



# Globe

"Hello Gie and Dude, Lola Nena is inviting you to a video call. Tap to join."

**A gateway that takes  
you around the world  
in milliseconds.**

# **Fueling the power of connectedness**

**Building the information and data highway for the Philippines towards unlocking new opportunities, creating new possibilities and redefining experiences for Filipinos.**

**The combined synergies of human minds have unparalleled potential. We envision to create infrastructure and services that leverage the collective power of technology to galvanize economic progress and collective success. We see Globe's digital and internet services as enablers of personal and social fulfillment that strive to unlock innovative solutions to create a shared value story for Globe's customers, the nation and the planet.**







You may access and download this Integrated Report through this QR Code.

Meanwhile, Globe's 2019 Audited Consolidated Financial Statements released and filed to relevant regulators on February 27, 2020, may be accessed from [www.globe.com.ph](http://www.globe.com.ph).

For further information regarding this Integrated Report, please contact [ir@globe.com.ph](mailto:ir@globe.com.ph) or [gtcorpcomm@globe.com.ph](mailto:gtcorpcomm@globe.com.ph).



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# Business Overview







# About Globe Telecom, Inc.

Globe Telecom, Inc. ("Globe" or the "company") is a leading full-service telecommunications company in the Philippines and is listed in the Philippine Stock Exchange under ticker symbol GLO. The company serves the telecommunications and technology needs of consumers and businesses across an entire suite of products and services including mobile, fixed, broadband, data connectivity, internet and managed services. It has major interests in financial technology, digital marketing solutions, venture capital funding for startups, and virtual healthcare.

Supported by over 8,000 employees and over 1.2 million retailers, distributors, and business partners nationwide, the company currently has 94.2 million mobile subscribers, both prepaid and postpaid, and more than 2 million home broadband customers.

Globe keeps Filipinos connected wherever they may be in the world, through its tie-up with 776 roaming partners in 237 calling destinations worldwide.

Its principals are Ayala Corporation and Singapore Telecom, both acknowledged industry leaders in the country and in the region.

In 2019, Globe became a signatory to the United Nations Global Compact, committing to implement universal sustainability principles.

The company's headquarters is located at The Globe Tower, 32nd Street corner 7th Avenue, Bonifacio Global City, Taguig City 1634, Metro Manila, Philippines. For more information, visit [www.globe.com.ph](http://www.globe.com.ph).

Follow @enjoyglobe on Facebook, Twitter, Instagram and YouTube.

## 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.

## Values



- 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.





## Circle of Happiness

EMPLOYEES are empowered and find meaning in work.

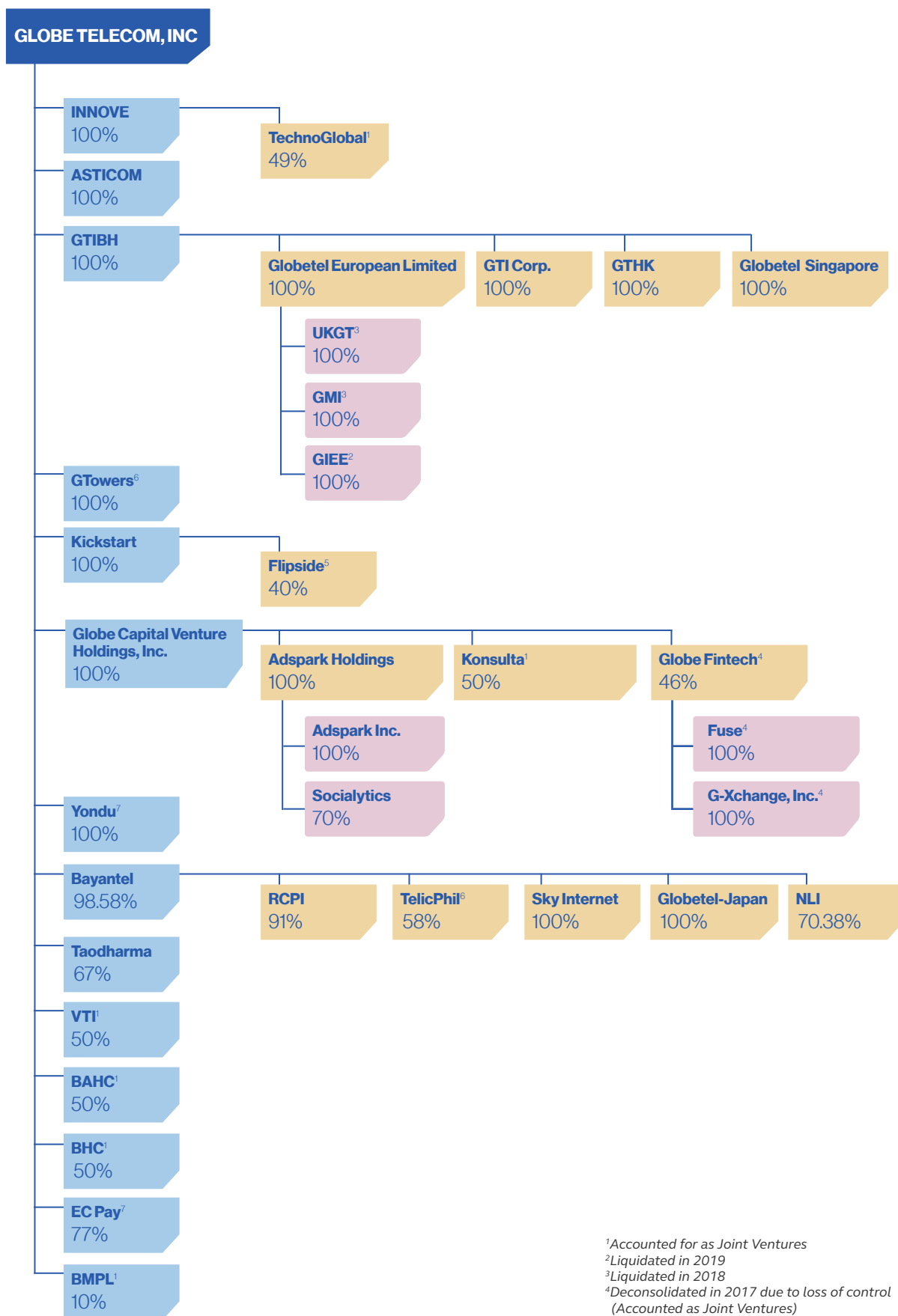
CUSTOMERS are special and valued.

SHAREHOLDERS are confident and rewarded.



# Conglomerate Map

## The Globe Group



<sup>1</sup>Accounted for as Joint Ventures

<sup>2</sup>Liquidated in 2019

<sup>3</sup>Liquidated in 2018

<sup>4</sup>Deconsolidated in 2017 due to loss of control (Accounted as Joint Ventures)

<sup>5</sup>Ceased Operation

<sup>6</sup>Incorporated in 2018

<sup>7</sup>Consolidated in 2019



The 2019 consolidated financial statements include the accounts of Globe Telecom and the following subsidiaries:

Name of Subsidiary	Place of Incorporation	Principal Activity	Parent Company's percentage of Ownership	
			2019	2018
Subsidiaries				
Innove	Philippines	Wireline voice and data communication services	100%	100%
GTI	Philippines	Holding company	100%	100%
GTIC	United States	Wireless and data communication services	100%	100%
GTHK	Hong Kong	Marketing and distributing company	100%	100%
GTSG	Singapore	Wireless and data communication services	100%	100%
GTEU	United Kingdom	Holding company	100%	100%
UKGT***	United Kingdom	Wireless and data communications services	-	-
GMI***	Italy	Wireless and data communications services	-	-
GIEE**	Spain	Wireless and data communications services	-	100%
KVI	Philippines	Venture capital company	100%	100%
FPSI*	Philippines	E-book solutions	40%	40%
Asticom	Philippines	Support and shared services provider	100%	100%
GCVHI	Philippines	Holding company	100%	100%
GFI****	Philippines	Holding company	46%	45%
Fuse****	Philippines	Lending company	100%	100%
GXI****	Philippines	Fintech company	100%	100%
AHI	Philippines	Holding company	100%	100%
AI	Philippines	Advertising company	100%	100%
Socialytics	Philippines	Advertising company	70%	70%
BTI	Philippines	Wireline voice and data communication services	99%	99%
RCPI	Philippines	Wireline communication services	91%	91%
Telciphil*	Philippines	Telco equipment administration and maintenance	58%	58%
Sky Internet	Philippines	Data communication services	100%	100%
GlobeTel Japan	Japan	Wireless and data communication services	100%	100%
NLI	Philippines	Land holding company	70%	70%
Tao	Philippines	Distributing company	67%	67%
G. Towers Inc.*****	Philippines	Tower company	100%	100%
Yondu*****	Philippines	Information technology and software development	100%	49%
EC Pay*****	Philippines	Information technology and electronic services	77%	-

Details of the Globe Group's investments in associate and joint ventures and the related percentages of ownership as of December 31, 2019 and 2018 are shown below:

<b>Associates</b>				
Yondu*****	Philippines	Mobile content and application development services	100%	49%
AFPI	Philippines	Construction and establishment of systems, infrastructure	-	20%
<b>Joint Ventures</b>				
VTI	Philippines	Telecommunications	50%	50%
BAHC	Philippines	Holding company	50%	50%
BHC	Philippines	Holding company	50%	50%
Konsulta	Philippines	Health hotline facility	50%	50%
TechGlobal	Philippines	Installation and management of data centers	49%	49%
GFI/Mynt*****	Philippines	Holding company	46%	45%
BMPL	Singapore	Mobile technology infrastructure and common service	10%	10%

\*Ceased Operations

\*\*Liquidated in 2019

\*\*\*Liquidated in 2018

\*\*\*\*Deconsolidated in 2017 due to loss of control

\*\*\*\*\*Incorporated in 2018

\*\*\*\*\*Consolidated in 2019

\*\*\*\*\*A subsidiary of Globe Telecom through GCVHI until September 2017

\*\*\*\*\*An associate of Globe Telecom until September 2019

# Globe Value Map

## Brands, Products and Services



**Globe Postpaid**



**Globe Prepaid**

**Prepaid  
TM**



**Fixed Line and Home  
Broadband Business**

**Home Broadband  
Corporate Data  
Fixed Line Voice**



**International Long Distance Services**

## Customers



**94.2 million  
mobile  
customers**

**over 2 million  
home broadband  
customers**

## Employees



**8,048  
Globe employees**

## Vendors



**840  
local  
vendors**

**234  
international  
vendors**

## Partners



**Over 1.2 million  
AMAX retailers, distributors  
and business partners nationwide**

## Corporate Offices



Valero Telepark  
TGT (The Globe Tower)  
W City Center  
GTPlaza 1 and GTPlaza 2  
GTITPlaza Lahug  
TGT-Cebu  
Mandalagan Bacolod  
JM Basa Iloilo  
CDO Gateway Corp Office  
Davao Abreeza

## Globe Stores

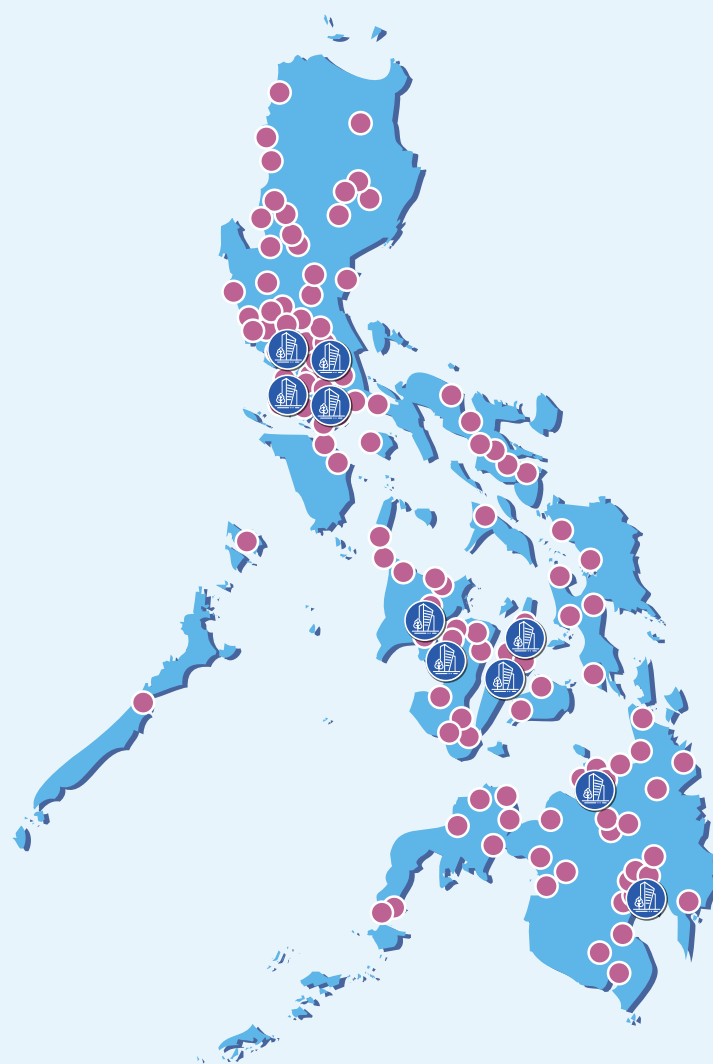
AYALA CENTRIO CDO  
CDO LIMKETKAI  
VALENCIA  
SM CDO  
PD GINGOOG MISAMIS ORIENTAL  
PD MALAYBALAY, BUKIDNON  
PD SM CDO PREMIER  
GAISANO BUTUAN  
PD SAN FRANCISCO  
PD TANDAG  
PD SURIGAO  
OZAMIS  
GAISANO ILIGAN  
PAGADIAN MS  
ZAMBOANGA  
PD DIPOLOG  
PD OROQUIETA  
PD ZAMBOANGA  
PD SINDANGAN  
DAVAO ABREEZA  
TAGUM  
SM DAVAO  
SM LANANG  
PD MATI  
PD GAISANO DIGOS  
PD PANABO  
PD DAVAO GAISANO  
PD TORIL DAVAO  
COTABATO CITY



KCC MALL KORONADAL  
GOS MIDSAYAP  
SM GENERAL SANTOS  
PD TACURONG  
PD KIDAPAWAN  
PD KCC MALL GENSAN  
TUGUEGARAO  
PD SANTIAGO  
PD ILAGAN ISABELA  
PD ROXAS ISABELA  
PD SOLANO  
PD SM CAUAYAN  
PACIFIC MALL CABANATUAN  
SM CABANATUAN  
WALTERMART GAPAN  
PD BALER, AURORA  
CANDON  
VIGAN  
PUREGOLD LAOAG  
SM BAGUIO  
PD LA TRINIDAD  
DAGUPAN  
SAN FERNANDO, LA UNION  
SM ROSALES  
SM URDANETA  
PD AGOO  
HARBORPOINT MS  
SM OLONGAPO  
SM OLONGAPO CENTRAL

SM TARLAC  
PD IBA ZAMBALES  
PD BALANGA BATAAN  
SM TELABASTAGAN  
SM CLARK  
SM SAN FERNANDO  
SM PAMPANGA  
PD MARQUEE MALL  
SM BALIUAG  
SM MARILAO  
PD GRACELAND MALOLOS  
PD SM SAN JOSE DEL MONTE  
PD STARMALL SAN JOSE DEL MONTE  
PD PLARIDEL  
PD STA. MARIA  
SM VALENZUELA  
PD ROBINSONS TOWN MALL MALABON  
PD SM CENTER SANGANDAAN  
PD VALENZUELA TOWN CENTER  
FAIRVIEW TERRACES AYALA  
SM FAIRVIEW  
SM NOVALICHES  
SM NORTH EDSA  
TRINOMA  
UP TOWN KATIPUNAN  
PD CONGRESSIONAL AVE QC  
ALI MALL  
EASTWOOD MALL  
GATEWAY

PD FISHERMALL  
PD ROBINSONS MAGNOLIA QC  
SM MASINAG  
SM ANGONO  
SM TAYTAY  
PD MONTALBAN RIZAL  
PD ROBINSONS PLACE ANTIPOLLO  
PD SM SAN MATEO  
PD TANAY RIZAL  
ROBINSONS GALLERIA  
SM EAST ORTIGAS  
SM MARIKINA  
AYALA 30TH  
PD LUCKY GOLD  
PD STA. LUCIA  
GREENHILLS  
SHANGRI-LA  
SM MEGAMALL  
ALABANG TOWN CENTER  
FESTIVAL SUPERMALL  
SM SOUTHMALL  
SM MUNTINLUPA  
PD SM CENTER LAS PINAS  
GLORIETTA  
GREENBELT 4  
ROCKWELL  
TOWER ONE  
PD CASH & CARRY  
AYALA MANILA BAY





 Globe Stores  
 Globe Corporate Offices

## Globe Stores

SM BF HOMES  
 SM BICUTAN  
 SM SUCAT  
 PUERTO PRINCESA  
 SM MALL OF ASIA  
 PD CORON PALAWAN  
 BINONDO  
 ROBINSONS PLACE MANILA  
 SM SAN LAZARO  
 SM STA. MESA  
 SM MANILA  
 PD TUTUBAN CENTER MALL  
 ICONIC  
 MARKET MARKET  
 SM AURA  
 GLOBE HQ, TAGUIG  
 UPTOWN BGC  
 PD TAGUIG  
 CALAMBA  
 SAN PABLO  
 SM STA. ROSA  
 PD NUVALI  
 PD ROBINSONS SAN PEDRO  
 PD STA. CRUZ  
 PD WALTERMART CABUYAO  
 CENTRAL MALL CAVITE  
 SM DASMARINAS  
 PD SERIN TAGAYTAY  
 PD WALTERMART CARMONA

SM BACORR  
 SM ROSARIO  
 SM MOLINO  
 AYALA ARVO KIOSK  
 AYALA IMUS MS  
 PD ROBINSONS IMUS  
 PD SM TRECE MARTIRES  
 CITIMART BAUAN  
 ROSARIO BATANGAS  
 LEMERY  
 SM BATANGAS  
 SM LIPA  
 PD NASUGBU BATANGAS  
 PD TANAUAN  
 PINAMALAYAN  
 CALAPAN  
 LUCBAN QUEZON  
 SM LUCENA  
 PD BOAC MARINDUQUE  
 AYALA LEGAZPI  
 SM LEGAZPI  
 SM NAGA  
 PD TUGBO MASBATE  
 PD LIGAO ALBAY  
 PD SORSOGON  
 PD DAET  
 J.CENTER MANDAUE  
 SM CONSOLACION  
 PD BOGO

PD GAISANO CARCAR  
 PD ICM LAPU-LAPU  
 PD PARK MALL CEBU  
 AYALA CENTER CEBU  
 ELIZABETH MALL  
 GAISANO TABUNOK  
 SM CEBU  
 SM SEASIDE CEBU  
 PD ROBINSONS CYBERGATE CEBU  
 PD ROBINSONS GALLERIA CEBU  
 CATBALOGAN  
 CALBAYOG  
 MAASIN  
 TACLOBAN  
 PD ORMOC  
 PD NAVAL  
 LOPUES EAST  
 ROBINSONS BACOLOD  
 SM BACOLOD  
 AYALA BACOLOD  
 PD GAISANO SAN CARLOS, NEGROS OCC  
 PD CADIZ NEGROS OCC  
 PD LA CARLOTA, NEGROS OCC  
 GALLERIA LUISA  
 ISLAND CITY MALL  
 DUMAGUETE  
 PD KABANKALAN NEGROS OCC  
 PD TANJAY  
 PD BAYAWAN

BORACAY (DMALL)  
 ROBINSONS ROXAS  
 PD SAN JOSE, ANTIQUE  
 PD GAISANO ROXAS  
 PD KALIBO  
 GAISANO ILOILO  
 SM ILOILO  
 SM DELGADO  
 PD PASSI ILOILO  
 CITY MALL BORACAY  
 ATC ACTIVITY CENTER  
 GREENBELT ODYSSEY  
 GREENBELT BRIDGEWAY  
 MARKET MAIN CONCIERGE  
 MARKET STARBUCKS  
 MARKET TIME STUDIO  
 GLORIETTA LANDMARK  
 GLORIETTA OLD ACTIVITY CENTER  
 TRINOMA 2F  
 TRINOMA ACTIVITY CENTER  
 TRINOMA LOTTO AREA  
 PD SM MINDPRO ZAMBOANGA  
 AYALA CAPITOL BACOLOD  
 PD SM GRAND CENTRAL

# 2019 at a Glance

## Five-Year Financial Highlights

Globe Telecom, Inc.	2015	2016	2017	2018*	2019
<b>Gross Service Revenues</b> (in Billion Pesos)	113.679	120.588	127.906	132.875	149.010 (up 12% YoY)
<b>EBITDA</b> (in Billion Pesos)	45.961	49.978	53.326	65.127	76.031 (up 17% YoY)
<b>Net Income After Tax</b> (in Billion Pesos)	16.484	15.888	15.084	18.626	22.284 (up 20% YoY)
<b>Return on Equity</b> (in %)	28.9	25.9	23.2	26.7	28.9
<b>CAPEX</b> (in Billion Pesos)	32.130	36.745	42.541	43.259	51.024
<b>Dividend Payment to Common Shareholders</b> (in Billion Pesos)	11.017	11.682	12.092	12.105	12.118
<b>Market Capitalization</b> (in Billion Pesos)	245.840	200.333	252.542	252.801	269.081
*Figures are Post-PFRS 9 and 15					

## CAPEX to Revenue ratio

	2015	2016	2017	2018	2019
<b>CAPEX</b> (in billion Pesos)	32,130	36,745	42,541	43,259	51,024
<b>Revenue</b> (in billion Pesos)	113,679	120,588	127,906	132,875	149,010
<b>CAPEX to Revenue ratio</b>	<b>28.3%</b>	<b>30.5%</b>	<b>33.3%</b>	<b>32.6%</b>	<b>34.2%</b>

## 2020 Consolidated Outlook

<b>Service Revenue</b>	Mid to high single digit growth
<b>EBITDA Margin</b>	Low 50s
<b>CAPEX</b>	₱63 billion / US\$1.2 billion
<b>Gearing</b>	Remain within covenant levels
<b>Cost Considerations</b>	<ul style="list-style-type: none"> <li>Increased interest expenses from additional debt to support ongoing CAPEX program</li> <li>Upswing in depreciation charges due to elevated level of CAPEX spending</li> <li>Globe's share in equity losses of Mynt as expansion initiatives continue</li> </ul>



Globe Telecom makes Philippines the first country to experience commercial 5G fixed wireless internet in Southeast Asia. (L-R) Gil Genio, Chief Technology and Information Officer and Chief Strategy Officer; Ernest Cu, President and CEO; Martha Sazon, SVP and Head of Broadband Business; Alberto de Larrazabal, Chief Commercial Officer



## Economic

### Financials

- ₱149.0B Gross Service Revenues (up 12% YoY)
- ₱76.0B EBITDA (up 17% YoY)
- ₱22.3 Net Income (up 20% YoY)
- 34.2% CAPEX to Revenue Ratio
- ₱12.1B Dividend Payment to Common Shareholders
- 28.9% Return on Equity
- 11% Shareholder Return (based on a closing share price of ₱2,020 as of December 27, 2019)

### Customers

- 94.2M mobile customers (up 27% YoY)
  - » 91.5M Prepaid customers
  - » 2.7M Postpaid customers
- 2.0M home broadband customers (up 25% YoY)
- 38.4 Transactional Net Promoter Score (NPS) score versus 34.5 in 2018

### Network and IT Infrastructure

- ₱51.0B (US\$989M) Capital Expenditures (CAPEX)
- 1,699 petabytes of mobile data traffic (78% increase YoY)
- New Cell Sites put up in 2019: 139% more vs FY 2018
- Base Stations Expansion in 2019: 69% more vs FY 2018
- Over 2,500 locations with GoWiFi access nationwide
- Invested US\$60M since 2015 in privacy and cybersecurity capabilities

### Supply Chain

- Over 1.2 million AMAX retailers, distributors and business partners nationwide
- ₱86.5B business to local suppliers

### Subsidiaries

- TELEHEALTH
  - » 12,429 health-related consultations through KonsultaMD
  - » 699,414 customers with access to KonsultaMD
- FINANCIAL TECHNOLOGY
  - » 75,000 QR Merchants
  - » 30,000 Cash-In points
  - » 400 partner billers accepting GCash payments
  - » Financial inclusion for over 20M Mynt customers
- VENTURE CAPITAL
  - » Invested US\$15.8M in five (5) new portfolio companies and in follow-on rounds for five (5) high-performing earlier investments
  - » Raised a new US\$195M venture capital fund, mostly from non-Globe investors, broadening our investment influence. Kickstart is now the largest venture capital fund in the Philippines, with more than US\$250M AUM.

*More information may be found at the Financial Capital (pages 96-99), Manufactured Capital (pages 100-109) and Intellectual Capital sections (pages 110-119) of this report*

## Environment

Enterprise-wide Integrated Management Systems (IMS) Certification on Environmental Management, Occupational Health and Safety and Business Continuity

### Energy

- Achieved carbon neutrality for select Globe Corporate Offices
- 6,948 Green Network Solutions deployed

### Emissions

- 627,226 seedlings planted since 2010

### Effluents and Waste

- 655 tons of paper saved from 40.9M customers with paperless billing
- Over 343,000 kilograms of e-waste recycled

### Biodiversity

- Marine Protection Program for Boracay and Siargao Islands
- Inclusion of Social Innovation in Marine Biodiversity Program Emissions

*More information may be found at the Natural Capital section of this report (pages 152-163)*

## Social

### Employment

- 8,048 regular employees (53% male and 47% female)
- Collective Bargaining Agreement, 2016-2020 (3.72% of workforce covered by CBA)

### Employee Engagement

- 91% Sustainable Engagement Index Score in 2018 (net of retention score)
- 88% Organizational Health Index Score in 2019
- Purpose Survey Indicators
  - » Role and Work contribution to Globe Purpose: 91 in 2019 vs 87 in 2018
  - » Personal Purpose contribution to Globe Purpose: 88 in 2019 vs 87 in 2018
  - » Employer Net Promoter Score (NPS): Likelihood to recommend Globe as an employer: 53.40 vs 43.38 in 2018

- 40% of workforce or 3,192 employees volunteered for social development causes
  - » 6,172 total volunteers (of which 2,980 are from the Ayala Group of Companies' employees for the Ayala 185 Program)
  - » 21% of workforce or 1,728 employees are members of over 20 employee interest clubs

### Learning and Development

- ₱65M invested in learning and development
- average of 40 training hours per employee

### Occupational Health and Safety

- Zero fatality rate and zero man-hours lost due to work-related accidents
- 7.8% of workforce or 564 employees trained on related occupational safety and health lessons

*More information may be found at the Human Capital section of this report (pages 120-135)*

## Community

- Social Return on Investment (SROI) Governance Framework
- Nationwide roll-out of Digital Citizenship and Responsibility, in partnership with the Department of Education (DepEd)
- Five (5) Social Innovators supported through the Globe Future Makers Program
- Almost ₱2 million raised for Hineleban Foundation, through Globe Rewards

- Conducted Plastic Xchange in seven (7) barangays in Metro Manila, in partnership with Ayala Land and Green Antz
- Public service stations and relief operations for disaster-affected communities
- Toll-free hotline for Bantay Bata 163, in partnership with ABS-CBN Lingkod Kapamilya Foundation Inc
- Turned over New Life Center to the Cebu Provincial Government

*More information may be found at the Social and Relationship Capital section of this report (pages 136-151)*

# About this Report

Progressing from Sustainability Reports to Integrated Reports, Globe Telecom publishes its third Integrated Report prepared in accordance with the <IR> Framework for 2019.

