing such risks. The results of which are then reported to and reviewed by the Board. The established strategies and plans to address the risks are continuously developed, updated, improved, and reviewed for effectiveness. On a regular basis, the Management Team discusses the current risk levels and status of implementation of mitigation plans and is reported and reviewed by the Board.

As part of our advocacy to embed the RM discipline across the organization, Globe has institutionalized a process to closely monitor with the risk owners the RM plans and actions being taken to address critical risks, including the establishment of key risk indicators and key performance indicators to ensure that critical risks are appropriately managed. Risk owners in various operational risk areas such as IT, Information Security, Data Privacy, Business Continuity, Occupational Health and Safety, Revenue Assurance, Fraud, to name a few, have operationalized processes to identify, assess, analyze and manage the risks within their area of responsibility. ERMD provides guidance and oversight on the RM process. On a regular basis, ERMD and the heads of these teams provide updates to the Management team, the CRO and the ARPT Committee on the status of key initiatives addressing risks in their respective areas.

A coordinated end-to-end risk assessment program to identify, assess, treat, monitor and report risks for effective and informed business decisions is in place. The assessments are focused on the identified most critical operational risk areas in Globe. Management believes that this program is an essential foundation for a strong RM process as it reinforces the lines of defense against key operational risks, while providing relevant insights to some of the top enterprise risks. The Management team is apprised of the results of the assessments, particularly, the most significant risks for inputs on strategies and action plans and guidance on issues needing further review. When necessary, the company seeks external technical support from 3rd party experts to aid the Management team and Board in the performance of their duties and responsibilities including RM.

Globe believes that fostering a culture of risk awareness across the organization is an essential part of ensuring that sound RM practices are observed in every key decision point. ERMD has created various programs in collaboration with key risk owners that both provide continuous learning opportunities on sound RM practices, but also espouse the responsibility of RM to every employee.

Globe believes that these collaborative efforts to build and grow the RM program have resulted to a recognition as finalist in Strategic Risk Asia’s best 2018 Risk Management Program across the region. The company’s RM practices have also been assessed as advanced level of risk maturity (5.0 on a 1 to 5 scale) in Q4 2018 by Aon, an independent Risk Consultant.

Operational Risk Management and Business Protection

Realizing the need to protect the business from losses arising from failures in internal processes, people and systems or external events, which is an integral part of the company’s RM responsibility, an Operational Risk Management and Business Protection (ORB) department was established. ORB’s primary objective is to provide an end-to-end support for all activities under risk management, overseeing safety, environment, infrastructure hazard management, insurance, as well as enterprise business continuity management. ORB reports to the Head of Logistics and Administrative Services who directly reports to the CFO/CRO. The department is mandated to do the following:

• Provide hazard identification and risk assessment for Globe Telecom’s operations, activities, events, and infrastructure;

• Facilitate implementation of risk control and mitigation measures for safety and environmental management, in collaboration with operational and business groups;

• Provide and facilitate risk transfer and business protection solutions through insurance or contractor liability agreements;

• Establish an effective framework of business continuity management for the organization to effectively respond to threats such as natural disasters, equipment failure, data breaches and, in effect, protect its business interests.

Globe Principal Risks

The achievement of Globe Telecom’s key business objectives can be affected by a wide array of risk factors. Some of these risk factors are universal while some are unique to the telecommunications industry. The risks vary widely in occurrence and severity, some of which are beyond the company’s control. There may also be risks that are either presently unknown or not currently assessed as significant, which may later prove to be material. We aim to mitigate these exposures through appropriate RM strategies, strong internal controls and capabilities, close monitoring of risks and mitigation plans. The section below sets out the principal risk types, listed in no particular order of significance:

Political and Socio-Economic Risks

The company’s growth and profitability may be influenced by the overall political and economic situation of the Philippines. Any political or geopolitical instability in the Philippines could negatively affect the country’s general economic conditions which, in turn, could adversely affect our business, financial
condition or results of operations, including the ability to enhance the growth of its customer base, improve our revenue base and implement our business strategies.

The current administration is implementing major changes to the telecommunications industry that can positively or negatively affect the company’s business. These include:

- Pressure to improve network performance
- Sharing of network/facilities across operators
- Providing portability of mobile numbers
- Possible pressure on pricing
- Potential entry of foreign telecom players
- Potential improved LGU support
- Promise of increased infrastructure spend
- Potential changes that aim to disrupt the current industry model

The current proposal of shifting to a federal form of government could also impact Globe Telecom’s business model.

A regular environmental scanning exercise is performed to ensure the identification of any uncertainties arising from political and socio-economic factors. Management is closely monitoring the shift in policies to anticipate the potential impact to the business plans as well as maintaining open communication lines with the various government sectors.

Financial Markets Risk
a. Foreign Exchange Risk
Exposure to foreign exchange risks remains a risk to Globe. Globe’s foreign exchange risk results primarily from movements of the Philippine peso against the US dollar (USD) with respect to USD-denominated financial assets, liabilities, revenues and expenditures.

There are no assurances that declines in the value of the peso will not occur in the future or that the availability of foreign exchange will not be limited. Recurrence of these conditions may adversely affect the company’s financial condition and results of operations.

b. Interest Rate Risk
In order to fund our major expenditures, Globe has entered in various short and long-term debt obligations, which exposes the company to the risk of changes in interest rates.

Globe Telecom’s exposure to interest rate risk and currency risk are being managed by:

- Using a mix of fixed and variable rate debt that are meant to achieve a balance between cost and volatility.
- Entering into interest rate swaps, in which the company agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount.
- Using a combination of natural hedges and derivative hedging to manage its foreign exchange exposure.

We also regularly evaluate its projected and actual cash flows and continuously assess conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise.

Competition Risk
a. Traditional Competition
Competition remains intense in the Philippine telco industry amidst a mature mobile market and high growth data business, as current competitor seeks to regain market share with aggressive offerings. In late 2018, a 3rd player was allowed by the government to enter the Philippine telco industry, selected through a bidding process, spearheaded by the Department of Information and Communications Technology (DICT).

These factors are seen to further heighten the competitive dynamics amidst a mature mobile market.

b. Alternative Competition
The competitiveness of the industry is further underscored by cheap alternatives to communication such as instant messaging, social network services and voice over internet protocol (VOIP). These alternatives are also driven by the proliferation of affordable smartphones and internet-capable mobile devices.

The continued growth and development of the telecommunications industry will depend on many factors. Any significant economic, technological, or regulatory development could result in either a slowdown or growth in demand for mobile services and may impact The company’s business, revenues, and net income.

These factors heighten the need to continuously expand and modernize the company’s Network and IT services, thus requiring an equally heightened level of capital spending.

We continue to assert our market position through the offering of personalized plans and attractive product/device bundles, and launching innovative products and services that are relevant and responsive to the needs of our customers coupled with a focus on superior customer experience. We also partner with leading providers of content, mobile messaging, social media and other popular applications in order to provide products and services that anticipate and cater to shifting customer preferences.

Regulatory Risk
Globe Telecom is regulated by the National Telecommunications Commission (NTC), an attached agency of the Department of Information and Communications Technology (DICT), for its telco business, and by the Securities and Exchange Commission (SEC) for other aspects of the business as well as the Philippine Stock Exchange (PSE) as one of its capital market regulators, to name a few. On the other hand, the Philippine Competition Commission (PCC) has oversight over our mergers, acquisitions, and other similar transactions as it is tasked to effectively level the playing field among businesses and penalize anti-competitive agreements and abuse of market dominance.

The introduction of new, modifications, or the inconsistent application of laws or regulations from time to time, may materially affect the company’s operations, and ultimately the company’s earnings which could
impaired the ability to service debt. There is no assurance that the regulatory environment will support any increase in the company’s business and financial activity.

Globe manages regulatory risks through regular monitoring of regulatory rulings, especially those that could negatively impact the businesses and proactive engagement with the regulators.

Customer Preference and Technology Shift Risk
Globe Telecom’s ability to recognize and quickly respond to changes in customer preferences by upgrading existing infrastructure and systems may impact its competitiveness in the marketplace.

Mobile data applications and the rising popularity of smartphones, mobile applications, social media platforms as enabled by mobile and connected devices are key contributors to the explosion of data traffic. This phenomenon is pushing a strain on the company’s network capacity as well as the supporting back end systems, negatively impacting customer experience.

Our business, product and technical teams continue to keep abreast of the latest innovations and trends in telco technologies, devices and gadgets. The information and insights gathered are considered in the roadmap of future products, services, and network and IT infrastructure evolution. Proper timing of investments in technology and infrastructure always consider its strategic implications, velocity of technology cycles and customer adoption.

The Globe data network is continuously being enhanced by deploying new mobile and data technologies, increasing network capacity and coverage while modernizing the fixed line data infrastructure.

Change Program Risk
Globe is in the process of transforming its businesses and such changes permeate into its Network and IT systems and supporting processes. Crucial changes in our network infrastructure are being pursued mainly to improve network quality, anticipate the surge in voice and data traffic, decrease total cost of ownership and make the network robust enough to meet future needs. IT transformation programs are set to re-engineer the company’s IT systems and key processes to enhance its ability to deliver superior customer experience and understand what its customers value, while being able to roll out products to the market in a more efficient and effective manner.

Should the company’s ambitious and complex transformation programs fail to achieve the desired outcomes, the company could ultimately lose market share thus impacting its financial results.

Globe has institutionalized the appropriate program governance organizations with Management oversight and accountability to ensure program risks are properly considered and managed aimed at achieving key program objectives and improving customer experience. We ensure that a competent program office and project organization is in place for major change programs. Supporting processes have been established to closely monitor and provide a venue for regular progress updates, alignment of efforts, discussion of critical implementation issues and challenges and help ensure successful execution of the company’s change programs.

Organizational Agility Risk
Leading the digital lifestyle for Globe Telecom’s customers and diversification of business portfolio is critical to maintain market competitiveness. Failure to drive the entire organization to quickly adapt work practices and make the right shift in skills and competencies necessary for Globe to lead in the digital space and forge into adjacent spaces may lead to missed business opportunities. The company has initiated cultural change programs that focus on customer centrality and innovation. Opportunistic hiring of talents required for innovation and new investment areas are also carefully considered. Globe continues to build the right leadership structures and systems team that will support an agile, future-ready and customer-centric organization.

Human Capital Risks
Globe is exposed to risks in staffing critical functions with competent management and technical expertise. Globe Telecom’s greatest asset is its people and the company’s success is largely dependent on its ability to attract highly skilled personnel and to retain and motivate the best employees.

As new players are poised to ramp up their operations, this may result in poaching of key employees from the company’s talent pool.

In line with Globe Telecom’s Purpose of treating people right, and in support of the Department of Labor and Employment’s campaign against all illegal forms of contractualization, Globe strictly monitors its accredited partners on their sustained compliance with pertinent labor laws and regulations.

Various people-related programs designed to engage and motivate employees are being implemented in order to retain and attract key talents. Globe University was formally organized to address the growing competency and development needs of Globe. With the need to develop key talent imperatives, it is a significant move towards achieving key improvements in workforce capabilities and performance.

Reputational Risk
Globe is recognized as one of the Philippines’ top companies providing innovative services and delivering superior customer experience while maintaining a socially responsible business. The company is exposed to reputational risks which may result from its actions or that of its competitors; indirectly due to the actions of an employee; or consequently through actions of outsourced partners, suppliers or joint venture partners.
Damage to Globe Telecom’s reputation and erosion of brand equity could also be triggered by the inability to swiftly and adequately handle negative social media sentiments on its products and services triggered by various factors such unfavorable customer experience, among others.

Regular process effectiveness and efficiency reviews on existing customer impacting processes are being conducted to identify and address existing gaps, thus minimizing exposure to reputational risks arising from problem areas. Front line staff are regularly trained to enable them to effectively handle customer cases. On the other hand, close monitoring of customers’ online sentiments is being performed to quickly detect customer issues being surfaced in social media and be able to manage them early on.

Cyber Risk
The cyber security landscape is rapidly evolving and users are heavily relying on digitized information and sharing vast amounts of data across complex and inherently vulnerable networks. This exposes Globe to various forms of cyber attacks which could result in disruption of business operations, damage to reputation, legal and regulatory fines and customer claims.

New technologies and systems being installed in the name of advanced capabilities and processing efficiencies may introduce new risks which could outpace the organization’s ability to properly identify, assess and address such risks. Further, new business models that rely heavily on global digitization, use of cloud, big data, mobile and social media exposes the organization to even more cyber-attacks.

Globe continues to strengthen and enhance its existing security detection, vulnerability and patch management, configuration management, identity access management, event monitoring, data loss prevention and network/end-user perimeter capabilities to ensure that cyber threats are effectively managed.

