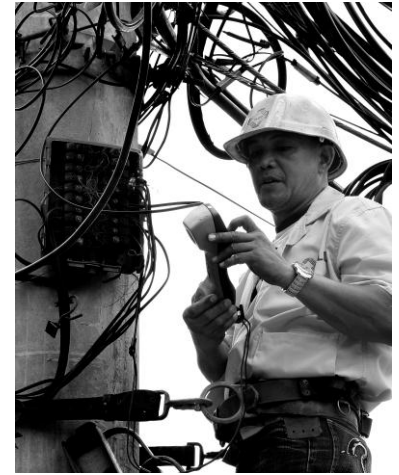




PLDT CORPORATE GOVERNANCE REPORT 2012



PLDT remains committed to the highest standards of corporate governance as articulated in our Articles of Incorporation, By-Laws, Manual on Corporate Governance (CG Manual), Code of Business Conduct and Ethics (Code of Ethics), and pertinent laws, rules and regulations. As a publicly-listed Philippine corporation, PLDT is covered by corporate governance rules and regulations of the Philippine Securities and Exchange Commission (Philippine SEC) and the Philippine Stock Exchange (PSE). At the same time, PLDT has voluntarily complied with the corporate governance standards of the United States since its American Depositary Shares are listed and traded in the New York Stock Exchange (NYSE). PLDT as an associated company of First Pacific Company Ltd. (First Pacific), which is listed in the Hong Kong Stock Exchange, also looks to the corporate governance standards of Hong Kong for guidance and benchmarking purposes. By committing to high standards of corporate governance, PLDT accepts the challenge of the demanding regulatory environment in which it finds itself in.

PLDT also knows that beyond the boundaries of regulations and compliance lie palpable gains and benefits for companies that sincerely place emphasis on corporate governance, and seek to establish corporate cultures anchored on the values of integrity, accountability, fairness, and transparency. PLDT requires fidelity to these values in order to animate and inspire its governance policies, processes and practices, as these are rightfully indispensable in creating value for its shareholders, fulfilling obligations to stakeholders and serving the ends of good business judgment and sustained profitability.

Our structures

Board of Directors

Working and serving pursuant to the mandate given by the company's shareholders, our Board has the principal responsibility of planning, directing, monitoring and improving our governance policies, processes and practices. Our Board has the task of navigating the company through its toughest challenges while remaining true to our values. Under the stewardship of the Board, PLDT commits to maintain the highest standards of governance and demands the utmost in performance and results from its personnel for the benefit of all its shareholders and stakeholders.

Board Structure and Composition

At the end of 2012, our Board had twelve (12) qualified and competent members, each highly regarded in their respective fields and/or industry, who bring together complementary

skills and expertise, and the requisite independence, probity and diligence in the exercise of their fiduciary duties. Our Board had three independent directors in Rev. Fr. Bienvenido F. Nebres, S.J.¹, Mr. Pedro E. Roxas and Mr. Alfred V. Ty who were selected on the basis of specific independence criteria set out under applicable laws and rules, in our By-Laws and in our CG Manual. Our CG Manual defines an independent director as “a person who is independent of management and who, apart from his fees and shareholdings, is free from any business or other relationship with the Company which could or reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director of the Company.” More specific independence criteria are enumerated in Annex A of our CG Manual.

Only three members of our Board are, at the same time, executives of the Company. The rest of the members are non-executive directors of which three are independent directors. Our directors do not receive any form of compensation such as stock options, performance incentives and bonuses from the Company for their services. They are however, entitled to a reasonable *per diem* for attendance in Board and Board Committee meetings.

The position of Chairman of the Board is separate from that of the Chief Executive Officer (CEO). PLDT Chairman Manuel V. Pangilinan and PLDT President and CEO Napoleon L. Nazareno nonetheless share the responsibility of elevating good corporate governance and principled performance to a high strategic priority for the Company. This also reflects the Company’ desire to adhere to best practices and its recognition of the benefits that such a separation of the said positions brings.

Board Responsibilities

At the start of the service of a new director, the Chairman, President and CEO, Chief Financial Officer, Corporate Secretary and Chief Governance Officer give a newly appointed director a briefing on the Company’s structure and business, the responsibilities of the Board and its Committees and how each operates, and the schedule of Board meetings, among others. The new director is also furnished with copies of all relevant information about the Company and policies applicable to the directors, including the Company’s Articles, By-Laws, Annual Report, CG Manual, Code of Ethics, and the Charters of the

The PLDT Manual on Corporate Governance provides for the following as regards the Board of Directors:

- the composition of the Board as well as the qualifications and grounds for disqualification for directorship;
- the requirement that at least 20% of the membership of the Board of Directors, and in no case less than two members, must be independent directors and the standards/criteria for the determination of independent directors;
- the duties and responsibilities of the Board and the individual directors;
- the manner of conduct of Board meetings including the requirement to have an independent director present in every meeting to promote transparency and the need to have an executive session for non-executive and independent directors;
- the establishment of board committees, specifically, the Audit Committee, Executive Compensation Committee, and Governance and Nomination Committee including the composition and the principal duties and responsibilities of such committees, as well as the requirement for each Board Committee to have its own charter; and
- the role of the Chairman as the leader of the Board and as the prime mover in ensuring compliance with, and the performance of, corporate governance policies and practices.

¹ Rev. Fr. Bienvenido Nebres, S.J. resigned from the Board of Directors on September 25, 2012.

Board Committees. Updates on business and governance policies and requirements principally from the Philippine SEC, PSE, United States Securities and Exchange Commission (US SEC), and NYSE, and new laws applicable or relevant to the Company and its business, particularly on financial reporting and disclosures and corporate governance, are presented in Board meetings or furnished to the directors.

Our CG Manual assures that our directors, both new and currently serving, have access to independent professional advice, at the Company's expense, as well as access to management as they may deem necessary to carry out their duties.

PLDT holds annual corporate governance enhancement sessions for its directors which provide an opportunity for our leadership to interact with international experts and keep abreast with global developments and best practices in corporate governance and ethics. The Governance and Nomination Committee (GNC) recommends the content and speakers for these sessions. All of the current directors have undergone corporate governance orientation and a majority of the Board have attended at least one of the six corporate governance enhancement sessions organized since 2007. Our directors are also updated on the latest technology trends and developments that have an impact on the Company's strategy through technology briefings organized by the Technology Strategy Committee (TSC).

To perform its mandate, our Board holds monthly meetings, the schedule of which is determined at the beginning of the year. At least one meeting is devoted to discussions with senior management on the strategic plans and budget, and the enterprise risk report prepared by senior management through the Group Enterprise Risk Management Department, which has the responsibility to promulgate, encourage and practice an integrated risk management framework for the organization, focusing on ensuring that critical risks are identified, evaluated, treated and monitored across all functions and units within the PLDT Group. Once every quarter, our Board reviews the quarterly financial reports. Our Board also periodically reviews reports of Board Committees, business operations updates from the heads of our three business segments and network and technology strategic plans.