The company is proud to present a detailed and comprehensive approach to Globe's value creation process with a strategic amalgamation of financial and non-financial disclosures. The report examines the company's use and impact on six (6) capitals as well as its performance in relation to its strategy.

2019 showcased a drive for digitalization to enhance customer experience. The company aimed to be a market disruptor in terms of innovative technology and sustainability initiatives; thus, diversifying its business activities with an embedded culture of responsible stewardship. With this report, Globe builds on the communication made in year 2018 and is committed to publish integrated reports annually.

## Integrated Thinking

Intrinsic to how Globe manages its business, integrated thinking forms an essential component to the company's business strategy, enterprise risk management, corporate governance and internal controls. Adopting this approach, integrated thinking incorporates the company's relationship with its resources and the capitals used to create value over the short, medium and long term. A review of this approach can be seen through Globe's strategy and discussion of the six (6) capitals.

## Reporting Frameworks

Globe's 2019 Integrated Report is guided by the principles of the following frameworks:

- International Integrated Reporting Council (IIRC) <IR> Framework

- Reference to the Global Reporting Initiative (GRI) standards
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- Sustainability Accounting Standards Board (SASB)
- the United Nations Sustainable Development Goals (SDGs)
- the United Nations Global Compact principles (UNGC)
- the ASEAN Corporate Governance Scorecard (ACGS) principles
- the Securities and Exchange Commission (SEC)
  - » Integrated Annual Corporate Governance Report (i-ACGR)
  - » Sustainability Reporting Principles

This report is in compliance with the recommendations made in the Philippine SEC Memorandum Circular No. 4, series of 2019 on Sustainability Reporting for Publicly-Listed Companies (PLCs).

## Ayala Sustainability Blueprint

The company's contribution to the Ayala Sustainability Blueprint is documented in this report. More information may be found at the Ayala Sustainability Microsite <https://ayala.com.ph/sustainability/>

## Report Boundary and Scope

This report covers the business activities of Globe. The report reviews Globe's operational and governance performance, strategy, business model, risks and opportunities and six (6) capitals for the financial year January 1, 2019 to December 31, 2019. Financial and Non-Financial Data is covered for the company's operations and subsidiaries with 100% ownership. Globe's 2019 Audited Consolidated Financial Statements released and filed to relevant regulators on February 27, 2020 can be accessed from [www.globe.com.ph](http://www.globe.com.ph).





### Third Party Assurance and Disclaimer

Globe's Integrated Report 2019 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 the regulations issued by the Securities and Exchange Commission and the Globe Audit and Related Party Transactions Committee Charter, the audit partner principally handling the company's account is to be rotated every five (5) years or sooner. The following documents can be found on the Statutory Reports section of this Integrated Report:

- External Assurance Statement
- Certificates of Compliance
- Board Committee Reports
- Audited Financial Statements Overview

### Responsibility Statement

The Board collectively acknowledges the contents of this report and believes that this report presents a fair representation of the overall financial, operational and sustainability performance of Globe in 2019.

### Forward Looking Statements

This report which presents annual results for Globe for the year ended December 31, 2019 contains forward-looking statements, which have not been reviewed or reported on by the company's auditors, with respect to the company's financial condition, results of operations and businesses and certain company plans and objectives. In particular, such forward-looking statements include statements relating to: the company's future performance; future capital expenditures, acquisitions, divestitures, expenses, revenues, financial conditions, dividend policy, and future prospects; business and management strategies relating to the expansion and growth of the company; the effects of regulation of the company's businesses by the

governments of the Philippines; the company's expectations as to the launch and roll out dates for products, services or technologies; expectations regarding the operating environment and market conditions; growth in customers and usage; and the rate of dividend growth by the company. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "will", "anticipates", "aims", "could", "may", "should", "expects", "believes", "intends", "plans" or "targets" (including in their negative form). By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There is a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: changes in economic or political conditions in markets served by operations of the company; greater than anticipated competitive activity; higher than expected costs or capital expenditures; slower than expected customer growth and reduced customer retention; changes in the spending patterns of new and existing customers; the company's ability to expand its spectrum position or renew or obtain necessary licenses; the company's ability to achieve cost savings; the company's ability to execute its strategy in fiber deployment, network expansion, new product and service roll-outs, mobile data, Enterprise and broadband; changes in foreign exchange rates, as well as changes in interest rates; the company's ability to realize benefits from entering into partnerships or joint ventures and entering into service franchising and brand licensing; unfavorable consequences to the company of making and integrating acquisitions or disposals; changes to the regulatory framework in which the company operates; the

impact of legal or other proceedings; loss of suppliers or disruption of supply chains; developments in the company's financial condition, earnings and distributable funds and other factors that the Board takes into account when determining levels of dividends; the company's ability to satisfy working capital and other requirements; changes in statutory tax rates or profit mix; and/or changes in tax legislation or final resolution of open tax issues. All subsequent oral or written forward-looking statements attributable to the company or any member thereof or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statements above and below. Globe expressly disclaims any liability in respect of the content of any forward-looking statement and also expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein or to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is based.

### Risks and Impact of COVID-19 on Globe's Business Operations

Globe recognizes the critical risks that a disruption from an Emerging Infectious Disease (EID) as outlined in its Business Continuity Plan can bring to its operations. Workforce health and safety, supply chain disruption and the need to provide seamless connectivity are some of the critical aspects that the company should prepare for. On March 16, 2020 the Philippine government declared an enhanced community quarantine covering the whole of Luzon including the National Capital Region (NCR) in light of COVID-19, which was declared a pandemic by the World Health Organization on March 11, 2020. The magnitude of its impact to the company's overall business operations and the whole economy will have to be assessed further.



# Awards & Recognitions

## 54th Anvil Awards

- Silver Anvil for Public Relations Tools: Exhibits and Conferences, Lead-In

## 9th Asian Excellence Awards

- Best Investor Relations Company in the Philippines
- Asia's Best Chief Finance Officer in Investor Relations, Rosemarie Maniego-Eala
- Best Investor Relations Professional in the Philippines, Jose Mari Fajardo

## Adobo Design Awards

- Silver in Best Copywriting for Craft: Design/Outdoor/Print, National Teachers' Month - Manila Paper
- Silver in Press and Poster, National Teachers' Month
- Bronze in Best Copywriting for Craft: Design/Outdoor/Print, National Teachers' Month - Overhead Projector
- Finalist for Creative Purpose: Corporate Social Responsibility, National Teachers' Month
- Finalist for Press and Poster, Football
- Finalist for Film, National Teachers' Month - Farewell Letter

## ASEAN Corporate Governance Scorecard (ACGS)

- One of the Top Performing Publicly-Listed Companies in the Philippines

## Asia Pacific Tambuli Awards - Creative and Effective Brands with Purpose

- Bronze for Integrated Media, #SeeYouTomorrow
- Bronze for Social Media, #SeeYouTomorrow
- Bronze for Integrated Digital, #SeeYouTomorrow

## Asia Pacific Stevie Awards

- Gold Stevie for Innovation in Cross-Media Marketing, Project Eagle
- Frost & Sullivan Asia Pacific Best Practices Awards
- Philippines Mobile Services Provider of the Year



Renato Jiao, Chief Human Resource Officer (left) receives the Gold Stevie for "Employer of the Year in Telecommunications" at the Stevie Awards Night in New York

- Philippines Mobile Data Service Provider of the Year
- Philippines Telecoms Service Provider of the Year

## HR Asia Awards

- Best Company to Work For in Asia
- Asia Corporate Excellence and Sustainability Awards (ACES)
- Asia's Best Workplace of the Year
- Industry Champion

## Institutional Investor Magazine's 2019 All-Asia Executive Team

- 2nd in the Best Chief Finance Officer (CFO) Category for the Emerging Markets - Winners by Country (Philippines), Rosemarie Maniego-Eala
- 4th Most Honored Company for the Emerging Markets - Winners by Country (Philippines), Globe Telecom

## International Business Awards

- Gold Stevie for PR Campaign of the Year, Project Eagle: The Globe Business Thematic Campaign and Leadership Innovation Forum (Lead-In)
- Bronze Stevie for Brand Experience of the Year, Project Eagle: The Globe Business Thematic Campaign and Leadership Innovation Forum (Lead-In)
- Bronze Stevie for B2B Event, Project Eagle: The Globe

Business Thematic Campaign and Leadership Innovation Forum (Lead-In)

## International Finance Magazine Awards

- Best Telecommunications Company of the Year
- Best Telecom Service Provider

## Kidlat Awards

- Silver for Best Copywriting, National Teachers' Month - Farewell Letter
- Bronze for Best Copywriting, National Teachers' Month - Manila Paper
- Finalist for Corporate Social Responsibility, National Teachers' Month - Farewell Letter

## PANAta Awards

- Silver in Brand Corporate Social Responsibility, #SeeYouTomorrow Mental Health Campaign
- Silver in Brand Corporate Social Responsibility, National Teachers' Month Campaign
- Silver in Customer Empowerment, #TimePlease Volunteer Program
- Bronze in Brand Corporate Social Responsibility, #SeeYouTomorrow Mental Health Campaign
- Bronze in Customer Empowerment, #TimePlease Volunteer Program



Globe receives the highest honors at the Asia Corporate Excellence & Sustainability (ACES) Awards 2019, for its awards in “Top Workplaces in Asia” and “Industry Champion” (Left) Emil dela Cruz, Communications Expert (second from left) Nicolette Bambao, Employee Engagement Director, (center) Rosemarie Maniego-Eala, Chief Finance Officer, (rightmost) Abelyn Evangelista, Sustainability Manager, with ACES judges and committee

#### Tambuli Awards

- Bronze for Integrated Digital, Project Hope
- Bronze for Integrated Media, Project Hope
- Bronze for Social Media, Project Hope
- Bronze for Youth Brand, Rinbee + GladiaTWO

#### TM Forum

- Champion for Catalysts - Digital Twin

#### World CSR Day and World Sustainability

- 101 Most Impactful Leaders (A Global Listing), Maria Yolanda C. Crisanto

#### YouTube Ads Awards

- Bronze for Tech, eCommerce, Telco Category, Umuwi Ka Na Baby
- Bronze for Effectiveness Category, EasySurf Series
- Bronze for Best in 5-second Intro Category, One Tap

## Memberships

- American Chamber of Commerce of the Philippines, Inc. (AmCham)
- Asia-Pacific Telecommunity
- Canadian Chamber of Commerce of the Philippines (CanCham)
- Business for Sustainable Development (BSD), formerly Philippine Business for the Environment (PBE)
- Canadian Chamber of Commerce Philippines
- Contact Center Association of the Philippines (CCAP)
- DPO in the Asia Pacific Privacy Authorities (APPA) 52 Working Group
- DPO in the Cross-Border Privacy Rules (CBPR) Working Group
- Employee Confederation of the Philippines (ECOP)
- European Society for Opinion and Marketing Research (ESOMAR)
- Financial Executives of the Philippines (FINEX)
- GSM Association (GSMA)
- Healthcare Information Management Association of the Philippines (HIMAP)
- Infocomm Technology Association of the Philippines (ITAP)
- International Association of Privacy Professionals (IAPP)
- IT and Business Process Association Philippines (IBPAP)
- Makati Business Club (MBC)
- Management Association of the Philippines (MAP)
- Internet and Mobile Marketing Association of the Philippines (IMMAP)
- International Telecommunication Union (ITU)
- National Disaster Risk Reduction Management Council (NDRRMC)
- Philippine Association of National Advertisers (PANA)
- 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 Management Association of the Philippines (PMAP)
- Philippine Disaster Resilience Foundation (PDRF)
- Philippine Retailers Association
- Philippine Software Industry Association (PSIA)
- Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI)
- Supply Chain Management Association of the Philippines (SCMAP)
- Telecommunications and Broadcast Attorneys of the Philippines, Inc. (TELEBAP)
- United Nations Global Compact (UNGC)
- Venture Capital and Private Equity Association of the Philippines (VCAP)







# Leadership





# Message from the Chairman

**“In 2019, Globe achieved an important milestone when it launched the Globe At Home AirFiber 5G postpaid plans. This made the Philippines the first Southeast Asian country to experience the fifth generation (5G) fixed wireless broadband.”**



**JAIME AUGUSTO  
ZOBEL DE AYALA**  
Chairman



I am delighted to present Globe's third integrated report based on <IR>, a globally acknowledged annual reporting framework that moves beyond a description of financial performance and captures a company's positive impact on society using economic, environmental, and social metrics.

#### FIRST WORLD CONNECTIVITY AND DIGITAL INCLUSION

In 2019, Globe achieved an important milestone when it launched the Globe At Home AirFiber 5G postpaid plans. This made the Philippines the first Southeast Asian country to experience the fifth generation (5G) fixed wireless broadband.

Over the years, Globe has been at the forefront of enabling digital inclusion and empowering Filipinos with the power of connectivity. Today, we cater to over 94 million mobile customers. We also serve over 2 million home broadband customers, a notable 25% increase compared to the previous year. At Globe, we have a strong belief that we grow when our customers further enhance their digital lifestyle, the economy flourishes through digital transformation, while the natural ecosystem is nurtured in the process. With the ability to contribute towards a digitally enabled economy, our mission is to revitalize businesses and empower customers with enhanced digital capabilities.

#### FINANCIAL PERFORMANCE AND CREATING SHAREHOLDER VALUE

Despite the country's dampened economic growth in the global and domestic front, Globe had a record performance with a 12% improvement in service revenues year-on-year. In line with the past year's trends, revenue growth has been predominantly driven by strong data consumption. Total data revenues accounted for 71% of total

service revenues compared to 61% reported last year. We have also been able to consistently increase our customer base. We witnessed a 27% rise in the number of customers this year compared to 2018.

Aligned to our fiduciary duty to generate sustained value for our shareholders, we paid out ₱12.1 billion in common share dividends, at par with the previous year's level. This represents about 65% of 2018 core net income, consistent with our new dividend policy. This also translates to a 4.8% dividend yield, which is more competitive than the yields of other Philippine listed companies.

#### EVOLVING MARKET DYNAMIC AND CAPITAL INVESTMENTS

It is noteworthy that we have been able to showcase this performance with the looming entry of the third player. This reaffirms my belief that with the evolving market dynamic, we will continue to innovate as a way to strengthen our position and to remain as a nimble service provider committed to providing world class services to our customers.

In our quest to enhance customer experience and build the Philippines' digital economy, we made substantial capital investments this year. We spent ₱51.0 billion, which represents 34% of gross service revenues and 67% of full year EBITDA. We also forged more partnerships to anchor infrastructure development at a larger scale.

#### DIGITALIZATION INITIATIVES TO ENHANCE CUSTOMER EXPERIENCE AND TRANSFORM BUSINESSES

In our desire to digitally transform businesses, we acquired a 77% equity interest in EC Pay, Inc., whose platform will enable small business owners to offer more products and services. This move will also future-

**"In our quest to enhance customer experience and build the Philippines' digital economy, we made substantial capital investments this year. We spent ₱51.0 billion, which represents 34% of gross service revenues and 67% of full year EBITDA. We also forged more partnerships to anchor infrastructure development at a larger scale."**

proof Globe's distribution network, bringing the company a step closer to its vision of a digitally enabled Philippines. Additionally, our GCash partnership with CIMB Philippines reached a milestone of 1 million GSave accounts opened after only 8 months from launch. Moreover, together with our operators, we entered into a consortium with Syniverse for Mobile Number Portability.

### COMMITMENT TO UN SUSTAINABLE DEVELOPMENT GOALS

We became a signatory to the United Nations Global Compact, committing to implement universal sustainability principles and contribute to the United Nations Sustainable Development Goals. Our focus areas in this vision include education, environmental conservation, digital inclusion and development. We have rolled out various programs to realize our vision. We also expanded the reach of DTP via the National Summit on Digital Citizenship and Responsibility (NSDCR) in partnership with the Department of Education last September. Over 400 curriculum experts on Values Education and ICT from DepEd were in attendance and help them become responsible online citizens. We also encourage social innovators, using ICT through the regional Future Makers program.

### COMMITMENT TO HOLISTIC VALUE CREATION

In line with Globe's commitment to holistic value creation, we have made considerable progress in our environmental stewardship programs. This year, we rolled out our Marine Protection Program for Boracay and Siargao Islands aimed towards biodiversity conservation. In recognition of the material risks and opportunities climate change presents, we have devised a dedicated climate strategy. Our strategy focuses

on building the resilience of our value chain to extreme weather events and ensuring protection of the Globe network in times of disasters. While focusing on climate adaptation, our strategy also contributes towards climate change mitigation through fostering an organizational culture of resource conservation and actively taking part in reforestation activities. Globe is also committed to resource usage optimization and waste minimization with a focus on effective e-waste management.


The robust performance we witnessed this year serves as a testament of our integrated approach to value creation and our commitment to adopting a holistic approach to risk management. Globe installed a dedicated Board Risk Oversight Committee (BROC) in April 2019. The BROC was established to assist the Board of Directors in fulfilling its oversight responsibilities. This allowed us to balance risk governance and define risk-taking responsibility and authority while ensuring the effective functioning of the Enterprise Risk Management framework. This step will play a crucial role in enhancing the robustness of the company by proactively managing risks and thereby ensuring continuous stakeholder value generation.

### CLOSING REMARKS

The transformative growth and progress we have been able to achieve in upgrading digital infrastructure and capabilities has the potential to fundamentally change the way people live in our country. Globe has always been a people focused business, with our employees taking the lead to devise creative solutions to meet the emerging needs of customers. The timely delivery of services with high-quality standards has helped Globe make the issue of quality a hallmark of its

service delivery. With the substantial strengthening of our infrastructure capabilities, coupled with our brand value composition, Globe has been able to fortify its market leadership position.

I look forward to walking alongside all of you in our journey towards sustainable value creation for our country and all our fellow Filipinos.



**Jaime Augusto Zobel de Ayala**  
Chairman



# Message from the President

**“In 2019, Globe became a signatory to the United Nations Global Compact and we commit to implement universal sustainability principles and integrate these into the business.”**



A full-length portrait of Ernest L. Cu, President & CEO of Globe Telecom. He is a middle-aged man with a bald head, smiling at the camera. He is wearing a dark grey blazer over a light-colored, patterned button-down shirt. He is holding a silver tablet computer with both hands in front of his chest. He is standing in a modern office or home setting. To his left, on a wooden shelf, are three vacuum tube amplifiers. To his right, on another wooden shelf, is a black Pioneer speaker and some framed documents. The background is a plain, light-colored wall.

**ERNEST L. CU**  
President & CEO



The year 2019 has been a year of remarkable growth, driven by innovative customer-centric solutioning, paving the way to enabling fast-tracked digital transformation of the economy. The year in focus has been special for all of us at Globe, as we launched 5G in June 2019. This strengthens our service delivery of broadband via fixed wireless access technology. Having made a record investment of ₱51.0 billion, we have made strong strides aligned with our vision of redefining customer experience, enabling last mile connectivity and revitalizing the digital economy of the country. We were able to deliver strong financial performance, while making a substantial positive impact on our society and environment.

Our company emerged with strong performance despite market changes, and the domestic and global economic slowdown of the economy. We posted a service revenue of ₱149.0 billion, 12% higher compared to 2018. This growth was primarily fueled by the gains from data services -spanning mobile, broadband and corporate data. Total data revenues at the end of 2019 accounted for 71% of total service revenues, evidencing more Filipinos embracing a digitally enabled lifestyle.

It is a matter of immense delight that today, we are the service provider of choice for over 96 million customers nationwide. This positions us as an important player in connecting minds and inspiring ideas across the Philippines through digitization. With an increasing customer base and emerging customer needs, we made substantial investments towards building our infrastructural prowess. As of December 2019, we put up 139% more sites and 28% more 3G and 4G base stations compared to 2018. These investments have translated to more customers enjoying higher data speeds, specifically improved LTE download

and upload speeds, and lower latency as confirmed by a third party network quality test provider. We have also extended our partnerships with leading providers of content, mobile messaging, social media and other popular OTT applications in order to provide products and services that anticipate and cater to shifting customer preferences. As our customers realize the potential of digitization, our service proposition will focus on “owning our customers” through superior service experience. We anticipate enhanced customer delight, given our improved service delivery capabilities, coupled with unique offerings encompassing personalized plans and attractive product/device bundles.

For us at Globe, the true value we create lies in the impact we have on the lives of people - our customers, employees, business associates, suppliers, vendors and Filipinos at large. Our employees are at the forefront of helping us achieve our goals and vision of ensuring that we create value for all our stakeholders. They share our desire to do sustainable practice and are key to furthering our sustainability agenda. We make it known to our employees that the ideas and innovation they bring to the company are central to the success we achieve year on year. In recognition of our employee-centric organizational culture, we have achieved 91% Sustainable Engagement Index Score in 2018 (net of retention score) and 88% on Organizational Health Index Score in 2018.

Globe aspires to be an industry leader with purpose, helping customers discover new ways to enjoy life. As a company driven by passion and purpose, we are proud to share the result of our Purpose Survey with 3 Purpose Index Indicators as follows: (1.) Role and Work contribution to Globe Purpose: 91 in 2019 vs 87 in 2018; (2.) Personal Purpose

**“For us at Globe, the true value we create lies in the impact we have on the lives of people - our customers, employees, business associates, suppliers, vendors and Filipinos at large. Our employees are at the forefront of helping us achieve our goals and vision of ensuring that we create value for all our stakeholders. They share our desire to do sustainable practice, and are key to furthering our sustainability agenda. We make it known to our employees that the ideas and innovation they bring to the company are central to the success we achieve year on year.”**

contribution to Globe Purpose: 88 in 2019 vs 87 in 2018; (3.) Employer NPS is the likeliness to recommend Globe as an employer: 53.40 vs 43.38 in 2018. The Purpose Survey serves as a gauge to determine how our employees resonate with the Globe Purpose and their insights on factors that contribute to how they can live out Purpose in Globe including culture, clarity and ways of working.

Aside from our employees, our business partners, vendors and suppliers play a vital role in furthering our business in a sustainable manner. We have formed an ecosystem that creates a mutually inspiring atmosphere to achieve greater integration of sustainability in business.

This year, we reinforced our position as a change agent, leading Filipinos to a digitally-enabled lifestyle by incubating, developing, and operating new non-telecom businesses. By leveraging on Globe's strengths and assets, these startups are nurtured by Globe to maximize the value they generate. We launched a new subsidiary, 917 Ventures, that will hold all of Globe's incubated startups that are beyond telecommunication. 917 Ventures will also now house Globe Fintech Innovations (Mynt), the company that operates mobile wallet GCash; AdSpark Holdings, a digital advertising firm; and Konsulta MD, a telehealth firm. Globe's push for new digital businesses is seen to play an important role in actualizing the company's vision, while sealing its future growth trajectory. Through this initiative, we are confident that the Philippines can catch up with the rest of the region in terms of ICT adoption, especially in areas of great importance like advanced medicine, health and wellness, delivery of basic services, and education.

As natural resources play an indispensable role in the well-being of the society, we strive to conduct

our expansion and capability building in a manner that exerts minimum impact on the environment. We strive to find innovative avenues to offset the impact we could have on the environment. We have focused on deploying green network solutions and have rolled out almost 7,000 solutions in 2019. Indeed, we are now living in times where we are experiencing the impacts of climate change. We have worked towards instating a robust Business Continuity Management Plan to mitigate the risks arising from extreme weather events and climate linked risks. We are also actively contributing to climate change mitigation. For instance, we have been able to save over 650 tons of paper through customers shifting to paperless billing. In addition, by automating and migrating to a paperless process, we were able to save over 20 tons of paper, equivalent to saving 480 trees. We also institutionalized the avoidance of Single-Use Plastics (SUP) in our office and engaged our concessionaires to look for SUP alternatives. Last September, we held the Plastic Exchange Program in seven (7) barangays in Metro Manila in partnership with Ayala Land and Green Antz. Over 31,000 pieces of single-use plastic waste were collected which were turned into 24,500 ecobricks by Green Antz Builders, Inc. The ecobricks will be used to build community gardens and benches, a waste segregation facility and a creek fence. It would also be used for rehabilitation for daycare centers.

In 2019, Globe became a signatory to the United Nations Global Compact, and we commit to implement universal sustainability principles and integrate these into the business.

For the global telecom sector, interesting and promising times lie ahead. To sustain the momentum we have gained, we will ramp up infrastructure to improve network

experience with a committed spending of ₱63.0 billion in capital expenditures in 2020. Our acquisitions and partnerships in the area of electronic payments (EC Pay) and IT (Yondu) points toward how we intend to grow new businesses by leveraging our core assets. For 0917 Lifestyle, we are excited for the next year, as we expand outside our Globe stores and online shop, to open our first flagship 0917 Store in Makati. Our flagship store will be carrying our exclusive Vanguard collection - infusing Fashion and Tech in our Apparel collection, as well as key collaborations to give life to our vision for 0917 to become a Fashion and Tech Brand that consumers desire.


I hope you find this integrated report informative, relevant and engaging. This report will enable you to understand our shared value creation story and approach toward entrenching the culture of sustainability in our business endeavors.

Thank you.



**Ernest L. Cu**  
President and CEO

# Board of Directors



**Jaime Augusto Zobel de Ayala**  
Chairman, Non-Executive Director

**Fernando Zobel de Ayala**  
Co-Vice Chairman, Non-Executive Director

**Lang Tao Yih, Arthur**  
Co-Vice Chairman, Non-Executive Director

**Ernest L. Cu**  
Executive Director, President and Chief Executive Officer

**Romeo L. Bernardo**  
Non-Executive Director

**Delfin L. Lazaro**  
Non-Executive Director

**Samba Natarajan**  
Non-Executive Director

**Jose Teodoro K. Limcaoco**  
Non-Executive Director

**Rex Ma. A. Mendoza**  
Non-Executive and Lead Independent Director

**Saw Phaik Hwa**  
Non-Executive and Independent Director

**Cirilo P. Noel**  
Non-Executive and Independent Director





## Jaime Augusto Zobel de Ayala

Chairman, Non-Executive Director

### Committee memberships:

Executive Committee (Chairman)

Filipino, 60, 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; Chairman of Integrated Micro-Electronics, Inc.; and Bank of the Philippine Islands; and Vice Chairman of Ayala Land, Inc.; Manila Water Company, Inc.; and AC Energy Philippines, Inc. He is also the Chairman of Ayala Retirement Fund Holdings, Inc.; AC Industrial Technology Holdings, Inc.; AC Ventures Holding Corp.; AC Infrastructure Holdings Corporation; and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc.; Inc.; and Ayala Group Club, Inc.; Director of Alabang Commercial Corporation; Ayala International Pte. Ltd.; AC Energy, Inc.; Ayala Healthcare Holdings, Inc.; Light Rail Manila Holdings, Inc.; and AG Holdings Ltd.

### 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 and Mitsubishi Corporation International Advisory Council. He sits on the board of the Singapore Management University, 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 Chairman Emeritus of the Asia Business Council, a member of the Global Board of Adviser of the Council on Foreign Relations, and Co-Vice Chairman of the Makati Business Club, Chairman of Endeavor Philippines, and a board member of Eisenhower Fellowships.

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 by the UN Global Compact 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.; Manila Water Company, Inc.; and AC Energy Philippines, Inc. All of which are listed on the Philippine Stock Exchange.

## Fernando Zobel de Ayala

Co-Vice Chairman, Non-Executive Director



### Committee memberships:

Compensation and Remuneration Committee  
Finance Committee

Filipino, 59, 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.; AC Energy Philippines, 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; 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 Livelt Investments, Ltd.; AG Holdings Ltd.; AC Infrastructure Holdings Corporation; Asiacom Philippines, Inc.;

Ayala Retirement Fund Holdings, 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:

AC Energy Philippines, Inc.; 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, 47, 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.; NetLink NBN Trust that is listed on the Singapore Stock Exchange; and Airtel Africa that is listed on the London Stock Exchange.