Some of the key security systems and platforms in place include: Network and Endpoint Advanced Persistent Threat (APT) protection, Security Incident and Event Management, Identity Access Management and Single Sign-On (SSO), Mobile Device Management, etc.

As part of the company’s mission to promote the intelligent and judicious use of the internet, the company also educate the youth to better understand the impact of their online behavior so they can be responsible digital citizens, thereby lessening cyber threats to Globe. In parallel, online security is promoted through customer education drives.

Data Privacy Risk
In the course of regular business, Globe acquires personal information of its customers and retains the same either electronically or via hard copies. Existing laws require that information, especially customer information, must be adequately protected against unauthorized access and/or disclosure. The risk of data leakage is high with the level of empowerment granted to in-house and outsourced employees handling sales and after sales support transactions to enable the efficient discharge of their functions.

Employee awareness on data protection and loss prevention is reinforced through regular corporate communication channels. Further, employees are made accountable for maintaining the confidentiality of data handled, including disclosures and information shared in various social media platforms. Controls over processes that require handling of customers’ personal information are being tightened, coupled with enhancements in existing security capabilities to prevent compromise of customer data.

A Chief Information Security Officer and Data Protection Officer was appointed to strengthen the management of risks relating to the confidentiality and integrity of customer information while ensuring compliance with Data Privacy Act of 2012 or Republic Act 10173 (DPA).

Our CISO/DPO reports to our Chief Technology and Information Officer (CTIO), and acts as Chairman of the Information Security and Privacy Committee in Management as well as leads our Information Security and Data Privacy Division (ISDP). ISDP is a fully-operationalized group that focuses on Globe Telecom’s data privacy and cybersecurity matters.

The CISO provides regular updates on information security and data privacy matters to our Board, through the ARPT Committee to ensure that cyber risks and technology or digital threats to the business and our customers are addressed and managed effectively.

Business Disruption Risk
The quality and continued delivery of Globe Telecom’s services are highly dependent on Globe Telecom’s network and IT infrastructure which are vulnerable to damages caused by extreme weather disturbances, natural calamities, fire, acts of terrorism, intentional damage, malicious acts and other similar events which could negatively impact the attainment of revenue targets and the company’s reputation.

Since 2012, our Business Continuity Management System (BCMS), which governs our Business Continuity and Disaster Recovery Planning, has been certified by BSI, Singapore - an internationally recognized certification body. The Globe BCMS is primarily responsible in ensuring that programs are in place for Globe to continuously improve on: the readiness of our employees to manage disastrous incidents, the ability of the organization to deliver critical products and services especially during disasters, and the commitment to deliver on important legal and regulatory requirements.

Globe is continuously enhancing its incident and crisis management plans and capabilities and have incorporated disaster risk reduction and response objectives in the company’s business continuity planning. Part of the company’s Business Continuity Management Program initiatives include:
• Partnering with the Metropolitan Manila Development Authority (MMDA) and the Philippine Disaster Recovery Foundation (PDRF), to create a network of support during disasters.

• Sponsored the development of hazard maps for 54 out of 81 Philippine provinces, which will be used by Phivolcs to assist the provinces in their disaster management plans.

• Reinforced Ayala ASSIST, an app that enables every Ka-Globe and other Ayala employees to easily seek assistance during disasters.

• Re-certification in Business Continuity (ISO 22301) on an enterprise-wide scale

• Reinforcing the company’s business continuity policies and best practices through various awareness drives and training programs.

Revenue Leakage Risk
The telecommunications industry is inherently vulnerable to revenue leakage, with the continuing innovations in Telco Technologies, Network and IT systems and the multitude of its service/bundle/plan offerings accompanying such advancements. The pace at which new offers are launched in the market and the speed of technological innovations being adopted by Globe, coupled with the ongoing Network and IT transformation programs heightens the need to identify and plug revenue leakages becomes an even more important capability in maximizing revenues and returns.

Globe strengthens its Revenue Assurance capabilities through the identification and embedding of appropriate revenue assurance controls into new products, services, and new systems as well as the implementation of sound controls on existing products and services. The company continuously improves its control effectiveness, efficiency, and coverage through periodic controls review exercises, controls discovery, and review of critical revenue-impacting processes. The company has recently completed the implementation of a Revenue Assurance tool that would increase efficiency in its operations through automated execution of controls.

Fraud Risk
Globe runs the risk of falling victim to fraud perpetrated by unscrupulous persons or syndicates either to avail of “free” services, to take advantage of device offers or defraud Globe Telecom’s customers. With the increased complexity of technologies, network elements and IT infrastructure, new types of fraud that are more difficult to detect or combat could also arise. This risk also involves irregularities in transactions or activities executed by employees for personal gain.

Globe remains committed in preventing and detecting fraud by institutionalizing processes and building capabilities that enable the early detection, investigation, resolution and enforcement of sanctions and legal options, close monitoring and timely reporting of various instances of fraudulent activities. We initiated various programs to equip our customers with the right and sufficient information so they do not fall victim to fraudsters. Moreover, we closely coordinate with law enforcement agencies to help protect our customers from activities meant to defraud them.

Globe implements standards and practices that remind and deter employees, who through the course of business transactions with various partners, from engaging in corrupt or unethical practices. Management has zero tolerance for such acts and have corresponding severe penalties as provided in the company’s Code of Conduct and Ethics (CoC). Globe employees, by virtue of his/her employment, are bound to uphold trust given to them by not seeking to gain any undue personal or pecuniary advantage (other than the rightful proceeds of employment) from dealings with or for and in behalf of Globe. Our employees maintain the highest standards of honesty, integrity and professional conduct. Seeking undue financial and material advantage from transactions with Globe is a breach of trust between the employee and the company. Our CoC promulgates policies governing conflict of interest, whistleblowers, unethical and corrupt practices, among others.
MANAGEMENT’S DISCUSSION AND ANALYSIS

<table>
<thead>
<tr>
<th>Results of operations (P Mn)</th>
<th>Pre-PFRS¹</th>
<th>YoY change (%)</th>
<th>Post-PFRS¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Operating Revenues</td>
<td>150,320</td>
<td>135,281</td>
<td>11%</td>
</tr>
<tr>
<td>Service Revenues</td>
<td>140,232</td>
<td>127,906</td>
<td>10%</td>
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<tr>
<td>Mobile²</td>
<td>106,925</td>
<td>98,483</td>
<td>9%</td>
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<tr>
<td>Home Broadband³</td>
<td>18,543</td>
<td>15,645</td>
<td>19%</td>
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<tr>
<td>Corporate Data⁴</td>
<td>11,782</td>
<td>10,288</td>
<td>15%</td>
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<tr>
<td>Fixed Line Voice⁵</td>
<td>2,982</td>
<td>3,490</td>
<td>-15%</td>
</tr>
<tr>
<td>Non-Service Revenues</td>
<td>10,088</td>
<td>7,375</td>
<td>37%</td>
</tr>
</tbody>
</table>

¹ Post-PFRS considered the new accounting standard on Revenues from Contracts with Customers (PFRS 15) and Financial Instruments: Recognition and Measurement (PFRS 9). Pre-PFRS financials are before impact of these standards, which are comparable with last year.
² Includes mobile voice, sms, data revenues and fully mobile broadband services.
³ Includes revenues from wired and fixed wireless home broadband.
⁴ Includes international and domestic data services, corporate internet access, and data center solutions.
⁵ Includes revenues from landline and DUO services.

FINANCIAL PERFORMANCE:
Globe Telecom, Inc. closed 2018 with consolidated service revenues of ₱140.2 billion, 10% up from ₱127.9 billion last year due to the sustained revenue growth across all data business segments, consisting of mobile data, Home Broadband and Corporate Data. Including the impact of PFRS 15, total consolidated service revenues for the period stood at ₱132.9 billion.

Mobile revenues grew 9% year-on-year, at ₱106.9 billion in 2018 from the ₱98.5 billion reported a year ago, driven by the continued mobile data revenue growth as more of our customers embraced the digital lifestyle. Mobile subscriber base totaled 74.1 million as of end-December 2018, which will now become the new baseline given the impact of the regulatory requirement which extends prepaid load¹ validity to one (1) year regardless of amount.

From a product perspective, mobile data continued to be the top contributor to the company’s mobile business, and now accounts for 52% of gross mobile service revenues from 44% a year ago. Full year mobile data revenues posted ₱55.3 billion, up a strong 28% from ₱43.1 billion a year ago. This was propelled by the sustained higher prepaid top-ups, with more consumer spending on mobile data, thus driving the mobile data traffic growth from 600 petabytes last year to 956 petabytes in 2018. Likewise, data traffic rose as more Globe customers are benefitting from the company’s massive network upgrades. Meanwhile, mobile voice revenues posted ₱30.3 billion, or down 6% year-on-year while mobile SMS revenues totaled ₱21.3 billion, or lower by 8% versus 2017. Including the impact of the PFRS 15 adjustments, mobile data, mobile SMS and mobile voice revenues registered ₱50.8 billion, ₱20.2 billion and ₱28.5 billion, respectively.

The company’s Home Broadband business ended the year with ₱18.5 billion revenues, up a robust 19% from the ₱15.6 billion reported a year ago. This was mainly driven by the sustained expansion of its customer base, boosted by the rising demand for faster internet connectivity, now rising to 1.6 million subscribers from 1.3 million last year. The revenue growth and customer uptake was boosted by Home Broadband’s compelling new bundles and packages, coupled with the growing popularity of the Home Prepaid Wi-Fi product. Post-PFRS 15 adjustments, Home Broadband revenues for the year just ended increased by ₱20 million versus the pre-PFRS revenues.

Corporate Data business sustained its growth momentum, ending the year with ₱11.8 billion revenues, up 15% against last year, driven by the strong demand for domestic and international leased line services, sustained circuit base expansion, and the increasing demand for cloud-based services, managed/modern business solutions. Post-PFRS 15 adjustments, Corporate Data revenues for the year just ended was lower by ₱20 million versus the pre-PFRS revenues.

Globe Group’s consolidated EBITDA as of end-December 2018, stood at ₱64.9 billion, up 22% from a year ago, with EBITDA margin at 46% (vs.42% in 2017). Net income stood at ₱18.4 billion, up 22% from previous year’s ₱15.1 billion mainly due to the gains in EBITDA, offsetting depreciation charges and non-operating expenses booked for the year just ended.

¹ Under the new pronouncement based on the National Telecommunications Commission (NTC), Department of Information and Communications Technology (DICT), and Department of Trade and Industry (DTI) Joint Memorandum Circular No. 05-12-2017 all prepaid load will now carry a one-year expiration period regardless of amount. In compliance to this new regulation, effective January 6, 2018, Globe implemented a one year expiration period for prepaid load worth 300 pesos and above. Then in July 5, 2018, Globe expanded the implementation to all Globe prepaid load, including those with denominations below 300 pesos.
### MANAGEMENT DISCUSSION AND ANALYSIS

Meanwhile, core net income, which excludes the impact of non-recurring charges, one-time gain, foreign exchange gains and mark-to-market charges, stood at ₱18.6 billion, up a robust 37% year-on-year.

On a post-PFRS basis, EBITDA stood at ₱65.1 billion, with an EBITDA margin of 49%. Net income for the period amounted to ₱18.6 billion, with core net income ending at ₱18.7 billion.

Consolidated Return on Average Equity (ROE) registered at 26% as of end-December 2018, compared to 23% in 2017 using net income and based on average equity balances for the year ended. Using annualized core net income excluding the effects of non-recurring expenses, foreign exchange loss, one-time gains on net income, return on average equity for the year just ended was at 27% compared to 21% of 2017.

Consolidated basic earnings per common share were ₱135.91 and ₱109.22, while consolidated diluted earnings per common share were ₱135.40 and ₱109.01 as of end-December 2018 and 2017, respectively.

The balance sheet and cash flows remain strong with ample liquidity and gearing below bank covenants. On a consolidated basis, Globe ended the year with gross debt to equity ratio of 2.03:1 from 1.81:1 in 2017. This is still below the 3.0:1 debt to equity limit dictated by the company’s debt covenants. Meanwhile, net debt to equity ratio was at 1.71:1 as of end-December 2018 from 1.81:1 last year.

Globe Group’s consolidated assets as of 31 December 2018 amounted to ₱299.5 billion compared to ₱277.8 billion in 2017. Consolidated cash, cash equivalents and short term investments (including investments in assets available for sale and held to maturity investments) reached ₱23.2 billion as of end-December 2018 compared to ₱11.2 billion as of end-December 2017.

Net cash flows provided by operating activities for the year just ended was at ₱57.9 billion grew by 15% year on year.