Our Board is committed to ensure the continuity of executive leadership as a critical factor in sustaining the success of the PLDT Group. To this end, a succession planning process referred to as Leadership Succession Planning and Development has been established. This enterprise-wide process covers senior management positions, including the President and CEO. Reflecting the significance that the Chairman of the Board of Directors attaches to succession planning, the First Pacific Leadership Academy was reorganized to facilitate the succession planning process within the PLDT Group and other companies affiliated with First Pacific. The Board's involvement in Leadership Succession Planning and Development is performed through its Executive Compensation Committee (ECC), which reviews and updates the criteria for employment and promotion, as well as any training and development plans for senior management, keeps track of their performance and development, and reviews their potential career paths.

In 2012, our Board held fifteen (15) meetings. The Chairman of the Board, the President and CEO, and five other directors attended all Board meetings. At least one independent

director was present in all the meetings. The Chairman of the Audit Committee² was present in the annual stockholders' meeting as well as in the special stockholders' meeting on March 22. Except for one director, all of the other directors each attended more than seventy five per cent (75%) of the meetings. The total amount of *per diem* provided for the Board of Directors in 2012 was Php 28,600,000³.

Name of Director	Jan 9*	Jan 31	Mar 6	Mar 22*	Mar 22***	May 8	Jun 14	Jun 14***	Jun 14****	Jul 3	Aug 7	Sept 25	Oct 12**	Nov 6	Dec 4	Totals	%age
Manuel V. Pangilinan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15/15	100%
Napoleon L. Nazareno	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15/15	100%
Helen Y. Dee	✓	✓	✓	✓	✓	✓	X	X	X	✓	✓	✓	X	✓	✓	11/15	73.3%
Ray C. Espinosa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15/15	100%
James L. Go	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15/15	100%
Setsuya Kimura	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15/15	100%
Bienvenido F. Nebres*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-	-	-	11/11	100%
Hideaki Ozaki	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14/15	93.3%
Ma. Lourdes C. Rausa-Chan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15/15	100%
Pedro E. Roxas*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	14/15	93.3%
Juan B. Santos	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14/15	93.3%
Tony Tan Caktiong	✓	X	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	X	✓	✓	12/15	80.0%
Alfred V. Ty*	✓	✓	✓	X	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/15	86.7%

*Independent Director

**Special Board Meeting

***Special Stockholders' Meeting

**** Annual Stockholders' Meeting

***** Organizational Meeting of the Board

Board Committees

Advisory Committee

Our Board is ably assisted by an Advisory Committee. The diversity of the expertise, knowledge and experience of these advisors serves to complement that of the Board. The Advisory Committee provides guidance and suggestions, as necessary, on matters deliberated upon during Board meetings. The total *per diem* given to the members of the Advisory Committee in 2012 was Php 15.8 million⁴.

	Jan 9*	Jan 31	Mar 6	Mar 22*	Mar 22**	May 8	Jun 14	Jun 14***	Jun 14****	Jul 3	Aug 7	Sept 25	Oct 12*	Nov 6	Dec 4	Totals
Artemio V. Panganiban	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15/15
Oscar S. Reyes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15/15
Roberto R. Romulo	✓	✓	✓	✓	X	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	13/15
Benny Santoso	✓	✓	✓	✓	X	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	13/15
Washington Z. SyCip	✓	X	✓	✓	✓	X	X	X	X	✓	✓	✓	✓	X	✓	9/15
Orlando B. Vea	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	15/15
Christopher H. Young	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14/15

*Special Board Meeting

**Special Stockholders' Meeting

***Annual Stockholders' Meeting

****Organizational Meeting of the Board

² Rev. Fr. Bienvenido Nebres, S.J. was the chairman of the Audit Committee at the time that these two stockholders meetings were held.

³ *Per diem* for each director is Php 200,000 per meeting.

⁴ *Per diem* for each advisory board member is Php 200,000 per meeting.

To assist in the performance of the Board's responsibilities and aid in ensuring compliance with the principles of good corporate governance, our Board is supported by four standing committees namely, the Audit Committee, the Governance and Nomination Committee, the Executive Compensation Committee, and the Technology Strategy Committee, whose specific responsibilities and functions are set forth in their respective written charters.

Audit Committee

The integrity of the Company's accounting and financial reporting principles and policies, and system of internal controls, including the integrity of the Company's financial statements and the independent audit thereof are essential components of PLDT's corporate governance, and are matters within the Board's oversight responsibilities. The Audit Committee assists the Board in this key task and provides support to the Board in discharging its oversight responsibilities over the Company's compliance with legal and regulatory requirements, its assessment and management of enterprise risks, its audit process, and the performance of the Company's internal audit organization and external auditor (including the external auditor's qualifications and independence). The Audit Committee is composed of three independent directors⁵, and four advisors. Each Audit Committee member is financially literate and one of the advisors is a certified public accountant with financial management expertise. The charter of the Audit Committee may be viewed and downloaded from the PLDT website through the following link:

<http://www.pldt.com.ph/about/management/Documents/Audit%20Committee%20Charter.pdf>

The Audit Committee's activities in 2012 with respect to our external auditor SyCip, Gorres, Velayo & Co. (SGV & Co.), included discussions on SGV & Co.'s report on the results of the integrated audit of PLDT's and its subsidiaries' 2011 financial statements prepared in accordance with the Philippine Financial Reporting Standards (PFRS) and International Financial Reporting Standards (IFRS) and the internal controls over financial reporting (ICFR), as well as the results of internal and external quality reviews required of SGV & Co. Also discussed were SGV & Co.'s required communications to the Audit Committee, as well as their independence from PLDT, within the meaning of the Securities Act of the Philippine SEC and US SEC.

The Audit Committee also reviewed and approved the following:

- SGV & Co.'s engagements in International Standard on Assurance Engagements (ISAE) No. 3402, "Assurance Reports on Controls at a Service Organization", Type B Service Audit of ePLDT's Vitro Data Center, as required by the latter's customer, Accenture, and financial statements audit of Connectivity Unlimited Resource Enterprise Limited (CURE) as of and for the period ended June 30, 2012, in connection with NTC's requirements relating to the divestment plan for CURE as committed by PLDT in its acquisition of Digital Telecommunications Phils., Inc.;
- Engagement of E&Y Australia to perform consulting service regarding support on Customer Needs-Based Segmentation Project for Smart, and the engagement of E&Y Singapore to perform tax services for Smart's subsidiaries; and

⁵ With the resignation of Rev. Fr. Bienvenido Nebres, S.J. on September 25, 2012, the voting members of the Audit Committee have been momentarily reduced to two independent directors.