## Ernest Cu

Executive Director, President and Chief Executive Officer

### Committee memberships:

Executive Committee

Filipino, 59, 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.

Under Mr. Cu's visionary leadership, Globe embarked on a purpose-led transformation in 2016 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. In 2019, Globe became a signatory to the United Nations Global Compact, committing to implement universal sustainability business principles.

### 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.*

A portrait of Romeo Bernardo, a middle-aged man with grey hair and a beard, smiling. He is wearing a dark blue polo shirt with white trim and dark trousers. The background is a solid grey.

## Romeo Bernardo

Non-Executive Director

### **Committee memberships:**

Audit and Related Party Transactions Committee  
Finance Committee  
Board Risk Oversight Committee

Filipino, 65, 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.

### **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 Corporation; Bank of the Philippine Islands; RFM Corporation. All of which are listed on the Philippine Stock Exchange.



**Delfin Lazaro**  
Non-Executive Director

**Committee membership:**  
Finance Committee

Filipino, 73, has served as Director since January 1997 and a member of the Finance Committee. His other significant positions include: Chairman of Atlas Fertilizer & Chemicals Inc.; Vice Chairman and Non-Executive Director of Asiacom Philippines, Inc.; Chairman and Non-Executive Director of A.C.S.T. Business Holdings, Inc.; and AYC Holdings, Inc.; Non-Executive Director of AC International Finance Limited; AC Industrial Technology Holdings, Inc.; and AC Energy Holdings, Inc. He is also a member of BPI Advisory Council.

**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.



A portrait of Samba Natarajan, a man with dark hair and a beard, wearing a white polo shirt with dark trim and dark trousers. He is standing with his arms crossed against a grey background.

## Samba Natarajan

Non-Executive Director

### Committee memberships:

Executive Committee  
Finance Committee

US citizen, 54, has served as Director since 7 April 2015, a member of the Finance and Executive Committee. 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 (3) 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.*

## Jose Teodoro Limcaoco

Non-Executive Director



### Committee membership: Executive Committee

Filipino, 57, 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.); AYC 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.

He was named as the ING-Finex CFO of the Year in 2017. 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.

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.

### Directorship in other publicly listed companies:

Bank of the Philippine Islands, Integrated Micro-Electronics, Inc. and SSI Group, Inc. All of which are listed on the Philippine Stock Exchange.

A portrait of Rex Ma. Mendoza, a middle-aged man with short hair and glasses, wearing a dark polo shirt with a small logo on the chest and dark trousers. He is standing with his hands in his pockets against a plain grey background.

## Rex Ma. Mendoza

Non-Executive and Lead Independent Director

### Committee memberships:

Nomination and Governance Committee (Chairman)  
Compensation and Remuneration Committee (Chairman)  
Audit and Related Party Transactions Committee  
Board Risk Oversight Committee

Filipino, 57, 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 is also the lead Independent Director of Ayala Land Logistics Holdings Corporation and 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 (2) 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 other publicly listed companies:

AyalaLand Logistics Holdings Corporation and National Reinsurance Corporation of the Philippines. Both are listed on the Philippine Stock Exchange.





## Saw Phaik Hwa

Non-Executive and Independent Director

### Committee memberships:

Nomination and Governance Committee  
Compensation and Remuneration Committee  
Audit and Related Party Transactions Committee  
Board Risk Oversight Committee (Chairman)

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 Noel

Non-Executive and Independent Director

### Committee memberships:

Nomination and Governance Committee  
Compensation and Remuneration Committee  
Audit and Related Party Transactions Committee (Chairman)  
Board Risk Oversight Committee

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 Medicines. He is also the Head of the Tax Committee of the Makati Business Club. Mr. Noel sits in the Board of the following companies: LH Paragon Inc.; Cal-Comp Technology (Philippines), Inc.; Amber Kinetics Holding Co. PTE LTD, Eton Properties, Inc.; and Transnational Diversified Group Inc. (TDGI). He is also the Chairman of the Board of Palm Concepcion Power Corporation. He is a founding board member of the US-Philippines Society as well as a 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 (2) terms or six (6) 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 other publicly listed companies:

Security Bank Corporation; J.G. Summit Holdings, Inc.; and San Miguel Food and Beverage Inc. All of which are listed on the Philippine Stock Exchange.

# Corporate Governance

2019 was another stellar year for Globe Telecom's corporate governance (CG) standards and initiatives. Last June 11, Globe Telecom received recognition as a top-performing publicly listed company (PLC) in the Philippines

under the ASEAN Corporate Governance Scorecard (ACGS), presented by the country's Institute of Corporate Directors (ICD). Globe Telecom was the only telco recognized among six (6) others in

the top publicly listed companies category. The company also received recognition for the Best Investor Relations Company in the Philippines from the 9th Asian Excellence Awards of Corporate Governance Asia in July.



Globe Telecom's Senior Vice President - Law and Compliance, Chief Compliance Officer, and Assistant Corporate Secretary, Atty. Marisalve Ciocson-Co, received the ACGS recognition on behalf of Globe. Beside Atty. Ciocson-Co are [left] Mr. Alfredo E. Pascual (President and Chief Executive Officer of the Institute of Corporate Directors) and [right] Atty. Emilio B. Aquino (Chairman of the Philippine Securities and Exchange Commission).

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 our corporate culture and business conduct alongside providing quality products and services to our subscribers and customers. Globe realizes its strategic influence in the capital market and, thus, continues 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, the Board of Directors,

the Management, the officers, and all of Globe's employees commit to the principles and best practices of CG in the attainment of corporate goals aligned with the company's strategic direction.

Globe's CG practices are principally contained in the Articles of Incorporation (AOI) and By-Laws, complemented by the Manual of Corporate Governance (MCG), company policies, Committee charters, the Board's charter, and the Code of Conduct and Ethics (CoC). The 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 Globe's 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 Globe's 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 the



company's MCG is issued and signed by the Chief Compliance Officer with the President and CEO. An annual Certification of Compliance with the 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 on page 166.

Globe also continues to align the company's 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 all of Globe's shareholders and various stakeholders. The company website contains comprehensive information about Globe's business, products and services, disclosures and reports, CG scorecard, surveys and reports, press releases and an archive thereof, as well as the corporate policies, charters and manuals, vision, mission, core values, investor relations program, sustainability and corporate social responsibility activities, among others. Globe ensures that all information included in the company website are accurate, relevant and up-to-date.

Globe's MCG, likewise, 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). The Charter of the Board of Directors and different Board Committee Charters undergo regular review and enhancement in accordance with the company's MCG, the ACGS and the SEC Code of CG, among other guidelines and regulatory issuances. 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 the company's customers – internal and external stakeholders – are protected and addressed.

## BOARD OF DIRECTORS

### Board Composition

The Board of Directors (Board) is the supreme authority in matters of governance and management over the business of Globe Telecom. Within their chartered authority, the directors acting as a Board have the fullest powers to regulate the concerns of the company according to their best judgment. 11 board members are elected by the shareholders during Globe's 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 (3) independent NEDs, one of whom is the lead independent director (ID). In 2019, Mr. Rex Ma. A. Mendoza was appointed the lead ID. Mr. Mendoza chaired the Nomination and Governance Committee as well as the Compensation and Remuneration Committee. Globe's IDs, as defined in the company's 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.

### Board Diversity and Skills Matrix

As part of the company's CG best practices and in implementation of the diversity policy in the workplace,

Globe does not discriminate by reason of gender, age, disability, ethnicity, nationality or political, religious, or cultural backgrounds on its directors or candidates for directors, officers and employees. Globe's Board diversity policy remains up-to-date and enforced. As a result, the board members have different expertise, corporate qualifications and academic backgrounds. The directors have diverse 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 Globe Board has at least one (1) female independent director in the Board. The Board is composed of directors with a wide age range, from 40s to early 70s. None of the IDs serve in more than five (5) boards of PLCs and have served the company in the same capacity for more than nine (9) years. The executive director does not serve any other PLC's Board. The board members also come from different ethnic backgrounds and are a mix of different nationalities. Apart from the Philippines, Globe has a director from Singapore and the United States of America.

Industry Knowledge/ Experience	Jaime Augusto Zobel de Ayala	Lang Tao Yih, Arthur	Fernando Zobel de Ayala	Ernest L. Cu	Delfin L. Lazaro	Samba Natarajan	Romeo L. Bernardo	Jose Teodoro K. Limcaoco	Rex Ma. A. Mendoza	Saw Phaik Hwa	Cirilo P. Noel
Technology/digital expertise	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Industry experience – Conglomerate	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Understanding of business environment	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Telco experience	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Experience, Skills, Expertise</b>											
Local market experience	✓		✓	✓	✓		✓	✓	✓		✓
Finance experience	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓
Finance and accounting expertise		✓					✓	✓	✓		✓
Business process outsourcing				✓							
Marketing				✓		✓			✓		
Business management, strategy and administration	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Legal and regulatory											✓
International expertise	✓	✓	✓	✓		✓				✓	✓
Audit and internal controls							✓		✓	✓	✓
Business strategies and planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Economics	✓	✓					✓				
Engineering				✓	✓	✓					
Financial investments and investment banking		✓	✓				✓	✓		✓	✓
Liberal Arts			✓								
Biochemistry										✓	
Sustainability and Corporate Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Board Diversity</b>											
Racial diversity		✓				✓				✓	
Gender diversity										✓	
Board tenure (years)	30	3	24	10	22	4	18	3	5*	4*	1*
Age (years old)	60	47	59	59	73	54	65	57	57	65	62

\* For IDs, tenure as ID is reckoned from 2012 in compliance with SEC Memorandum Circular No. 9, Series of 2011

### Key roles and responsibilities

The Globe Board of Directors is the highest governance body in the organization. The Board establishes the 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 all stakeholders. The Board, through the Board Risk Oversight Committee (BROC) with support from the various committees, also oversees and conducts a review of the overall risk management (RM) systems, and material controls, covering operational, financial and compliance areas, and overall RM-related systems. Finally, the Board 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 Globe mission, vision, and values, together with the company's business strategies, is conducted to stay relevant to the growing needs of the business and stakeholders. The Board performed this exercise again in 2019.

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'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'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's corporate culture, the Board also adheres to its own Charter, as a supplement to Globe's By-Laws, MCG

and CoC. The Board also encourages environmental concern, sustainability and social responsibility among Globe 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's anti-corruption policy and program espoused in the Globe CoC coupled with Globe's whistleblower policy and channels.

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's business. In accordance with Globe By-Laws, MCG and company policies, any shareholder, including minority shareholders, may submit to the Nomination and Governance Committee the names of the nominees to the Board of Directors including the IDs. The Corporate

Secretary, supported by the 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'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 reputation and ability to promote smooth interaction among Board members, among others that are in accordance with good CG principles and standards as well as 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, Globe's board diversity policy states that 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's Definitive Information Statement (DIS or SEC Form 20-IS), which is annually submitted to pertinent regulators, disseminated to shareholders and posted on the company website at least 28 days before annual stockholders' meetings (ASMs). The profiles of the Board are included in this report as well on pages 28-39.



Globe Telecom Board of Directors		
Director	Position	Nature of Appointment
Jaime Augusto Zobel de Ayala	Chairman	Non-Executive
Fernando Zobel de Ayala	Co-Vice Chairman	Non-Executive
Lang Tao Yih, Arthur	Co-Vice Chairman	Non-Executive
Ernest L. Cu	Director, President and CEO	Executive
Delfin L. Lazaro	Director	Non-Executive
Samba Natarajan	Director	Non-Executive
Romeo L. Bernardo	Director	Non-Executive
Jose Teodoro K. Limcaoco	Director	Non-Executive
Rex Ma. A. Mendoza	Lead Independent Director	Non-Executive
Saw Phaik Hwa	Independent Director	Non-Executive
Cirilo P. Noel	Independent Director	Non-Executive

The full discussion of the procedures and criteria for election of the directors are included in the Globe By-Laws, MCG, company policies, and respective Board and Committee Charters. All of which are available on the company website.

### Board Committees

The Board may create committees as it deems necessary, in accordance with the company's 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 six (6) 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, Finance Committee, and Board Risk Oversight Committee (BROC).

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.

Board Committee	Role	Members
Executive	Provides guidance to management in: (a) formulating the basic strategies for achieving targets set by the Board; (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; (c) considering and/or completing mergers, acquisitions and strategic investments; and, (d) undertaking strategic projects and significant transformation initiatives that include corporate governance campaign, regulatory compliance and sustainability programs.	Chairman: Jaime Augusto Zobel de Ayala (NED)  Members: Lang Tao Yih, Arthur (NED) Jose Teodoro K. Limcaoco (NED) Ernest L. Cu (ED) Samba Natarajan (NED)

Audit and Related Party Transactions (ARPT)	<p>Provides assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders relating to:</p> <ul style="list-style-type: none"> <li>(a) the integrity of the financial statements and the disclosures; financial reporting process and principles;</li> <li>(b) internal controls;</li> <li>(c) policies and processes on external/independent auditor's appointment, enhancing independence and audit quality, remuneration, and assessment of performance of the external auditors;</li> <li>(d) adequacy and effectiveness of the internal audit function;</li> <li>(e) compliance with legal, regulatory, and corporate governance requirements;</li> <li>(f) assessment, review, approval and disclosure of related party transactions according to Globe Telecom's RPT policy.</li> </ul>	<p>Chairman: Cirilo P. Noel (NED, ID)</p> <p>Members: Saw Phaik Hwa (NED, ID) Rex Ma. A. Mendoza* (NED, ID) Romeo L. Bernardo (NED)</p>
Compensation and Remuneration	<p>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.</p>	<p>Chairman: Rex Ma. A. Mendoza* (NED, ID)</p> <p>Members: Fernando Zobel de Ayala (NED) Lang Tao Yih, Arthur (NED) Saw Phaik Hwa (NED, ID) Cirilo P. Noel (NED, ID)</p>
Nomination and Governance	<p>Provides assistance to the Board of Directors in relation to:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(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</li> <li>(c) previewing and evaluating the qualifications of all persons nominated to positions in the corporation, which require appointment by the Board.</li> </ul>	<p>Chairman: Rex Ma. A. Mendoza* (NED, ID)</p> <p>Members: Saw Phaik Hwa (NED, ID) Cirilo P. Noel (NED, ID)</p>
Finance	<p>Oversees Globe'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.</p>	<p>Chairman: Delfin L. Lazaro (NED)</p> <p>Members: Fernando Zobel de Ayala (NED) Romeo L. Bernardo (NED) Samba Natarajan (NED)</p>

Board Committee	Role	Members
Board Risk Oversight Committee (BROC)	Provides assistance to the Board of Directors in relation to risk governance in Globe, which include, among others: (a) ensuring that there is an effective, efficient and integrated risk management (RM) process working in place; (b) enabling the identification, analysis, and assessment of key risk exposures, its impact to Globe's strategic and business objectives, as well as the formulation of an effective RM strategy; (c) cultivating of a sound organizational structure with an effective enterprise RM (ERM) framework working in place; (d) establishing clear definition of risk-taking authority, ownership, accountability, and proper segregation of duties; and, (e) fostering a risk-aware culture that is pervasive throughout Globe and ensure transparency in reporting of key risks to relevant stakeholders.	Chairman: Saw Phaik Hwa (NED, ID)  Members: Rex Ma. A. Mendoza* (NED, ID) Romeo L. Bernardo (NED) Cirilo P. Noel (NED, ID)

\* Lead ID

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

### 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 the 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 the Globe MCG, the Board receives board documents and materials containing reports on Globe's strategic, operational, and financial performance, and other regulatory and relevant matters, at least seven (7) business days in advance of Board meetings.

In 2019, the Board of Directors had a total of seven (7) Board meetings. Attendance of each director in Board meetings held in 2019 is enumerated below:

Attendance of Board of Directors			
2019			
Board Member	Meetings Attended	Meetings held	Percent Present
Jaime Augusto Zobel de Ayala	7	7	100%
Lang Tao Yih, Arthur	7	7	100%
Fernando Zobel de Ayala	7	7	100%
Ernest L. Cu	7	7	100%
Romeo L. Bernardo	7	7	100%
Samba Natarajan	6	7	86%
Delfin L. Lazaro	6	7	86%
Jose Teodoro K. Limcaoco	7	7	100%
Rex Ma. A. Mendoza	7	7	100%
Saw Phaik Hwa	7	7	100%
Cirilo P. Noel	6	7	86%



The average rate of attendance of the Board of Directors was ninety-six percent (96%) in 2019, which is more than compliant with the SEC's minimum attendance requirement of fifty percent (50%). Meanwhile, the average attendance rate of the IDs was ninety-five percent (95%) for the same year.

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

Total Meetings	Board Committee	Members	Present	Absent
8	Executive	Jaime Augusto Zobel de Ayala	8	-
		Lang Tao Yih, Arthur	7	1
		Jose Teodoro K. Limcaoco	7	1
		Ernest L. Cu	8	-
		Samba Natarajan	7	1
4	Audit and Related Party Transactions	Cirilo P. Noel	4	-
		Saw Phaik Hwa	4	-
		Rex Ma. A. Mendoza	4	-
		Romeo L. Bernardo	3	1
3	Compensation and Remuneration	Rex Ma. A. Mendoza	3	-
		Fernando Zobel de Ayala	2	1
		Lang Tao Yih, Arthur	2	1
		Saw Phaik Hwa	3	-
		Cirilo P. Noel	3	-
5	Nomination and Governance	Rex Ma. A. Mendoza	5	-
		Saw Phaik Hwa	5	-
		Cirilo P. Noel	4	1
5	Finance	Delfin L. Lazaro	5	-
		Fernando Zobel de Ayala	3	2
		Romeo L. Bernardo	5	-
		Samba Natarajan	4	1
2	Board Risk Oversight	Saw Phaik Hwa	2	-
		Rex Ma. A. Mendoza	2	-
		Romeo L. Bernardo	1	1
		Cirilo P. Noel	2	-

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. All NEDs were present at the meeting. Among the agenda items covered during the meeting were updates on talent management, and a discussion on sustainability.

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's By-Laws, the Board may receive, 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 P200,000 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. Per diem remuneration of directors remains at P100,000 for every committee meeting attended or such meetings other than those mentioned above. Globe's stockholders ratified this resolution at the 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 remuneration. 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 23, received gross per diem remuneration for attending Board and Committee meetings in 2019:

Director	Gross Per Diem Remuneration (in Php)
Jaime Augusto Zobel de Ayala	2,200,000.00
Lang Tao Yih, Arthur	2,300,000.00
Fernando Zobel de Ayala	1,900,000.00
Delfin A. Lazaro	1,700,000.00
Samba Natarajan	2,300,000.00
Jose Teodoro K. Limcaoco	2,100,000.00
Romeo L. Bernardo	2,300,000.00
Rex Ma. A. Mendoza	2,800,000.00
Saw Phaik Hwa	2,500,000.00
Cirilo P. Noel	2,800,000.00
TOTAL	22,900,000.00

### 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.

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 criteria is posted on the company website.

The self-assessment exercise is facilitated by the Chief Compliance Officer. Every three (3) years, the assessment shall also be supported by an external facilitator selected for this purpose. Aon Hewitt Pte Ltd. is the external facilitator engaged by Globe to support the self-assessment exercise for the Board of Directors covering their performance and service for the year 2019. An annual executive session also takes

place dedicated to evaluating and discussing matters concerning the Board, including evaluating Globe's performance and an independent review of its Management team.

There is likewise an annual strategy workshop held at the beginning of the year to discuss Globe'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 discussions to support their leadership roles in Globe that cover issues and relevant market trends, new laws and regulations that can affect the business, sustainability and CG matters, among others.

The directors and key officers attended various CG seminars conducted by SEC-accredited CG training providers throughout 2019. On June 28, a couple key officers participated in a CG seminar series with an esteemed list of speakers conducted by the Philippine Institute of Corporate Directors (ICD), a SEC-accredited CG training provider. Topics discussed during the seminar included culture of innovation and technology, and culture and corruption. On August 9, members of the Board and the key officers attended the first Integrated CG, RM and Sustainability Summit conducted by the Ayala Group in collaboration with the ICD. The Summit was a whole-day event of CGRM and Sustainability-related plenary sessions and panel discussions. Topics and discussions during the event included the launch of the Group's Sustainability plans and blueprint, updates from the Securities and Exchange Commission, task force on climate-related

financial disclosures (TCFD) and reporting, impact investing, and market trends and sustainability. The afternoon program featured plenary sessions specific to CG, RM and Sustainability. The CG sessions were on how boards tackle CG trends, priorities and challenges, and on accountability, stewardship, and value creation. Meanwhile, the RM sessions discussed brand management and reputation risk in times of crisis as well as measuring its impact to organizations and understanding alternative risk transfer solutions. The Sustainability sessions included Morgan Stanley Capital International (MSCI) on sustainability and investors, and a discussion on why integrated reporting matters. Events, collaborations and partnerships such as this, within the conglomerate, manifest the stronghold of CG in the business' governance framework. It is crucial to sustain this for the long term such that all members of the Globe community, its partners and stakeholders are able to benefit from the initiatives and thrust of the CG culture.

An in-house CG seminar was also attended by other directors on

November 6, which was conducted by Risks, Opportunities, Assessment and Management (ROAM), another SEC-accredited CG training provider. The seminar program included discussions on SEC and other CG-related regulatory updates, sustainability reporting guidelines for publicly listed companies, the Revised Corporation Code of the Philippines released this year, ease of doing business and efficient government service delivery act, case studies of recent corporate scandals, economic statistics, Data Privacy Act compliance, and CG global and regional trends for the year.

The attendance of the 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 company's i-ACGR. All training programs and seminars attended by the directors and key officers fulfill 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. Globe programs, practices and activities implementing company policies and standards on employee training and development are also included in this Report.

## 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's business strategies and plans, CG and sustainability initiatives and requirements, among other economic matters relevant in the performance of the business.

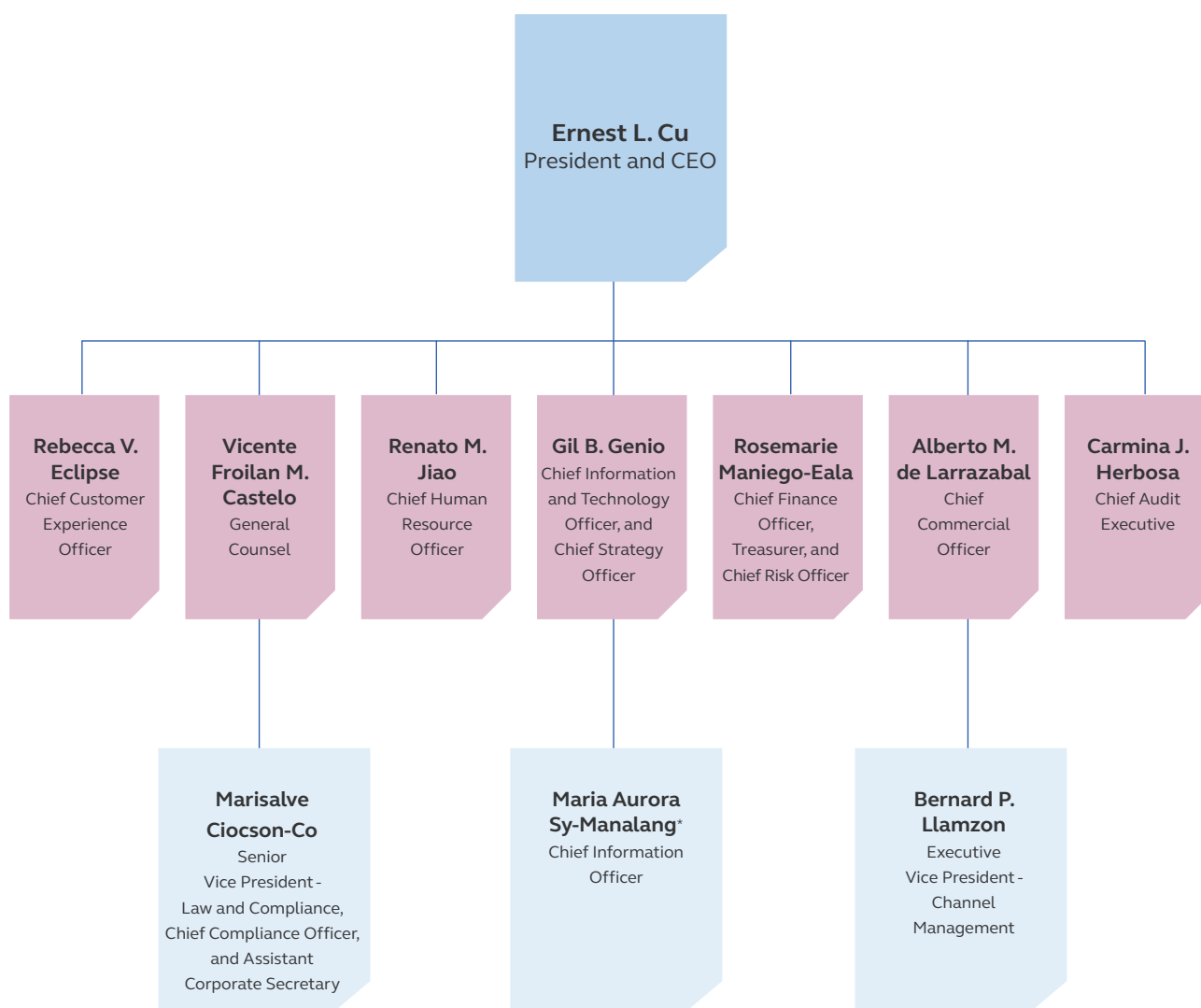
After ASMs, the newly-elected Board of Directors convenes an organizational meeting to set-up its board committees and appoint key officers. After the ASM on April 23, the key officer appointments and board committee members were disclosed to pertinent regulators accordingly.

Globe Telecom Key Officers	
Name	Position
Ernest L. Cu	President and Chief Executive Officer (CEO)
Alberto M. de Larrazabal	Chief Commercial Officer (CCO)
Rosemarie Maniego-Eala	Chief Finance Officer (CFO), Treasurer, and Chief Risk Officer (CRO)
Carmina J. Herbosa	Chief Audit Executive (CAE)
Gil B. Genio	Chief Technology and Information Officer (CTIO), and Chief Strategy Officer (CSO)
Maria Aurora Sy-Manalang*	Chief Information Officer (CIO)
Rebecca V. Eclipse	Chief Customer Experience Officer (CCEO)
Renato M. Jiao	Chief Human Resource Officer (CHRO)
Vicente Froilan M. Castelo	General Counsel
Bernard P. Llamzon	Executive Vice President – Channel Management
Solomon M. Hermosura	Corporate Secretary
Marisalve Ciocson-Co	Senior Vice President – Law and Compliance, Chief Compliance Officer, and Assistant Corporate Secretary

\*Effective January 1, 2020, Carlomagno E. Malana has been appointed as Chief Information Officer while Ms. Sy-Manalang will assume a new role in GFI as Chief Technology and Operations Officer.



The President and CEO is assisted by the senior management. The Chief Audit Executive (CAE) assists in discussions with and updates to the Board through the Audit and RPT Committee while the CRO, Treasurer, and CDO reports and updates through the Finance Committee, Audit and RPT Committee, and BROCC. Meanwhile, the Chief Compliance Officer assists the President and CEO to the Board through the Nomination and Governance Committee and Executive Committee with regard to CG, compliance, and sustainability strategies and matters. Support from the CHRO is most evident in the Compensation and Remuneration Committee. The General Counsel provides high-level legal consultation and updates to the Board together with the Corporate Secretary. Other executive officers are invited during Board and Board Committee meetings as necessary.