Net cash used in investing activities amounting to ₱42.7 billion, was 23% lower than last year. Meanwhile, consolidated net cash used for financing activities amounted to ₱3.4 billion in 2018 versus last year’s net cash provided by financing activities of ₱7.8 billion in 2017.

Consolidated total debt, increased by 13% from ₱131.5 billion at the end of 2017 to reach ₱148.3 billion at the end of December 2018.

Globe spent ₱43.3 billion or about US$821 million for capital expenditures (capex) in 2018 to address the robust data traffic growth and support its increasing customer base with the ramped-up LTE rollout. About 77% of the total capex for 2018 was for data-related services, all geared to meet the customer demand for more bandwidth-intensive content.

Lastly, the company also paid out ₱12.1 billion in common cash dividends in 2018, representing 89% of 2017 core net income. This was in line with the company’s dividend policy of distributing 75% to 90% of prior year’s core net income. Last November 5, 2018, Globe Telecom’s Board of Directors approved the change in dividend policy to 60% to 75% of prior year’s core net income, to be applied to the 2019 dividend declaration.

### KEY PERFORMANCE INDICATORS

**Financial:**
Globe is committed to efficiently managing the company’s resources and enhancing shareholder value. The company regularly reviews its performance against its operating and financial plans and strategies, and use key performance indicators to monitor its progress.

Some of its key performance indicators are set out below. Except for Net Income, these key performance indicators are not measurements in accordance with Philippine Financial Reporting Standards (PFRS) and should not be considered as an alternative to net income or any other measure of performance which are in accordance with PFRS.

### AVERAGE REVENUE PER UNIT (ARPU)

ARPU measures the average monthly gross revenue generated for each subscriber. This is computed by dividing recurring gross service revenues (gross of interconnect charges) for a business segment for the period by the average number of the segment’s subscribers and then dividing the quotient by the number of months in the period.

### SUBSCRIBER ACQUISITION COST (SAC)

SAC is computed by the total marketing costs (including commissions and handset/SIM subsidies1) related to the acquisition programs for the segment for the period divided by the gross incremental subscribers.

### AVERAGE MONTHLY CHURN RATE

The average monthly churn rate is computed by dividing total disconnections (net of reconnections) for the segment by the average number of the segment’s subscribers, and then divided by the number of months in the period. This is a measure of the average number of customers who leave, switch, or change to another type of service or to another service provider and is usually stated as a percentage.

### EBITDA

EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is calculated as service revenues less subsidy2, operating expenses and other income and expenses2. This measure provides useful information regarding a company’s ability to generate cash flows, incur and service debt, finance capital expenditures and working capital changes. As the Company’s method of calculating EBITDA may differ from other companies, it may not be comparable to similarly titled measures presented by other companies.
**EBITDA MARGIN**

EBITDA margin is calculated as EBITDA divided by total service revenues. Total service revenue is equal to total gross operating revenue less non-service revenue. This is useful in measuring the extent to which subsidies and operating expenses (excluding property and equipment-related gains and losses and financing costs), use up revenue.

**EBIT and EBIT MARGIN**

EBIT is defined as earnings before interest, property and equipment-related gains and losses and income taxes. This measure is calculated by deducting depreciation and amortization from EBITDA. The Globe Group’s method of calculating EBIT may differ from other companies and, hence, may not be comparable to similar measures presented by other companies. EBIT margin is calculated as EBIT divided by total service revenues.

**NET INCOME**

As presented in the unaudited condensed consolidated financial statements for applicable periods, net income provides an indication of how well the company performed after all costs of the business have been factored in.

**CORE NET INCOME**

Core net income is defined as net income after tax (NIAT) but excluding foreign exchange and mark-to-market gains (losses), and non-recurring items.

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1 Computed as non-service revenues less cost of sales, mostly on sale of handsets/SIM packs, accessories & gadgets

2 Operating expenses do not include any property and equipment-related gains and losses, equity share in net earnings (losses) of associates and joint ventures and financing costs

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**Non-financial:**

The company uses non-financial performance indicators to measure the success of the business and emphasize our commitment to sustainability. These include: (1) employee engagement score; (2) customer satisfaction; (3) environmental and social impacts; among others, which are discussed in this Report.

A copy of this report and the Globe 2018 Audited Annual / Consolidated Financial Statements, released and filed to relevant regulators on February 28, 2019, may be accessed from www.globe.com.ph

For further information regarding this Integrated Report, please contact ir@globe.com.ph and gItcorpcomm@globe.com.ph.
Committee Memberships:
» Executive Committee (Chairman)

Filipino, 59, has been the Chairman of the Board since December 1996 and Director since March 1989. Among other current positions, he is also the Chairman and Chief Executive Officer (CEO) of Ayala Corporation and the Chairman of AC Education; Ayala Retirement Fund Holdings, Inc.; AC Industrial Technology Holdings, Inc.; AC Ventures Holding Corp.; AC Infrastructure Holdings Corporation; and Asiacom Philippines, Inc. He is Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc. He is also Director of Alabang Commercial Corporation; Ayala International Pte. Ltd.; AC Energy, Inc.; Ayala Healthcare Holdings, Inc.; Light Rail Manila Holdings, Inc.; and AG Holdings Limited.

Skills and experience:
Outside the Ayala group, he is a member of various business and socio-civic organizations in the Philippines and abroad, including the JP Morgan International Council, JP Morgan Asia Pacific Council, Mitsubishi Corporation International Advisory Council, and Council on Foreign Relations. He sits on the board of the Singapore Management University, the global advisory board of University of Tokyo, and on various advisory boards of Harvard University, including the Global Advisory Council, HBS Board of Dean’s Advisors, and HBS Asia-Pacific Advisory Board, which he chairs. He is also Chairman Emeritus of the Asia Business Council, Co-Vice Chairman of the Makati Business Club, Chairman of Endeavor Philippines, and a board member of Eisenhower Fellowships. He is also a member of Advisory Committee to National Economic Development Authority (NEDA) on Filipino 2040.

Mr. Zobel was awarded the Presidential Medal of Merit in 2009, the Philippine Legion of Honor with rank of Grand Commander in 2010, and the Order of Mabini with rank of Commander in 2015 by the President of the Philippines in recognition of his outstanding public service. In 2017, he was recognized as a United Nations Sustainable Development Goals Pioneer for his work in sustainable business strategy and operations. The first recipient of the award from the Philippines, he was one of 10 individuals recognized for championing sustainability and the pursuit of the 17 SDGs in business.

He graduated with B.A. in Economics (cum laude) from Harvard College in 1981 and obtained an MBA from the Harvard Graduate School of Business in 1987.

Directorship in other publicly-listed companies:
Ayala Corporation; Ayala Land, Inc.; Bank of the Philippine Islands; Integrated Micro-Electronics, Inc.; and Manila Water Company, Inc. All of which are listed on the Philippine Stock Exchange.
Committee memberships:
» Compensation and Remuneration Committee
» Finance Committee

Fernando Zobel De Ayala has served as Director since October 1995. He has been the President and Chief Operating Officer (COO) of Ayala Corporation. He is the Chairman of AC International Finance Ltd.; Liontide Holdings, Inc.; AC Energy, Inc.; Ayala Healthcare Holdings, Inc.; Automobile Central Enterprise, Inc.; Alabang Commercial Corporation; Accendo Commercial Corp. and Hero Foundation, Inc. He is also Co-Chairman of Ayala Foundation; Inc.: and Ayala Group Club, Inc. He is Vice-Chairman of AC Industrial Technology Holdings, Inc.; ALI Eton Property Development Corporation, Aurora Properties Incorporated; Vesta Property Holdings, Inc.; Ceci Realty Inc.; Fort Bonifacio Development Corporation; Bonifacio Land Corporation; Emerging City Holdings, Inc.; Columbus Holdings, Inc.; Berkshires Holdings, Inc.; and Bonifacio Art Foundation, Inc. He is a Director of LiveIt Investments, Ltd.; AG Holdings Ltd.; AC Infrastructure Holdings Corporation; Asiacom Philippines, Inc.; Ayala Retirement Fund Holdings, Inc.; AC Education, Inc.; and AC Venture Holdings Corp.: Honda Cars Philippines, Inc.; Isuzu Philippines Corporation; and Manila Peninsula.

Skills and experience:
Mr. Zobel holds a liberal arts degree from Harvard College and a CIM from INSEAD, France. He is also Chairman of Habitat for Humanity’s Asia Pacific Capital Campaign Steering Committee and a Member of Philippine-Singapore Business Council, Tikehau International Advisory Board, INSEAD Board, Georgetown University Board, World Presidents’ Organization, and Chief Executives Organization. He is a Member of the Board of Trustees of Caritas Manila.

Directorship in other publicly-listed companies:
Ayala Corporation; Ayala Land, Inc.; Bank of the Philippine Islands; Integrated Micro-Electronics, Inc.; Manila Water Company, Inc. and Pilipinas Shell Petroleum Corporation. All of which are listed on the Philippine Stock Exchange.
Lang Tao Yih, Arthur  
CO-VICE CHAIRMAN, NON-EXECUTIVE DIRECTOR

Committee memberships:
» Executive Committee  
» Compensation and Remuneration Committee

Singaporean, 46, has served as Director since April 2017. He is the CEO International of Singapore Telecommunications Limited. His main responsibilities are to oversee the growth of the Group's regional associates across India, Indonesia, the Philippines, Thailand and 14 countries in Africa, strengthen its relationship with overseas partners, and drive regional initiatives, such as the mobile financial services, video gaming businesses and eSports, for scale and synergies.

Skills and experience:
He was formerly the Group CFO of CapitaLand Limited, one of Asia's largest real estate companies. Prior to joining CapitaLand, he was at Morgan Stanley having been the co-head of the Southeast Asia investment banking division and the Chief Operating Officer for the Asia Pacific investment banking division. Mr. Lang is also a board member of Airtel Africa, NetLink NBN Trust, the Land Transport Authority of Singapore, the National Kidney Foundation Singapore, the Straits Times Pocket Money Fund, Bharti Infratel Limited, and the Advisory Board of the Lee Kong Chian School of Business, Singapore Management University.

Mr. Lang received the Best CFO of the Year Award, for listed companies with market capitalization of S$1 billion and above, at the Singapore Corporate Awards in 2015.

Mr. Lang has a Master of Business Administration from the Harvard Business School and a BA in Economics (magna cum laude) from Harvard University.

Directorship in other publicly-listed companies:
Bharti Infratel Limited that is listed on the National Stock Exchange of India Ltd. and NetLink NBN Trust that is listed on the Singapore Stock Exchange.
Committee memberships:
» Executive Committee

Filipino, 58, has served as Director since April 2009. He is the President and Chief Executive Officer (CEO) of Globe Telecom, Inc. He joined Globe in October 2008 as Deputy CEO, and was officially appointed President and CEO on 2 April 2009. Since then, Mr. Cu has been passionately driving a sweeping transformation across the company, including modernizing its network and IT infrastructure, developing a strong collaborative and service-oriented culture, and creating product innovations in its core business segments. Globe has since outperformed industry growth, with the company breaking records across all key product groups, brands and market segments, catapulting Globe as the number 1 mobile brand in the country. In 2016, under Mr. Cu’s visionary leadership, Globe embarked on a purpose-led transformation to create a more sustainable organization. With its renewed mission, vision, and core values, collectively embodied in the new Globe Purpose, the company is now setting its sights on serving as a catalyst in driving the nation forward.

Skills and experience:
Prior to Globe, he was President and CEO of SPI Technologies from 1997 to 2008. At the cusp of the new millennium, he spurred the beginning of the BPO business model for the Philippines, earning him the recognition as one of the founding fathers of BPO in the country. Lauding his pioneering spirit, Ernst & Young named him ICT Entrepreneur of the Year in 2003. In 2017, he was hailed as the Philippines’ Best CEO by Finance Asia. A second for Cu, he first received the award in 2010. Also in 2017, for the fifth straight year, Cu was recognized as one of the 100 most influential telecom leaders worldwide by London-based Global-Telecoms Business Magazine Power 100. Frost & Sullivan Asia Pacific has also named him CEO of the Year twice, first in 2012, and again in 2017.

Mr. Cu has a Bachelor of Science Degree in Industrial Management Engineering from De La Salle University in Manila, and an M.B.A. from the J.L. Kellogg Graduate School of Management in Northwestern University.

Mr. Cu is not a Director or an executive in any other publicly-listed company.
Committee memberships:
» Audit and RPT Committee
» Finance Committee

Filipino, 64, has served as a Director since September 2001. He is also the Managing Director of Lazaro Bernardo Tiu and Associates (LBT), a financial advisory firm based in Manila. He is a GlobalSource economist in the Philippines. He is also the Chairman of ALFM Family of Funds and Philippine Stock Index Fund. He is likewise a Director in Philippine Investment Management (PHINMA), Inc., and BPI-Philam Life Assurance Corporation.