- Engagement of Price Waterhouse Coopers (PWC) member firm, Isla Lipana & Co., to perform Business Process Alignment Project, and provide manpower services for Sarbanes-Oxley Act Section 404 (SOX 404) Compliance Process Documentation for Digital Mobile Phils., Inc.

The Audit Committee conducted an evaluation of SGV & Co.'s performance for 2011, resolved to re-appoint SGV & Co. as PLDT's external auditors for the year 2012, and reviewed SGV & Co.'s integrated plan for the audit of the 2012 financial statements and review of ICFR of PLDT and its subsidiaries.

As regards the internal auditor, the Audit Committee reviewed, noted or approved the Internal Audit and Fraud Risk Management Group (IAFRMG)'s performance report for the year 2011, the Internal Audit Plan for 2012 (original and updated) and its alignment with business risks, IAFRMG Head's statement of compliance with the International Standards for the Professional Practice of Internal Auditing (ISPPA), and required confirmation of the organizational independence of the Internal Audit organization, and resolved to retain the existing PLDT Internal Audit Charter. The Audit Committee also discussed the Internal Audit's report on PLDT Group's SOX 404 Compliance – Management's Overall Assessment and Conclusions as of December 31, 2011, the periodic status reports submitted by Internal Audit regarding PLDT Group's SOX 404 readiness and compliance as of year-end 2011 and as of year-end 2012, and the major internal audit and fraud risk management activities and accomplishments, including the internal audit organizational updates.

With regard to financial reporting and controls, the Audit Committee, together with PLDT Finance officers and SGV & Co., conducted a review of PLDT's audited financial statements for 2011 prepared in accordance with PFRS and IFRS, and the final results and report of SGV & Co. on its integrated audit of 2011 PFRS and IFRS financial statements and ICFR. The Audit Committee reviewed and approved the PLDT Group's 2011 Annual Report on Form 17-A and Form 20-F for Philippine and US SEC filing, respectively. It also reviewed and discussed with Finance officers, PLDT's unaudited consolidated financial results and reports for the three months ended March 31, 2012, the six months ended June 30, 2012, and the nine months ended September 30, 2012.

With regard to governance, general internal controls and risk management, the Audit Committee reviewed and approved the 2011 PLDT Audit Committee Report for inclusion in the Annual Report and conducted a self-evaluation of the Audit Committee's performance for the year 2011. It reviewed and discussed with the Corporate Secretary, Chief Legal Counsel and Chief Governance Officer the status of the Company's compliance with regulations and applicable laws and updates on significant legal matters, the periodic status reports on whistleblowing complaints received by Corporate Governance Office (CGO), as well as CGO's report on the statistics and effectiveness of, and identified system improvements to the existing Whistleblowing Policy and Procedure. The Audit Committee also discussed with the President and CEO the PLDT Group's top enterprise risks from the CEO's perspective, and the corresponding mitigation measures to address these key enterprise risks, and reviewed the Group Enterprise Risk Management Officer's periodic status reports on the PLDT Group's enterprise risk management activities.

Discussions with relevant PLDT business and operational unit heads were also conducted on the following matters:

- updates on Information Technology (IT) Group transformation and directions;
- major HR-related risks and the corresponding measures taken to address such risks;
- updates on service delivery process, quality of service, and actions taken on outstanding audit issues;
- updates on relevant tax rulings; and
- updates on results of customer experience surveys and related activities.

The Audit Committee likewise reviewed and approved the PLDT Disclosure on SEC Form 17-C in connection with the Philippine SEC Memorandum No. 4-2012, “SEC Guidelines in the Performance Assessment of Audit Committees”, reviewed and resolved to retain the existing PLDT Audit Committee Charter, reviewed and approved the PLDT Audit Committee’s semi-annual reports of activities during 2012 and issued periodic written updates to the Audit Committee of First Pacific regarding significant items discussed during PLDT Audit Committee meetings in 2012.

The Audit Committee had nine (9) meetings for the year 2012 and a total of Php 4.20 million was paid as *per diem* to its members and advisors who attended the meetings⁶.

	Jan. 30	Mar. 5	Mar. 22	May 7	Jun. 14	Aug. 6	Sept. 25	Nov. 6	Dec. 4	Totals
Voting Members										
Bienvenido F. Nebres* ¹	✓	✓	✓	✓	✓	✓	X	-	-	6/7
Pedro E. Roxas*	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Alfred V. Ty*	✓	X	X	✓	✓	✓	✓	✓	✓	7/9
Advisors										
Corazon S. Dela Paz- Bernardo ²	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Roberto R. Romulo	✓	✓	✓	✓	✓	✓	X	✓	X	7/9
James L. Go	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9
Setsuya Kimura	✓	✓	✓	✓	✓	✓	✓	✓	✓	9/9

* Independent Director

¹ Resigned effective September 25, 2012

² Advisor with accounting and financial expertise

Governance and Nomination Committee

The GNC oversees the development and implementation of corporate governance principles and policies as part of its governance function. It also provides assistance to the Board in making an assessment of the Board’s effectiveness in the process of replacing or appointing new members of the Board and/or Board Committees, and in developing and implementing the Board’s performance evaluation process. As part of its nomination function, it reviews and evaluates the qualifications of the persons nominated to the Board as well as those nominated to other positions requiring appointment by the Board. In addition to this, it identifies persons potentially qualified to become members of the Board and/or the Board Committees.

The GNC is composed of five voting members, three of whom are independent directors and the other two are non-executive directors⁷. The GNC also has three non-voting members

⁶ Php 75,000 for each meeting attended.

⁷ With the resignation of Rev. Fr. Bienvenido Nebres, S.J. on September 25, 2012, the GNC’s voting members temporarily consist of two independent directors and two non-executive directors.

composed of an independent member of the Advisory Committee, the Human Resources Group Head and the Chief Governance Officer of the Company. The Charter of the GNC may be accessed and downloaded from the PLDT website through the following link:

<http://www.pldt.com.ph/about/management/Documents/Governance%20and%20Nomination%20Committee%20Charter.pdf>

In 2012, the GNC screened and identified nominees for election as directors/independent directors at the PLDT annual stockholders' meeting. It also reviewed the list and qualifications of PLDT officers for re-appointment at the organizational meeting of the Board of Directors.

In the performance of its governance function, the GNC discussed and evaluated the results of the Board Assessment for 2011 and the GNC Evaluation/Self-Assessment. The consolidated results of the Board Assessment, along with the recommended actions, the GNC Self-Assessment results and Report on Activities for 2011 were submitted to and noted by the Board.