*\*Effective January 1, 2020, Carlomagno E. Malana has been appointed as Chief Information Officer while Ms. Sy-Manalang will assume a new role in GFI as Chief Technology and Operations Officer.*

Meanwhile, the Chief Sustainability Officer (CSO), Ms. 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 recognizing Globe's environmental and social impacts as well as in maintaining the company's commitment to carrying out responsible business operations. The CSO also reviews economic aspects, environmental and social aspects for the annual Integrated 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's advocacy for sustainability and CG. The CSO is also Globe's Senior Vice President for Corporate Communications, who reports directly to the President and CEO and is part of senior management.

Supporting the office of the CTIO and CSO, the Data Protection Officer (DPO), Atty. Irish Krystle Almeida, performs her function in accordance with Philippine Republic Act 10173 or the Data Privacy Act of 2012 and its relevant implementing rules and circulars. As DPO, she also functions as the key liaison with the National Privacy Commission. Mr. Anton Reynaldo M. Bonifacio, the Chief Information Security Officer (CISO), leads the Information Security and Data Privacy Division (ISDP), which is a fully-operationalized group that focuses on Globe's data privacy and cybersecurity matters. The Board, through the ARPT Committee and the BROCC, 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 the 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's strategy management processes from strategy formulation to execution and performance tracking linked to the company's rewards system. Globe reviews and formulates the company's 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 the 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's limits of authority and by the CEO prior to endorsement to the Board for approval. The 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'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 annual report.

## 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 ways to enjoy life. Globe achieves this through obsessing about its customers, digitally transforming businesses, building the network of choice, and empowering its people. Globe continues to provide meaningful support to all its stakeholders and creates 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 continued in 2019. Globe followed through with the building and deployment of cellular towers in the country throughout the year, spending roughly 45% of its annual income on telco infrastructure.

The company continues to believe that providing data services is crucial towards true progress. Globe will continue to push its network expansion to meet its customers' growing demand for data. The company committed to spending P63.0 billion in capital expenditures in 2020, which includes spillover of CAPEX commitments from 2019. Globe is set to fulfill its commitment to provide two million homes with at least 10 Mbps connectivity by the end of 2020.

## Remuneration of Executive Director and Senior Management

Globe's 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.

- Encourage and nurture a strong performance-oriented culture;
- Recognize and reward talents who demonstrate and create value for the organization;
- Position 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 the rewards philosophy, the 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
- Promote relevant reward programs that will be sensitive to employee lifecycles and experiences
- Practice transparency, clarity, and consistency in the 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, the HR Group compares Globe remuneration criteria, packages and plans against top companies across industries such as fast-moving consumer goods, telecommunications, banking and financial services, to name a few. 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 the 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 the Compensation and Remuneration Committee. In 2018, the HR Group participated in Willis Towers Watson's Compensation Survey as part of its enterprise-wide remuneration benchmarking exercise.

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 (4) 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 the employees, including the executive director. Meanwhile, non-executive directors of the Board receive per diem remuneration approved by the 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 for non-sales employees. 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 value as a company. This incentive plan drives employees 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.

On the other hand, sales employees are part of the Sales Incentive Program. The incentive is determined by the achievement of sales targets that are likewise set at the beginning

of the performance year. It considers delivery of business targets, typically, on revenue, acquisition etc. Similarly, the award size varies by employee level and increases 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'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's, the plan includes a stock ownership requirement where the executives are required to maintain shares equivalent to 50 or 75 percent to 100 percent of their annual base salary, depending on the rank of the executive and specific internal HR policies.

## ACCOUNTABILITY AND AUDIT

To support the Board in the discharge of its functions, primarily on internal controls, 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 RPT Committee in fulfilling their oversight responsibility to the shareholders relating to: a) the integrity of the financial statements and disclosures, financial reporting principles, processes, policies and systems; 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; and f) 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, after its review of the quarterly unaudited and annual audited consolidated financial statements of Globe Telecom, Inc. and Subsidiaries, including key audit matters, endorses these to the Board for approval. The Board of Directors, in turn, reviews, approves and affirms the true and fair representation of the annual audited consolidated financial statements and presents the same in the ASM.
- The Committee approves the work plan of Globe Internal Audit (IA), as well as the overall scope and work plan of the external auditors. The Committee meets with the internal auditors and external auditors to discuss the results of their audits, ensuring that management is taking appropriate corrective actions on internal control issues and areas for improvement in a timely manner.
- The Committee ensures tenders for external audit services are conducted every five (5) years, or when the need arises as decided by the Audit and RPT Committee. The Committee recommends the appointment, retention or discharge of the external auditors, reviews audit fees or the remuneration of the external auditors and endorses to the full Board. The Board, in turn, submits the appointment of the



external auditors and audit fees for approval of the stockholders at the ASM. The amount of audit fees is disclosed in this Integrated Report.

- The Committee reviews the external auditors' performance and assesses the external auditor's qualifications, skills, resources, effectiveness, and independence. To limit the possible risk of impairment of independence, the Committee also reviews and approves in advance, audit vs. non-audit services performed by the external auditors, and the corresponding fees paid, in relation to the SEC regulation on "permitted" vs. "not permitted" services and the significance of the fees to the external audit firm's total service revenues and Globe Telecom's total consultancy expenses, respectively.
- 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 in all material respects.
- The Committee assesses, reviews, approves and discloses all covered and material RPT defined in

Globe Telecom's RPT Policy, including write-off of exposures, policies on conflicts of interest (COI) or potential COI 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, reviewed, and approved by the Audit and RPT Committee last February 3, 2020. 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 2019 Audited Consolidated Financial Statements.

The overall responsibility over our risk management oversight rests with the Board of Directors. Various Board committees have been designated with oversight for specific risk areas. 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, fraud risks and related party transactions. The BROCC was established and organized to assist the Board for the oversight of our Enterprise Risk Management (ERM) system to ensure its functionality

and effectiveness. 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 internal controls and compliance systems and processes.

The Audit and RPT Committee reports regularly to the Board of Directors on our internal controls, material RPTs, compliance, and other key corporate governance matters.

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 1 and the Audit and RPT Committee approved the retention of the existing Charter (approved by the Board on August 2, 2019).

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 (IA) function is a fundamental part of Globe Telecom's CG practices and policies. An IA 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 IA function.

IA 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 and improving the company's operations. This is done 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 on August 1.

Globe IA governs its internal audit activities in conformance with the IIA'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 (QAIP) 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 QAIP. Globe IA periodically undergoes an independent external Quality Assurance Review (QAR) to ensure consistent conformance with the Standards. The last external QAR was done in 2018, where Globe IA obtained "Generally Conforms", the highest rating that can be given in an external QAR process. The Standards require an external assessment at least once every five (5) years.

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 or earlier 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, data analytics and regulatory updates. The audit team is composed of professionally certified accountants, internal auditors, IT and information security auditors, control self-assessors, licensed engineers, and data experts, 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), Simple, Digital, Agile (SDA) 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 to foster increasing controls awareness and maturity 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 Q2 2019. 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 MCG, 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 prohibited expressly 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 23, the shareholders voted to appoint 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 2019. 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 2019.

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 2019 and 2018 amounts to ₱20.16 million and ₱55.38 million respectively, inclusive of 7.5% out-of-pocket expenses (OPE).

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

The aggregate fees billed by NA/DP are shown below:

	2019	2018
(Amount in millions of Pesos)		
Audit and Audit-Related Fees*	₱20.16	₱55.38
Tax and Non-Audit Fees	30.52	6.89
Total	₱50.68	₱62.27

\*Excludes 2019 audit fees rendered by external auditors other than NA/DP:

GTI HK, ₱730K (₱640K in 2018) performed by Deloitte HK

GT EU, ₱349K (₱249K in 2018) performed by Wellden and Turnbull LLP

GT SG, ₱304K (₱307K in 2018) performed by Ardent

Taodharma, Inc., ₱345K (₱288K in 2018) performed by Punongbayan and Araullo

ECPAY, Inc., ₱357K 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 2019 and 2018.

Audit-related Fees. NA/DP was not engaged to perform audit-related services for 2019. Audit-related fees in 2018 represent quality assurance review of data clean-up activity performed by a third party for Globe.

Tax Fees in 2019 amounting to ₱0.78 million refers to tax advisory services for Kickstart Ventures, Inc. There were no tax fees incurred for 2018.

Non-Audit Fees represent services rendered for the Finance Transformation and Ariba Phase 2 projects in 2019, totalling ₱29.74 million. Non-audit fees in 2018 pertain to services rendered in relation to the adoption of 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 has confirmed to the Committee that the 2019 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.

## ETHICS AND INTEGRITY

Globe respects the rights of all its stakeholders, including minority shareholders. Globe has adopted its CoC, and promulgated policies

including, but not limited to, conflict of interest, whistleblowing, 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 its 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 maintain the balance of business and governance in Globe. These are also on the company website, under 'Company Policies' (<https://www.globe.com.ph/about-us/corporate-governance/company-policies.html>), for the reference of investors and other stakeholders.

### 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 with the company's vendor partners, sustaining the momentum of Globe's Circle of Happiness where happy employees create happy customers.

### Employee Welfare, Health and Safety

Globe is committed to provide the best protection for the health and safety of all 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 and regulations applicable to telco business;
- Train and motivate employees to work in a safe manner and encourage business partners to adopt these principles;
- Report occupational safety and health performance to stakeholders;
- Conduct a regular review of management systems to ensure that the commitments of this policy are being delivered and that the same are included in Globe's continual improvement.

Globe programs, practices and activities implementing policies and standards on employee welfare, health and safety are also included in this report.

### Rewards or Compensation Policy

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

### Policy on Suppliers and 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 its 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 the company's business operations to the environment and the company continues to achieve this together with the help of its employees, business partners, and clients. Globe has robust systems in place to manage its environmental impact and integrate these into the company's corporate social responsibility management.

#### **Community Interaction**

Through Globe Bridging Communities, the Corporate Social Responsibility (CSR) platform of Globe, and its subsidiaries, the company 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 provide opportunities to partake of the digital economy by creating shared value across all employees, customers, and stakeholders in areas where the company operates. As the business continues to grow, the company contributes to nation-building with an engaged and empowered workforce committed to do a Globe of Good.

The company adopts best practices of ISO 26000 Social Responsibility and a governance framework using the Social Return on Investment (SROI) model for its community relations and CSR efforts. 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. This is likewise reiterated in the Charter of the Board of Directors. In the same manner, it is the obligation of every regular employee, officer and director 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.

Globe HR Group requires all employees to submit annually 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. Corruption is identified under Category 4 of the Level of Offenses under Globe's CoC, which are serious and grave offenses that are considered severe and warrant Dismissal.

As part of the anti-corruption programs and initiatives of the company, employees are reminded through internal communications channel to fill out various disclosure forms especially during national festivities. The form is submitted to the 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.

Globe also conducts periodic lectures and seminars on anti-corruption initiatives through the Human Resources Group for 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

the company are subject to and conducts its business in accordance with ethical standards. All Globe officers and employees, and all 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.

Globe Telecom's whistleblower policy provides various channels, which include a hotline, portal, an e-mail address as well as designated group, that allow, employees, suppliers, and even third parties to report suspected violations by employees, officers and directors, and suppliers and partners of company policies on improper activities, and other violations of the company's Code of Conduct or the company's ethical standards. In 2019, the HR also updated the whistleblower policy and launched the Globe Whistleblower Network Facility (GWeN Portal), an online facility digitalizing whistleblower reports, administration of reports and communication with whistleblowers. Among other channels, reports or concerns may also be sent via e-mail through [gt\\_whistleblower@globe.com.ph](mailto:gt_whistleblower@globe.com.ph) or the Hotline 09178189934. The company aims to provide feedback within twenty-four (24) hours upon receipt of the e-mail. All reports, issues, concerns and/or grievances submitted to the company will be treated with confidentiality to ensure the safety of the whistleblower and parties involved. The identity and source of the information are likewise 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 GWeN Portal. Reports may also be submitted via the dedicated e-mail address or the hotline. The Complaint Administrator administers the

portal, and receives, collates and submits all disclosure reports to the proper Globe Disclosure Committee. The Portal Administrator shall send a notice to the whistleblower that the report has been received and that it shall be processed in accordance with the Whistleblower Policy. There are different Disclosure Committees identified to keep the integrity of reports received. The whistleblower policy and processes relevant thereto are available through the company website, under 'Company Policies' (<https://www.globe.com.ph/about-us/corporate-governance/company-policies.html>).

### **Insider Trading**

All directors and key officers are required, within three (3) trading days upon any change in their ownership of Globe securities, to submit their statement of changes of ownership in relation to their trades to the Office of the Chief Compliance Officer for immediate submission and disclosure to pertinent regulators. All Covered Persons are required to report their trades to the Office of the Compliance Officer on a regular basis.

Globe restricts trading of securities (buying or selling) by covered persons considered to have knowledge of material non-public information, during the blackout period, except in accordance with this policy. The company's insider trading policy identifies the covered persons in relation to this matter.

Globe prohibits key officers, employees and other covered persons with access to material non-public information, including information on the quarterly results and other regular reports in the course of its review and preparation, from trading in company shares 5 trading days before and 2 trading days after any structured report or disclosure, and 2 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 the company, its subsidiaries or affiliates and all shareholders. Together with the other company policies, the Policy on RPTs is posted on the company website and embedded in the MCG and CoC.

RPTs are disclosed in the financial statements included in the company's annual reports, and other applicable filings in accordance with the relevant rules and issuances 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 company for each RPT, the nature, and value for each RPT. Such disclosure is also made publicly available, for all shareholders and other stakeholders, through the company website and such other media channels as applicable.

Globe updated the RPT policy in 2019. 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 identifies materiality thresholds of such transactions including the SEC materiality threshold.

In accordance with the Policy on RPTs, the ARPT Committee convenes to review and monitor material RPTs to ensure the company'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. In the review of RPTs, the Committee considers, among others, the terms of the transaction, the aggregate value of the transaction, purpose and timing of the transaction, the fairness of the terms of the transaction, the extent of Related Party's interest in the transaction, and other material information or factors the Committee may deem relevant.

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 Globe's 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.

### Creditors' Rights

It is Globe's policy to protect the rights of its creditors by maintaining, at all times, the company's good credit standing. Globe strictly observes contractual obligations, and regards fair and truthful disclosure and transparency of financial records and dealings of utmost importance to assure creditors of the company's continued credit worthiness. Globe's periodic reports to its creditors, such as the 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 with financial and operating results,

Management and Discussion Analysis and Financial Statements on a periodic basis that allow the creditors to continuously evaluate and monitor the company's performance and credit standing.

Moreover, Globe adopted an expanded CG approach in managing business risks. A strong and strictly-implemented Enterprise Risk Management Policy provides a better understanding of the different risks that could threaten the achievement of the company'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 that Globe is proactive in managing company risks and are committed to sustaining the growth of the company. As part of the implementation, the company regularly submits quarterly financial results to the PSE and SEC, among pertinent market regulators.

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 the company's 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 its 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 Globe MCG reiterates this policy and further states that the Board must be composed of at least three (3) independent directors, one of whom shall be a female, at all times. The company will review its Board diversity goals regularly to ensure relevance and that the goals are reflective of good CG.

Directors must also have understanding of the telecommunications industry or sufficient professional experience and competence in other relevant industries, which further encourage a diversified collaboration of views and skillset within the Board.

In 2019, Globe had one female independent director, who was appointed as chair of the Board Risk Oversight Committee (BROC). The company's directors have various nationalities such as Filipino, American, and Singaporean with different religious and educational backgrounds as well. The directors' age range from 40s to early 70s. The profiles of the members of the Board are part of this Report and posted on the company website.

### **Data Privacy and Intellectual Property Rights**

The Privacy Policy outlines standard and framework in relation to the collection, use, and protection of Customer Data to provide customers and other stakeholders with a wonderful experience. The company notifies all customers and relevant stakeholders with any update on the

Privacy Policy by posting it on the company website for easy reference. Globe also initiates internal campaigns on data privacy and cybersecurity to ensure all internal stakeholders are fully aware of their rights and responsibilities in relation to the use of the products and services that the digital lifestyle offers. The function and responsibilities of Atty. Irish Krystle Almeida as the company's Data Protection Officer further establishes Globe's adherence to the country's Data Privacy Act of 2012 (Republic Act 10173).

Further, unlike most organizations, Globe has its Information Security and Data Privacy Division (ISDP), which is a fully operationalized, separate and independent group that focuses on the company's privacy and cybersecurity matters. ISDP is headed by the Chief Information Security Officer (CISO), Mr. Anton M. Bonifacio, who reports to the CTIO and CSO.

Globe respects customer and stakeholder privacy and intellectual property. As such, Globe secures and protects 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 the control environment and utilizes the latest tools and technologies that allows the company to prevent, detect, investigate, and respond to the various threats in its environment. Globe has a Security Operations Center (SOC) that monitors the company's 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 Globe's privacy and cybersecurity programs and operations are presented to and reviewed primarily by the Board Risk Oversight Committee (BROC) regularly. However, depending on the issue, reports may also be presented to the Audit and RPT Committee. Annually, the Board also receives a full report and is updated on the matters.

Among other safeguards, Globe keeps records as accurate as possible. If customer personal information is wrong, Globe provides 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 77301000 or 211 using your mobile phone) or his/her designated relationship manager, as may be applicable; or by visiting any Globe Store or the company website at [www.globe.com.ph](http://www.globe.com.ph). Contact details of the data privacy office 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. Globe believes that CG's relevance is most evident when its standards and practices are embedded in business culture and that having governance integrated in business operations is a commitment to a corporate journey that the company chooses to invest time and effort in. Therefore, fairness, transparency, integrity, sustainability and accountability must be experienced not only by the company's customers and stakeholders, but also among its





Globe Telecom's CLSG, headed by Atty. Vicente Froilan M. Castelo, at the San Jose School of La Trinidad in the province of Benguet

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's user-friendly and up-to-date website for investors and stakeholders.

Globe also continued to reach out to its internal stakeholders 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 2019, AttyATBP once again extended assistance outside the Globe Telecom workplace to serve one of the company's stakeholder local communities. The team provided educational supplies for the San Jose School of La Trinidad in the province of Benguet. The company provided a new LCD projector and

internet connectivity for the school and its students. More importantly, the company conducted a training workshop on cyber wellness for high school students as part of the company's stakeholder engagement initiatives. Discussions included topics on digital insight and digital discernment. The San Jose School of La Trinidad is home to over 100 students.

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

## DISCLOSURE AND TRANSPARENCY

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 all 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 the company's financial performance and prospects through the annual report, quarterly financial reports, and analyst presentations. Globe practices regular disclosure of its financial results. Quarterly financial results are immediately disclosed after the approval by the Board to PSE and SEC, among other pertinent market regulators. 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. Financial reporting disclosures are in compliance with the PSE and SEC

requisites, among other pertinent market regulators. Globe continues to drive management and respective departments to release the 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 the offeree company shall appoint an independent party to evaluate the fairness of the transaction price. Such shall be disclosed in the financial statement and relevant reports. The company 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 as applicable.

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

### **Stakeholder engagement (Consulting stakeholders about ESG)**

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 Globe shareholders, broker or other partner institutions. Other than keeping the company website up-to-date, these venues provide another means for Globe to discuss its quarterly financial results, announcements, material disclosures and other relevant information with its stakeholders. In the past years, Globe has been further streamlining communication efforts and opening-up several new customer touch points, enabling them to interact with the company at their convenience. Among other enhancements, Globe uses e-mail, live chat, SMS, website, and social media channels (e.g., Facebook, Twitter, Instagram) to provide its customers with real-time information and quicker responses to concerns. A conference call facility is set-up during analysts' briefings and meetings to enable wider participation among shareholders and other stakeholders. The company also participates in both local and international investor conferences, which host various investors, shareholders and other stakeholders. Details and information on these conferences are published on the company website. The IR program sustains this convenient and accessible line of communication 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, Globe keeps its website up-to-date with corporate announcements, reports and disclosures that are accessible to all stakeholders.

Globe maintains the company website regularly to ensure user-friendliness, accessibility, accuracy of information and relevance for all stakeholders. The company website has dedicated pages for CG (<https://www.globe.com.ph/about-us/corporate-governance.html>), IR (<https://www.globe.com.ph/about-us/investor-relations.html>) and Sustainability (<https://www.globe.com.ph/about-us/sustainability.html>), among other relevant pages. The company encourages its subscribers and stakeholders to explore the CG and IR pages of the company website to learn more about Globe's wonderful corporate culture apart from its products and services.

### **Dividend Policy**

Globe declares dividends to its common stockholders on a regular basis as may be determined by the Board of Directors. Globe returns to its shareholders, dividends equivalent to 60 to 75 percent of the prior year's core net income. Dividends declared by the company on its stocks are payable in cash or in additional shares of stock. As a policy and as much as practicable, Globe observes a 30-day period 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 the company's operating results, cash flows, debt covenants, capital expenditure levels and liquidity. The payment of dividends in the future will depend upon the earnings, cash flow, and financial condition, among other factors.

Declaration Date	Per Share (in Php)	Amount (in Php Mn)	Record Date	Payment Date
February 11, 2019	22.75	3,024	February 26, 2019	March 13, 2019
May 3, 2019	22.75	3,033	May 20, 2019	May 31, 2019
August 2, 2019	22.75	3,031	August 19, 2019	August 30, 2019
November 6, 2019	22.75	3,030	November 20, 2019	December 6, 2019

### Ownership Structure

Globe regularly discloses the top 100 shareholders of the company's common and preferred equity. Disclosure is also made of the security ownership of certain record and beneficial owners who hold more than 5% of 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.

Stockholders	Common	% of Common	Preferred	% of Preferred	Non-Voting Preferred	% of Non-Voting Preferred	Total	% of Total
<b>Ayala Corporation</b>	41,157,276	30.90%	-	-	-	-	41,157,276	13.20%
<b>Singtel Group</b>	62,646,487	47.03%	-	-	-	-	62,646,487	20.10%
<b>Asiacom Philippines, Inc.</b>	-	-	158,515,016	100%	-	-	158,515,016	50.85%
<b>Directors, Officers, ESOP</b>	559,595	0.42%	5	0%	27,500.00	0.14%	587,100	0.19%
<b>Public</b>	28,845,049	21.65%	-	-	19,972,500	99.86%	48,817,549	15.66%
<b>Total</b>	<b>133,208,407</b>	<b>100%</b>	<b>158,515,021</b>	<b>100%</b>	<b>20,000,000</b>	<b>100.00%</b>	<b>311,723,428</b>	<b>100%</b>

### DEALINGS IN SECURITIES

Globe has adopted 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. In accordance with the company's blackout period rule under the insider trading policy, directors and key officers and covered persons with access to the quarterly financial and operating results, in the course of its review and preparation, are prohibited from trading Globe shares 5 trading days before until 2 trading days after Globe publicly discloses the results. Notices of trading blackouts are regularly issued to the directors and key officers concerned and to covered persons with access to such material non-public information.

All directors and key officers are required, within 3 trading days upon change in their ownership of securities, to submit the statement of changes of ownership in Globe securities in relation to their trades to the office of the Chief Compliance Officer for immediate submission and disclosure to the SEC and the PSE, among other pertinent market regulators. Once submission and disclosure to pertinent regulatory agencies are completed, the same is reflected on the company's relevant reports and the company website under "PSE/SEC Disclosures" of the Investor Relations page.

Title of Class and Nature of Ownership		2019 Beginning Balance in Company Shares	2019 Change/s in Shareholdings	End Balance in Company Shares as of 31 December 2019
Globe Telecom Board of Directors				
Jaime Augusto Zobel de Ayala	Common (direct)	2	-	2
	Common (indirect)	1	-	1
Lang Tao Yih, Arthur	Common (direct)	2	-	2
Ernest L. Cu	Common (direct) <sup>1</sup>	106,853	5,000 (D) January 21  27,780 (A)* May 16	50,089
	Common (indirect) <sup>1</sup>	4,000	1,955 (D) February 19  1,045 (D) February 20  330 (D) February 21  1,670 (D) February 22  4,000 (D) March 14  1,000 (D) March 15	73,544
	Voting Preferred (direct)	1	-	1
	Non-voting Preferred (indirect)	16,700	-	16,700
	Common (direct)	1,799	-	1,799
	Common (indirect)	500	-	500
Romeo L. Bernardo	Voting Preferred (indirect)	1	-	1
	Common (direct)	1	-	1
	Non-voting Preferred (indirect)	2,800	-	2,800
Delfin L. Lazaro	Common (direct)	1	-	1
Jose Teodoro K. Limcaoco	Common (direct)	1	-	1



	Title of Class and Nature of Ownership	2019 Beginning Balance in Company Shares	2019 Change/s in Shareholdings	End Balance in Company Shares as of 31 December 2019
Fernando Zobel de Ayala	Common (indirect)	1	-	1
Samba Natarajan	Common (direct)	2	-	2
Rex Ma. A. Mendoza	Voting Preferred (direct)	1	-	1
Saw Phaik Hwa	Voting Preferred (direct)	1	-	1
Cirilo P. Noel	Voting Preferred (direct)	1	-	1
<b>Globe Telecom Key Officers</b>				
Alberto M. de Larrazabal	Common (direct)	14,532	5,235 (A)* May 16	19,767
	Common (indirect)	3,000	-	3,000
	Non-voting Preferred (direct)	2,000	-	2,000
Gil B. Genio	Common (indirect) <sup>3</sup>	58,638	3,000 (A)** November 28  3,000 (A)** December 2	83,165**
	Common (direct) <sup>3</sup>	18,302	10,307 (A)* May 16	10,082
Renato M. Jiao	Common (direct)	9,535	4,740 (A)* May 16	14,275
	Common (indirect)	285	-	285
Rebecca V. Eclipse	Common (indirect)	18,915	-	18,915
	Common (direct)	9,405	4,830 (A)* May 16	14,235
	Non-voting Preferred (direct)	4,000	-	4,000
Vicente Froilan M. Castelo	Common (direct)	4,419	1,995 (A)* May 16	6,414
Carmina J. Herbosa	Common (direct)	4,495	2,280 (A)* May 16	6,775
	Common (indirect)	1,300	-	1,300
	Non-voting Preferred (direct)	2,000	-	2,000

	Title of Class and Nature of Ownership	2019 Beginning Balance in Company Shares	2019 Change/s in Shareholdings	End Balance in Company Shares as of 31 December 2019
Bernard P. Llamzon	Common (direct)	7,065	3,600 (A)* May 16	10,665
Solomon M. Hermosura	Common (direct)	20	-	20
Marisalve Ciocson-Co	Common (direct) <sup>2</sup>	4,089	1,350 (A)* May 16	2,380
	Common (indirect) <sup>2</sup>	-	-	3,059
Rosemarie Maniego-Eala	Common (direct) <sup>4</sup>	4,374	2,685 (A)* May 16	2,024
	Common (indirect) <sup>4</sup>	4,963	-	9,998
Maria Aurora Sy-Manalang	Common (direct)	3,104	1,965 (A)* May 16	5,069

(A) Acquired

(D) Disposed of

<sup>1</sup>Change in the nature of shareholdings of Mr. Cu was also disclosed in January 2019.

<sup>2</sup>Change in the nature of shareholdings of Ms. Ciocson-Co was disclosed in February 2019.

<sup>3</sup>Change in the nature of shareholdings of Mr. Genio was disclosed in June 2019.

<sup>4</sup>Change in the nature of and correct shareholdings of Ms. Maniego-Eala was disclosed in August 2019.

\*Stocks grant plan

\*\*Indirect ownership through immediate family in the same household

None of the members of the Board of Directors and management owns 2% or more of the outstanding capital stock of Globe.