Skills and experience:
He is a member of the Philippine World Bank Advisory Group and a member of the Panel of Conciliators of the International Centre for Settlement of Investment Disputes.

He previously served as Undersecretary of Finance and as Alternate Executive Director of the Asian Development Bank. He was also an Advisor of the World Bank and the IMF (Washington D.C.).

Mr. Bernardo holds a degree in Bachelor of Science in Business Economics from the University of the Philippines (magna cum laude) and a Master’s Degree in Development Economics at Williams College from Williams College in Williamstown, Massachusetts.

Directorship in other publicly-listed companies:
Aboitiz Power; Bank of the Philippine Islands; RFM Corporation; and National Reinsurance Corporation of the Philippines. All of which are listed on the Philippine Stock Exchange.
Delfin L. Lazaro
NON-EXECUTIVE DIRECTOR

Filipino, 72, has served as Director since January 1997. His other significant positions include: Chairman of Atlas Fertilizer & Chemicals Inc.; Vice Chairman and President of Asiacom Philippines, Inc.; Chairman and President of A.C.S.T. Business Holdings, Inc. and AYC Holdings, Inc.; AC International Finance Limited, Purefoods International, Ltd.; AC Industrial Technology Holdings, Inc. and Probe Productions, Inc.

Skills and experience:
He earned his Bachelor of Science in Metallurgical Engineering from the University of the Philippines in 1967, and his Masters of Business Administration (with distinction) from the Harvard Graduate School of Business in 1971.

Directorship in other publicly-listed companies:
Ayala Corporation; Ayala Land, Inc.; Integrated Micro-Electronics, Inc.; and Manila Water Company, Inc. All of which are listed on the Philippine Stock Exchange.
Committee memberships:
» Executive Committee
» Finance Committee

US citizen, age 53, has served as Director since 7 April 2015. He has been the CEO of Group Digital Life, Singtel since April 2015. Group Digital is the digital innovation business for the Singtel group and is currently focused on capturing opportunities in three main areas: Digital Marketing, Over-the-top Video and Data analytics while also managing the corporate venture fund, Innov8, that invests in cutting edge technologies. He joined Singtel in May 2014 as Managing Director of Digital Enterprise leading a team focused on identifying, executing, and operationalizing enterprise growth opportunities from emerging technology trends. He brings more than 25 years of corporate and consulting experience across a wide range of senior roles in the areas of strategy, business development and finance.

Skills and experience:
He worked for Citibank from 1988 to 1997 and McKinsey & Company from 1999 to 2014. In his last role with McKinsey, he was the Leader of Southeast Asia TMT practice, consulting with C-level executives in the areas of growth, transformation, corporate finance and commercial operations. Mr. Natarajan sits on the board of several digital subsidiaries of the Singtel group, including Amobee, HOOQ and Trustwave. He also sits on the advisory board of the McKinsey Digital Campus and on the Board of Governors of the Singapore American School.

He holds a Bachelor of Engineering degree in Electrical Engineering with distinction from the Birla Institute of Technology and Science in Pilani, India; a Post Graduate Diploma in Management from the Indian Institute of Management in Ahmedabad, India where he was an industrial scholar and an MBA from the Wharton School of the University of Pennsylvania, USA, where he was a Hope Fellow, Ford Fellow and Palmer Scholar. He was profiled in “Leaders for the Global Markets”, Wharton School, 1999–2000.

Mr. Natarajan is not a Director in any other publicly-listed company.
Committee memberships:
  » Executive Committee

Filipino, 56, has served as Director since 13 April 2016. Mr. Limcaoco is also Chief Finance Officer (CFO), Chief Risk Officer (CRO), Chief Sustainability Officer and Finance Group Head of Ayala Corporation. He is the Chairman of Darong Agricultural and Development Corporation and Zapfam Inc. He is the President and CEO of AC Ventures Holdings, Inc. (formerly Water Capital Works, Inc.); AVC Finance Limited; Bestfull Holdings Limited and Purefoods International Limited. He is the Vice Chairman of Lagdigan Land Corporation. He is the President of Liontide Holdings, Inc. and Philwater Holdings Company, Inc. He is a Director of Ayala Hotels, Inc.; AC Energy, Inc.; Ayala Healthcare Holdings, Inc.; AC Infrastructure Holdings Corporation; Ayala Aviation Corporation; AC Education, Inc.; Asiacom Philippines, Inc.; AG Counselors Corporation; Michigan Holdings, Inc.; AC Industrial Technology Holdings, Inc. (formerly Ayala Automotive Holdings Corporation); A.C.S.T. Business Holdings, Inc.; LiCa Management Inc. and Just For Kids, Inc. He is also the Treasurer of Ayala Retirement Fund Holdings, Inc.

Skills and experience:
Mr. Limcaoco joined Ayala Corporation as Managing Director in 1998. Prior to his appointment as CFO in April 2015, he held various responsibilities including President of BPI Family Savings Bank, President of BPI Capital Corporation, Officer-in-Charge for Ayala Life Assurance, Inc. and Ayala Plans, Inc., Trustee and Treasurer of Ayala Foundation, Inc., President of myAyala.com, and CFO of Azalea Technology Investments, Inc. He served as the President of the Chamber of Thrift Banks from 2013-2015.

Mr. Limcaoco, Ayala’s Chief Finance, Risk, and Sustainability Officer, was a catalyst in the creation of the Ayala Sustainability Blueprint: Bridging the Filipino to 2030. The blueprint outlines the business units championing UN Sustainable Development Goals across three journeys and the targets they commit to attain by 2030. The targets outlined in the blueprint will be included in the scorecards of CEOs across the group.

He was named as the ING-Finex CFO of the Year in 2018. He has held prior positions with JP Morgan & Co. and with BZW Asia.

He graduated from Stanford University with a BS Mathematical Sciences (Honors Program) in 1984 and from the Wharton School of the University of Pennsylvania with an MBA (Finance and Investment Management) in 1988.

Directorship in other publicly-listed companies:
Integrated Micro-Electronics, Inc. and SSI Group, Inc. Both are listed on the Philippine Stock Exchange.
Rex Ma. A. Mendoza
NON-EXECUTIVE AND LEAD INDEPENDENT DIRECTOR

Committee memberships:
» Nomination and Governance Committee (Chairman)
» Compensation and Remuneration Committee (Chairman)
» Audit and RPT Committee

Filipino, 56, has been Independent Director since April 2014. He is the President and CEO of Rampver Financials, a financial services firm and the leading non-bank mutual funds distributor in the country. He also sits as a Director of Esquire Financing, Inc.; the Cullinan Group; TechnoMarine Philippines; Seven Tall Trees Events Company, Inc.; and Mobile Group, Inc. He is the author of two books, “Trailblazing Success” and “Firing on All Cylinders”, both certified national bestsellers.

Skills and experience:
Mr. Mendoza was previously the Senior Adviser to the AIA Group CEO for Marketing and Distribution. AIA Group Limited is the leading Pan-Asian insurance company and is the parent firm of the Philippine American Life and General Insurance Company (PhilamLife). Prior to this position, he was the President and CEO of Philam Life, Chairman of The Philam Foundation, Inc. and Vice Chairman of BPI Philam Life Assurance Company. Prior to rejoining Philam Life, he was Senior Vice President and Chief Marketing and Sales Officer of Ayala Land, Inc. He was also Chairman of Ayala Land International Sales, Inc., President of Ayala Land Sales, Inc. and Avida Sales Corporation.

Mr. Mendoza was awarded Most Distinguished Alumnus of the University of the Philippines’ Cesar E.A. Virata School of Business last December 2013. He is also a fellow with distinction at the Life Management Institute of Atlanta, Georgia, U.S.A., a Registered Financial Planner and a four-time member of the Million Dollar Round Table.

Mr. Mendoza was a professor of Marketing and Computational Finance at the De La Salle University Graduate School of Business. He taught strategic marketing, services marketing and services strategy. He has served as Chairman of the Marketing Department and was awarded as one of the University’s most outstanding professors.

He earned his Master’s Degree in Business Management with distinction from the Asian Institute of Management in 1986 and was one of the 10 Outstanding Graduates of his batch at the University of the Philippines where he obtained a BSBA degree with a double major in marketing and finance in 1983.

Directorship in another publicly-listed company:
Prime Orion Philippines, Inc. is listed on the Philippine Stock Exchange.
Committee memberships:
» Nomination and Governance Committee
» Compensation and Remuneration Committee
» Audit and RPT Committee

Singaporean, 65, has been an Independent Director since 7 April 2015. Ms. Saw was the Group CEO of Auric Pacific Group, listed on the Mainboard of the Singapore Exchange, which has diverse business interests ranging from distribution of fast moving consumer food, food manufacturing and retailing, management of restaurant and food court operations to other strategic investments including fund investment. The Group operates in various countries throughout Asia including Singapore, Malaysia, Indonesia, Hong Kong and China. Ms. Saw retired as its CEO on 1 May 2015.

Skills and experience:
Prior to this, Ms. Saw was the President and CEO of SMRT Corporation Ltd between December 2002 to January 2012, Singapore’s first multi-modal public transport service provider. During her tenure, she enhanced the public travel experience in Singapore by introducing commuter-centric initiatives and adding lifestyle conveniences at stations to make public transport a choice mode of travel for all. She was also instrumental in broadening SMRT’s geographical footprint as well as establishing SMRT’s presence overseas with the opening of offices in the Middle East and China which serve as springboards to opportunities in those regions. From 1984 to 2002, she was the Regional President in charge of businesses in Singapore, Indonesia, and Malaysia for DFS Venture Singapore.

Ms. Saw holds a Second Upper Class Honours in Biochemistry from the University of Singapore and attended the Advanced Management Programme at the University of Hawaii.

Ms. Saw is not a Director in any other publicly-listed company.
Cirilo P. Noel
NON-EXECUTIVE INDEPENDENT DIRECTOR

Committee memberships:
» Nomination and Governance Committee
» Compensation and Remuneration Committee
» Audit and RPT Committee (Chairman)

Filipino, 62, has been an Independent Director since 17 April 2018. He also serves as a Board of Trustee/Director at St. Luke's Medical Center and St. Luke's Foundation and St. Luke's Medical Center College of Medicine. Mr. Noel continues to serve as a Trustee of the SGV Foundation. He is the audit committee chair and a trustee of the Makati Business Club. Mr. Noel sits in the board of the following companies: LH Paragon Inc.; Cal-Comp Technology (Philippines), Inc.; and Amber Kinetics Holding Co. PTE LTD. He is also the Chairman of the Board of Palm Concepcion Power Corporation. He is a founding board member of the ASEAN Business Club.

Skills and experience:
As a certified public accountant (CPA) and lawyer, Mr. Noel’s areas of expertise include international tax for inbound and outbound investments, tax advisory and planning, tax advocacy, litigation, investment and trade laws. He was, for many years, the Head of SGV’s Tax Division. He was also a Senior Advisor to the Ernst & Young Global Limited (EY) Global Delivery Services (GDS) Philippines.

In June 30, 2017, Mr. Noel retired as Chairman and Managing Partner of SyCip Gorres Velayo & Co. (SGV), the Philippine member firm of EY. When he assumed the post as Chairman and Managing Partner from February 1, 2010 to December 31, 2016 and Managing Partner from January 2009 to December 31, 2016, SGV became part of the EY Global Delivery Network (GDN), which offers Advisory Services including Performance Improvement, Risk, and Advisory Support capabilities to EY clients around the world. GDN Philippines also offers IT services, business and creative services focused on administrative support, creative design, as well as knowledge services. In 2010, the Asia-Pacific Talent Hub was established as a cross-border teaming resource. Within the global EY organization, he was a member of the EY Global Advisory Council and the EY Asia Pacific Advisory Council for two terms or six years. He was also the Presiding Partner of the EY Far East Asia Advisory Council and the EY ASEAN Partners Forum. He served as ASEAN Sub-Area Tax Head and the Far East Area Business Tax Services Leader. He is a former member of the Board of Trustees and the audit committee chair of the Philippine Business for Social Progress and a former governor of the Management Association of the Philippines. He also served as president of the Harvard Law Alumni Association of the Philippines and as a member of the Board of Trustees of the Harvard Club of the Philippines.

Mr. Noel graduated from the University of the East in Manila with a degree in Business Administration and holds a Bachelor of Laws degree from the Ateneo de Manila University Law School. He obtained his Master’s degree in Law from Harvard Law School and is a fellow of the Harvard International Tax Program. He also attended the Management Development Program at the Asian Institute of Management.