The GNC also reviewed and monitored the status of whistleblowing reports, disclosures to regulators, updates on regulatory developments and other reports of the CGO. It had an opportunity to hear from the corporate governance officers from PLDT subsidiaries and affiliates about the adoption and implementation of, and innovations in, corporate governance practices by these companies. The GNC also received and discussed reports pertaining to results of corporate governance ratings from domestic and international rating agencies.

The GNC guided the development of PLDT's Guidelines on Related Party Transactions which was issued on May 24, 2012 as Administrative Order No. 2137-12. The GNC also discussed PLDT's General Practice (GP) No. GP-12-002 on Stakeholder Engagement that was issued on May 16, 2012, which embodies the Company's modes of engagement with various stakeholders, including customers, shareholders/investment community, employees, suppliers, government/regulators, media, industry and communities. The GP on Stakeholder Engagement is in line with PLDT's commitment to deal with stakeholders in accordance with its core business principles of integrity, transparency, fairness, and accountability.

Finally, the GNC continues to support efforts at ethical culture building in the Company and it took a direct hand in the determination of content and selection of the speaker for the CG Enhancement Sessions for Directors and Officers for 2012, and selecting themes and designs for internal communication materials for 2013.

Voting Members	Mar 22	Jul 27	Oct 24	Totals
Manuel V. Pangilinan (Chairman)	✓	✓	✓	3/3
Pedro E. Roxas*	✓	✓	✓	3/3
Alfred V. Ty*	x	✓	✓	2/3
Bienvenido F. Nebres* ¹	✓	✓	-	2/2
Setsuya Kimura	✓	✓	✓	3/3
Non-Voting Members				
Artemio V. Panganiban	✓	✓	✓	3/3
Menardo G. Jimenez, Jr.	✓	✓	✓	3/3
Ma. Lourdes C. Rausa-Chan	✓	✓	✓	3/3

*Independent Director

¹Resigned effective September 25, 2012

The GNC held three (3) meetings in 2012 and a total of Php 1.65 million was paid as *per diem* to its members who attended the meetings⁸.

Executive Compensation Committee

The ECC provides guidance and assistance to the Board with respect to the development of a compensation philosophy consistent with the culture, strategy and control environment of the Company. It also oversees the development and administration of the Company's executive compensation programs and assists the Board in the areas of performance evaluation, succession planning and the professional development programs for officers.

The ECC is composed of five voting members, three of whom are independent directors, and the other two are non-executive directors.⁹ The ECC also has one non-voting member, who is the head of the Human Resources Group of the Company.

The Charter of the ECC may be viewed and downloaded from the PLDT website through the following link:

<http://www.pldt.com.ph/about/management/Documents/Executive%20Compensation%20Committee%20Charter.pdf>

In 2012, the ECC discussed and approved the discretionary pay for officers and executives for 2011 performance (in lieu of the 2011 variable pay), the 2012 variable pay targets and the corresponding variable pay payout levels, and the cancellation of the 2010-2012 Long Term Incentive Plan (LTIP). A discretionary payout was instead approved and paid in 2012. The ECC also discussed and approved the continuation of the 2010-2012 LTIP of PLDT subsidiary SPi and to revisit the 2010-2012 LTIP of ePLDT and PLDT Global Corporation. Finally, the ECC discussed and approved the presentation of the new 2012-

2014 LTIP to the Board for the latter's approval and the 2012 merit increase for officers and executives.

Voting Members	Aug 6	Oct 23	Totals
Manuel V. Pangilinan (Chairman)	✓	✓	2/2
Napoleon L. Nazareno	✓	✓	2/2
Ray C. Espinosa	✓	✓	2/2
Setsuya Kimura	✓	✓	2/2
Oscar S. Reyes	✓	✓	2/2
James S. Go	✓	✓	2/2
Non-voting member			
Orlando B. Veal	✓	✓	2/2

The ECC held two (2) meetings in 2012 and a total of Php 825,000.00 was paid as *per diem* to its members who attended the said meetings.¹⁰

Technology Strategy Committee

The TSC assists the Board in reviewing and approving the strategic vision for the role of technology in the Company's overall business strategy, fulfilling its oversight responsibilities for the Company's effective execution of its technology-related strategies, and ensuring the optimized use and contribution of technology to the Company's strategic objectives and growth targets. The TSC is composed of six voting members and one non-voting member.

⁸ Php 75,000 per meeting attended.

⁹ With the resignation of Rev. Fr. Bienvenido Nebres, S.J. on September 25, 2012, the voting members of the ECC temporarily consist of two independent directors and two non-executive directors.

¹⁰ Php 75,000 for each meeting attended.

Under the Charter of the TSC, at least one member of the TSC must have at least a general knowledge or understanding of the technologies relevant to the Company's line of business. A copy of the Charter of the TSC may be viewed and downloaded from the PLDT website through the following link:

<http://www.pldt.com.ph/about/management/Documents/Technology%20Strategy%20Committee%20Charter.pdf>

The TSC had two (2) meetings in 2012. The first meeting was on prospects and plans regarding 3G and Long Term Evolution (or 4G) technologies, Over the Top Providers (OTTP), Location-based Services and Cloud Computing. In the second meeting, the TSC discussed updates on the PLDT Technology Roadmap and the PLDT Group's Cloud Deployment. The gains from synergies with Digitel and Sun Cellular were also discussed in the second meeting.

A total of Php 1,050,000.00 was given as *per diem* to its members who attended the meetings.¹¹

Voting Members	Mar 5	Oct 3	Totals
Manuel V. Pangilinan (Chairman)	✓	✓	2/2
Bienvenido F. Nebres* ¹	✓	-	1/1
Pedro E. Roxas*	✓	✓	2/2
Alfred V. Ty*	✓	✓	2/2
Setsuya Kimura	✓	✓	2/2
Non-Voting Member			
Menardo G. Jimenez, Jr.	✓	✓	2/2

*Independent Director

¹Resigned effective September 25, 2012

Executive implementation

Our Board exercises oversight on management in accordance with the standards set forth in our CG Manual.

President and Chief Executive Officer

The President and CEO provides leadership for management in developing and implementing business strategies, plans and budgets. He ensures that the business and affairs of the Company are managed in a sound and prudent manner and that operational, financial and internal controls are adequate and effective to ensure reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules, regulations and contracts.

The President and CEO, with the assistance of the rest of PLDT's management, also has the responsibility to provide the Board with a balanced, understandable and accurate account of the Company's performance, financial condition, results of operations, and prospects, on a regular basis.

Internal Audit Organization

PLDT has an internal audit organization that determines whether our structure of risk management, control and governance processes, as designed and represented by management, are adequate and functioning to ensure that:

1. Risks are appropriately identified, managed, and/or reported;

¹¹ Php 75,000 for each meeting attended.