# Risk Management

Globe believes that effective Risk Management (RM) practices are crucial to sustaining its profitability and resilience 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 intelligent choices when confronted by risks and opportunities.

Globe lives out its RM philosophy via three (3) key pillars - Structure, Process and Culture.

Structure	Process	Culture
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.	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.	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 Globe's material controls, covering operational, financial and compliance areas and overall RM systems. The overall responsibility for RM oversight rests with the Board. To enable the Board to effectively discharge Globe's RM function, various Board committees have been designated to provide RM oversight for specific risk areas.

### BOARD RISK OVERSIGHT COMMITTEE

A Board Risk Oversight Committee (BROC) was created in 2Q 2019 to provide focus and effectively consolidate the decentralized and overlapping risk oversight duties performed by various Board sub committees. The establishment of the BROC will ensure an integrated and holistic oversight on RM at the Board level.

The BROC is mandated to assist the Board in fulfilling its oversight responsibilities in relation to Risk Governance in Globe. This ensures that the Board and Globe's Management will be able to make well-informed and intelligent decisions based on thorough assessment of risks and opportunities. This includes:

- Ensuring that there is an effective, efficient and integrated risk management process working in place.
- Enabling the identification, analysis, and assessment of key risk exposures its impact to Globe's strategic and business objectives, as well as the formulation of an effective RM strategy.
- Cultivating a sound organizational structure with an effective Enterprise Risk Management ("ERM") framework working in place.
- Establishing clear definition of risk-taking authority, ownership, accountability, and proper segregation of duties.

- Fostering a risk-aware culture that is pervasive throughout Globe, and ensuring transparency in reporting of key risks to relevant stakeholders.

The BROC is led by a Chairperson who must be an independent, non-executive director. At present, it is composed of four (4) directors, three (3) of which are independent, non-executive directors. The Board appoints all members of the committee.

The BROC meets on a quarterly basis or as frequently as needed. The BROC also submits and presents a report to the Board at least two (2) times a year containing updates on all actions initiated by the committee at the board meeting following the BROC meetings, as well as a year-end report outlining the committee's actions for the year, confirmation of how its responsibilities were discharged, assessment performed on the effectiveness of the committee, and recommendations for improvement.

The BROC has the following roles and responsibilities:

- Develop a formal Enterprise Risk Management Framework.
- Provide oversight on Globe's activities in identifying and managing key enterprise-wide and operational risks (but not limited to): Strategy, Technology, Financial, Credit, Market, Information/Cyber security, Data Privacy, Business Disruption, Legal, Regulatory, Fraud, Customer Experience, and other risk areas.
- Through the Enterprise Risk Management Department, exercise oversight and guidance over Globe's risk management and governance structure.
- Review and approve the annual work plan (i.e., activities and initiatives such as risk assessments, risk embedding programs, etc.) of the ERM Department, based on the priorities and direction of the company, and ensure that it remains relevant, comprehensive, and effective.
- Review disclosures regarding risks and risk management contained in Globe's Annual Integrated Report and other publicly-issued reports and statements as applicable.
- Ensure alignment, on a regular basis, with other assurance providers of Globe on critical risks and control identification and assessment.
- Secure independent expert advice on RM matters where considered necessary or desirable.

### Management

With guidance provided by the BOD and sub-committees, Globe'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.

### 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.

### Chief Risk Officer

The Chief Finance Officer (CFO) and concurrent Chief Risk Officer (CRO) 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.
- Risk Management 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 BROC and 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's objectives.

On a quarterly basis, the Board, through the BROC is appraised on the company's critical risks, control issues and key mitigation plans by the CRO. Insights on the following are provided:

- Risk management 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 BROC Meetings, the CRO and the Enterprise Risk Management Department provides regular updates to the BROC Chairwoman via executive sessions, on the status of key risks, management's risk action plans and strategies and new or emerging risks needing immediate attention.

### Enterprise Risk Management Department

The Enterprise Risk Management Department (ERMD) 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



- Serve as the BROC secretariat to support the discharge of the BROC's risk oversight functions.
- Enable the BROC to effectively exercise oversight and guidance over Globe's risk management and governance structure at the operating level.

### Internal Audit

The Internal Audit Team provides independent assurance on the effectiveness of RM systems and processes. Internal Audit'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, including the adoption of the necessary RM framework/s and standard/s.
- 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.

## RISK MANAGEMENT APPROACH

Globe Telecom's overall RM framework and policy are based on the ISO 31000:2018 framework for Risk Management. As risks continue to become more volatile, uncertain, complex, and ambiguous, Globe adopts a decentralized, 3-lines-of-defense model approach to effectively manage its risks.

Risk Owners, having first-hand experience and expertise in managing risks on a daily basis, are given the overall accountability to address risks, including the adoption of one or more specialized frameworks and best practices (e.g., Control Objectives for Information and related Technology (COBIT), Information Technology Infrastructure Library (ITIL), Commission of Sponsoring Organization of the Treadway Commission Framework (COSO), National Institute of Standards and Technology (NIST) Cybersecurity Framework, Project Management Body Of Knowledge (PMBOK), relevant ISO Standards, among others. Risk Owners report timely updates on its risks and emerging threats to management.

The CRO, enabled by the ERMD, provides oversight of critical enterprise-wide and operational risks to ensure that the individual RM practices of Risk Owners are designed in accordance with the overall RM framework and policy, and managed appropriately in accordance with the company's set risk appetite and tolerance levels.

The CAE, enabled by the Internal Audit team, provides independent assurance that the RM policies and practices are both designed effectively and operating as intended.

Both the CRO and CAE reports to the board via the BROC and Audit and Related Party Transactions (ARPT)

committees respectively. Through the BROC and ARPT, in conjunction with other board committees, the board discharges and maintains its oversight role on the company's risks.

## RISK MANAGEMENT PROCESS

Globe's RM cycle starts with an enterprise-wide assessment of risks is 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's business and strategic objectives at the corporate and business unit level. Risks are then identified, analyzed, evaluated, and assigned to the appropriate risk owner/s for the development of plans to manage said risks. The results of which are then reported to and reviewed by the Board via the BROC.

The established strategies and mitigation plans to address the risks are continuously developed, updated, improved, and reviewed for effectiveness throughout the year as part of the company's continuing advocacy of embedding the RM discipline across the organization. In order to have an enterprise-wide view of both risks and its mitigation plans, Globe through the CRO and ERMD has institutionalized a process to monitor the status of risks with its risk owners and how said risks impact the organization on an enterprise level through monitoring key risk indicators, key performance indicators, status of mitigation plans, and identification of any emerging risks. On a regular basis, the ERMD, together with the risk owners, provide reports on the status of said risks to the CRO and management, and on a periodic basis to the board via the BROC and other board committees.

Throughout the year, Management through the ERMD also conducts various coordinated, end-to-end risk assessment studies on identified critical risk areas and emerging

risks. Management believes that these studies are essential for a strong RM process as it reinforces the lines of defense while providing relevant insights both decision making and the management of Globe's top enterprise-wide risks. When necessary, the company seeks external technical support from third party experts to aid management and the board in the performance of their RM duties and responsibilities.

## FOSTERING THE RIGHT RISK CULTURE

Globe believes that fostering a culture of risk awareness and intelligence

across the organization is essential in embedding and ensuring consistent application of sound RM practices in every decision point by every ka-Globe.

As a testament of Globe's risk aware and intelligent culture, Globe has been assessed to have an advanced level of risk maturity (5.0 on a 1 to 5 scale) in an independent assessment conducted by Aon Risk Services, in late 2018. This places Globe as one of the highest among the Ayala group of companies, and belonging to the top 1% of the 1,958 companies interviewed by Aon globally across 25 industries.

The ERMD partners with various risk owners to ensure that RM advocacies are effectively cascaded to every employee through culture building and continuous learning activities to further complement the RM advocacy.

Various learning sessions, summits, and information drives are organized throughout the year by risk owners and in collaboration with ERMD. These activities provide every ka-Globe with opportunities to understand the latest technologies, solutions, and trends in various fields, and learning about the risks, both at present and in the future and how they are effectively managed.



Leaders and experts shared their thoughts on key issues and opportunities at the Globe Risk and Sustainability Forum 2019

## RISK AND SUSTAINABILITY

Given the accelerated pace of change in the business landscape brought about by business disruptions, global megatrends, and changes in stakeholder mindsets, Globe supports the Ayala vision of integrating RM and Sustainability practices as the

way forward. The ERMD, together with Globe's Sustainability team, have initiated steps to integrate the activities as well as the reporting cadence of these two (2) disciplines. In 2019, the teams' collaboration has led to the first Risk and Sustainability forum and integration of sustainability material topics into the

annual enterprise-wide risk refresh exercise. Further, the Board, through the BROCC has been introduced to Globe's sustainability mandates, framework, principles, programs and roadmap. Discussions on Globe's material sustainability topics and strategies to address them were also discussed to the BROCC.

## OPERATIONAL RISK AND BUSINESSS CONTINUITY MANAGEMENT

Globe continues to adapt and enhance its programs in the midst of the continued global warming, and the ramp-up of activities by the government regulators to enforce related laws on Occupational Safety & Health, Environment, and Disaster Management. The company initiated projects to ensure that it is able to effectively respond to and recover from major disasters; while considering the minimum requirement of government agencies like the Department of Defense on Disaster Management, Department of Labor and Employment on Occupational Safety, Department of Health on Occupational Health, and the Department of Environment and Natural Resources on Environmental friendliness. The more important initiatives pursued the previous reporting period are:

- Certification of the Business Continuity (ISO22301), Occupational Health and Safety (ISO45001), and Environment Management Systems (14001);
- Digitalization of the aforementioned management systems;
- Operationalization of the Earthquake Response Plan: to address risks related to the Big One, and establish fully-resourced Disaster Response Teams;
- Integrated Exercise of the Globe Crisis Management Plan with Government;
- Conduct of audit and integrated exercises with the critical vendors of Globe
- Launch of a smoke-free workplace
- Pursued projects to support the sustainability program:
  - » Solid and hazardous waste management
  - » Reduction of carbon footprint
  - » Energy and water conservation

## GLOBE PRINCIPAL RISKS

The achievement of Globe's key business objectives can be affected by a wide array of internal and external 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.

Globe aims to manage these exposures through developing appropriate RM strategies, establishing strong internal controls and capabilities, risk transfer methodologies (e.g., insurance covers) and close monitoring of risks (including emerging risks) and mitigation plans. This section outlines the various principal risks that impact Globe, listed in no particular order of significance:

### Political and Socio-Economic Risks (External)

Globe's growth and financial health is influenced by the nation's political and socio-economic structures and conditions. The uncertainties in the political, geopolitical and social environment may have an adverse impact on the Philippine economy which in turn directly impacts the company's business, financial condition or results of operations, including the ability to sustain and enhance the growth of its customer base, improve its revenue base and implement its business strategies.

The current administration is implementing major changes to the telecommunications industry that can either positively or negatively affect the company's business. These include the following possible scenarios:

- Network performance pressure and scrutiny

- Sharing of network/facilities across operators
- Portability of mobile numbers
- Government-mandated pricing
- Entry of a new telecom players
- Reallocation of spectrum to new telecom players
- Potential improved LGU support
- Increased infrastructure spend
- Changes to the current industry model
- Increase in fees and tariffs related to Operations
- National roaming capabilities

The current proposal of shifting to a federal form of government could impact the company's business model. Geopolitical and geoeconomic volatility could also impact its way of doing business, these include:

- International and regional conflicts
- Protectionism and deglobalization
- Supply chain disruption
- Threats to national security, such as terrorism, nation sponsored cyber attacks, pandemics, among others.

Mitigation:

- A regular environmental scanning exercise is performed to ensure the identification of any uncertainties arising from global and local political and socio-economic factors.
- Create fallback policies in cases of supply chain disruptions due to international trade ban and territorial lockdown
- Maintaining a healthy relationship with various government sectors including dialog with regulators and legislators.
- Strengthening the tie-ups with government programs and initiatives

### Regulatory Risk (External)

Globe Telecom is regulated by the National Telecommunications Commission (NTC), an attached agency of the Department of Information and Communications

Technology (DICT), for its telecommunications 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 on the company's 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.

Some of the recent key legislation and regulations implemented by the Government and the Regulator, which impact Globe are listed below. Globe is closely monitoring the developments in relation to laws and regulations and has taken the necessary steps to ensure compliance with such.

- Common Tower Policy (DICT Ruling) - A policy promulgated by the DICT to ensure more access to cost-efficient ICT infrastructure in areas not adequately served, via common towers.
- Mobile Number Portability (RA11202) - A law that allows subscribers to switch from one network operator to another without having the need to change their mobile telephone numbers.
- 8-Digit Landline (NTC Memorandum Order 10-10-2017) - Migration of 7-digit landline telephone numbers to 8 digits, to ensure adequacy of assignable exchange code numbers.

The introduction of new, modified, or inconsistent application of laws or regulations from time to time, may significantly affect the company's operations, financial condition and reputation. There is no assurance that the regulatory environment will support any increase in the company's business and financial activity.

Mitigation:

- Regular monitoring of rulings, especially those that could negatively impact the business
- Implement government-relations management strategies
- Quarterly reporting to Board of Directors on the updates from upcoming laws and regulations and the current implementation status of new laws and regulations
- Enhancing compliance effectiveness of Globe by/through:
  - » Proactive internal compliance assessments
  - » Enhancing internal controls on processes impacted by specific laws and regulations
  - » Training the required staff and management on new laws and regulations
  - » Programs that will establish and enhance the culture of compliance

### Competition Risk (External)

#### a. Traditional Competition (External)

Competition remains intense in the Philippine telecommunications industry amidst a mature mobile market and high growth data business, as current competitor seeks to regain market share with aggressive offerings. In July 2019, a new player was given its permit to operate as the third telecommunications player of the Philippines. Its commercial operations were initially targeted to start by September 2019 but were eventually moved to the second quarter of 2020. These factors are seen to further heighten the competitive dynamics amidst a mature mobile market.

Mitigation:

- Assert Globe's market position through offering of personalized plans and launching of innovative products and services that are relevant and responsive

to the need of the customers, focusing on superior customer experience,

- Continuously invest, build, and improve the Globe network to deliver superior network experience to customers.
- Launch programs that aim to maintain high value customers and improve customer loyalty for both consumer and business segment.
- Delivery of superior customer experience as a key differentiator.

#### b. Substitute and Alternative Competition (External)

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.

As customers move towards an "everything on demand" lifestyle, there is an increased demand for telecom operators to be more than just service providers, opening the door for companies to offer content, media, and other services bundled with internet services at competitive prices as substitute products and services as compared with traditional telecom data services.

As new technology and innovations emerge, such as 5G, Internet of Things (IoT), Smart Cities, among others, potential new substitutes and alternatives to existing telecom services may arise in the future that can impact the company's growth and sustainability should it fail to respond well.



#### Mitigation:

- 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
- Enable swift response to new market developments and customer preferences by implementing an agile organization and open technologies
- Develop innovative services with new business and pricing models that will cater to the changing needs of the customers
- Develop a monitoring program that will identify key changes and developments in market environment, supply chain management, technological advancements and customer preferences.

#### Talent and Succession Risks (Internal)

Globe believes that its greatest asset is its people, thus ensuring that the company is able to acquire and retain competent, purpose-driven, and future-thinking talents is crucial to the company's continued success. Succession planning is also a critical area as in order to build a Globe that lasts, developing the next generation of leaders ensures that there will always be people who can, and will, lead Globe into the future.

Increasing need for specialized talent that is in short supply, the threat of talent poaching both from competition and other industries that aim to acquire talents with telecom exposure, the allure of working abroad versus working locally due to better compensation and opportunities are the key risks that Globe faces in securing talent. On the other hand, the lack of ready-now talents for key leadership positions, as well as the inability to provide the

right work environment, office culture, and development opportunities where high potential talents can thrive and develop into the next generation of leaders and where the entire people of the organization remains engaged and productive, are the key risks that Globe faces in retaining and developing talent.

#### Mitigation:

- Development of robust talent succession development program that identifies high potential talents and ensure a healthy supply of ready-now talents to key leadership positions
- Implementation of various people engagement and development programs and activities that boost employee morale, including programs that promote workplace psychological safety and fostering purpose-driven mindset to all ka-Globe.
- Robust internal training programs for continuous learning and development, including specialized courses that upskill the workforce to new technologies and disciplines that would otherwise be not readily available on traditional learning channels.
- Strict compliance monitoring for accredited third-party vendor partners on pertinent labor laws and regulations

#### Financial Risks (External/Internal)

##### a) Foreign Exchange Risk (External)

Globe is exposed to two (2) types of Foreign Exchange (FOREX) risks - transaction exposures and translation exposure. FOREX transaction exposures results from inflows of US Dollar (USD) from operations during a peso appreciation. The company's FOREX translation exposures result primarily from movements of the Philippine peso against the 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.

#### Mitigation:

- Manage FOREX risks in such a way that transaction exposures will offset translation exposures. This is done by:
  - » Assessing FOREX risk through sensitivity analysis estimating the Profit & Loss (P&L) impact of a change in the US\$/Php rate
  - » Entering into forward contracts to hedge against peso appreciation in the case of a FOREX transaction exposure
  - » Entering into short-term foreign currency forwards and long-term foreign currency swaps in the case of a FOREX translation exposure
  - » Entering into principal-only swaps to hedge FOREX risk exposure to principal repayments on USD debts

##### b) Interest Rate Risk (External)

In order to fund the company's major expenditures, Globe has entered into various short and long-term debt obligations, which exposes the company to the risk of changes in interest rates.

#### Mitigation:

- Manage interest rate risk in such a way that levels of debt can achieve a balance between cost and volatility. This is achieved through:
- Assessing interest rate risk through sensitivity analysis estimating the P&L impact of an indicated movement in interest rates

- Setting a target level of fixed and variable debt mix
- Entering into interest rate swaps to reduce volatility related to interest rate movements

#### c) Liquidity Risk (Internal)

Globe revolves in an industry where there is rapid technological advances. This puts a great pressure on the company's financial structure to generate sufficient cash flows to finance its capital investments and refinance its outstanding debts.

Mitigation:

- Evaluate Globe's projected and actual cash flows and continuously assess conditions in the financial markets for opportunities to pursue fund raising activities
- Strengthen Capital Expenditure (CAPEX) planning supported by data-driven decision making process
- Ensure stable access to the capital market by maintaining an investment grade credit rating, strong liquidity position and balance in resource allocation between CAPEX and Operational Expenditures (OPEX).

#### Information and Communications Technology Risk (Internal)

The transformation of Globe's product portfolio from traditional telecom services to a data driven ecosystem of product and service offerings is enabled by the right systems and technologies. Mobile data applications and the rising popularity of smartphones, social media platforms as enabled by mobile and connected devices continue to drive the exponential surge in data traffic. Consequently, this leads to a clamor for fast, reliable, yet affordable data services. In response, Globe's network infrastructure and Information Technology platforms and systems undergo constant change and improvement to remain

robust and anticipate and meet future demands. This ensures improved network quality, enhanced customer service and experience, optimized total cost of ownership.

Globe considers the following factors as its key risks in this area:

- Anticipating and selecting the right mix of technologies to adopt and implement
- Constant change and improvement leading to disruption of customer service and experience
- Technology ecosystems not working harmoniously with one another
- Total cost of ownership and operation are not optimized
- The right technologies are not implemented at the right place at the right time.

Mitigation:

- Continuous environmental scanning for the latest innovations and trends in telecom technologies, devices, and gadgets to determine the right information and communication technologies needed to both support new products and services, and for future-proofing both from a technology and cost to maintain and operate perspective.
- Adoption of best practice frameworks and standards to ensure that Network and IT transformation programs meet global standards in execution, efficiency, and security.
- Institutionalize appropriate program governance organizations with Management oversight to ensure that key Network and IT transformation programs are on track, its risks managed, integrates harmoniously with the overall technology ecosystem, and does not result in unintended disruptions that negatively impact customer experience.

#### Business Disruptions (External/Internal)

The quality and continued delivery of Globe's services are highly dependent on Globe's network/IT infrastructure and a well-functioning work force, which are vulnerable to threats caused by extreme weather disturbances, natural calamities, fire, acts of terrorism, intentional damage, malicious acts, pandemic and other similar events which could negatively impact the attainment of revenue targets and the company's reputation.

Mitigation:

- Enhance Globe's incident and crisis management plans and capabilities and incorporate disaster risk reduction and response objectives in the company's business continuity planning
- Regular exercising of established plans to ensure that they stay relevant and effective, updating the plans as needed.
- Continuous partnerships with local and national government, as well as non-government organizations, in responding to natural and man-made crisis.

#### Cybersecurity Risk (External/Internal)

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. As Globe continues to introduce personalized products and services and customized transactions to its customers, it stores personal information through product and service preferences and transaction history. 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 expose the organization to even more cyber-attacks.

Mitigation:

- Strengthening and enhancement of Globe's 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
- Implementing programs that enhance information security awareness among the organization
- Conducting information security reviews on outsourced processes and systems from Globe's third party suppliers
- Educating the youth to better understand the impact of their online behavior so they can be responsible digital citizens, thereby lessening cyber threats to Globe

#### **Data Privacy Risk (External/Internal)**

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.

A Chief Information Security Officer ensures the adequacy of information/cyber security capabilities and controls. On the other hand, a Data Protection Officer manages programs and initiatives to address the risks relating to the confidentiality and integrity of customer information while ensuring compliance with Data Privacy Act of 2012 (Republic Act 10173).

Mitigation:

- Promote employee awareness on data protection and loss prevention through regular corporate communication channels
- Enforce employee accountability on maintaining confidentiality of data handled, including disclosures and information shared in various social media platforms
- Strengthen controls over processes that require handling of customers' personal information and existing security capabilities to prevent compromise of customer data.
- Conduct regular compliance reviews of third party suppliers handling customer information to Data Privacy Act of 2012 (Republic Act 10173)

#### **Digital Transformation Risk (Internal)**

In the age of Digital, Globe strives to be an agile organization - in the technologies it uses, in its day-to-day processes, and in its people and how the company is organized, to keep up with the needs and demands of its customers. Failure to drive the entire organization to quickly adapt to new ways of working, to new technologies that reduce complexity and increase efficiency, 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, ineffective and bureaucratic processes and systems, and inefficient use of limited resources.

Mitigation:

- Implement cultural change programs and adoption of new ways of working, focusing on customer centricity, innovation, and agile.
- Opportunistic hiring of talents required for innovation and new investment areas.
- Build the right leadership structures and systems that will support an agile, future-ready, and customer centric organization.

#### **Reputation and Customer Experience Risk (External)**

Globe is recognized as one of the Philippines' top companies providing innovative and superior products and services, creating wonderful experiences and constantly striving to delight its customers at every corner. Globe is also recognized as a company that commits its purpose of creating a Globe of Good by helping build a Digital Nation, caring for the Environment, as well as treating people right and leaving a Positive Societal Impact to the nation.

These promises and commitments expose the company to reputational risks. Damage to Globe's reputation and erosion of brand equity could also be triggered by several factors such as the inability to swiftly and adequately handle customer complaints, negative social media sentiments, adverse public perceptions, failure to deliver on customer promises, inability to understand customer preferences and overall service experience, among others.

Mitigation:

- Frequent reviews of existing processes influenced by customers to identify and address existing gaps, minimizing exposure from risk areas
- Training front line staff to enhance customer handling and dispute resolution

- Implement comprehensive programs that farm customer feedbacks effectively and analyze them to create customer centric strategies
- Closely monitor customer online sentiments to immediately address customer issues before it surface to mainstream online platforms

#### **Revenue Leakage Risk (Internal)**

The telecommunications industry is inherently vulnerable to revenue leakage, with the continuing innovations in Telecom 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.

##### **Mitigation:**

- Identify and embed appropriate revenue assurance controls into new products and services
- Ensure solid internal controls on existing revenue-impacting processes through periodic controls review exercises, controls discovery and review of critical processes
- Implement Revenue Assurance tool that would increase efficiency in its operations through automated execution of controls

#### **Fraud Risk (Internal/External)**

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’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.

##### **Mitigation:**

- Institutionalize processes and build 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
- Increase organizational awareness of fraud policies and its consequences through regular communication channels of the company. The company promotes a positive work environment through clear organizational structure, written policies and fair employment practices, effectively preventing employee fraud and theft.
- Strengthen internal controls on processes with high vulnerability on fraud risks
- Implement various programs to equip its customers with the right information so that they do not fall victim to fraudsters
- Closely coordinates with law enforcement agencies to help protect its customers from activities meant to defraud them

#### **Third party Risk (External)**

In an increasingly globalized and interconnected world, Globe seeks out various third party providers who play significant roles in delivering superior products and services,

managing total cost to operate to remain competitive. Globe banks on the partners’ industry expertise and wealth of experience to extend the reach and expand the capabilities of the company. Currently, Globe engages third party partners across key aspects of the company’s operations - from supply chain and procurement, managed services, billing and collection, facilities management and security, call center services, store operations, among others.

As a result, these partners indirectly carry the Globe brand. Thus, this exposes the company to third party risks on business continuity, cybersecurity, legal and regulatory compliance, supply chain management, and responsible business operations to name a few.

##### **Mitigation:**

- Implementation of strict vendor accreditation, selection/award and retention process. Vendors are also closely monitored for compliance with agreed-upon quality and service level standards as a means for retention, and imposition of rewards and penalties.
- Vendor trainings and indoctrination on Globe’s processes, policies, quality standards and targets
- Conduct third party partner audits on key standards and best practices such as business continuity management, information security management system, environmental compliance, among others.
- Identification of alternative suppliers for key network components, devices, services, etc.



# Management's Discussion and Analysis

Results of Operations (₱ Mn)	31-Dec 2019	31-Dec 2018	YoY Change (%)
<b>Operating Revenues</b>	<b>166,660</b>	151,173	10%
<b>Service Revenues</b>	<b>149,010</b>	132,875	12%
Mobile <sup>1</sup>	<b>111,767</b>	99,531	12%
Home Broadband <sup>2</sup>	<b>21,747</b>	18,606	17%
Corporate Data <sup>3</sup>	<b>12,828</b>	11,762	9%
Fixed Line Voice <sup>4</sup>	<b>2,668</b>	2,977	-10%
<b>Non-Service Revenues</b>	<b>17,650</b>	<b>18,297</b>	<b>-4%</b>

<sup>1</sup>Includes mobile voice, SMS, data revenues and fully mobile broadband services.

<sup>2</sup>Includes revenues from wired and fixed wireless,

<sup>3</sup>Includes international and domestic data services, corporate internet access, and data center solutions.

<sup>4</sup>Includes revenues from landline and DUO services.

## FINANCIAL PERFORMANCE

For 2019, Globe's consolidated service revenues reached ₱149.0 billion, 12% higher from a year ago. This growth was fueled by the gains from data services across mobile, broadband and corporate data services.

For the Mobile business, revenues posted ₱111.8 billion or up by 12%, surpassing the ₱99.5 billion reported a year earlier. As the mobile segment dominated the Philippine market, mobile revenues remained the largest revenue contributor, accounting for 75% of the total service revenues led by the company's Prepaid brands. Total mobile subscriber base is now at 94.2 million, up 27% from 2018.

From a product perspective, mobile data revenues generated ₱71.8 billion in 2019 from nearly ₱51.0 billion last year, mainly driven by the surging demand for video streaming, gaming apps and social media, further boosted by the compelling promotions for higher-value data-centric plans. Mobile data now accounts for 64% of mobile revenues from 51% a year ago. Mobile data traffic likewise leapt from 956 petabytes in 2018 to 1,699 petabytes in 2019, a 78% growth

year-on-year. Meanwhile, mobile voice and mobile SMS revenues for the period ended at ₱24.3 billion and ₱15.7 billion, lower year-on-year by 15% and 22%, respectively, as usage further shifted towards IP/OTT-based communications.