Directorship in another publicly-listed company: Security Bank Corporation; J.G. Summit Holdings, Inc.; PAL Holdings, Inc.; and San Miguel Food and Beverage, Inc. All of which are listed on the Philippine Stock Exchange.
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<td>306-2</td>
<td>Waste by type and disposal method</td>
<td>Build the Network of Choice</td>
</tr>
<tr>
<td>Environmental Compliance</td>
<td>307-1</td>
<td>Environmental Compliance</td>
<td>Build the Network of Choice</td>
</tr>
<tr>
<td>Employment</td>
<td>Management Approach 103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Put People First</td>
</tr>
<tr>
<td>Management Approach 103-2</td>
<td>The management approach and its components</td>
<td>Put People First</td>
<td>Put People First</td>
</tr>
<tr>
<td>Management Approach 103-3</td>
<td>Evaluation of the management approach</td>
<td>Put People First</td>
<td>Put People First</td>
</tr>
<tr>
<td>Employment</td>
<td>401-1</td>
<td>New employee hires and employee turnover</td>
<td>Put People First</td>
</tr>
<tr>
<td>Employment</td>
<td>401-3</td>
<td>Parental leave</td>
<td>Put People First</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>403-1</td>
<td>Workers’ representation in formal joint management–worker health and safety committees</td>
<td>Put People First</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
<td>403-2</td>
<td>Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities</td>
<td>Put People First</td>
</tr>
<tr>
<td>Training and Education</td>
<td>404-1</td>
<td>Average hours of training per year per employee</td>
<td>Put People First: Talent Development</td>
</tr>
<tr>
<td>Training and Education</td>
<td>404-2</td>
<td>Programs for upgrading employee skills and transition assistance programs</td>
<td>Put People First: Talent Development</td>
</tr>
<tr>
<td>Community Impact</td>
<td>Management Approach 103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Build the Network of Choice</td>
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<tr>
<td>Management Approach 103-2</td>
<td>The management approach and its components</td>
<td>Build the Network of Choice</td>
<td>Obsess About the Customer</td>
</tr>
<tr>
<td>Management Approach 103-3</td>
<td>Evaluation of the management approach</td>
<td>Build the Network of Choice</td>
<td>Obsess About the Customer</td>
</tr>
<tr>
<td>Local Communities</td>
<td>413-1</td>
<td>Operations with local community engagement, impact assessments, and development programs</td>
<td>Build the Network of Choice</td>
</tr>
</tbody>
</table>

Note: The table continues with similar entries for other sections such as Energy, Emissions, Effluents and Waste, Environmental Compliance, Employment, and Community Impact.
STAKEHOLDER ENGAGEMENT AND MATERIALITY

**GRI STEPS & PRINCIPLES**

<table>
<thead>
<tr>
<th>Identification</th>
<th><strong>Stakeholder Inclusiveness, Sustainability Context, Completeness</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reviewed our previous stakeholder engagement results; identified objectives and expectations as well as material changes to business operations; re-categorization of stakeholder set; identified and scheduled interviews based on the new stakeholder sets identified.</td>
<td></td>
</tr>
</tbody>
</table>

| Globe Senior Leaders as well as representatives of new stakeholder sets identified key issues through our GRI-referenced worksheet. The worksheet was a list of GRI-referenced aspects of issues that are material to our sustainability performance. |

**Prioritization**

| **Materiality, Sustainability Context** |
| Consolidated responses from the Senior Leaders and stakeholders’ GRI worksheet, and interviews from stakeholders. |

**Validation**

| **Completeness, Stakeholder Inclusiveness** |
| Compared prioritization of issues according to Globe and those that are of importance to stakeholders. |

**Review**

| **Completeness, Materiality** |
| Feedback and inputs from the process will be communicated back to the Sustainability working committee and Senior Leaders as part of strategy planning. |

**MATERIAL TOPICS**

| **DESCRIPTION** |
| **Customer Data Protection and Privacy** |
| Customer privacy and data losses that may lead to fraud and/or other cyber threats. |

| **Economic Impacts and Financial Performance** |
| Direct and indirect economic impact on significant locations of operations. |

| **Learning and Development** |
| Expand the knowledge base of our employees and partners through trainings and lifelong learning. |

| **Overall Customer Experience and Service** |
| Measure the level of engagement and satisfaction of our customers; how are we addressing their needs. |

| **Environmental Responsibility** |
| Compliance to various environmental standards of our value chain and our partners. |

| **Responsible Business Operations** |
| Compliance to laws designed for regulating anti-competitive behavior, anti-trust, or monopoly practices; managing risks of incidents of corruption within and outside the organization. |

| **Health & Safety** |
| Occupational health and safety of our people and our frontline and service vendor partners; as well as our customers. |

| **Human Rights** |
| Equal opportunities for all; mitigating forced and child labor throughout the operations. |

| **Employee Welfare** |
| People engagement with the company by looking into compensation, benefits, etc. |

| **Community Development and Public Service** |
| Local community engagement, impact assessment, and development programs. |

| **Product & Service Labelling** |
| Accessible and adequate information on products and/or services that will make informed purchasing choices. |

| **Network Investment** |
| Efficiency of our network infrastructure in terms of quality, reliability, coverage, connectivity, and accuracy in terms of billing and usage. |

| **Responsible Supply Chain Processes** |
| Vendors contracted by the organization compliance to environmental, social, labor, and human rights policies and practices. |

| **Company & Brand Reputation** |
| Transparent disclosure of all information, especially on products and/or services, so as not pose a risk to reputation, customer loyalty, and satisfaction. |

| **Disaster Risk, Response and Preparedness** |
| Readiness, in terms of preparedness and response, of the company toward our people and customers during disaster. |

See Materiality Matrix on page 9 of this report; topics are not based on any prioritization or ranking.
CERTIFICATES, STATEMENTS AND REPORTS
Independent assurance statement

Scope and approach
Globe Telecom, Inc. ("Globe") commissioned DNV GL AS Philippines Branch ("DNV GL") to undertake independent assurance of sustainability/non-financial disclosures in Globe’s 2018 Integrated Report (the "Report") for the year ended 31 December 2018. The intended users of this assurance statement are the management of the Company.

We performed our work using DNV GL’s assurance methodology VeriSustain™1, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* and the GRI reporting principles on Content and Quality.

We understand that the reported financial data and information are based on data from Globe’s Audited Financial Statements [posted January 29, 2019], which are subject to a separate independent audit process. The review of financial data taken from the Audited Financial Statements is not within the scope of our work. The following section was also excluded from the scope of assurance - Management Discussion and Analysis, as this was a summary of the 20-IS figure submitted to regulatory authorities (Philippines Stock Exchange – Securities and Exchange Commission).

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a ‘limited level’ of assurance. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.


Responsibilities of the Directors of Globe Telecom, Inc. and of the assurance provider
The Directors of Globe Telecom, Inc. have sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of Globe Telecom, Inc.; however, our statement represents our independent opinion about our assurance outcome to the readers of this Report.

We have no other contract with Globe Telecom, Inc. and this is the third year that we have provided assurance. DNV GL’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith and free from misstatements.

Basis of our opinion
We undertook the following activities as part of the assurance process:

- Review of the current sustainability issues that could affect Globe and are of interest to stakeholders;
- Review of Globe’s approach to stakeholder engagement that included the vendors, government, parent companies and affiliates, and media and disaster respondents. Stakeholder engagement with employees and customers was carried out directly by Globe;
- Review of information provided to us by Globe on its reporting and management processes;
- Interviews with selected senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. DNV GL was free to choose personnel from various functions for the interview so as to ensure adequate coverage of the report. Functions interviewed included Human Resources, Enterprise Risk Management, Corporate Communications, Finance and Facilities and Maintenance.

1 The VeriSustain protocol is available upon request from DNV GL Website (www.dnvgl.com)
* Assurance Engagements other than Audits or Reviews of Historical Financial Information.
• Review of supporting evidence for key claims and data in the report. Our verification processes were prioritised according to materiality of topics consolidated at the corporate level by Globe.

Conclusion

On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe Globe’s sustainability performance of identified material topics based on reporting requirements of the International <IR> Framework (“<IR> Framework”) along with identified GRI standards for disclosure of content elements of <IR> framework.

Without affecting our assurance opinion, we also provide the following observations regarding the adherence to the following principles:

Stakeholder Inclusiveness
The process of stakeholder identification and engagement is established. Globe, and the Report describes how concerns of different stakeholders are addressed in the ‘How We Create Value’ section. However, in light of recent acquisitions and joint ventures, Globe could review the need to include engagement with additional groups of stakeholders including disclosure of key concerns and responses.

Materiality
Globe has identified material topics based on a full stakeholder exercise conducted in 2015. Regular engagements have been carried out with internal and external stakeholder, however, with the recent addition of subsidiaries and new businesses, Globe could consider a review of the material topics.

Responsiveness
Trends and Opportunities are detailed in the various strategic areas – Build the Network of Choice, Empower Filipino Consumers, Obsess About the Customer, Bring Wonderful Experiences to Home, and Put People First. These sections also highlight the risks and challenges faced and what initiatives Globe Telecom, Inc. is taking to address these areas. The Report has brought out responses to the identified material topics and fairly disclosed the strategies and management approach and challenges considering the overall sustainability context and external environment of its business within the identified reporting boundary. The Report could further bring out the long- and medium-term targets related to identified material topics.

Reliability and Accuracy
The disclosures used for reporting of the sustainability performance presented in the Report is collected from the subsidiaries by a centrally, dedicated function in Globe Telecom, Inc. headquarters and consolidated for reporting period. Any errors or misstatements identified during the assurance engagement were communicated for correction prior to the Report being published. Data owners were able to demonstrate the origin and interpretation of the data in a reliable manner. The data was identifiable and traceable.

Nothing has come to our attention to suggest that the Globe Telecom, Inc. has not selected, compiled and reported information in a relatively consistent manner nor the presentation within the report enables stakeholder to analyze changes in the sustainability performance over time.

Completeness
The Report has reported the sustainability disclosures for Globe Telecom, Inc. covering economic, environment, social topics along with governance, risks and opportunities for key material topics based on <IR> reporting framework, including the disclosure on strategy, management approach and performance indicators. However, the reporting boundary of Globe Telecom, Inc. could be expanded to include the subsidiaries which may also be material to the Report.

Neutrality
The document allows the reader to examine both the positive and the negative trend of Globe Telecom, Inc. performance in 2018. Nothing has come to our attention to suggest that the tone in the Report is not generally balanced or there exists any obvious and deliberate intent to unduly influence the stakeholders.
Limitations

Our assurance relies on the premise that the data and information provided by Globe Telecom, Inc. to us as part of our review procedures have been provided in good faith and free from misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement excludes the sustainability management, performance and reporting practices Globe Telecom, Inc.’s associated companies, suppliers, contractors and any third-parties mentioned in the Report, or any discrepancies between the Report and Globe Telecom, Inc’s website. The company position statements, the statements for the management approach, and case studies and examples are excluded from the scope of our work. We did not interview external stakeholders as part of this assurance engagement. The reported disclosures related to Economic performances are based on the financial disclosures and data, which were cross-checked with internal documents and the audited consolidated financial statements for transcription errors. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied as per agreed scope of engagement. The data for Environmental and Social performance are verified with samples randomly taken by and the aggregated data at the corporate level are used for the verification. We expressly disclaim any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Statement of Our Competence and Independence

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2011 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assurance process.

For and on behalf of DNV GL AS Philippines Branch
2 April 2019

Grace Cheah
Lead Verifier
DNV GL – Business Assurance Singapore Pte. Ltd.

Nandkumar Vadakepatth
Assurance Reviewer
Head, Sustainability Operations
DNV GL Business Assurance India Pvt. Ltd. India

-------------------------------------------------------------------------------------------------

DNV GL Business Assurance is part of DNV GL Group and a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance.
www.dnvgl.com
CERTIFICATION OF COMPLIANCE WITH THE MANUAL OF CORPORATE GOVERNANCE

Globe Telecom, Inc.’s Manual of Corporate Governance, as updated and approved by our Board of Directors in May 2017, adopts the leading practices and principles of good corporate governance and is in accordance with the Code of Corporate Governance of the Securities and Exchange Commission, and to the best of my knowledge and belief, full compliance therewith and with our internal company policies have been made since the adoption of the Manual.

This Certification is issued in accordance with our thrust to sustain good corporate governance standards and practices in our business culture, and is executed to attest to the truth of the foregoing facts.

January 16, 2019, Taguig City.