2. Significant financial, managerial, and operating information are accurate, reliable and timely;
3. Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
4. Resources are acquired economically, used efficiently and adequately protected;
5. Programs, plans and objectives are achieved;
6. Quality and continuous improvement are fostered in our control processes; and
7. Significant legislative or regulatory issues impacting us are recognized and addressed appropriately.

To provide for the independence of the internal audit organization, its personnel report to the head of the internal audit organization, being the Chief Audit Officer/Internal Audit Head, who reports functionally to the Audit Committee and administratively to the President and CEO. The Chief Audit Officer is accountable to management and the Audit Committee in the discharge of his duties and is required to:

1. Provide annually an assessment on the adequacy and effectiveness of our processes for controlling our activities and managing our risks;
2. Report significant issues related to the processes of controlling our activities, including potential improvements to those processes, and provide information concerning such issues; and
3. Periodically provide information on the status and results of the annual internal audit plan and the sufficiency of our internal audit organization's resources.

The Company's internal audit organization has a charter approved by the Audit Committee that complies with the International Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors, in the discharge of its scope of work and responsibilities.

External Audit

The external auditor is appointed by the Audit Committee which reviews its qualifications, performance and independence. To ensure objectivity in the performance of its duties, the external auditor is subject to the rules on rotation and change (every five years); general prohibitions on hiring of staff of the external auditor; and full and appropriate disclosure and prior approval by the Audit Committee of all audit and non-audit services and related fees for such services. Approval of non-audit work by the external auditor is principally tested against the standard of whether such work will conflict with its role as an independent auditor or would compromise its objectivity or independence as such.

Enterprise Risk Management

Also working in coordination with our internal audit organization and Audit Committee is the PLDT Enterprise Risk Management Department. The complex and dynamic business environment that the PLDT Group operates in gives rise to a variety of risks. The Enterprise Risk Management Department is in charge of managing an integrated risk management program with the goal of identifying, analysing and managing the PLDT Group's risks to an acceptable level, so as to enhance opportunities, reduce threats, and thus sustain competitive advantage.

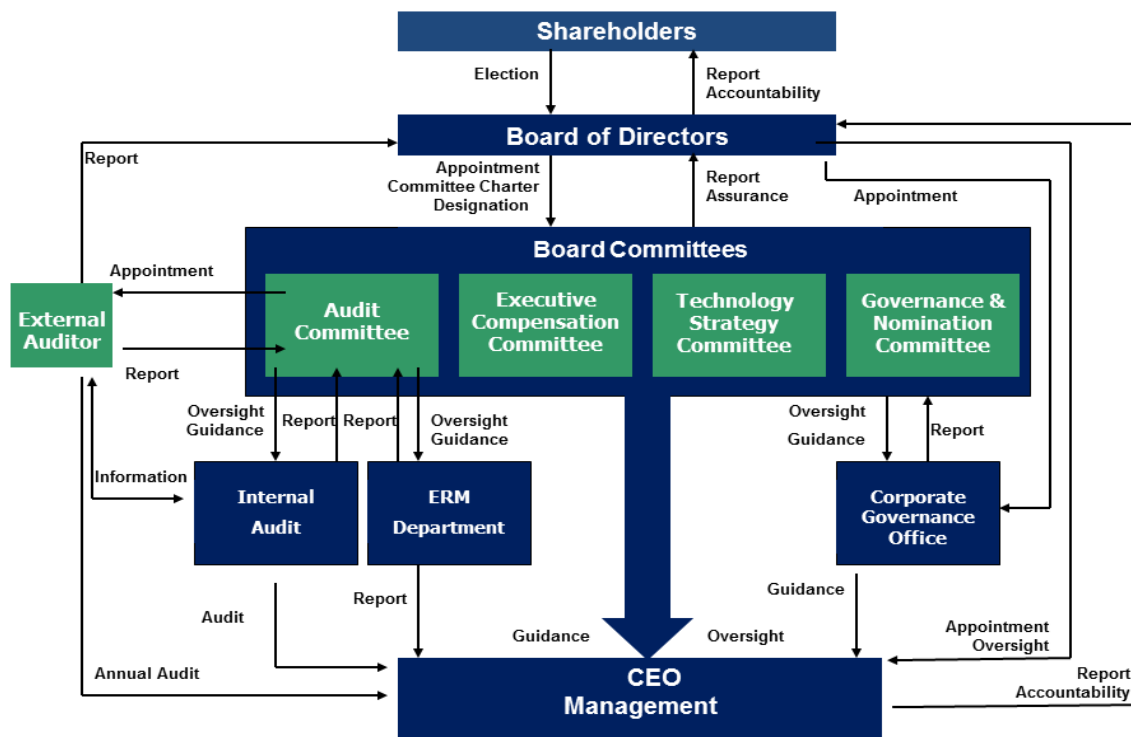
Chief Governance Officer

The CG compliance system established in the CG Manual includes the designation by the Board of a Chief Governance Officer who reports to the Chairman of the Board and the GNC. The primary responsibilities of the Chief Governance Officer include monitoring compliance with the provisions and requirements of corporate governance laws, rules and regulations, reporting violations and recommending the imposition of disciplinary actions, and adopting measures to prevent the repetition of such violations.

In addition, the Chief Governance Officer assists the Board and the GNC in the performance of their governance functions, including their duties to oversee the formulation or review and implementation of the corporate governance structure and policies of the Company, the establishment of an evaluation system to verify and measure compliance with the CG Manual in relation to related laws, rules and regulations, and to oversee the conduct of a self-assessment of the performance and effectiveness of the Board, the Board Committees, and individual Board members in carrying out their functions.

Corporate Governance Office

The CGO is responsible for the continuing development, drafting, issuance and review of appropriate corporate governance policies, attending to reports received through the whistleblowing facility, addressing queries and providing opinions or guidance on corporate governance matters to operating units, initiating enforcement actions to ensure compliance with corporate governance policies, and maintaining a corporate governance education and communication program that sees to the development of the proper knowledge, skills, attitudes, and habits that would promote voluntary observance of corporate governance policies.



The PLDT CG Manual is the basis for the establishment of and provides operational guidance to all PLDT corporate governance structures as shown in the chart.

Our Policies, Processes and Practices

If our CG Manual provides the framework and structure of our corporate governance program, it is our Code of Ethics that animates the way we relate to our shareholders and stakeholders. It is through the Code of Ethics that PLDT commits itself to observe the values of accountability, integrity, fairness and transparency and aims to promote a culture of good corporate governance. It provides standards that govern and guide all business relationships of PLDT, its directors, officers and employees.