For the Home Broadband business, revenues reached ₱21.7 billion this period, surpassing last year's ₱18.6 billion by 17%, driven by a rising level of fixed wireless broadband users reaching close to 1.4 million (up 40% year-on-year). Total home broadband subscriber base now stands at over 2.0 million, up 25% from a year ago. The rising popularity of Home Prepaid Wi-Fi and compelling broadband plans bundled with the best local and international content fueled @Home broadband's continued success. The launch of the commercial pilot for At Home Air Fiber 5G services further expanded Globe's product suite, offering new connectivity options to deliver high-speed broadband access to its broadband customers.

Corporate Data revenues reached ₱12.8 billion as of end-December of 2019, up 9% from the ₱11.8 billion reported in 2018. This was propelled by the higher circuit count coupled with the increase in usage for both

internet and domestic services.

Revenue levels were also supported by the enterprise clients' increasing demand for products and solutions to support their digital transformation initiatives, as more and more businesses pursue their digitalization journey.

Supporting these revenue streams, Globe's total operating expenses including subsidy posted close to ₱73.0 billion for the period, or an 8% increase from a year ago, leading to consolidated EBITDA of ₱76.0 billion, up 17% from 2018.

As a result of the top line growth, which fully covered the increases in operating costs, depreciation charges and non-operating expenses, net income stood at ₱22.3 billion, or up 20% from the year before. Accordingly, core net income, which excludes the impact of non-recurring charges, and foreign exchange and mark-to-market charges, stood at ₱22.5 billion, 20% higher year-on-year.

Globe spent a record level of capital expenditure (CAPEX) of ₱51.0 billion or around US\$989 million in 2019, 18% higher than a year ago and represents 34% of gross service revenues and 67% of full

year EBITDA. Bulk of the all-time high spend went to data-related requirements, comprising 79%, as Globe continued to invest in the Philippines towards enabling Filipino families and businesses. This record spend allowed the company to make significant gains and fast-track its network rollout during the year. As of December 2019, Globe put up 139% more sites versus 2018 and also added more 3G and 4G base stations, putting up 28% more than last year. These gains benefitted customers as evidenced in the latest results of third party network quality test providers, which showed that Globe's LTE download and upload speeds, and latency in the 4th quarter of 2019 improved nearly 16%, 6% and 9% respectively, compared to the same period last year. Moreover, these improvements were achieved despite a 58% growth in mobile data traffic over the same time period. To sustain this momentum, Globe is committed to spend ₱63.0 billion CAPEX for 2020, which includes spill over of CAPEX commitments from 2019.

Meanwhile, consolidated Return on Average Equity (ROE) registered at 28.9% as of end-December 2019, compared to 26.7% in 2018 using

net income and based on average equity balances for the year just ended. Using core net income, which excludes the effects of non-recurring expenses on net income, return on average equity as of end-December 2019 and 2018 were 29.1% and 26.8%, respectively.

Accordingly, consolidated basic earnings per common share were ₱162.96 and ₱135.91, while consolidated diluted earnings per common share were ₱162.20 and ₱135.40 as of end-December 2019 and 2018, respectively.

The balance sheet and cash flows remain strong with ample liquidity and gearing below bank covenants. On a consolidated basis, Globe closed 2019 with gross debt to equity ratio on a consolidated basis at 1.68:1 and is well within the 3.0:1 debt to equity limit dictated by Globe's debt covenants. Meanwhile, net debt to equity ratio was at 1.58:1 as of end-December 2019 and 1.71:1 as of end-December 2018.

Globe Group's consolidated assets as of 31 December 2019 amounted to ₱304.3 billion compared to ₱299.5 billion as of December 31, 2018.

Consolidated cash, cash equivalents and short-term investments (including investments in assets available for sale and held to maturity investments) stood at ₱8.3 billion as of end-December of 2019 compared to ₱23.2 billion as of end-December 2018.

Consolidated net cash flows provided by operating activities for the year just ended was at ₱74.0 billion, up by 28% year on year. Net cash used in investing activities amounting to ₱55.0 billion, was 29% higher than last year. Meanwhile, net cash from financing activities amounted to ₱33.3 billion, significantly higher than last year's ₱3.4 billion driven by higher repayment of borrowings, and interest payments, coupled with the lease liability payments this period with the adoption of PFRS 16.

Consolidated total debt, declined by 8% from ₱148.3 billion at the end of 2018 to only ₱136.3 billion at the end of December 2019.

Lastly, Globe paid out ₱12.1 billion in common cash dividends in 2019, representing 65% of 2018 core net income. This was in line with our dividend policy of distributing 60% to 75% of prior year's core net income.

## 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.

<b>AVERAGE REVENUE PER UNIT (ARPU)</b>	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.
<b>AVERAGE MONTHLY CHURN RATE</b>	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.
<b>EBITDA</b>	EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is calculated as service revenues less subsidy <sup>1</sup> , operating expenses and other income and expenses <sup>2</sup> . 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.
<b>EBITDA MARGIN</b>	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.
<b>EBIT and EBIT MARGIN</b>	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.

<sup>1</sup>Computed as non-service revenues less cost of sales, mostly on sale of handsets/SIM packs, accessories & gadgets

<sup>2</sup>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

## Non-financial

Globe also uses non-financial performance indicators to measure the success of the business and emphasize its 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.





# Strategy





## Market Outlook

The Philippine telecommunications industry has seen a shift in recent years, with the advent of data and the internet of things changing the way consumers behave and telcos do business. Consumers are increasingly favoring data for their communication needs, causing a decline in traditional voice and SMS services. Telecommunication companies have had to reposition themselves to remain relevant in the age of digitization.

For a highly penetrated mobile market such as the Philippines, the prevalence of affordable data plans and smart devices is further driving the demand for data. Visiting social media and streaming video sites, and playing games are the top activities for Filipinos online. Other than entertainment, data also allows more

Filipinos to avail of transport network vehicle services, food delivery services, navigation services, and more using their smartphones.

The fixed line industry is also seeing an increasing demand for data. At home, smart televisions and gaming consoles are enabling the consumption of bandwidth-intensive multimedia content such as high definition videos and network gaming. More customers are now taking advantage of free multi-media content and paid video streaming services which are encroaching on cable TV service. Beyond connectivity, corporate and enterprise clients are looking to service providers, including telco partners, to provide solutions to help businesses grow, generate more revenue, and safeguard vital business information and corporate assets.

On competition, the industry will potentially experience changing market dynamics with the entry of the third player, which is slated to launch commercial operations by March 2021.

Lastly, on the regulatory front, the government continues to review existing laws and policies, aligning them with international norms. In recent years, this has led to lower interconnection rates, and new rules governing prepaid load expiry and Mobile Number Portability (MNP). On MNP, the incumbents, along with the new player, have since formed a joint venture and enlisted US-based Syniverse as its Mobile Number Portability Service Provider (MNPSP). Full implementation of MNP is set for 2021.

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## Strategies

Globe continues to invest in the Philippines towards enabling Filipino families and businesses, reaching a record CAPEX of ₱51.0 Billion in 2019.

Globe's programs in 2019 are anchored on improving customer experience and elevating digital proposition:

### **Accelerate network roll out**

Accelerating builds of wireless sites to catch up on demand, increasing wired footprint to address serviceability

### **Increase Household Penetration**

Laying the groundwork for owning the home through innovative products and services, right channel play, and strategic network migration

### **Develop ICT Capabilities**

Establishing Globe as a trusted digital transformation partner of large and small enterprise customers by providing compelling ICT services

### **Habituate and Monetize**

Sustaining gains in data habituation by protecting the customer base and

through programs to acquire quality customers through content

### **Create new and profitable revenue streams**

Unlocking value in digital technology, lifestyle and entertainment through complementary plays with core telco products

### **Agile Workforce**

Building an agile organization with a deeper understanding of the customer to allow us to be more responsive to customer needs

Strategy	Description	2019 Performance	2020 Priorities
<b>Accelerate Network Rollout</b>	Long-term commitment to provide best-in-class internet connectivity	<p>CAPEX of P51.0 billion or US\$989 million</p> <p>As of end December 2019, Globe put up 139% more sites versus 2018</p> <p>Added more 3G and 4G base stations, putting up 28% more than last year</p> <p>1,699 petabytes in mobile data traffic vs 956 in 2018</p>	<p>Committing to CAPEX of P63.0 billion</p> <p>Bring internet services to more Filipino households through wireless home broadband and constantly improve overall network experience</p> <p>Bring seamless internet connectivity services to more households and consistently deliver improved customer experience</p> <p>Launch of relevant 5G offers for the home and central business districts</p>
<b>Increase Household Penetration</b>  <b>Habituate And Monetize</b>	To be the leader of the Filipino digital lifestyle by providing world-class technologies for entertainment, education, engagement and rewards designed to address customers' needs.	<p>2.0 million home broadband customers as of end of 2019</p> <p>94.2 million mobile subscribers as of end of 2019</p> <p>Launch of the commercial pilot for At Home Air Fiber 5G services in 2019, offering new connectivity options to deliver high-speed broadband access</p> <p>38.4 Transactional Net Promoter Score (NPS) score versus 34.5 in 2018</p> <p>Diverse portfolio of partnerships: ONE, NBA, Netflix, Spotify, Disneylife, Fox+, Viu, HOOQ, Klook</p> <p>Deployed Go WiFi and Community WiFi to enhance/expand the experience of Globe mobile and broadband customers</p>	<p>Continue to forge partnerships and create innovative content-driven experiences for customers</p> <p>Establish Esports Center as home for Esports thought leadership</p> <p>Continue deployment of Go WiFi and Community WiFi where and when it matters</p> <p>Transform trade / distribution experience, beyond telco-products</p> <p>Transform end-to-end prepaid experience, to enable digital life</p> <p>Improve customer experience via hyper-targeted Rewards; provide personalized rewards</p> <p>Constantly improve how Globe communicates to its customers through digital sales and care channels</p> <p>Use of multiple and integrated channels (omni-channel) that create cohesive and personalized customer experience</p> <p>Create delightful customer experiences across complementing digital and traditional channels that cohesively serve customer needs</p> <p>Deliver seamless, frictionless, immersive and consistent customer digital experience</p>



Strategy	Description	2019 Performance	2020 Priorities
<b>Develop New ICT Capabilities</b>  <b>New and Profitable Revenue Streams</b>	To empower the local economy in its digital transformation by helping businesses flourish through the right technology, infrastructure, solutions and know-how	<p>Enabled micro, small, medium and large enterprises with relevant business solutions</p> <p>Cloud adoption and Cyber Security solutions for Enterprise customers</p> <p>Over 1.2 million AMAX retailers</p> <p>GCash has 75,000 QR merchants, 30,000 cash-in points and 400 partner billers who accept GCash payments</p> <p>Acquisition of a 77% stake in EC Pay, which allows Globe to modernize/digitalize its prepaid loading channels and advances Globe's ambition to be the leader of the Filipino digital lifestyle</p>	<p>Empower the local economy in its digital transformation by helping business flourish through the right technology, infrastructure, solutions and know-how</p> <p>Enable small business owners to offer more products and services to stimulate the e-commerce industry and the digital economy, through EC Pay</p>
<b>Agile Workforce</b>	To create a high-performing organization through a purpose-driven workforce with a culture of empowerment, collaboration and innovation	<p>8,048 regular employees (53% male and 47% female)</p> <p>91% Sustainable Engagement score in 2018 (net of retention score)</p> <p>88% Organizational Health Index Score in 2019</p> <p>Purpose Survey Indicators</p> <ul style="list-style-type: none"> <li>• Role and Work contribution to Globe Purpose: 91 in 2019 vs 87 in 2018</li> <li>• Personal Purpose contribution to Globe Purpose: 88 in 2019 vs 87 in 2018</li> <li>• Employer Net Promoter Score (NPS): Likelihood to recommend Globe as an employer: 53.40 vs 43.38 in 2018</li> </ul> <p>Employee volunteers comprised 40 percent of total employee base</p> <p>Zero fatality rate and zero man-hours lost due to work-related accidents</p> <p>Transition towards building an enterprise-wide Simple, Digital, Agile (SDA) organization.</p>	<p>Create a high-performing organization through a purpose-driven workforce with a culture of empowerment, collaboration and innovation</p> <p>Pioneer the transformation of the service delivery engine to Simple, Digital, Agile (SDA) for faster time to market, efficient delivery, effective cost management and better collaboration</p> <p>Continuing organizational focus on customer-centricity</p> <p>Enabling an agile organization through agile competency-building and ways of working</p> <p>Empowering leadership with a focus on clarity, collaboration and succession planning</p> <p>Perpetuating the Circle of Happiness through Purpose, Globe Values and overall Organizational Health</p> <p>Valuing People and together, ensuring sustainability</p>

## 2020 Outlook

2020 is seen as another record year in terms of reinvestment, as Globe serves over 96 million customers nationwide and committing to ₱63.0 billion in CAPEX in 2020

- Protect customer base by improving network experience
  - Accelerate growth of new businesses by leveraging on the strength of the core
  - Build a customer-centric approach to execute more efficiently and effectively
  - Further enhance brand proposition through offers that will improve overall experience and heighten customer engagement
  - Fast track development of ICT capabilities, especially on cloud and cyber security, through strategic partnerships
  - Build foundations to provide a unified, deeper and insightful view of the customers.
- 

## Strategy Towards Climate Action

As part of the Singtel group and a GSMA-led initiative, Globe has joined more than 50 mobile operators to combat climate change through the Carbon Disclosure Project's (CDP) global disclosure system. With a vision to achieve net-zero greenhouse gas (GHG) emissions by 2050, in alignment with objectives of the Paris Agreement 2016, the initiative aims to develop a mobile industry climate action roadmap to create a decarbonization pathway for the mobile sector by February 2020. Efforts are underway to completely incorporate the TCFD recommendations in Globe's strategy and risk management procedures. It has been further elaborated in the Natural Capital section of this report.

Globe holds a high standard of responsibility towards its stakeholders to deliver transparency in the company's methods of environmental stewardship, particularly through the CDP system. With thousands of cell sites nationwide, the company's footprint spans two-thirds of the country's population. The company's Chief Technology and Information Officer (CTIO) and Chief Strategy Officer (CSO), Mr. Genio states that power consumption is one of the most pressing issues for Globe as well as the Philippines. While the increased cell sites would contribute to the consequent increase in the footprint, it would also have a positive technological impact through reduced power consumption.

This is aligned with the Philippine Government priority programs to implement energy efficient measures to reduce power consumption.

Globe also has several governance teams working on various initiatives towards decarbonizing the company. This process of inculcating climate action in Globe's strategy has also initiated a shift in corporate policy as well as the implementation of energy saving programs that are conducted across sites nationwide.

# Stakeholder Engagement

Globe's stakeholder's expectations, needs, and aspirations are at the core of its purpose. The company considers it important to periodically engage with its wide range of stakeholders to capture the multitude of expectations they have from the business.

Understanding the company's stakeholders is imperative to align the corporate strategy and enhance the relevance of communications published through various platforms. Globe employs a range of engagement techniques with various stakeholders spanning from one to one meetings, surveys, online

platform-based dialogue and group interactions. The company's identified medium of engagement is tailored for each stakeholder group depending on stakeholder convenience. The response received is reviewed by the management periodically and incorporated into business strategy and implementation.



Globe Telecom Annual Stockholders' Meeting, April 23, 2019



(L-R) Ernest Cu, President and CEO; and Jaime Augusto Zobel de Ayala, Chairman, at the Globe Telecom 2019 Annual Stockholders' Meeting

Stakeholder Group	Mode of Engagement	Frequency	Stakeholder Concerns	Globe initiatives
Shareholders and Investors	<ul style="list-style-type: none"> <li>Annual Stockholders' Meeting</li> <li>Quarterly Investors' Briefing</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Quarterly</li> </ul>	<ul style="list-style-type: none"> <li>Higher financial return</li> </ul>	<ul style="list-style-type: none"> <li>Consistent dividend payout</li> <li>Financial Performance</li> <li>Return on Investment (ROI)</li> </ul>
Employees	<ul style="list-style-type: none"> <li>iSpeak or Sustainable Engagement Index</li> <li>Everyday Leadership Survey</li> <li>Purpose Surveys</li> <li>Performance Plan Evaluation</li> <li>Individual Development Plan</li> </ul>	<ul style="list-style-type: none"> <li>Every Other Year</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Career Development Programs</li> <li>Safe Workplace</li> <li>Collaborative Environment</li> <li>Employee Benefits</li> <li>Employee Programs</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly Townhalls or Ka-Globe Jam</li> <li>Globe University</li> <li>Leadership and Talent Programs</li> <li>Globe internal communications channels (E-mail and SMS blasts)</li> <li>Employee Center at the 19F The Globe Tower</li> <li>Globe Wellness Centers (gym and sports facilities)</li> </ul>

Stakeholder Group	Mode of Engagement	Frequency	Stakeholder Concerns	Globe initiatives
Customers	<ul style="list-style-type: none"> <li>• Net Promoter Score</li> <li>• Customer Index Surveys</li> <li>• Customer Feedback Management</li> <li>• Globe Online Channels</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly</li> <li>• Daily</li> </ul>	<ul style="list-style-type: none"> <li>• Network Quality</li> <li>• Customer Service</li> <li>• Uninterrupted Service</li> <li>• Loyalty / Retention Programs</li> </ul>	<ul style="list-style-type: none"> <li>• CAPEX investments</li> <li>• Globe Stores and other touchpoints</li> <li>• Customizable Products and Services</li> <li>• Online Channels and Chatbots</li> <li>• Internationally-certified Business Continuity Management Programs</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Community Engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> </ul>	<ul style="list-style-type: none"> <li>• Community Development Programs</li> </ul>	<ul style="list-style-type: none"> <li>• Globe Bridging Communities Program</li> </ul>
Partner Vendors and Suppliers	<ul style="list-style-type: none"> <li>• Vendor Management</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term partnership</li> <li>• Ethical behavior</li> <li>• Uninterrupted service</li> <li>• Clear Procurement Policies</li> <li>• Payment schedule</li> </ul>	<ul style="list-style-type: none"> <li>• Vendor Management</li> <li>• Business Partner Awards</li> <li>• Vendor Briefing and Onboarding</li> <li>• Sustainable Supply Chain Management Program</li> </ul>
Government	<ul style="list-style-type: none"> <li>• Compliance to Government Regulations</li> <li>• Communicate commercial, policy, regulatory, and other relevant matters with government authorities and regulators, and continue compliance to all government requirements as prescribed by law.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Integrated Report</li> <li>• Quarterly Report</li> <li>• Public disclosures</li> </ul>
Media	<ul style="list-style-type: none"> <li>• News Seeding</li> <li>• Press Conferences</li> <li>• Media Relations</li> <li>• Globe Media Excellence Awards</li> </ul>	<ul style="list-style-type: none"> <li>• Daily</li> <li>• Regular</li> <li>• Annually</li> </ul>	<ul style="list-style-type: none"> <li>• Regular and up-to-date disclosures</li> <li>• Building partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Globe Newsroom site</li> <li>• Daily news seeding</li> <li>• Media Relations</li> </ul>



# Materiality

Globe's materiality assessment is based on the Sustainability Accounting Standards Board (SASB) framework. The Materiality Matrix presents, industry specific material ESG issues from a business impact and/or environmental/social impact perspective. ESG issues can be interpreted as the most important management focus areas, i.e. the topics that could cause the most significant business and/or environmental/social impacts if not managed well. The location on the matrix indicates the relative importance of the ESG issue, with those located in the top right corners being the most material for the industry. The graph also highlights the 2-3 ESG issues that have been identified as the most relevant to elucidate further in this report. This selection considers factors specific to Globe such as business model,

geographic presence, product offering, as well as important recent developments and trends.

Some key findings from the company's materiality assessment included<sup>1</sup>:

- Customer Experience & Service has been identified as the most material issue amongst Globe's stakeholders.
- Customer Privacy and Data Security moved a few points down, however, it remains one of the top issues, continuing to focus on this issue to ensure integrity and trust from Globe's customers.
- A huge move was noted on Community Relations, due to a strong call from the current administration on major changes in the telecom industry.
- New regulatory issues, Public Policy and Business Ethics were also noted as material issues. The company is dedicated to work together with regulatory authorities to form policies and actively take part in policy advocacy.
- Integrity, anti-corruption and anti-competitive behavior have always been high priority issues for Globe. The company's assessment further reaffirmed Globe's understanding and the focus that it should give to these issues.
- While Globe is not a manufacturing company, it is expected to be mindful of the resources that third party vendors procure or dispose of. This points towards the materiality of effective implementation of Globe's values towards sustainability throughout the company's supply chain.



**SOCIAL CAPITAL**



**LEADERSHIP & GOVERNANCE**

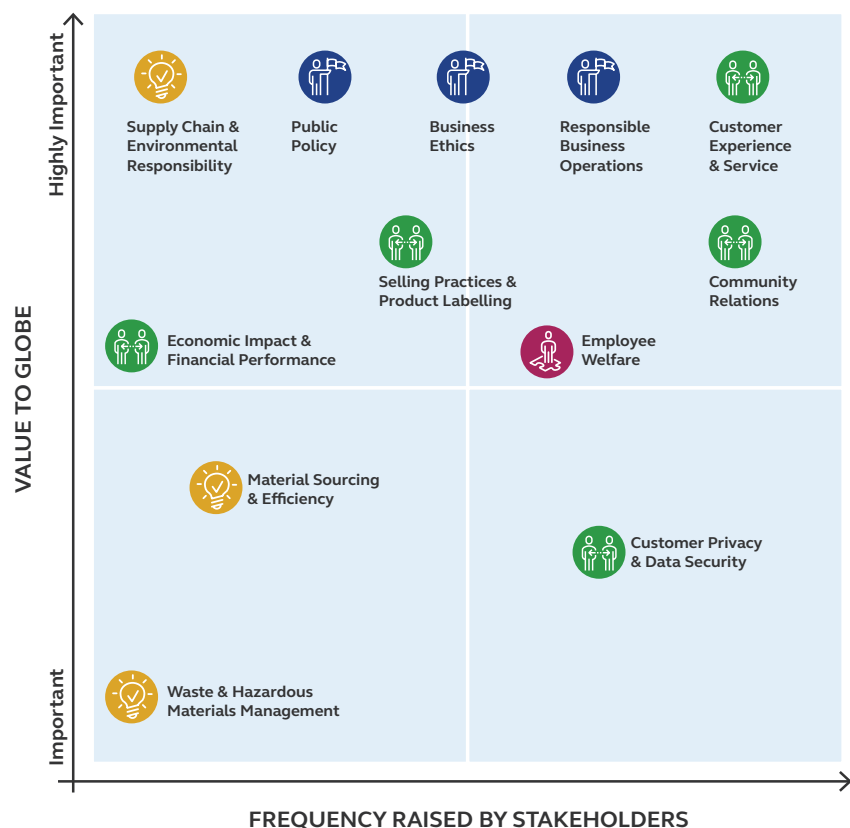


**BUSINESS MODEL & INNOVATION**



**HUMAN CAPITAL**

*\*based on SASB framework*



## Sustainability Reporting Frameworks Index

Material Topics	GRI Standards	SASB	TCFD	<IR>	SDGs	Page Number(s)
Customer Experience & Service	103-1 103-2 103-3	TC0301-09 TC0301-10		Social and Relationship Capital	 	138-142
Community Relations	102-44 103-1 103-2 103-3 413-1 413-2			Social and Relationship Capital	   	88-89 147-151
Selling Practices & Product Labelling	103-1 103-2 103-3 417-1			Social and Relationship Capital	 	138-142
Responsible Business Operations	103-1 103-2 103-3 204-1 205 206			Corporate Governance	 	44-46 54-59 145-146
Supply Chain & Environmental Responsibility	103-1 103-2 103-3 307-1 204-1 302-1 305-1 305-2 306-2	TC0301-01 TC0301-08	<ul style="list-style-type: none"> <li>• Climate risks</li> <li>• Climate linked metrics and targets</li> <li>• Climate linked strategy</li> </ul>	Natural Capital	    	87 145-147 152-163
Waste and Hazardous Materials Management	103-1 103-2 103-3 306-2	TC0301-08	<ul style="list-style-type: none"> <li>• Climate linked strategy</li> </ul>	Natural Capital	 	87 160-162
Material Sourcing and Efficiency	103-1 103-2 103-3 306-2 204-1	TC0301-08	<ul style="list-style-type: none"> <li>• Climate linked strategy</li> </ul>	Natural Capital	 	87 154-160
Public Policy	103-1 103-2 103-3 415			Manufactured Capital	  	103-106
Customer Privacy & Data Security	103-1 103-2 103-3 418-1	TC0301-02 TC0301-03 TC0301-04 TC0301-05 TC0301-06 TC0301-07		Social and Relationship Capital	 	116-119
Employee well-being	103-1 103-2 103-3 401-1 401-2 404-1 404-2 404-3 404-1 405-1			Human Capital	  	122-135
Business Ethics	103-1 103-2 103-3 102-16 102-17		<ul style="list-style-type: none"> <li>• Governance</li> </ul>	Corporate Governance	  	57-64
Economic Impact and Financial Performance	103-1 103-2 103-3 203-1 203-2			Financial Capital	  	98-99

# How Globe Creates Value

## Our Inputs

### FINANCIAL CAPITAL Resources and investments

P76B EBITDA (up 17% YoY)

P149B Gross Service Revenues

### MANUFACTURED CAPITAL Network investments and infrastructure

139% more sites vs 2018

28% more 3G and 4G base stations vs 2018

### INTELLECTUAL CAPITAL IT investments and infrastructure

Invested US\$60M in privacy and cybersecurity capabilities

US\$11.5 M of the 2019 CAPEX budget allocated to Privacy & Data Protection, Signaling or Telco

### HUMAN CAPITAL Workforce and organizational culture

8,048 Employees

65M invested in skills training and development

### SOCIAL & RELATIONSHIP CAPITAL Customers, Supply Chain and Community

86.5B business to local suppliers

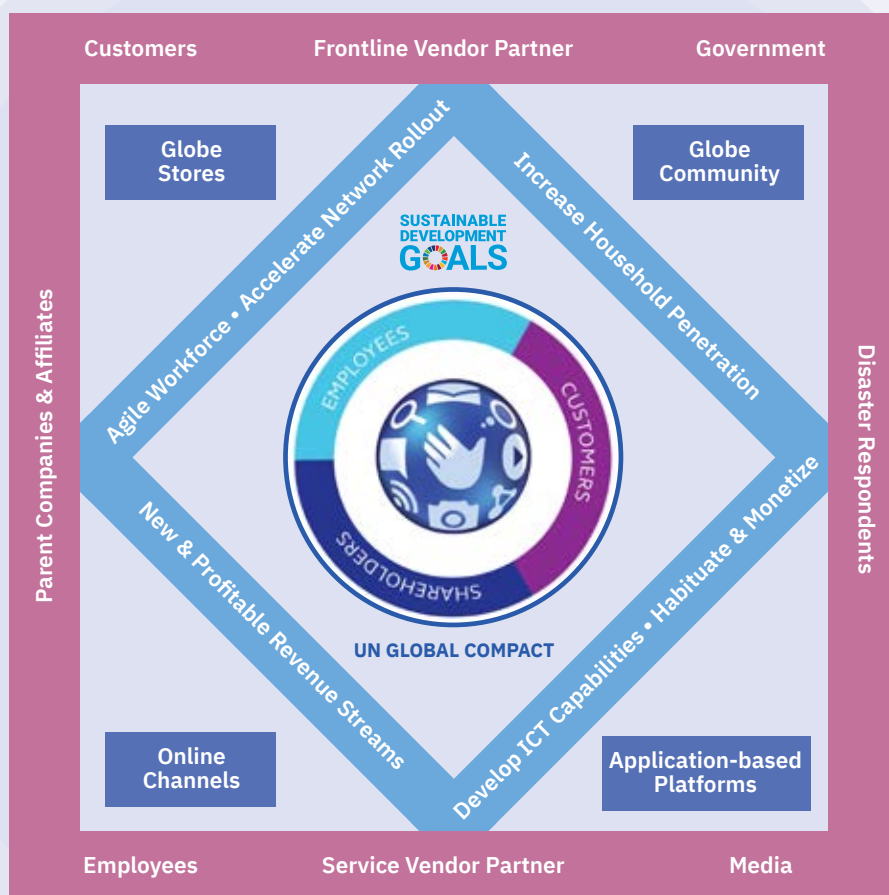
over 1.2 million AMAX retailers, distributors and business partners nationwide

### NATURAL CAPITAL Environmental management to help address climate emergency

Commitment to reduce carbon footprint by 30% - based on the 2017 levels - by 2030

6,948 Green Network Solutions deployed

## Our Business Activities



### CATALYZING CHANGE AND SYNERGIZING NETWORKS

As a purpose-led organization, Globe operates on a business model that aims to digitally transform the lives of its stakeholders - customers, businesses and the nation.