MARISALVE GIOCONDO
Senior Vice President for Law and Compliance,
Chief Compliance Officer and Assistant Corporate Secretary

Countersigned by:

ERNESTO C. CO
President and Chief Executive Officer
CERTIFICATION OF COMPLIANCE WITH THE CODE OF CONDUCT

Globe Telecom, Inc.’s Code of Conduct adopts the leading practices and principles of good corporate governance and is in accordance with the Code of Corporate Governance of the Securities and Exchange Commission, and to the best of my knowledge and belief, full compliance therewith has been made since its adoption.

This Certification is issued in accordance with our thrust to sustain good corporate governance standards and practices in our business culture, and is executed to attest to the truth of the foregoing facts.

January 16, 2019, Taguig City.

[Signature]

RENATO M. HAO
Chief Human Resource Officer
Report of the Audit and Related Party Transactions Committee to the Board of Directors
For the Year Ended 31 December 2018

The Audit and Related Party Transactions Committee (the Committee) upholds strong corporate governance supporting Globe’s long term success, through its oversight responsibilities relating to Globe’s: a) integrity of financial statements and financial reporting processes and principles in accordance with regulatory standards; b) sound and comprehensive internal controls; c) external auditor's independence and audit quality; d) effectiveness and objectivity of the internal audit function; e) integrated risk management; f) legal and regulatory compliance monitoring and reporting; and g) related party transactions (RPT). Management, however, has primary responsibility for financial statements, disclosures and reporting processes, establishing and maintaining adequate and effective internal control systems, risk management strategies and policies, and reliable controlling and reporting systems for legal and regulatory compliance and RPT.

For 2018, the Committee reports:
- The Committee is composed of four (4) members, three (3) of whom, including the chairman, are independent directors.
- We had five (5) meetings. The Chief Financial Officer (CFO), Chief Audit Executive (CAE) and the appointed External/Independent Auditors, Navarro Amper/Deloitte Philippines (NA/DP), attended all the four (4) quarterly Committee meetings together with the other members of Management, based on the meeting agenda. The Committee Chairman met with the CEO regularly during Board meeting week and also had briefing sessions with other members of Management during the year.
- We approved the retention of the Audit and RPT Committee Charter and Internal Audit Charter until the next annual review in 2019.
- We reviewed and discussed the results of 2018 quarterly unaudited financial statements and the audited annual financial statements of Globe Telecom, Inc. and subsidiaries (Globe Group) for the year ended 31 December 2018, including key audit matters, highlights of Management’s Discussion and Analysis of financial condition and results of operations with NA/DP, the CFO, and CAE.
- We discussed the reports of Navarro Amper/Deloitte Philippines (NA/DP) on financial statements, adoption of new financial reporting standards on revenue from contracts with customers (SASS15) and financial instruments (SASS9), Innope franchise renewal, local government taxes, accounts receivable and goodwill. No material control weaknesses were noted by NA/DP. The Committee was updated that PFRS15 system was implemented in Q4 2016.
- We reviewed and discussed with the CIO the overview and key insights on the top 2018 enterprise-wide risks. Management actions to manage and reduce these risks were reported.
- We reviewed and discussed management updates on fraud detections, risks, losses incurred and action plans with the Enterprise Fraud Risk Management Head.
- We reviewed with the Chief Information Security Officer and Data Privacy Officer progress on implementing programs to mitigate security threats and updates on security attacks.
- We reviewed and discussed with Enterprise Group Head strategies identified to secure sustainable growth and transformation initiatives.
- We reviewed and discussed with the Corporate and Legal Services Group Head relevant regulatory and legal updates.
- We reviewed with the head of Operational Risk and Business Protection Management update on implementation of several initiatives to ensure continuity of business operations and support systems.
- We reviewed with the Head of Network Technical Group the network performance, current challenges, network build status and network efficiency transformation.
- We discussed updates on Enterprise Domain which delivers projects supporting the digitalization of enterprise business processes of non-technical enabling teams of Globe.
- We discussed the year-end assessment of Management on the soundness of the Company’s internal controls and compliance systems including anti-bribery, anti-corruption and whistleblower policies.
- We discussed the results and reports of Internal Audit (IA) 2018 reviews resulting from completion of the approved annual work plan, involvement and contributions to key Globe projects and status of implementation of audit recommendations. Overall, processes and risk management controls are continuously being improved. We noted Management’s significant progress in the closure of all issues.
- We reviewed the effectiveness of the Internal Audit (IA) function ensuring compliance with International Standards for the Professional Practice of Internal Auditing, providing value to the Company and adoption of leading-edge data analytics. We reviewed and approved the CA’s proposed 2019 IA annual work plan and concluded that IA’s resources are allocated to review high-risk areas and support critical projects.
- We discussed with NA/DP the overall scope of, and focus areas for, the proposed 2018 statutory audit plan, approved the same and reviewed 2018 audit performance and discussed NA/DP’s responses and actions to address areas for improvement.
- We reviewed and approved services rendered by NA/DP, including the regulatory disclosure on audit and non-audit services and fees, in accordance with the relevant policies in the Committee’s Charter. We concluded that these services and fees do not impair their independence.
- Reportable RPT in 2018 based on coverage and materiality threshold defined in Globe’s RPT policy was approved by the Committee.
- We assessed and discussed the Committee’s performance for 2018, in accordance with SEC’s guidelines, to confirm that the Committee continues to meet board, management and shareholder expectations.
Based on the reviews and discussions referred to above, the Committee recommends that the audited financial statements be included in the Annual Report for the year ended 31 December 2018 for filing with the SEC. We also recommend the re-appointment of NA/DP as the Globe Group’s external/independent auditor for 2019 based on their satisfactory performance.

We confirm that the Company’s internal controls and risk management systems are adequate and effective in all material respects.

1 February 2019

CIRILO P. NOEL
Chairman

SAY CHAIK HWA
Member

REX MA. A. MENDOZA
Member

ROMEO L. BERNARDO
Member
28 February 2019

Securities and Exchange Commission
Attn.: Atty. Rachel Esther J. Gumtang-Reomalante
       Officer-in-Charge, Corporate Governance and Finance Department
       G/F Secretariat Building, PICC Complex,
       Roxas Boulevard, Pasay City

Philippine Stock Exchange
Attn.: Ms. Janet A. Encarnacion
       Head – Disclosure Department
       3/F Tower One and Exchange Plaza
       Ayala Triangle, Ayala Avenue
       Makati City

Philippine Dealing and Exchange Corporation
Attn.: Atty. Joseph B. Evangelista
       Head – Issuer Compliance and Disclosure Department
       37/F Tower 1, The Enterprise Center
       6766 Ayala Avenue corner Paseo de Roxas
       Makati City

Ladies and Gentlemen:

Attached is the audited consolidated financial statements of Globe Telecom, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the financial years ended December 31, 2018, 2017, and 2016, and a summary of significant accounting policies and other explanatory information.

Thank you.

Very truly yours,

[Signature]
ROSEMARIE MANIIEGO-EALA
Chief Finance Officer
1. **28 February 2019**
   Date of Report (Date of earliest event reported)

2. **1177**
   SEC Identification Number

3. **000-768-480-000**
   BIR Tax Identification Number

4. **GLOBE TELECOM, INC.**
   Exact Name of registrant as specified in its charter

5. **PHILIPPINES**
   Province, country or other jurisdiction of incorporation

6. **1634**
   Industry Classification Code

7. **27/F, The Globe Tower, 32nd Street corner 7th Avenue,**
   **Bonifacio Global City, Taguig**
   Address of principal office

8. **(02) 797-2000**
   Registrant's telephone number, including area code

9. **N/A**
   Former name or former address, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the SRC
    
    **Title of Each Class**
    
    **COMMON SHARES**
    TOTAL DEBT (in Millions of Pesos)
    
    **Number of Shares of Common Stock**
    Outstanding and Amount of Debt Outstanding
    (as of December 31, 2018)
    133,053,248
    148,282
    
    Indicate the item numbers reported herein:
    Please refer to attached

    **Re:** Globe Telecom, Inc. and Subsidiaries FY 2018 Consolidated Financial Statements
    
    Pursuant to the requirements of the Securities Regulations Code, the registrant has duly
    caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

    **GLOBE TELECOM, INC.**
    Registrant

    **Date:** 28 February 2019

    **ROSEMARIE MANIEGO-EALA**
    Chief Finance Officer
STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of Globe Telecom, Inc. and Subsidiaries (“Globe Group”) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2018, and 2017 and for each of the three years in the period ended December 31, 2018, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Globe Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Globe Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Globe Group’s financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

Navarro Amper & Co., the independent auditors appointed by the stockholders has audited the consolidated financial statements of the Globe Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JAIME AUGUSTO ZOBEL DE AYALA
Chairman of the Board

ERNEST L. CU
President and Chief Executive Officer

ROSEMARIE MANIEGO-ELA
Chief Finance Officer and Treasurer

Signed this 11th day of February 2019

SUBSCRIBED AND SWORN to before me this FEB 11 2019 at __________________________ City, affiants who are personally known to me or identified through competent evidence of identity, to wit:

<table>
<thead>
<tr>
<th>Name</th>
<th>Passport or ID No.</th>
<th>Date of Issue</th>
<th>Expiry Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jaime Augusto Zobel De Ayala</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ernest L. Cu</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rosemarie Maniego-Eala</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Doc. No.: 140
Page No.: 33
Book No.: 1
Series of 2019.
GLOBE TELECOM, INC.
AND SUBSIDIARIES

Consolidated Financial Statements
December 31, 2018, 2017 and 2016
SUPPLEMENTAL WRITTEN STATEMENT OF AUDITORS

The Stockholders and the Board of Directors

GLOBE TELECOM, INC.
The Globe Tower, 32nd Street corner 7th Avenue
Bonifacio Global City, Taguig City

Gentlemen:

In connection with our audit of the consolidated statement of financial position of Globe Telecom, Inc. and Subsidiaries as at December 31, 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for each of the three years in the period ended December 31, 2018, we wish to state that the Company is listed with the Philippine Stock Exchange.

Navarro Amper & Co.
BOA Registration No. 0004, valid from November 12, 2018 to July 16, 2021
SEC Accreditation No. 0001-FR-5, issued on January 15, 2019; effective until January 14, 2022, Group A
TIN 0051999331

By:

[Signature]

Oliver C. Bucat
Partner
CPA License No. 0086699
SEC A.N. 1623-A, issued on March 23, 2017; effective until March 22, 2020, Group A
TIN 129431612
BIR A.N. 08-002552-47-2017, issued on June 8, 2017; effective until June 8, 2020
PTR No. A-4255727, issued on January 10, 2019, Taguig City

Taguig City, Philippines
February 11, 2019
INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors

GLOBE TELECOM, INC.
The Globe Tower, 32nd Street(0,0),(999,999) corner 7th Avenue
Benigno Aquino City, Taguig City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Globe Telecom, Inc. and Subsidiaries (the "Globe Group") which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2018, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Globe Group as at December 31, 2018 and 2017, and its financial performance, and cash flows for each of the three years in the period ended December 31, 2018, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippines Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Globe Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matter:
Revenue Recognition

Revenue recognition has been identified as a key audit matter primarily due to the significant volume of transactions, the complexity of the operation of billing systems used, determination of the accounting of new products introduced during the year and the implementation of the PFRS 15 “Revenue from Contract with Customers” effective 1 January 2018 which provided a single, principle based five step model to be applied to all contracts with customers.

The Globe Group’s disclosures on the accounting for revenue recognition are discussed in Note 2.15 to the consolidated financial statements.

How the matter was addressed in our audit

Our audit approach includes:

- We obtained thorough understanding of the revenue recognition policy and business process under the new standard including the key assumptions and judgments used by Management.
- We have tested the completeness and accuracy of the PFRS 15 transition adjustments and the completeness and proper presentation of disclosures.
- We involved our IT specialists in the evaluation of design and operating effectiveness of the automated controls over the capture, rating and recording of revenue transactions.
- We evaluated the business process controls in place over the initiation and authorization of rate changes, the introduction of new plans and input of this information into the billing systems.
- We performed test on the accuracy of customer bills on a sample basis for existing products as well as for new products introduced in the year.
- As part of the substantive tests, we tested key reconciliation used by management to assess the completeness and accuracy of revenue from business support systems to the general ledger.
- We evaluated the business process controls in place over the authorization and initiation of rate changes, the introduction of new plans and input to the billing systems.
- We performed analytical review over prepaid and postpaid revenues based on underlying data and certain relationships as well as testing, on a sample basis, the accuracy of adjustments on revenues earned including those from carriers and content providers as a result of negotiations.
- We profiled the manual journal entries posted to revenue accounts and tested supporting evidence to identify any unusual items.

Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Securities and Exchange Commission (SEC) Form 20-F (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018, but does not include the consolidated financial statements and our auditor’s report thereon. The SEC Form 20-F (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018 are expected to be available to us after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover this other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with PPPSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the GLOBE Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the GLOBE Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the GLOBE Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the GLOBE Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the GLOBE Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the GLOBE Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the GLOBE Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance to the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor’s report is Mr. Oliver C. Bucan.

Navarro Amper & Co.
BOA Registration No. 0004, valid from November 12, 2018 to July 16, 2021
SEC Accreditation No. 0001-FR-5, issued on January 15, 2019; effective until January 14, 2022, Group A
TIN 005299331

By:

Oliver C. Bucan
Partner
CPA License No. 0086699
SEC A.N. 1623-A, issued on March 23, 2017; effective until March 22, 2020, Group A
TIN 129433612
BIR A.N: 08-002552-47-2017, issued on June 8, 2017; effective until June 8, 2020
PTR No. A-3745354, issued on January 5, 2018, Taguig City

Taguig City, Philippines
February 11, 2019
GLOBE TELECOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th>Notes</th>
<th>December 31</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In Thousand Pesos)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
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<tr>
<td><strong>Current Assets</strong></td>
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<td>Cash and cash equivalents</td>
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<td>Contract assets and deferred contract costs – net</td>
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<td>8,471,550</td>
<td>-</td>
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<tr>
<td>Inventories and supplies – net</td>
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<td>4,854,939</td>
<td>3,242,689</td>
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<td>Derivative assets – current</td>
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<td>63,180</td>
<td>15,043</td>
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<td>Prepayments and other current assets</td>
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<td>15,794,767</td>
<td>15,730,897</td>
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<td></td>
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<td>73,523,383</td>
<td>57,515,137</td>
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<td><strong>Noncurrent Assets</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Property and equipment – net</td>
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<td>169,393,768</td>
<td>162,602,646</td>
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<td>Intangible assets and goodwill – net</td>
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<td>13,698,269</td>
<td>14,883,706</td>
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<tr>
<td>Investments in associates and joint ventures</td>
<td>12</td>
<td>34,426,776</td>
<td>35,602,999</td>
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<td>Deferred income tax assets – net</td>
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<td>2,075,065</td>
<td>2,761,626</td>
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<td>Derivative assets – net of current portion</td>
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<td>2,300,186</td>
<td>911,358</td>
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<tr>
<td>Deferred contract costs – net of current portion</td>
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<td>315,673</td>
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<td>Other noncurrent assets</td>
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<td></td>
<td></td>
<td>225,974,726</td>
<td>220,251,151</td>
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<td><strong>TOTAL ASSETS</strong></td>
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<td>₱277,766,288</td>
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<tr>
<td><strong>LIABILITIES AND EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Trade payables and accrued expenses</td>
<td>14</td>
<td>₱56,219,366</td>
<td>₱62,232,862</td>
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<tr>
<td>Contract liabilities and deferred revenues – current</td>
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<td>5,509,773</td>
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<td>Loans payable – current</td>
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<td>16,758,196</td>
<td>8,278,222</td>
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<td>Derivative liabilities – current</td>
<td>29.3</td>
<td>285,751</td>
<td>191,060</td>
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<tr>
<td>Provisions</td>
<td>15</td>
<td>2,549,387</td>
<td>1,890,415</td>
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<tr>
<td>Income tax payable</td>
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<td>1,608,646</td>
<td>1,180,753</td>
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<td></td>
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<td>85,465,654</td>
<td>79,283,085</td>
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<tr>
<td><strong>Noncurrent Liabilities</strong></td>
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</tr>
<tr>
<td>Loans payable – net of current portion</td>
<td>16</td>
<td>131,523,701</td>
<td>123,250,483</td>
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<tr>
<td>Contract liabilities – net of current portion</td>
<td>6</td>
<td>53,642</td>
<td>-</td>
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<tr>
<td>Deferred income tax liabilities – net</td>
<td>27</td>
<td>3,918,493</td>
<td>2,748,826</td>
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<tr>
<td>Derivative liabilities – net of current portion</td>
<td>29.3</td>
<td>25,903</td>
<td>-</td>
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<tr>
<td>Other long-term liabilities</td>
<td>17</td>
<td>5,367,209</td>
<td>5,926,157</td>
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<tr>
<td></td>
<td></td>
<td>140,888,948</td>
<td>131,925,466</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td></td>
<td>226,354,602</td>
<td>211,208,551</td>
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<tr>
<td><strong>Equity</strong></td>
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<tr>
<td>Paid-up capital</td>
<td>19</td>
<td>44,973,489</td>
<td>44,757,853</td>
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<tr>
<td>Cost of share-based payments</td>
<td>26</td>
<td>417,345</td>
<td>401,543</td>
</tr>
<tr>
<td>Other reserves</td>
<td>19.6</td>
<td>561,103</td>
<td>(352,375)</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>19.5</td>
<td>27,167,398</td>
<td>21,708,003</td>
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<tr>
<td>Equity attributable to equity holders of the Parent</td>
<td></td>
<td>73,119,335</td>
<td>66,515,024</td>
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<tr>
<td>Non-controlling interest</td>
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<td>24,172</td>
<td>42,713</td>
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<tr>
<td><strong>Total Equity</strong></td>
<td></td>
<td>73,143,507</td>
<td>66,557,737</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY</strong></td>
<td></td>
<td>₱299,498,109</td>
<td>₱277,766,288</td>
</tr>
</tbody>
</table>

See accompanying Notes to Consolidated Financial Statements.
# GLOBE TELECOM, INC. AND SUBSIDIARIES
## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th>Notes</th>
<th>For the Years Ended December 31</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In Thousand Pesos, Except Per Share Figures)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Service revenues</td>
<td>₱132,875,310</td>
<td>₱127,905,853</td>
<td>₱120,588,003</td>
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<tr>
<td>Nonservice revenues</td>
<td>18,297,496</td>
<td>7,374,878</td>
<td>6,193,657</td>
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</tr>
<tr>
<td><strong>INCOME (LOSSES)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity in net losses of associates and joint ventures</td>
<td>12</td>
<td>(1,249,603)</td>
<td>(846,177)</td>
<td>(855,198)</td>
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<tr>
<td>Interest income</td>
<td>20</td>
<td>391,030</td>
<td>139,581</td>
<td>151,589</td>
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<tr>
<td>Gain on disposal of property and equipment – net</td>
<td>73,088</td>
<td>38,455</td>
<td>101,232</td>
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<tr>
<td>Gain on fair value of retained interest</td>
<td>12.4</td>
<td>-</td>
<td>1,889,901</td>
<td>-</td>
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<tr>
<td>Other income – net</td>
<td>21</td>
<td>1,595,835</td>
<td>701,653</td>
<td>983,186</td>
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<tr>
<td><strong>COSTS AND EXPENSES</strong></td>
<td></td>
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<tr>
<td>General, selling and administrative expenses</td>
<td>22,57,742,131</td>
<td>56,608,922</td>
<td>52,471,053</td>
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<tr>
<td>Depreciation and amortization</td>
<td>23,30,421,721</td>
<td>27,512,689</td>
<td>23,848,646</td>
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<td>Cost of sales</td>
<td>7,30</td>
<td>18,645,314</td>
<td>13,013,437</td>
<td>11,914,114</td>
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<td>Interconnect costs</td>
<td>30</td>
<td>5,677,375</td>
<td>7,852,336</td>
<td>9,623,127</td>
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<tr>
<td>Financing costs</td>
<td>24</td>
<td>7,095,655</td>
<td>5,251,692</td>
<td>4,096,826</td>
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<tr>
<td>Impairment and other losses</td>
<td>25</td>
<td>4,787,644</td>
<td>5,423,366</td>
<td>3,271,301</td>
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<tr>
<td><strong>INCOME BEFORE INCOME TAX</strong></td>
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<td></td>
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<tr>
<td></td>
<td>27,613,316</td>
<td>21,541,702</td>
<td>21,937,402</td>
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<td><strong>PROVISIONS FOR INCOME TAX</strong></td>
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<td></td>
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<tr>
<td>Current</td>
<td>27</td>
<td>7,259,985</td>
<td>6,005,420</td>
<td>5,556,965</td>
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<td>Deferred</td>
<td>27</td>
<td>1,727,388</td>
<td>452,069</td>
<td>491,938</td>
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<td><strong>NET INCOME</strong></td>
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<td></td>
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<tr>
<td></td>
<td>18,625,943</td>
<td>15,084,213</td>
<td>15,888,499</td>
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<tr>
<td><strong>OTHER COMPREHENSIVE INCOME (LOSS)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will be reclassified into profit or loss in subsequent periods:</td>
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<td></td>
<td></td>
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<tr>
<td>Transactions on cash flow hedges – net</td>
<td>19.6</td>
<td>863,715</td>
<td>139,412</td>
<td>(95,565)</td>
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<td>Exchange differences arising from translations of foreign investments</td>
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<td>28,524</td>
<td>(23,140)</td>
<td>23,205</td>
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<tr>
<td>Changes in fair value of available-for-sale investment in equity securities</td>
<td>19.6</td>
<td>-</td>
<td>26,000</td>
<td>13,440</td>
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<tr>
<td><strong>TOTAL OTHER COMPREHENSIVE INCOME</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>892,239</td>
<td>142,272</td>
<td>(58,920)</td>
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<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME</strong></td>
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<tr>
<td></td>
<td>₱19,719,865</td>
<td>₱15,626,478</td>
<td>₱16,027,087</td>
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(Forward)
## GLOBE TELECOM, INC. AND SUBSIDIARIES
### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th>Notes</th>
<th>For the Years Ended December 31</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
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<tr>
<td></td>
<td>(In Thousand Pesos, Except Per Share Figures)</td>
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<tr>
<td><strong>Total net income attributable to:</strong></td>
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<tr>
<td>Equity holders of the Parent</td>
<td>P18,640,740</td>
<td>P15,065,779</td>
<td>P15,878,415</td>
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<td>Non-controlling interest</td>
<td>(14,797)</td>
<td>18,434</td>
<td>10,084</td>
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<td><strong>Total comprehensive income attributable to:</strong></td>
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<tr>
<td>Equity holders of the Parent</td>
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<td>15,608,044</td>
<td>16,017,003</td>
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<tr>
<td>Non-controlling interest</td>
<td>(14,797)</td>
<td>18,434</td>
<td>10,084</td>
<td></td>
</tr>
<tr>
<td><strong>Earnings Per Share</strong></td>
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<tr>
<td>Basic</td>
<td>28</td>
<td>P135.91</td>
<td>P109.22</td>
<td>P115.45</td>
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<tr>
<td>Diluted</td>
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<td>P135.40</td>
<td>P109.01</td>
<td>P115.27</td>
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<td>Cash dividends declared per common share</td>
<td>19.3</td>
<td>P91.00</td>
<td>P91.00</td>
<td>P88.00</td>
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See accompanying Notes to Consolidated Financial Statements.
## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<table>
<thead>
<tr>
<th>Notes</th>
<th>Capital Stock (Note 19)</th>
<th>Additional Paid-in Capital</th>
<th>Cost of Share-Based Payments</th>
<th>Other Reserves (Note 19)</th>
<th>Retained Earnings</th>
<th>Total Equity Attributable to Parent</th>
<th>Non-controlling Interest</th>
<th>Total</th>
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<tbody>
<tr>
<td></td>
<td>₱8,438,404</td>
<td>₱36,319,449</td>
<td>₱401,543</td>
<td>(₱352,375)</td>
<td>₱21,708,003</td>
<td>₱66,515,024</td>
<td>₱42,713</td>
<td>₱66,557,737</td>
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<tr>
<td></td>
<td>Adjustment on initial application of PFRS 15, net of tax</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>4,880,805</td>
<td>4,880,805</td>
<td>954</td>
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<td>Adjustment on initial application of PFRS 9, net of tax</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>- (5,581,683)</td>
<td>(5,581,683)</td>
<td>(4,843)</td>
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<td>As of January 1, 2018, as previously stated</td>
<td>₱8,438,404</td>
<td>36,319,449</td>
<td>401,543</td>
<td>(352,375)</td>
<td>21,007,125</td>
<td>65,814,146</td>
<td>38,824</td>
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<td>Total comprehensive income for the year</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>1,093,922</td>
<td>18,640,740</td>
<td>19,734,662</td>
</tr>
<tr>
<td></td>
<td>Dividends on:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Common Stock</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(12,104,579)</td>
<td>(12,104,579)</td>
<td>(12,104,579)</td>
</tr>
<tr>
<td></td>
<td>Preferred Stock – voting</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(41,752)</td>
<td>(41,752)</td>
<td>(41,752)</td>
</tr>
<tr>
<td></td>
<td>Preferred Stock – non-voting</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(520,060)</td>
<td>(520,060)</td>
<td>(520,060)</td>
</tr>
<tr>
<td></td>
<td>Cost of share-based payments</td>
<td>26</td>
<td>-</td>
<td>-</td>
<td>236,714</td>
<td>-</td>
<td>236,714</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Issue of shares under share-based compensation plan</td>
<td>19.2</td>
<td>6,463</td>
<td>202,629</td>
<td>(208,221)</td>
<td>-</td>
<td>871</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Exercise of stock options</td>
<td>19.2</td>
<td>371</td>
<td>6,173</td>
<td>(4,862)</td>
<td>-</td>
<td>1,682</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Forfeiture of stock options</td>
<td>-</td>
<td>-</td>
<td>(7,829)</td>
<td>-</td>
<td>5,480</td>
<td>(2,349)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Reclassification remeasurement gains (losses) on defined benefit plans</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(180,444)</td>
<td>180,444</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Non-controlling interest arising from business combination</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>145</td>
</tr>
<tr>
<td></td>
<td>As of December 31, 2018</td>
<td>₱8,445,238</td>
<td>36,528,251</td>
<td>417,345</td>
<td>561,103</td>
<td>27,167,398</td>
<td>73,119,335</td>
<td>24,172</td>
</tr>
</tbody>
</table>
## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Year Ended December 31, 2017