As part of Board oversight, the Company's corporate governance policies and their effectiveness are reviewed every two (2) years to ensure that they continue to be compliant, appropriate and effective. The review of the Code of Ethics was conducted and reported to the GNC in October 2012.

Other policies

The Company also has other policies adopted by the Board to provide both general and specific guidelines that complement the Code of Ethics.

Conflict of Interest Policy (approved on October 24, 2005) - This policy aims to ensure that work-related actions of PLDT's directors, officers, employees and

consultants are based on sound business principles and judgment devoid of bias or partiality. It enjoins all employees to be aware of the possibility of such bias and partiality in dealings with various entities or individuals in the course of or in relation to their work. The policy likewise mandates that employees who find themselves in a possible conflict of interest situation should promptly disclose the matter to the relevant authorities. If warranted, the employee concerned should also obtain appropriate approvals and inhibit himself from any action, transaction or decision involving an existing or potential conflict of interest.

Policy on Gifts, Entertainment and Sponsored Travel (approved on January 31, 2006) - This policy provides safeguards so that the custom of giving gifts is handled in accordance with the values of integrity, accountability, fairness and transparency. It aims to prevent the occurrence of situations or actions that could significantly affect objective, independent or effective performance of an employee's duties. Specifically, it prohibits the solicitation of gifts, sponsored travel, and entertainment from third parties. Receipt and acceptance of gifts voluntarily given by such third parties are handled according to this policy as well.

Supplier/Contractor Relations Policy (approved on January 31, 2006) - This policy seeks to ensure that the Company upholds the highest professional standards in business practices

Key standards articulated in the PLDT Code of Ethics

- Compliance with applicable laws, rules and regulations;
- Ethical handling of conflicts of interest, corporate opportunities and confidential information;
- Protection and proper use of company assets;
- Fair dealing with employees, customers, service providers, suppliers, and competitors;
- Compliance with reporting and disclosure obligations to the relevant regulators and to investors;
- Compliance with disclosure and financial reporting controls and procedures;
- Assessment and management of risks involved in business endeavors; and
- Adoption of international best practices of good corporate governance in the conduct of the Company's business.

and ethics in its dealings with suppliers and contractors in the procurement of goods and services. The policy also seeks to maintain PLDT's reputation for equal opportunity and honest treatment of suppliers in all business transactions. It establishes clear rules for arm's length transactions and fair treatment of prospective and existing suppliers with the objective of always obtaining the best value for the company. The policy specifically adopts the processes of vendor accreditation and competitive bidding as the general rule and established practices to ensure that contracts are awarded only to qualified and duly-accredited suppliers and vendors who offer the best value for money for PLDT's requirements.

Policy on Employee Disclosure on Violations of the Corporate Governance Rules, Questionable Accounting or Auditing Matters, and Offenses covered by PLDT's Table of Penalties (or the Expanded Whistleblowing Policy, approved on May 9, 2006) - This policy provides guidelines on handling employee disclosure or complaints of violation of rules pertaining to the aforesaid matters, protects whistleblowers from retaliation and ensures confidentiality and fairness in the handling of a disclosure or complaint.

The Policy on Gifts, Entertainment and Sponsored Travel, the Supplier/Contractor Relations Policy, and the Expanded Whistleblowing Policy, including their implementation, were reviewed and the results thereof reported to the GNC in 2011.

Detailed implementing guidelines are likewise issued for the said policies to ensure their wide observance. All these policies and rules (CG Rules) are periodically reviewed to ensure that they are appropriate for PLDT, keep pace with comparable and applicable global best practices, and are compliant with the requirements of the Philippine and U.S. SEC, PSE, NYSE and Hong Kong Stock Exchange corporate governance rules, as may be appropriate and applicable.

To access the Code of Ethics, the CG Manual or information on how PLDT's corporate governance practices and those required of U.S. listed companies under NYSE Section 303A.11 differ, please refer to:

[http://www.pldt.com.ph/governance/about/Documents/27623c20007849698da4df57179ec70dPLDT Code of Business Conduct and Ethics.pdf](http://www.pldt.com.ph/governance/about/Documents/27623c20007849698da4df57179ec70dPLDT%20Code%20of%20Business%20Conduct%20and%20Ethics.pdf)

http://www.pldt.com.ph/governance/about/Documents/22336f71c88c495793d15575c2addfcpldtcorpgov_manual.pdf

<http://www.pldt.com.ph/governance/about/Documents/f7933d17962d4b2c942e50ba4980f21bpldttdisclosure.pdf>

PLDT's subsidiaries and their respective subsidiaries have also adopted corporate governance rules and policies similar in substance and form to PLDT's CG Rules and suited to their particular business environments and contexts, as well as appointed their respective corporate governance officers.

Pursuant to the Conflict of Interest Policy, PLDT officers, executives and employees are required to submit Conflict of Interest Disclosures. If a transaction is affected by conflict of interest, it is subject to approval by the appropriate approving authorities and the conflicted director, officer, executive or employee is prohibited from participating in any activity related to the said transaction. PLDT's suppliers, vendors and contractors are also required to make prompt disclosures with respect to relationships and affiliations that they or their personnel may have with respect to PLDT directors, officers, executives and employees.

PLDT's Expanded Whistleblowing Policy facilitates the anonymous reporting of violations of CG Rules, accounting and auditing rules and regulations or the PLDT Personnel Manual. PLDT maintains a Whistleblowing Hotline and other reporting facilities, such as a dedicated electronic mailbox, post office box, and facsimile transmission system. All employees and stakeholders who come forward in good faith to report any of the violations mentioned above or any act that may be considered as contrary to the Company's values may submit a complaint or disclosure on such violations to the CGO. Anonymous complaints are allowed and are duly processed. Upon receipt of a report, complaint or disclosure by the CGO, a preliminary evaluation is conducted to determine the veracity and plausibility of the allegations contained in the complaint or report, as well as determine the appropriate investigating unit to which the case shall be assigned for further action. The CGO monitors the developments in the cases reported and ensures appropriate reporting to the Audit Committee, the GNC, or any other relevant committee, body or authority on the results of the investigations and the prompt referrals of findings to the units concerned. In all processes and activities related to a whistleblowing complaint or disclosure, utmost confidentiality is observed in order to ensure the integrity of the process and/or protect the parties, employees or offices who may be involved.

In line with all of these, PLDT has incorporated corporate governance standards in the performance evaluation of employees and has included violations of CG Rules as cause for disqualification in being awarded incentives and rewards in its Policy on Employee Qualification for Incentives and Rewards, including the Long Term Incentive Program.