This IIRC <IR>-based business model presents the company's inputs and outcomes primarily around its business activities and respective outputs which are also mapped against the company's contribution towards the UN Sustainable Development Goals (SDGs) and UN Global Compact Principles. To ensure harnessed opportunity for sustained growth, this also captures the company's business activities and the inculcation of innovative strategies, creating shared value for all.

## Our Outputs

A record CAPEX of ₱51.0 billion spent in 2019  
Total mobile subscriber base is 94.2 million  
Total home broadband subscriber base now stands at over 2.0 million

Live demonstration of 5G technology with wireless speeds of 2Gbps  
Allocated ₱43.5 billion in capital expenditures in 2019 to widen its 4G/LTE data coverage, improve voice quality, and increase data speeds

Launching the BB ART initiative to ease the process of developing software  
Launched Mynt and GCash in partnership with Ant Financial and Ayala Corporation  
Launched various Apps and initiatives for Globe's stakeholders

Implementing initiatives such as digitizing HR management and Flexible Work Arrangement (FWA) Program  
Ensuring a safety first approach as the basis of OHS strategy  
Enabling employee growth and success through learning and development strategies

Developing the SEED strategy for Globe's consumers  
Initiatives to enhance customer experience such as 917 ventures  
Digital Thumbprint Program (DTP)

Inclusion of Social Innovation in Marine Biodiversity Program  
Deployed green solutions targeting energy efficiency in Globe cell sites  
Implementation of renewable energy solutions like Solar Panels and Fuel Cells within its operations

## Our Outcomes

### FINANCIAL CAPITAL

₱149.0B Gross Service Revenues  
11% Shareholder Return  
₱12.1B Dividend Payment to Common Shareholders

### MANUFACTURED CAPITAL

Over 2,500 locations with GoWifi access nationwide  
1,699 petabytes of mobile data traffic

### INTELLECTUAL CAPITAL

Developed 141 internal APIs with a total of 476 to-date  
Launched the Accelerated Cloud Cadetship Enablement (AC2E) Program

### HUMAN CAPITAL

Awarded as Top Workplace in Asia by Asia Corporate Excellence and Sustainability Awards  
47% female in the workforce

### SOCIAL & RELATIONSHIP CAPITAL

38.4% Net Promoter Score  
Sustainable Supply Chain Management  
SROI Framework

### NATURAL CAPITAL

Achieved carbon neutrality for select Globe Corporate Offices  
Integrated Management Systems for BCM, OHS and Environment

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



14 LIFE BELOW WATER



15 LIFE ON LAND



17 PARTNERSHIPS FOR THE GOALS







# Capitals



# Financial Capital

## Favoring Sustainable Variations



New and Profitable Revenue Streams

### STRATEGIC INTENT



Economic Impact and Financial Performance

“We need to invest in our infrastructure, employ technologies that are up-to-date to cope up with the ever-changing demands of our customers. We have to find the next big thing (startup “unicorns”) and bet on the right ventures”

**Rosemarie Maniego-Eala**  
Chief Financial Officer,  
Treasurer and Chief Risk Officer



Financial Risk  
Business Disruption Risk  
Information and Communications Technology Risk  
Competition Risk  
Digital Transformation Risk  
Third Party Risk

### RISKS ADDRESSED



Decent Work and Economic Growth  
Industry, Innovation and Infrastructure  
Partnerships for the Goals

### SDGs IN FOCUS



### UNGC PRINCIPLES

#### Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and  
**Principle 2:** make sure that they are not complicit in human rights abuses.

#### Labour

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
**Principle 4:** the elimination of all forms of forced and compulsory labour;  
**Principle 5:** the effective abolition of child labour; and  
**Principle 6:** the elimination of discrimination in respect of employment and occupation.

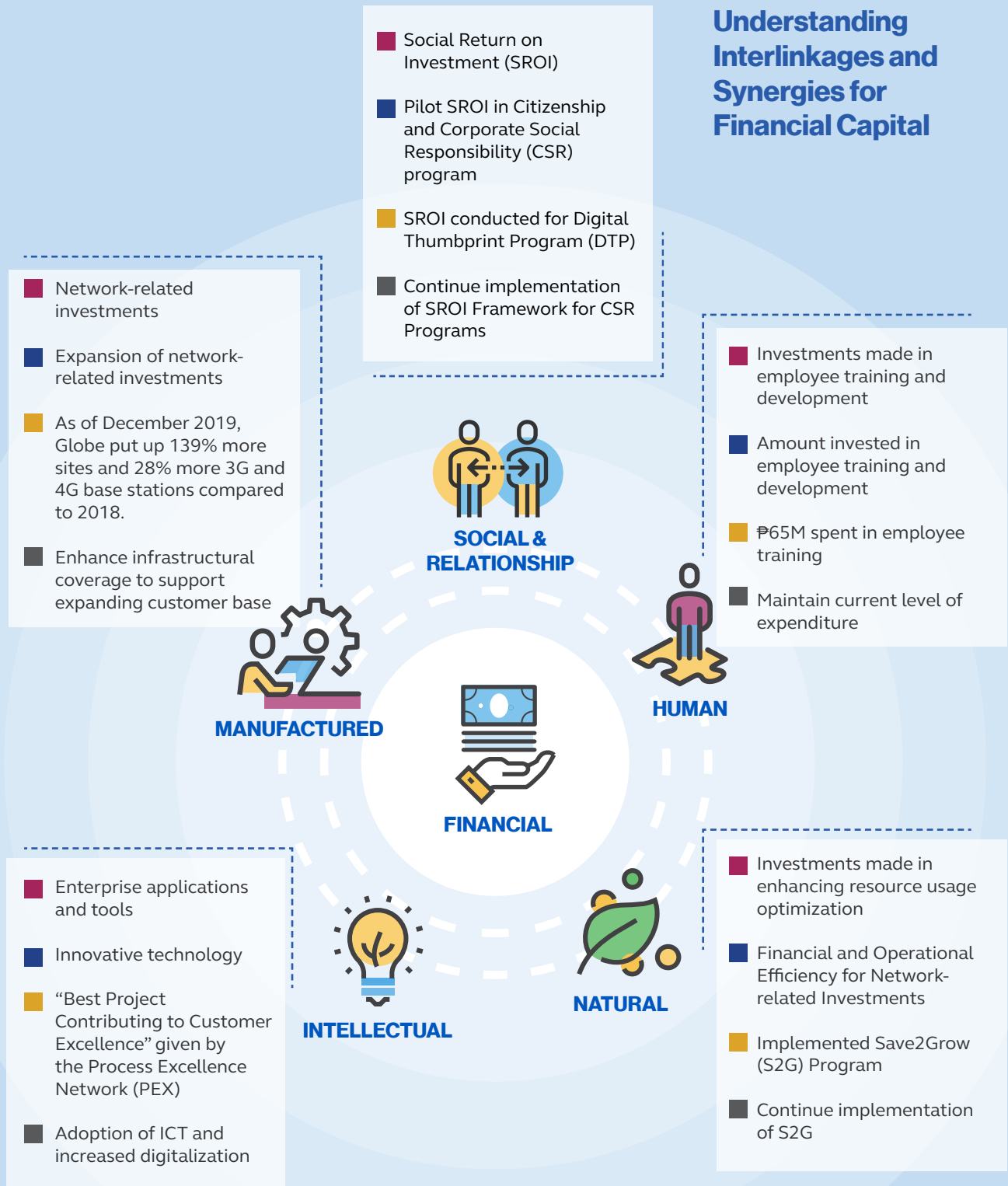
#### Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;  
**Principle 8:** undertake initiatives to promote greater environmental responsibility; and  
**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

## Understanding Interlinkages and Synergies for Financial Capital



■ Initiatives Defining Interlinkages   ■ Key Performance Indicators   ■ 2019 Performance   ■ 2020 Priorities



## FINANCIAL PERFORMANCE

Globe Telecom Inc. closed 2019 with consolidated service revenues amounting to P149.0 billion, a solid 12% higher from 2018. This growth was fueled by an increase from data usage across mobile, broadband and corporate data services.

## OPERATIONAL HIGHLIGHTS

Globe Group's consolidated assets as of 31 December 2019 amounted to P304.3 billion compared to P299.5 billion as of December 31, 2018. Consolidated cash, cash equivalents and short-term investments (including investments in assets available for sale and held to maturity investments) was at P8.3 billion as of 31 December 2019 compared to P23.2 billion as of 31 December 2018.

Consolidated net cash flows provided by operating activities for FY 2019 was at P74.0 billion, up by 28% last year. Net cash used in investing activities amounting to P55.0 billion, was 29% higher than last year. Meanwhile, net cash used in financing activities amounted to P33.3 billion, which is significantly higher than last year's P3.4 billion. This was driven by higher repayment of borrowings, and interest payments, coupled with the lease liability payments this period with the adoption of Philippine Financial Reporting Standard (PFRS) 16 on Leases. Consolidated total debt declined by 8% from P148.3 billion as of 31 December 2018 to only P136.3 billion as of 31 December 2019.

Consolidated Return on Average Equity (ROE) registered at 28.9% as of 31 December 2019, compared to 26.7% in 2018 using annualized net income and based on average equity balances for 2019. Using annualized core net income, which excludes the effects of non-recurring expenses on net income, return on average equity as of end-December 2019 and 2018 were 29.1% and 26.8%, respectively.

Accordingly, consolidated basic earnings per common share

were ₱162.96 and ₱135.91, while consolidated diluted earnings per common share were ₱162.20 and ₱135.40 as of 31 December 2019 and 31 December 2018, respectively.

The balance sheet and cash flows remain strong with ample liquidity and gearing below bank covenants. On a consolidated basis, Globe closed 2019 with gross debt to equity ratio on a consolidated basis at 1.68:1 and is still within the 3.0:1 debt to equity limit dictated by Globe's debt covenants. Meanwhile, net debt to equity ratio was at 1.58:1 as of end-December 2019 and 1.71:1 as of end-December 2018. Lastly, the company also paid out P12.1 billion in common cash dividends in 2019, representing 65% of 2018 core net income. This was in line with Globe's dividend policy of distributing 60% to 75% of prior year's core net income.

## DIRECT IMPACT AND CONTRIBUTIONS TO THE ECONOMY

In 2019, Globe spent a record CAPEX of P51.0 billion, about US\$989 million, which is 18% higher than a year ago and this represented 34% of Globe's gross service revenues and 67% of Globe's full year Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). A significant amount of the all-time high spend went to data-related requirements, comprising 79%, as the company continued to invest in the Philippines towards enabling Filipino families and businesses. This record spend allowed Globe to make significant gains and fast-track its network rollout during the year. As of December 2019, the company put up 139% more sites versus 2018 and added 69% more base stations than last year. These gains benefited customers as evidenced in the latest results of third party network quality test providers. The results showed that Globe's LTE download speed, upload speed and latency in the 4th quarter of 2019 improved nearly 16%, 6% and 9% respectively, compared to the same period last year. Moreover,

**"First and foremost, the company needs to perform efficiently and generate returns that are not only competitive in the short-term but also sustainable in the long run, in order to attract investors. This means (a) pushing for automation and operational efficiencies to increase net cash flows, (b) adhering to our corporate governance policies, (3) investing in the network to cater to the long-term demand of our customers, and (4) supporting adjacent businesses that keep the company relevant in the lives of customers."**

**Rosemarie Maniego-Eala**  
Chief Financial Officer,  
Treasurer and Chief Risk Officer

these improvements were achieved despite a 58% growth in mobile data traffic over the same period.

Globe's total operating expenses including subsidy posted close to P73.0 billion for the period, or an 8% increase from a year ago, leading to consolidated EBITDA at P76.0 billion in 2019, which is up 17% from 2018. As a result of the top line growth, which fully covered the increases in operating costs, depreciation charges and non-operating expenses, net income stood at P22.3 billion, or up 20% from the year before. Accordingly, core net income, which excludes the impact of non-recurring charges, and foreign exchange and mark-to-market charges, stood at P22.5 billion, 20% higher year-on-year.

## MOBILE BUSINESS

Revenues posted P111.8 billion or up by 12%, surpassing the P99.5 billion reported last year. As the mobile segment continued to dominate the Philippine market, mobile revenues remained the largest revenue contributor, accounting for 75% of the total service revenues led by the company's Prepaid brands. Total mobile subscriber base is now at 94.2 million, up 27% from 2018.

From a product perspective, mobile data revenues generated P71.8 billion in 2019 from nearly P51.0 billion last year, that is mainly driven by the surging demand for video streaming, gaming apps and social media. This was further boosted by the compelling promotions for higher-value data centric plans. Mobile data now accounts for 64% of mobile revenues from 51% a year ago. Mobile data traffic likewise rose from 956 petabytes in 2018 to 1,699 petabytes in 2019, a 78% growth year-on-year. Meanwhile, mobile voice and mobile SMS revenues for the period ended at P24.3 billion and P15.7 billion, lower year-on-year by 15% and 22%, respectively. This can be attributed to the shift towards IP/OTT-based communications.



## FIXED LINE AND HOME BROADBAND BUSINESS

Globe Group's Fixed line and Home Broadband revenues stood at P37.2 billion in 2019, which is 12% higher year-on-year from P33.3 billion in 2018, bolstered by the solid contributions of home broadband and corporate data.

Home broadband revenues reached P21.7 billion this period, surpassing last year's P18.6 billion by 17%. This was driven by a rising level of fixed wireless broadband users reaching close to 1.4 million (up 40% year-on-year). Total home broadband subscriber base now stands at over 2.0 million, up 25% from a year ago. The rising popularity of Home Prepaid WiFi and compelling broadband plans bundled with the best local and international content fueled @Home broadband's continued success. The launch of the commercial pilot for *At Home Air Fiber 5G services* further expanded Globe's product suite, offering new connectivity options to deliver high-speed broadband access to its broadband customers

The Corporate Data business sustained its growth momentum, ending the year with P12.8 billion revenues, or up 9% year-on-year,

Globe Business held its Leadership Innovation (Lead-In) 2019 with the theme: *Becoming a Catalysts for a meaningful impact* (L-R) Renato Jiao, Chief Human Resource Officer; Jaime Augusto Zobel de Ayala, Chairman; Benjie Yap, Unilever Philippines Chairman and CEO; Kate Krukiel, Director of Strategic Partnership for Microsoft Global; and Peter Maquera

driven by the sustained circuit base expansion, the strong demand for domestic and international leased line services, cloud-based services, and managed/modern business solutions. Globe's total Fixed line Voice revenues however, declined year-on-year by 10%.

## 2020 OUTLOOK

For 2020, the company expects the market to remain competitive, given the continued shift in the customer's lifestyles and usage in a digital world. Against this environment, the company believes that the overall business momentum built, and the product platforms that are in place, coupled with the aggressive investments made in the Globe network would allow revenues to increase by mid to high single digit from 2019 level. The 2020 CAPEX budget will be approximately US\$1.2 billion or P63 billion for continued network expansion and enhancement.

# Manufactured Capital

## Building Infrastructural Value for the Next Decade



Accelerate Network Rollout

### STRATEGIC INTENT



Responsible Business Operations

Public Policy

### MATERIAL TOPIC



### RISKS ADDRESSED

Climate Risk

Political and Socio-Economic Risk

Regulatory Risk

Cybersecurity and Data Privacy Risk

Revenue Leakage Risk

Fraud Risk

Information and Communications Technology Risk

Third Party Risk

Customer Experience Risk



### SDGs IN FOCUS

Decent Work and Economic Growth

Industry, Innovation and Infrastructure

Sustainable Cities and Communities

Climate Action

Partnerships for the Goals

“The most immediate thing we can do is to manage power consumption. Power is not just about power efficiency. If we can have more sites, we can lower the power for literally across the entire network and bring dramatic savings for both the company and the customers. With higher site density, devices of customers such as mobile phones, tablets, or modems can operate with lower power, thereby leading to consumer savings as well. Modernizing our equipment is equally important to us as we expand. That’s why it is important for us to keep on investing in CAPEX because every year, we tend to buy newer equipment. The newer equipment tends to be also more efficient.”

**Gil B. Genio**  
Chief Technology and Information Officer (CTIO) and Chief Strategy Officer (CSO)



### UNGC PRINCIPLES

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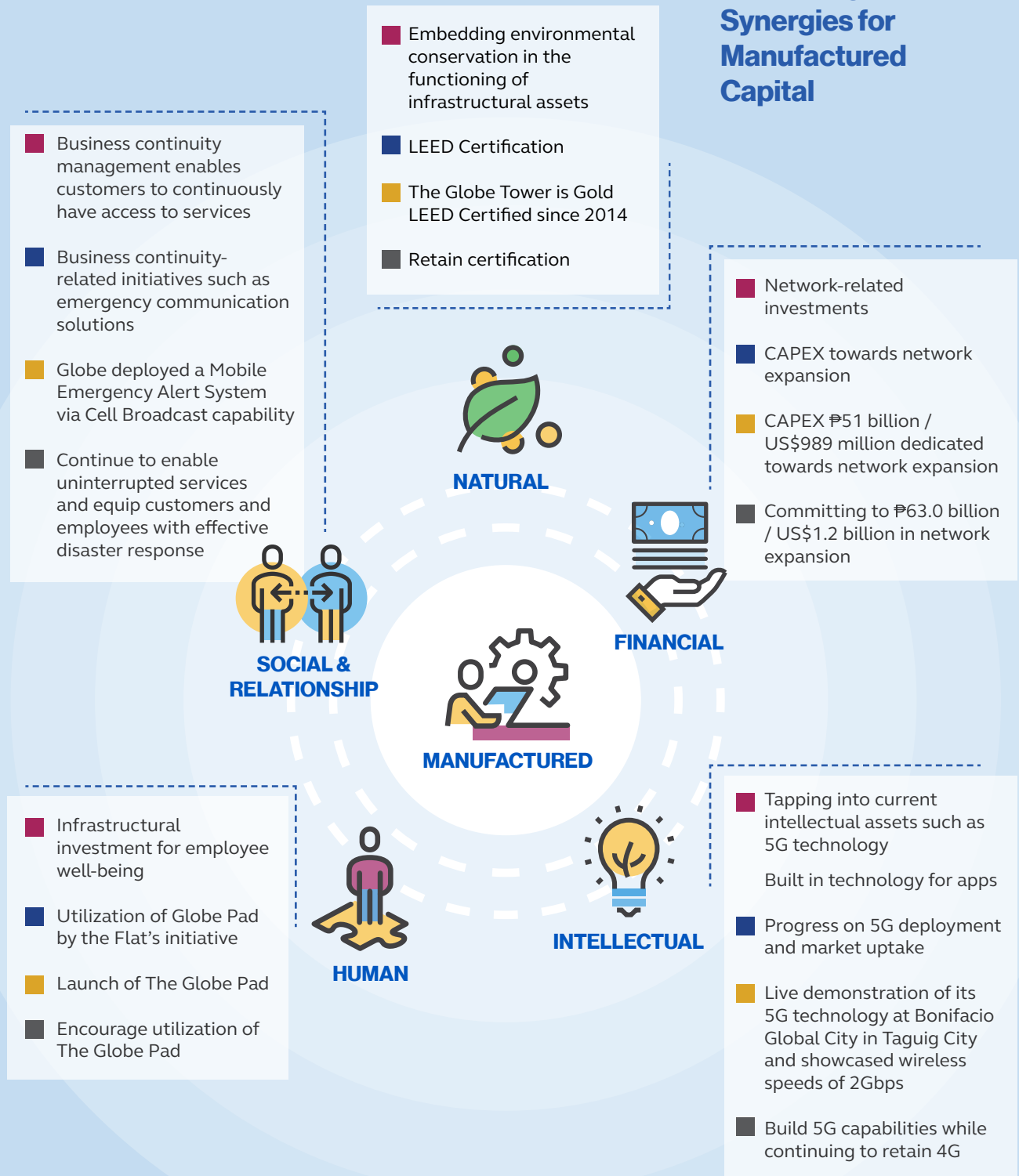
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## Understanding Interlinkages and Synergies for Manufactured Capital





## BUILDING THE PHILIPPINES AS A DIGITAL NATION

Globe has been steadfast in making substantial investments towards enhancing its infrastructural capabilities to accelerate the digital transformation of the country. In the Philippines, around 67 million active internet users share 17,850 cell sites. The current digital ecosystem in the country is hence forced to serve an average of 3,753 people per cell site. This lower cell site density stands in stark contrast with neighboring countries like China, where only 381 active internet users are sharing one (1) cell site<sup>1</sup>. Globe has actively invested towards building more cell sites to effectively expand network coverage and capacities for better internet experience of its customers. Having a robust network in place is one of the key strengths that has contributed to a solid reputation for Globe, as a game changer and leader in the mobile segment. By steadily channeling its resources towards building the network infrastructure of the nation, Globe envisions to infuse digital in every facet of the economy.

With rising competitive pressures and challenges in the operating environment, Globe is committed to its long-term objective of providing the Philippines with first-world connectivity. The company initiated a massive network modernization program in 2011, which led to unprecedented growth of its business, driven by pioneering initiatives such as digital lifestyle play, innovative products and services and content partnerships with iconic global brands. In 2019, the company was even able to provide Filipinos a flavor of early stage 5G network connectivity.

## LAYING THE GROUNDWORK FOR IMPROVED INFRASTRUCTURE

Investment funds are now seen to be assigning high value multiples to



Two (2) members of the Globe network team improve its existing facilities in Bohol to boost connectivity in the province

telecommunication infrastructure assets such as data centers, mobile towers, submarine cables and fibre infrastructure as they form the backbone of enhanced digital service capabilities. Consequently, most telecommunication operators are in heavy investment phases in both fixed and mobile segments. The investments are primarily being made to upgrade the 4G network infrastructure. However, with the advent of 5G, a new wave of consolidation is anticipated in the Philippines. But not before 2022-2023, with predictions for margins getting squeezed further and a new CAPEX cycle kicking in.<sup>2</sup>

Towards its commitment to support a digital lifestyle for Filipinos, Globe continues to invest in strengthening its data network capacity in the Philippines and optimizing its existing spectrum. The company's 2019 outlook strategically incorporated plans to build a record number of new cell sites and invest significantly in growing its broadband footprint. With further expansion of its network footprint and enabling the connection of more Filipino homes with high

speed lines, Globe aims to deliver an even better customer experience to digitally empower more Filipinos.

With industry trends and reports depicting a steady increase in the use of data, Globe has made significant investments to meet the rising demand for better connectivity and capacity by deploying requisite infrastructure at scale. It is noteworthy that of the US\$989 million total capital expenditures in 2019, Globe invested US\$802 million for network expansion and upgrade. This investment has translated in the company deploying close to 40,000 LTE cell sites and doubling the deployment of massive MIMO (multiple input, multiple output) sites, adding 100 Gbps capacity. The capital investments made well positions the company to steer the Philippines towards the next wave of digitalization.

#### ADDRESSING THE GROWING DATA DEMAND

Mobile data traffic around the world has grown exponentially with the ever-improving generation of smartphone devices and network quality. According to Ericsson's Mobility Report in the third quarter of 2019, mobile data traffic surged by almost 68% year on year.<sup>3</sup> Further, the Philippines is ranked as one of the top 20 countries with the highest number of internet users in 2019<sup>4</sup> as well as the social media capital of the world, for the third time in a row. On average, it is noted that Filipinos spend 4 hours and 12 minutes on social media.<sup>5</sup> With changing customer needs and preferences, for example, shift from high-margin voice and SMS services to low-margin data products, telecommunication companies' earnings are seen to take a hit. With the incentive to now push boundaries beyond the core business of network provision, data monetization opens a new avenue to market and is expected to expand by 21.4% (Compound Annual Growth

Rate) to reach US\$708.86 billion by 2025.<sup>6</sup>

The company has undertaken various initiatives in 2019 to address the growing demand for data as well as increasing diversification in the telecommunication market. Globe's strategy through these initiatives is to be a true market disruptor and ensure resiliency in its network infrastructure. The company understands that to ensure this outcome, network resiliency is required to inculcate the ability to be agile and pivot quickly, thus capitalizing on emerging opportunities and market leadership. Globe is dedicated to enable the vision laid out by the government for digital transformation of the economy. The company adopts a beyond compliance approach thereby going the extra mile to make meaningful contributions to policy directives focusing on building network infrastructure and capabilities.

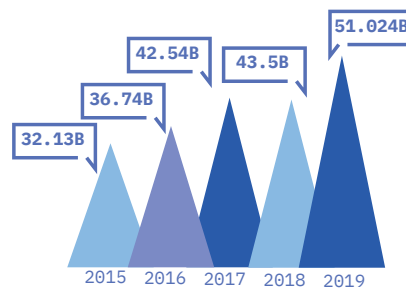
#### Addressing growing data demand with 4G/LTE coverage:

In 2019 Globe's data traffic grew by 78% to 1699 petabytes, compared to the same period in 2018. In order to support this initiative, Globe allocated a significant portion of its ₱51.0 billion capital expenditures in 2019 to widen its 4G/LTE data coverage, improve voice quality, and increase data speeds. The increasing amount of capital expenditure can be seen below.

The company's 3G coverage has increased to 92.1% of the population, 4G LTE coverage to 83.4%, with high-speed transmission extended to 84% of its sites. Globe's international mobile operations now has 9,228 3G sites and 7,999 4G sites. Through routine network quality tests, Globe can confirm that the company now leads in most quality indicators.

With consistent upgrading of its network to support 5G, Globe is also pushing the boundaries of 4G/

**An unprecedented wave of capital spending, in Php**



LTE technology in order to deliver an enhanced overall fixed wireless experience for its customers. In 2019, the company increased its wireless footprint, adding 139% more cell sites versus 2018. Additionally, Globe has been commercially deploying massive MIMO technology using 2CC carrier aggregation since 2017. This doubles the LTE capacity and provides vast mobile capacity, coverage, and reliability for the 5G in the future.

As a result of these continuous efforts, Globe won the 4G availability award from OpenSignal (a company that tracks the real-world experience of consumers on mobile networks).

#### Improving network quality with Multiple Input, Multiple Output (MIMO)

Massive MIMO is a wireless transmission technique that uses

a large number of antennas to improve cell capacity. The technology increases wireless throughput while accommodating more users at higher data rates with better reliability while consuming less power. Globe deployed the technology in homes during the second quarter of 2019. In addition to the deployment of LTE services, Globe has deployed almost 300 massive MIMO (multiple input, multiple output) sites using high-band spectrum 2600 MHz. This is twice the deployment in 2017, adding 100Gbps of capacity.