### Notes

**Capital Stock (Note 19)** | **Additional Paid-in Capital** | **Cost of Share-Based Payments** | **Other Reserves (Note 19)** | **Retained Earnings** | **Total Equity Attributable to Parent** | **Non-controlling Interest** | **Total**
--- | --- | --- | --- | --- | --- | --- | ---
As of January 1, 2017 | ₱8,430,504 | ₱36,075,199 | ₱584,586 | ₱1,072,925 | ₱19,422,402 | ₱63,439,766 | ₱36,536 | ₱63,476,302
Total comprehensive income for the year | 542,265 | 15,065,779 | 15,608,044 | 18,434 | 15,626,478
Dividends on: | 19.3 | 12,091,736 | 0 | 0 | 0 | (12,091,736)
Common Stock | - | - | - | - | - | -
Preferred Stock – voting | - | - | - | - | - | -
Preferred Stock – non-voting | - | - | - | - | - | -
Cost of share-based payments | 26 | 104,828 | - | - | - | -
Issue of shares under share-based compensation plan | 19.2 | 7,000 | 224,298 | (231,298) | - | - | -
Exercise of stock options | 19.2 | 900 | 19,952 | (12,939) | - | 7,913 | - | 7,913
Forfeiture of stock options | - | - | - | (43,634) | 43,634 | - | - | -
Reclassification remeasurement gains (losses) on defined benefit plans | - | - | 178,285 | (178,285) | - | - | - | -
Non-controlling interest adjustment arising from subscription | - | - | - | - | - | - | - | (223) | (223)
Non-controlling interest arising from business combination | - | - | - | - | - | - | - | (12,034) | (12,034)
As of December 31, 2017 | ₱8,438,404 | ₱36,319,449 | ₱401,543 | (₱352,375) | ₱21,708,003 | ₱66,515,024 | ₱42,713 | ₱66,557,737

(Forward)
## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Year Ended December 31, 2016

<table>
<thead>
<tr>
<th>Notes</th>
<th>Capital Stock (Note 19)</th>
<th>Additional Paid-in Capital</th>
<th>Cost of Share-Based Payments</th>
<th>Other Reserves (Note 19)</th>
<th>Retained Earnings</th>
<th>Total Equity Attributable to Parent</th>
<th>Non-controlling Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In Thousand Pesos)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As of January 1, 2016</td>
<td>₱8,429,713</td>
<td>₱36,057,263</td>
<td>₱338,008</td>
<td>(₱1,211,513)</td>
<td>₱15,778,557</td>
<td>₱59,392,028</td>
<td>₱5,754</td>
<td>₱59,397,782</td>
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<tr>
<td>Total comprehensive income for the year</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>138,588</td>
<td>15,878,415</td>
<td>16,017,003</td>
<td>10,084</td>
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<tr>
<td>Dividends on:</td>
<td>19.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common Stock</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(11,682,483)</td>
<td>(11,682,483)</td>
<td>-</td>
<td>(11,682,483)</td>
</tr>
<tr>
<td>Preferred Stock – voting</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(32,027)</td>
<td>(32,027)</td>
<td>-</td>
<td>(32,027)</td>
</tr>
<tr>
<td>Preferred Stock – non-voting</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(520,060)</td>
<td>(520,060)</td>
<td>-</td>
<td>(520,060)</td>
</tr>
<tr>
<td>Cost of share-based payments</td>
<td>26</td>
<td>-</td>
<td>-</td>
<td>260,269</td>
<td>-</td>
<td>-</td>
<td>260,269</td>
<td>-</td>
</tr>
<tr>
<td>Exercise of stock options</td>
<td>19.2</td>
<td>791</td>
<td>17,936</td>
<td>(13,691)</td>
<td>-</td>
<td>-</td>
<td>5,036</td>
<td>-</td>
</tr>
<tr>
<td>Non-controlling interest arising from business combination</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>20,698</td>
<td>-</td>
</tr>
<tr>
<td>As of December 31, 2016</td>
<td>₱8,430,504</td>
<td>₱36,075,199</td>
<td>₱584,586</td>
<td>(₱1,072,925)</td>
<td>₱19,422,402</td>
<td>₱63,439,766</td>
<td>₱36,536</td>
<td>₱63,476,302</td>
</tr>
</tbody>
</table>

See accompanying Notes to Consolidated Financial Statements.
## CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income tax</td>
<td>₱27,613,316</td>
<td>₱21,541,702</td>
<td>₱21,937,402</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>23</td>
<td>30,421,721</td>
<td>27,512,689</td>
</tr>
<tr>
<td>Impairment and other losses</td>
<td>25</td>
<td>4,787,644</td>
<td>5,423,366</td>
</tr>
<tr>
<td>Interest expense – net</td>
<td>24</td>
<td>5,975,164</td>
<td>5,042,952</td>
</tr>
<tr>
<td>Equity in net losses of associates and joint ventures</td>
<td>12</td>
<td>1,249,603</td>
<td>846,177</td>
</tr>
<tr>
<td>Foreign exchange losses (gains) – net</td>
<td>24</td>
<td>900,430</td>
<td>214,191</td>
</tr>
<tr>
<td>Pension expense</td>
<td>26</td>
<td>593,326</td>
<td>621,316</td>
</tr>
<tr>
<td>Interest income</td>
<td>20</td>
<td>(391,030)</td>
<td>(139,581)</td>
</tr>
<tr>
<td>Cost of share-based payments</td>
<td>24</td>
<td>(82,491)</td>
<td>181,340</td>
</tr>
<tr>
<td>Foreign exchange losses (gains) – net</td>
<td>24</td>
<td>4,787,644</td>
<td>5,423,366</td>
</tr>
<tr>
<td>Gain on disposal of property and equipment</td>
<td>21</td>
<td>(82,491)</td>
<td>181,340</td>
</tr>
<tr>
<td>(Gain) loss on settlement and remeasurement of ARO</td>
<td>17, 21</td>
<td>(27,894)</td>
<td>(1,889,901)</td>
</tr>
<tr>
<td>Gain on fair value of retained interest</td>
<td>12.4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss on previously held equity interest</td>
<td>-</td>
<td>9,103</td>
<td>30,186</td>
</tr>
<tr>
<td>Loss on disposal of associate</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operating income before working capital changes</td>
<td>71,203,415</td>
<td>59,005,716</td>
<td>54,613,170</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease (Increase) in:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade Receivables</td>
<td>(5,791,841)</td>
<td>(4,865,124)</td>
<td>(8,210,048)</td>
</tr>
<tr>
<td>Inventories and supplies</td>
<td>(1,990,252)</td>
<td>914,923</td>
<td>(410,495)</td>
</tr>
<tr>
<td>Contract Assets</td>
<td>(784,314)</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Prepayments and other current assets</td>
<td>(2,327,349)</td>
<td>(3,386,918)</td>
<td>(4,786,592)</td>
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<tr>
<td>Other noncurrent assets</td>
<td>(147,569)</td>
<td>(1,177,991)</td>
<td>754,355</td>
</tr>
<tr>
<td>Increase (Decrease) in:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables and accrued expenses</td>
<td>1,390,935</td>
<td>6,711,102</td>
<td>478,914</td>
</tr>
<tr>
<td>Other long-term liabilities</td>
<td>(1,127,092)</td>
<td>(1,177,582)</td>
<td>448,385</td>
</tr>
<tr>
<td>Contract Liabilities and deferred revenues</td>
<td>2,199,814</td>
<td>419,351</td>
<td>152,189</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>62,625,974</td>
<td>55,903,477</td>
<td>43,039,878</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(3,775,445)</td>
<td>(5,599,215)</td>
<td>(5,577,281)</td>
</tr>
<tr>
<td>Net cash flows from operating activities</td>
<td>58,850,529</td>
<td>50,304,262</td>
<td>37,462,597</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM INVESTING ACTIVITIES

Additions to: | 9, 31, 17 |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment</td>
<td>(42,768,194)</td>
</tr>
<tr>
<td>Investment in joint ventures</td>
<td>(111,200)</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(490,569)</td>
</tr>
<tr>
<td>Proceeds from loans receivable</td>
<td>180,000</td>
</tr>
<tr>
<td>Proceeds from sale of property and equipment</td>
<td>171,638</td>
</tr>
<tr>
<td>Interest received</td>
<td>352,302</td>
</tr>
<tr>
<td>Dividends received</td>
<td>13,852</td>
</tr>
<tr>
<td>Proceeds from disposal of an investment in equity securities at</td>
<td></td>
</tr>
<tr>
<td>FVOCI</td>
<td>418</td>
</tr>
<tr>
<td>Net cash outflow from deconsolidation</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from disposal of an investment in associate</td>
<td>-</td>
</tr>
<tr>
<td>Net cash inflow from acquisition of subsidiaries, net cash acquired</td>
<td>-</td>
</tr>
<tr>
<td>Net cash outflow from sale of controlling interest in subsidiary</td>
<td></td>
</tr>
<tr>
<td>Net cash flows used in investing activities</td>
<td>(42,651,753)</td>
</tr>
</tbody>
</table>

(Forward)
## GLOBE TELECOM, INC. AND SUBSIDIARIES
### CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31  

<table>
<thead>
<tr>
<th>Notes</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(In Thousand Pesos)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from borrowings:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term</td>
<td>₱24,156,000</td>
<td>₱36,430,730</td>
<td>₱36,500,000</td>
</tr>
<tr>
<td>Short-term</td>
<td>-</td>
<td>4,600,000</td>
<td>21,600,000</td>
</tr>
<tr>
<td>Repayments of borrowings:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term</td>
<td>(8,319,604)</td>
<td>(5,953,717)</td>
<td>(7,993,304)</td>
</tr>
<tr>
<td>Short-term</td>
<td>-</td>
<td>(8,900,000)</td>
<td>(17,100,000)</td>
</tr>
<tr>
<td>Payments of dividends to stockholders:</td>
<td>19.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common</td>
<td>(12,104,579)</td>
<td>(12,091,736)</td>
<td>(11,682,483)</td>
</tr>
<tr>
<td>Preferred</td>
<td>(561,812)</td>
<td>(553,791)</td>
<td>(552,087)</td>
</tr>
<tr>
<td>Exercise of stock options</td>
<td>2,553</td>
<td>7,913</td>
<td>5,036</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(6,607,604)</td>
<td>(5,525,049)</td>
<td>(3,812,532)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>(3,435,046)</td>
<td>7,814,350</td>
<td>16,964,630</td>
</tr>
<tr>
<td><strong>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</strong></td>
<td>11,763,730</td>
<td>2,696,597</td>
<td>(3,234,360)</td>
</tr>
<tr>
<td><strong>NET FOREIGN EXCHANGE DIFFERENCE ON CASH AND CASH EQUIVALENTS</strong></td>
<td>240,436</td>
<td>(107,229)</td>
<td>52,833</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</strong></td>
<td>11,222,220</td>
<td>8,632,852</td>
<td>11,814,379</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</strong></td>
<td>29.10, 31</td>
<td>₱23,226,386</td>
<td>₱11,222,220</td>
</tr>
<tr>
<td></td>
<td>₱8,632,852</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

See accompanying Notes to Consolidated Financial Statements.