To make sure that relations between the Company and its business partners are imbued with shared standards on good corporate governance, the Company has developed written corporate governance guidelines for suppliers and contractors to which the Company's suppliers and contractors are expected to consent in writing, thereby ensuring that they understand and accept these standards as indispensable in doing business with PLDT. The Company also conducts suppliers'/contractors' briefings and communicates to its business partners, including suppliers, the Company's commitment to, as well as expectations on, good corporate governance.

As part of its education and communication program, PLDT provides continuous training for its Board, senior management and employees, which includes an annual enhancement session conducted by internationally-known experts to share their insights and interact with PLDT's Board and senior management. PLDT has organized and conducted six (6) annual enhancement sessions since 2007.

In November 2012, Dr. Thomas Donaldson, the Mark O. Winkelman Professor and the Director of the Zicklin Center for Business Ethics Research, The Wharton School, University of Pennsylvania, spoke before the PLDT Board of Directors, as well as other directors from

First Pacific affiliates in the Philippines. Dr. Donaldson's session, entitled *Navigating the New World of Business* discussed how companies operate in these turbulent times and navigate issues of reputational risk, governance and integrity. He spoke about major failures in the areas of governance and risk management and the dangerous patterns of rewards and cultural weakness. He emphasized that compliance is important, but that it should be augmented by right leadership, proper systems and a culture guided by the right values, such as integrity, responsibility, and fairness. Dr. Donaldson conducted a similar session for PLDT's senior management on November 20, 2012. Also present at the session were senior executives from the other First Pacific affiliate companies in the Philippines.

PLDT not only trains to get the right "tone at the top" but also applies efforts to "shape the middle". PLDT regularly provides corporate governance training for its middle management. In 2012, a special session for its executives was conducted by Mr. Keith Darcy, Executive Director of the Ethics and Compliance Officer Association (ECO) based in Waltham, Massachusetts, USA. Mr. Darcy discussed *Corporate Responsibility in the Changing Global Landscape*. He emphasized that in the changing global landscape, companies that have ethical, self-regulating cultures will be able to withstand the many upheavals that business will face. Close to 400 delegates from PLDT, SMART, ePLDT, SPi Global, PLDT Global, Digitel, Sun Cellular, MERALCO, Metro Pacific Investments Corporation (MPIC), Asian Hospital and Medical Center, Maynilad, Mediaquest, Mediascape and TV5 were present at the session.

In addition, newly-promoted or hired executives are required to undergo a half-day workshop on Ethical Decision Making as part of their competency development as managers. The highly interactive course provides personnel in the middle manager category an opportunity to discuss and develop approaches to ethical dilemmas that confront them at the workplace.

To strengthen middle management's management and implementation of internal controls in PLDT, a workshop entitled *Managing from a Position of Control* was developed and launched in 2012. The course was developed through the joint efforts of the internal audit, corporate governance, finance and human resource offices of PLDT. The course seeks to empower concerned personnel in understanding, observing and implementing internal controls within their respective spheres of authority. It provides detailed discussions on the rationale for internal controls, responsibilities of personnel and procedures for observance. A pilot course and one regular run of the workshop were conducted in 2012. Other PLDT executives and key supervisory personnel will take the course in 2013.

PLDT requires all newly-hired employees and executives to undergo a Corporate Governance Orientation.

In addition to face to face training, PLDT has on-line training modules for its employees. PLDT executives with the rank of manager, senior manager and assistant vice president are required to access and complete an online training course on the PLDT Expanded Whistleblowing Policy. Supervisory and rank and file employees, on the other hand, are required to take and complete a module on the PLDT Conflict of Interest Policy.

Education and training is supplemented by the production and dissemination of relevant corporate governance communication materials, including thematic posters, calendars and newsletters. Directors and certain officers and executives of PLDT are also provided with

weekly Corporate Governance Newsbriefs, which contain summaries of news articles from global online sources. The Board of Directors is also provided with *CG Updates* of articles on relevant topics written by noted authors and/or authorities. The Company also issues periodic advisories on corporate governance.

Our stakeholders

The structures, processes, programs and principles set out in the CG Manual, Code of Ethics and CG Rules are meaningless unless they find expression in our relationships with our various stakeholders. PLDT remains committed to establishing and maintaining a corporate culture anchored on performance and responsibility in fulfilling obligations to our stakeholders. PLDT knows that the welfare of its stakeholders is a critical indicator of whether or not a company is truly serious about the way it conducts its business and observes its core values. PLDT understands that proper governance should create a company that has a well-founded and proven reputation for being a safe haven for investments, a trustworthy business partner, a fair and concerned employer and a responsible corporate citizen.

Investors

Pursuant to our CG Manual, it is the duty of the Board to promote and uphold stockholders' rights such as the right to vote, pre-emptive right, the right to inspect corporate books and records, right to timely receive relevant information, right to dividends, and the appraisal right. It is likewise the Board's function to explore and implement steps to reduce excessive or unnecessary costs that impede stockholders' participation and to act with transparency and fairness at the annual and special stockholders' meetings. The Board shall likewise ensure that the Company remains faithful to its undertaking to make timely disclosures of material information and transactions that could potentially affect the market price of the Company's shares and such other information which are required to be disclosed pursuant to the Securities Regulation Code (SRC) and its Implementing Rules and Regulations including, without limitation, earnings results, acquisition or disposal of significant assets, off balance-sheet transactions, related party transactions, Board membership changes, shareholdings of Directors and Officers and any changes thereto, and remuneration of Directors and Officers.

The Company files with the Philippine SEC and the PSE all written disclosures or reports on material information and transactions in accordance with the SRC and its Implementing Rules and Regulations and the established procedures of the Philippine SEC and the PSE regarding such matters.

Shareholders who wish to raise matters or concerns relating to the business of the Company may elevate such matters to the corporate secretary, the investor relations officer, concerned units of PLDT's management or the Board of Directors.

PLDT's Code of Ethics prohibits directors, officers and employees from dealing in the Company's shares when in possession of material non-public information about and involving the Company. Directors, officers and employees are enjoined to report to the Company their dealings in the Company's shares, regardless of whether such dealings were effected during or outside the blackout period, within three trading days from the date of the transaction, to enable the filing of the required disclosures to the Philippine SEC and the

PSE. During blackout periods, dealing in Company shares by directors, officers or employees is not allowed and in any exceptional case, prior notice to the Company should be made of any such dealing in Company shares, in accordance with the Company's policy on Blackout Period/Restriction on Trading of Shares.

In addition, the Company's Guidelines on the Proper Handling of Related Party Transactions provides the procedures for the review, approval and disclosure of related party transactions in order to ensure that these, if any, are fair, on arm's length terms, and in the best interest of the Company and its shareholders, as a whole. Material related party transactions are reviewed by the Audit Committee and subject to approval by the Board or, as applicable, the shareholders.

PLDT takes pride in its multi-awarded investor relations office. PLDT has also been recognized several times as the company most committed to a strong dividend policy. It is encouraging proof that sound corporate governance, concern for investors/shareholders, and profitability go hand in hand.

Customers

It is PLDT's privilege to serve a broad range of customers from residential customers, small and medium enterprises (SMEs), corporate customers covering large local and international companies, organizations and government. PLDT continually strives to satisfy its customers' expectations and concerns regarding quality of service, pricing, application process, service provisioning process, repair and restoration service and the billing process. We continuously engage with our customers through various touchpoints with the end in view of knowing and understanding our customers' communication products and service needs, promptly addressing their concerns and identifying areas where we could further enhance customer experience.

Employees

PLDT recognizes the myriad concerns of its employees. PLDT respects the rights of its personnel, chief among these are the right to self-organization, safe working conditions, rest and leisure, and work-life balance. It also provides opportunities for skills, leadership and competency training as well as career development. PLDT provides adequate opportunity for career advancement on a merit-based system. Compensation and incentives are likewise determined on the basis of performance and accomplishment. Dedicated staff and facilities are made available for the training and development programs of the Company. The Company organizes programs that support the well-being of employees, allows them to participate in PLDT's Corporate Social Responsibility (CSR) activities and obtains their feedback on company concerns. Organization and Employee Opinion Survey is conducted at regular intervals to gauge employee engagement as well as feel the pulse of PLDT employees across the organization at different levels and positions concerning topics and issue which are prioritized and addressed in the various people programs of the company. In accordance with the Company's Personnel Manual, the Company provides medical and dental benefits for our employees, which include hospitalization, doctor consultation, medicines and laboratory tests. The Company monitors and submits reports on employee health and safety in accordance with applicable regulations.

Communities

PLDT operates all over the Philippines and inevitably relates to local residents, non-governmental organizations and other sectors in the communities where we do business. We are aware that these communities are concerned about PLDT's products and services and the impact of its operations on such communities. No less than our CG Manual mandates that PLDT, through the Board of Directors, shall ensure that there exists a program for communicating with the sectors in the communities where the Company operates or those who are affected by its operations.

As a telecommunication service provider, PLDT serves communities and the people that live in them by providing products and services that offer various options for people to connect with each other. As a corporation, PLDT creates wider opportunities for employment, entrepreneurship and greater well-being. As a corporate citizen, PLDT actively engages with the communities, including the sectors directly affected by its operations, through CSR projects in education, health, community, environment, livelihood development, youth development and sports, and disaster relief operations.

Suppliers

PLDT aspires to maintain mutually beneficial relationships only with like-principled suppliers that uphold PLDT's core values of fairness, accountability, integrity, and transparency in their own businesses. PLDT has over 1,500 active suppliers which serve the requirements of the PLDT Group, ranging from capital expenditures to operating expenditure items, as well as services. The Company's Supplier/Contractor Relations Policy provides for the general principles to be followed in vendor selection. Suppliers are required to undergo an accreditation process before they engage in business with PLDT. Among the criteria for accreditation are financial capability, technical capability, compliance with applicable laws, including those pertaining to industrial relations, environment, health and safety and intellectual property rights. The Company's purchases, as a general rule, are made on the basis of competitive bidding of accredited and qualified suppliers, in accordance with the aforementioned policy.

Creditors

In accordance with our Code of Ethics, we protect the rights of our creditors by publicly disclosing all material information, such as earnings results and risk exposures relating to loan covenants. Our disclosure controls and procedures also include periodic reports to our creditors such as our latest certified Financial Statements, No Default Certification, and Certification on compliance with financial ratio limits.

Environment

PLDT is committed to do its part in addressing the pressing need to preserve and protect our environment. As such, PLDT ensures compliance with rules and regulations from local government regulatory offices such as the Department of Environment and Natural Resources' (DENR) Environmental Management Bureau, the Laguna Lake Development Authority and other similar agencies and offices. Furthermore, projects to reduce waste and the Company's carbon footprint are also being implemented. The Company regularly monitors relevant Global Reporting Initiative (GRI) indicators such as direct energy

consumption, energy saved, initiatives to reduce energy consumption, total water withdrawn by source, direct and indirect greenhouse gasses emission by weight, total weight of waste by type and disposal method, and total environmental expenditures and investment.

Advocacy and Networking

PLDT is actively engaged in the advocacy for better governance and ethics in business. This engagement is founded in the Company's policy against corruption and bribery as set forth in its Code of Ethics, and further reinforced in specific policies, such as the Policy on Gifts, Entertainment and Sponsored Travel, Supplier/Contractor Relations Policy and Corporate Governance Guidelines for Suppliers, which likewise prohibit bribery involving third parties in business dealings with the Company. These policies are implemented through anti-corruption programs and measures such as internal controls, training and communication, our whistleblowing system, third party due diligence, and support for and participation in multi-sectoral anti-corruption initiatives to eliminate graft and corruption.

PLDT reaches out to like-minded institutions and organizations in its advocacy efforts. The PLDT Group is an active sponsoring partner member of the Ethics and Compliance Officer Association (ECO) based in Waltham, Massachusetts, USA. PLDT is an active participant in the ECOA's Annual Ethics and Compliance Conferences¹². In 2012, PLDT and wireless subsidiary Smart, participated in the first ECOA Asian Symposium¹³. Our membership at the ECOA gives PLDT access to its vast online library on CG and related topics, opportunities to interact with other corporate governance and ethics professionals around the world, and benchmark our governance practices against those of leading companies. Locally, PLDT is a member organization of the Good Governance Advocates and Practitioners of the Philippines (GGAPP), an association of corporate governance, ethics and compliance professionals from private corporations, the public sector, the academe and other organizations interested in advancing the cause of good corporate governance. PLDT also participates in the activities of the Institute of Corporate Directors such as its roundtable discussions and working sessions.

As a telecommunication company, PLDT is naturally interested in connections. Its job is to connect people to each other, and now, increasingly to data and information. PLDT has learned that to do its job means connecting the performance and results of the present, to a future of sustained profitability and growth that in turn, requires adherence to the highest standards and principles of corporate governance. PLDT's efforts at ensuring adherence to these standards and principles means connecting Company personnel to its vision – exhibiting to each and every person that his or her efforts, when put together with that of the others in the company, create a synergy that builds the Company's future. More importantly, it means finding the nexus between profitability and the Company's core values – ensuring that performance, results, and the very culture of the Company do not compromise long-term goals for quick gains in the present. The Company remains steadfast in its pursuit of these connections as it learns its lessons, celebrates its gains and looks forward to the challenges of the coming years.

¹² The latest conference was held on October 2-5, 2012 at St. Louis Missouri, USA.

¹³ Held in Shanghai, China on January 17-18, 2012.