#### Broadband

Broadband's (BB) key strategy is to provide a strong foundation as a world-class digital enabler for all. As a great equalizer, digital caters to the needs of the rich and the poor. In the Philippines, where there is huge disparity in incomes present,

digital enables better access to world class entertainment as well as enablement to Filipinos. In 2019, the company made remarkable progress on the broadband front by exceeding NTC Wireless Broadband speed commitment with 93% of cities and municipalities covered.

#### Bringing the reality of 5G to Globe At Home consumers

With 5G networks bringing in the next generation of mobile internet connectivity, it would be seen to deliver faster and enhanced mobile broadband to consumers as well as enable hyper-connectivity between machines, people and things (the Internet of Things or IoT technology), thus allowing for a smarter and more connected world. In delivering better customer experience using 5G, telecommunication companies will have to put up more cell

## Case Studies Expanding Digital Reach

**"Digital inclusion is a huge undertaking because it requires cooperation from a broad set of stakeholders—private enterprises, local residents, and local government. We are happy that the stakeholders have given their support so we can bring about change that would eventually result to a more progressive community,"**

**Ernest Cu,**  
President and CEO

Globe's efforts to bring in increased connectivity and better infrastructure for the Philippines can be seen through the company's initiatives and the subsequent outcomes. The company leverages its infrastructural capabilities to create sustained value for communities and bolster sustainable development in the economy.

#### Digital inclusion

Globe has partnered with the largest coal producer in the Philippines, Semirara Mining and Power Corporation (SMPC) and the local government unit to work towards promoting digital inclusion in the remote island community of Semirara in Caluya, Antique. An hour's flight from Manila, Semirara Island has an area of 55 square kilometers and is home to the country's richest

coal reserves. However, most of the workers and their families are from the nearby provinces of Mindanao. Mobile connectivity and digital applications thus form an indispensable part of their lives. Through this initiative, over 19,000 residents of Semirara Island now have access to better mobile connectivity, digital applications and cyber wellness training. The partnership with SMPC was also aimed to further upgrade all cell towers in the island with LTE technology to improve voice and video communication focusing on bringing better network connectivity to serve as a bridge between Semirara Island and the outside world. Through this initiative, forecasts about typhoons were readily available for the fisherfolk community and island residents were able to keep in touch with family members. The upgrade

towers, antennas, and base stations, especially in cities where line-of-sight transmissions are made more difficult.

5G was first offered to Globe at Home fixed broadband subscribers who would enjoy the benefits of speeds from 50 Mbps to 100 Mbps. Globe has already completed a live demonstration of its 5G technology at Bonifacio Global City in Taguig City and showcased wireless speeds of 2Gbps. The company officially made its 5G fixed wireless broadband service called Globe At Home Air Fiber commercially available to select areas in Pasig City, Rizal, Cavite and Bulacan making the Philippines the first country in Southeast Asia to experience 5G fixed wireless broadband. With the use of 5G-enabled wireless radios (Air Fiber) technology, the company

can now circumvent infrastructure bottlenecks usually encountered in traditional fiber rollouts, particularly the tedious and lengthy process of securing multiple permits from local government units.

#### CELL SITES AND CHALLENGES

Globe's efforts to improve access and connectivity is concentrated through its initiatives to increase cell site footprint as well as address various bottlenecks in deploying ICT and broadband infrastructure in the country. Facing the criticality of the digital divide, it is seen that 80% of homes do not have fixed broadband access (*We Are Social 2020*), 10% of local communities have no mobile coverage and 33% of the Philippines' 107 million population do not have access to the internet at all (*Global Data*). With this growing digital divide



**The company has maintained its certification on Business Continuity Management (ISO 22301) in 2019**

in the network infrastructure also significantly enriched the resident's leisure hours with readily available movies, music streaming and mobile gaming content.

Globe has also focused on providing connectivity in remote tourist destinations such as Siargao by installing cell sites to enhance connectivity. Through this move the company contributes to not just digital inclusion but also boosting the thriving tourism driven economy of the province.

#### Digital Coverage

Globe has been expanding its digital footprint through its public free WiFi service provider, GoWiFi to over 2500 locations nationwide. In 2019, GoWiFi expanded its coverage,

particularly in high-traffic areas like malls, hospitals and schools through strategic partnerships with the public and private sector. GoWiFi thereby enabled more Filipinos to easily enjoy high-quality internet connection at affordable rates.

In the city of Makati, Globe entered a Public Private Partnership with the Makati City local government. This partnership enabled Globe to provide free WiFi access to 27 barangay health centers, employees and constituents at Makati City Hall, and students and faculty at University of Makati. Globe also partnered with one of the metro's biggest lifestyle complexes, Araneta Center, to provide fast and reliable internet connectivity via its GoWiFi services.

#### Sustainable Digital Transformation

In 2019, the company's Network Technology Group initiated Save To Grow (S2G), a multi-year program focused on finding sustainable operational efficiencies and identifying savings. These can be reinvested back to the network to fund additional capacity and help address the growing demand for data, and where possible, integrating energy efficient solutions in the process. S2G also aims to strengthen the demand forecasting process and the demand-to-build cycle time to be ahead of the curve and provide superior internet experience to customers.





between those who have access to the internet and those who do not, it is imperative to address these challenges.

Globe has undertaken various initiatives to increase internet accessibility for all as well as enable better connectivity in the country.

### Supporting a Common Tower Policy

With permit issues posing a serious bottleneck to enable seamless mobile internet connectivity, Globe has established a separate tower holding company for the divestment of its tower assets and signed memorandum of agreements with tower companies for the leasing of additional towers. These will enable the company to speed up the deployment of cell sites and also to maximize Globe's telco assets. Globe has also appealed to the Department of Information and Communications Technology (DICT) to adopt an inclusive policy on the establishment of cell sites under the proposed common cell tower policy.

### Reaching Out to the Entire Archipelago

The company's efforts to consistently improve user experience can be seen through its initiatives to enhance the data network in Mindanao. Globe almost doubled its LTE cell count to add a total of 1,400 new cells in Davao city. The company's cell count was extended by 50% in CDO, with an addition of 400 cells. An overall of 70% of Davao's population has access to LTE services, across 84% of municipalities. For Mindanao, Globe upgraded 937 sites with additional capacity to cater to the data growth in the region. Additionally, the company also provided 102 new sites in Mindanao.

### BUSINESS CONTINUITY MANAGEMENT ENSURING NETWORK READINESS

Increased digitalization is accompanied with a rise in the

probability of cyber-attacks, data breaches and network disruptions. Further, climate change and weather-related disasters are projected to increase in frequency as per the 2019 report by the Business Continuity Institute.<sup>7</sup> These risks can have significant bearing on Globe's business activities and reputation.

As a major telecommunications provider in the Philippines, Globe's investment in Business Continuity Management (BCM) forms an important component of its operational resilience and excellence.

Globe has a dedicated team along with other groups in the organization running the Business Continuity Management System that address business continuity needs. In July 2019, the company's management system governing this process was re-certified by BSI Singapore, an experienced and trusted BCM certification body in the region. Under the Globe's #GlobeREADY campaign, the company regularly participates in the Metro Manila Metrowide Shake Drill of the government and ensures alignment of the company's 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. Globe also conducts evacuation drills in its offices, mobilizes response teams and activates multiple crisis command centers.

To manage the impact of a potential 7.2-magnitude earthquake in Metro Manila, Globe has ready resources to deploy emergency communication solutions to support customer requirements such as free calling services in the affected areas. Some of these solutions include, Mobile Command Center, Network-in-a-Box (NIB); Cellsite-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). To augment its disaster response capabilities, Globe acquired satellite phones and built its own two-way radio infrastructure that spans across the country.

In the aspect of disaster preparedness, Globe enables its customers to prepare for disasters through the release of SMS alerts as well as Cell Broadcast. This is done in partnership with the National Disaster Risk Reduction and Management Council (NDRRMC).

### BUSINESS CONTINUITY MANAGEMENT FRAMEWORK

Globe has incorporated a Business Continuity Management Framework, which ensures the readiness of its people, processes and infrastructure to withstand, respond effectively and ensure quick recovery from disasters. This was completed to maintain its ISO 22301 (Business Continuity Management) certification. The focus in 2019 was the continuous buildup of resources and the operationalization of the crisis response plans. The highlights of the operationalization plans are listed below.

- A nationwide rollout of a radio network for the exclusive use of the response team.
- A revamp of emergency communications equipment.
- The establishment of a temporary shelter for employees and their families in the event of a disaster. This ensures security in case they are forced to be displaced from their homes.
- The distribution of hard hats to employees for additional protection during evacuation.

### 2019 ENGAGEMENT ACTIVITIES AND EXERCISES FOR BCM

In 2019, Globe ensured the roll-out of activities and exercises to address the

Globe enhanced the connectivity at the tourist paradise of Siargao in Surigao del Norte as it fires up three (3) cell sites in the municipalities of General Luna, Pilar, and Dapa.



responsiveness of its people in case of any unforeseen disasters such as the following:

- All year-round cascades to increase awareness amongst its employees and drills to familiarize them with earthquake response procedures.
- Joint exercises between Globe and its critical vendors to ensure a coordinated plan that will achieve minimal disruptions in the supply chain.
- The total number of activities that were carried out for 2019 are as follows:
  - » 96 awareness and plan cascades conducted
  - » 60 drills conducted
  - » 2 exercises conducted with critical vendors
  - » 1 Crisis Management Team exercise conducted

## 2019 GLOBE BCM INITIATIVES

### “The Big One”

Globe is constantly updating 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, the company also aims to support rescue operations by deploying emergency equipment and Globe personnel from a strategic location to the disaster area, by land and air. The company is also developing selected fixed sites that can survive “The Big One”. This could serve as a staging area and provide additional network coverage. The innovative Network-in-a-Box (NIB) is an actual cell site that can serve a considerable number of subscribers but can also be carried as a backpack by personnel. Globe regularly participates in the National Simultaneous Earthquake Drills (NSED). The event is held nationwide every quarter and led by the National Disaster Risk Reduction and Management Council (NDRRMC), the disaster preparedness arm of the Office of Civil Defense.

### Emergency communication solutions

Globe utilizes SMS and cell broadcast technologies to send disaster alerts to subscribers in the affected areas. The message is drafted by the National Disaster Risk Reduction and Management Council (NDRRMC) and broadcasted by Globe. In 2019, the company received 248 requests and sent out more than 800 million SMS Alerts and 100,000 cellphone broadcast messages. Globe has deployed a Mobile Emergency Alert System via Cell Broadcast capability for 2G/3G and SMS broadcast (approximately 2.5 million subscribers per hour or 700 TPS) plus LTE Cell Broadcast Field Trial (within the National Capital Region). This is also in compliance with Republic Act No. 10639, otherwise known as the Free Mobile Disaster Alerts Act.

### Disaster preparedness in line with our memberships

As a member of the Rapid Emergency Telecommunications Team formed by NDRRMC, Globe also liaises with military and police forces and may act with any of these partnerships during disasters. In 2019, the company actively participated in the following:

- Disaster preparedness planning with NDRRMC during typhoons
- Collaboration with the Philippine Disaster Resiliency Foundation (PDRF) and the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA) to address humanitarian needs during disasters.
- Establishment of formal guidelines, led by NDRRMC, for sending disaster alerts to mobile subscribers.
- A highlight of 2019 was the initiative to formalize Globe’s disaster support agreement. This initiated a discussion at the national level to develop a framework for multi-agency cooperation on emergency telecommunications.

### Assisting disaster affected communities

Globe has assisted communities affected by calamities and disasters by deploying Public Service Stations with free calls and phone charging services. Relief operations were also conducted in communities declared under State of Calamity. These initiatives were conducted during the following disasters:

- Tropical Depression Usman, Bicol Region - January 2019
- Tropical Depression Amang, Davao Del Norte - January 2019
- North Cotabato Earthquake, North Cotabato - October 2019
- Typhoon Quiel, North Luzon - November 2019
- Typhoon Tisoy, South Luzon - December 2019
- Typhoon Ursula, Visayas Region - December 2019

## EMPLOYEE AND CUSTOMER INFRASTRUCTURE TOUCHPOINTS

### LEED Certification

Globe’s headquarters operates from the heart of Bonifacio Global City. With the company’s efforts towards climate change and sustainability, the 28-storey structure that houses over 4,000 employees is committed to LEED Gold Certification. In order to implement the project, Aidea undertook an Integrated Project Delivery (IPD) approach. This ensured a unified approach to be implemented from project inception to move-in/move-out phase, allowing for the integration of architecture, engineering, interior and graphic environmental design to be completed in the most efficient manner.

The infrastructure represents a distinctive exterior form to reflect Globe’s aspirations and forge a strong link between consumers, people and the community. To inculcate an employee friendly atmosphere, the Globe headquarters is designed in keeping with the values and behaviors



that contribute to a one of a kind social and psychological workplace. Extensive surveys and interactions with employees were conducted to ensure the implementation of this idea. The concept of the interior spaces at the headquarters ensured the integration of the company's vibrant culture and passion for technology as well as providing the utmost comfort and encouraging teamwork.

### 0917 Lifestyle

As a strategic move in 2020, Globe now looks to expand 0917 Lifestyle with the opening of its first flagship store 0917 Store in Makati, and its e-commerce shop prior to the store launch. Expansion will also be seen through new Retail Partners to carry the 0917 Apparel and Gadgets Line. The flagship store will be carrying Globe's exclusive Vanguard collection - infusing Fashion and Technology in Globe's Apparel collection, as well as key collaborations, towards its aim for 0917 to be a Fashion Brand that consumers desire.

### Globe Pad by The Flats

The Globe Pad by The Flats is well located and just 10 minutes from the Globe headquarters, it ensures convenience and ease of travel for Globe employees.

Served as a "centralized" housing for Globe employees, it provides:

- The primary accommodation for regional employees traveling to Manila for training/meeting at The Globe Tower (TGT) - BGC, WCC, GTP and Makati Valero Offices.
- A temporary home for those who live very far from TGT-BGC office and would like to stay close to have more quality time for one's self.

- A safe place to stay for those who need to stay late in the office due to evening shift or overtime work.
- A shelter for those who are stranded and cannot go home due to typhoons, flooding or even transportation strike.

Each room can accommodate 2 to a maximum of 4 employees and has facilities such as individual workstations, individual closets, air conditioners, 2-way toilet and bath and kitchen sink.

### 2020 OUTLOOK

With the company's commitment to strengthen the data network capacity in the Philippines, Globe plans to build a record number of new cell sites with significant investment towards the company's broadband footprint. Globe spends more than one-third of the company's topline revenues every year to incorporate internet services and deliver on the company's commitment to provide 2 million homes with at least 10 Mbps connectivity by 2020.

The company is also committed to ensure seamless number porting services in line with the new mobile number portability initiative of the government ("Mobile Number Portability Act"). Globe along with other mobile operators has chosen Syniverse, to be the Mobile Number Portability Service Provider (MNPPSP). The company will continue to invest in enabling smooth implementation of number porting services.

<sup>1</sup><https://www.globe.com.ph/about-us/newsroom/corporate/ph-radiology-oncology-society-debunks-cell-tower-misconception.html>

<sup>2</sup>Philippines - Telecommunications Industry Report - Revenue Analysis & Forecasts, 2019-2025

<sup>3</sup><https://www.ericsson.com/en/press-releases/2019/11/ericsson-mobility-report-5g-subscriptions-to-top-2.6-billion-by-end-of-2025>

<sup>4</sup><https://www.internetworldstats.com/top20.htm>

<sup>5</sup><https://wearesocial.com/blog/2019/01/global-digital-report-2019>

<sup>6</sup><https://globenewswire.com/news-release/2019/04/05/1465857/0/en/Data-Monetization-Market-expected-to-reach-US-708-86-Bn-by-2025-Transparency-Market-Research.html>

<sup>7</sup><https://www.thebci.org/resource/horizon-scan-report-2019.html>



# Intellectual Capital

## Optimizing Data for an Innovative Tomorrow



### STRATEGIC INTENT

Increase Household Penetration  
Habituate and Monetize  
Develop ICT Capabilities



### MATERIAL TOPIC

Customer Privacy and  
Data Security Public Policy



### RISKS ADDRESSED

Information and Communications Technology Risk  
Cybersecurity and Data Privacy Risk  
Digital Transformation Risk  
Fraud Risk  
Competition Risk  
Regulatory Risk

"The concept which we're starting this year is the "one touch service creation". Once the customer decides what he wants to do and the customer says, "I agree", it usually gets done, then everything is going to be done automatically and orchestrated at the back end with no or very little human intervention thereafter."

**Gil B. Genio**  
Chief Technology and Information  
Officer (CTIO) and Chief Strategy  
Officer (CSO)



### SDGs IN FOCUS

Decent Work and Economic Growth  
Industry, Innovation and Infrastructure  
Climate Action  
Partnerships for the Goals



### UNGC PRINCIPLES

**Human Rights**  
**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and  
**Principle 2:** make sure that they are not complicit in human rights abuses.  
**Labour**  
**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
**Principle 4:** the elimination of all forms of forced and compulsory labour;  
**Principle 5:** the effective abolition of child labour; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

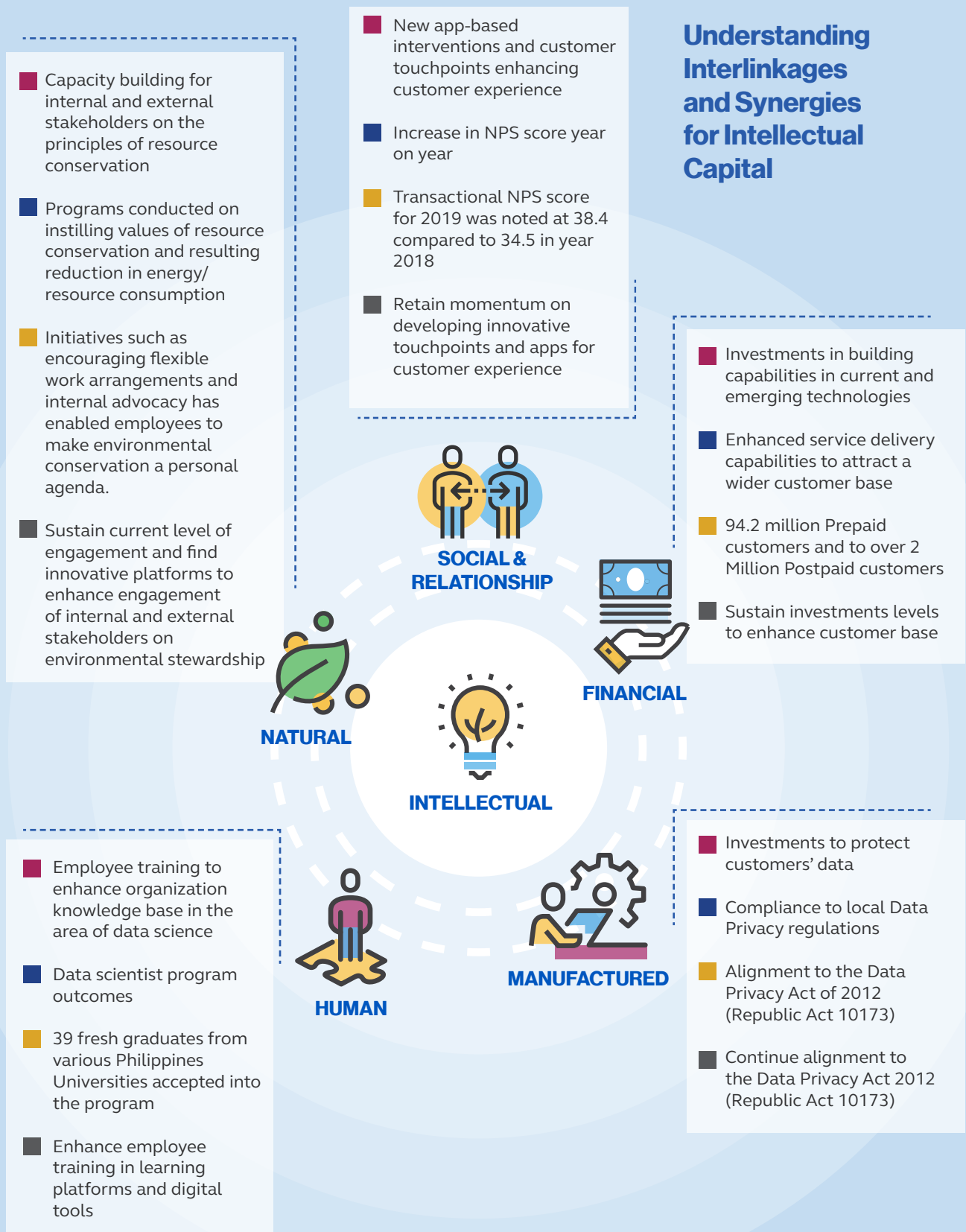
#### Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;  
**Principle 8:** undertake initiatives to promote greater environmental responsibility; and  
**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

## Understanding Interlinkages and Synergies for Intellectual Capital



## HARNESSING THE VALUE OF DIGITIZATION

Globe has embedded digital innovations in its service delivery and internal operations with the vision of harnessing the complete potential of digitization to enable business success. The company has deployed digital solutions to enhance customer experience, security and trust, while also implementing digital programs to enhance internal operational efficiency and empower its workforce for an agile work environment. Additionally, the company also continues to build its digital portfolio and prowess as its key competitive advantage.

### SIMPLE, DIGITAL & AGILE

Globe's agile service delivery using current and emerging technologies is envisioned to help accelerate digital adoption in the country. The company's workforce has been at the forefront of ideating and designing unique value propositions for its customers. Globe's Information Systems Group strategy focuses on unleashing the potential of digitization to support its agile workforce. It has four (4) key facets: Ka-Globe empowerment, digital transformation, customer & partner-oriented approach and anchoring operational excellence. In ISG's endeavor to win stakeholder trust, transforming infrastructure, process automation and promoting the adoption of an agile mindset by the Globe workforce forms a critical component of the group's success factor since the beginning. The team embraced its mission to be problem solvers, innovators and builders who are service-focused.

### AGILE WORKFORCE: Ka-Globe empowerment

Globe believes in empowering each employee with the limitless possibilities that today's technological advancements present. The company



has provided access to tools and knowledge that enables its employees to co-create Globe's digital future. Globe's platforms such as cloud, low code tools and robotic process automation further enable its employees to participate in digitization initiatives. These efforts have contributed to enhancing employee experience and operational efficiency. Some key initiatives undertaken in 2019 included:

**BRAD** (Basic Request for Admin and Delivery) is an application that helps employees book work or personal errands. Work-related errands are free-of-charge while a minimum of ₱50 is charged for personal errands.

**Vicinity** is a mobile application that consolidates and unifies experience on reservation services of Globe-managed facilities. The initial release includes gate pass processing, incident reporting, and facility search. It then evolved to include reserving a seat in Globe's shuttle service and huddle rooms for meetings.

**Worktools** is a web application that helps employees manage their tools of work, such as mobile phones and laptops. It keeps track of accountabilities, facilitates the request and approval process and provides input to the budgeting and planning process.

**Globe myBusiness unveils MSME corner for digital-age Filipino entrepreneurs in Greenbelt 4**  
(L-R) Wimpy Siongco, Retail Operations Head for Southern GMA; Derrick Heng, myBusiness Sr. Advisor; Cleo Santos, myBusiness Sales Head; and Vic San Pedro, Retail Area Head for Southern GMA3

**Sweeprr** is an electronic request for condemnation of assets for disposal. It supports a paperless working environment and helps employees perform admin work faster by reducing the need to manually submit documentation.

**Volunteer App** is an automated way for employees to volunteer individually or as a team. It has real-time reporting to monitor CSR events which Globe sponsors and events that employees joined.

#### CUSTOMER & PARTNER FOCUS

The company conducted 48 various partner immersion programs, technology focused sessions, and business reviews with partners to enable them to make steady strides in their digital journey in 2019. To protect its customers, Globe developed various technological applications to improve innovative integration, maximize operational efficiency, and enhance customer experience. These initiatives and applications address challenges faced by society as well as Globe's customers. It also provides an avenue to push forth the boundaries of the company's core business activities, thus enabling Globe to become

a market disruptor in terms of innovative technology.

The company's journey since 2016 showcases increasing focus given to transitional development of the old system to a new platform, enhancing the digital quality of a landmark migration for Globe's customers and partners. ISG has a structured year-on-year strategy to strengthen its partnerships. From the Beyond Information Technology Forum and the Global Innovation Forum to launching and developing the GoIT program, the company understands modernization and migration to be a continuous cycle rather than a random initiative. The benefits of this migration and support of digitization efforts of the company can be seen in terms of building better network connectivity, advanced infrastructure, improving the company's reach and margins, delivering fantastic customer experience and showcasing value creation across the company's value chain.

In October 2019, the **eCWT** (electronic Creditable Withholding Tax) application was released to pilot users which automated the end-to-end handling and processing of CWTs. This gives customers the



**Completed Cloud Mass migration for 86 servers as of 2019**



**Launched Accelerated Cadetship Enablement Program (AC2E) in 2019**



Ernest Cu, Globe President and CEO highlights the importance of digital transformation





The Information System Group launched the 6th Globe Innovation Forum with the theme: Digital As One: Co-Creating a Digital Globe, headed by Pebbles Sy-Manalang, Chief Information Officer

## Case Study

### Broadband Agile Release Train (BB ART)

Globe has developed 141 internal Application Program Interface (API) with a total of 476 APIs to-date. The company has 65 Agile teams across 10 domains and has completed 3 program increments in Broadband's Agile Release Train (BB Art). The BB ART initiative was a pilot for the scaling of agile teams prior to SDA and is currently implemented using the Scaled Agile Framework (SAFe®). The purpose was to have multiple agile teams co-located in one (1) area to deliver value for each Program Increment (PI) and foster collaboration for teams with minimal dependencies. Each PI spans across 3 months or 12 weeks and consists of 6 iterations or sprints, which is a 2-week period. At the end of each iteration, the deliverables of all the teams are showcased to stakeholders to get feedback and in turn, released to production once ready.

BB ART as an initiative underscores a better way of developing software. It

pushed for the improvement of back-end operations and the delivery of a real do-it-yourself (DIY) experience. The benefits of this initiative can be seen in the release of approximately 211 features in the last 13 months and the support of at least four (4) priority Broadband initiatives, specifically:

- The Streamwatch Xstream Prepaid Box
- DIY Postpaid Wireless @ High Speed
- An increase in customer engagement through multiple campaigns and gamification
- The enablement of Data Analytics

#### Benefits and Impact:

- The PI planning events have become key to the Train's success as this is where all the representatives from Information Systems Group, Product Management, and Broadband

Business work together in order for the BB ART Teams to deliver features that are of value to Globe at Home.

- One of the promising features delivered is enabling the Globe at Home Mobile App to be Consumer Mobile Service-ready for campaigns configured without having to alter the code.
- The gamification of the app was released in time for 917 Grateful For You Celebration.
- The Process Automations and Serviceability Tool enhancements have also helped Broadband Businesses ensure that Globe's customers are assisted with their prior and post sales transactions. In summary, the collaboration between business and tech teams has been evident from the time that BB ART teams garnered support to deliver value for Broadband customers.

opportunity to access the creation and submission of the CWT as part of their bill payment. The benefits of which include accessibility from the comfort of their workplace or through an assigned terminal in Globe stores. The company presented this to the Bureau of Internal Revenue where Globe influenced the passing of the Revenue Memorandum Circular 121-2019, allowing the use of certain BIR form/certificate in electronic format.

### ANCHORING OPERATIONAL EXCELLENCE

In line with operational efficiency, the SAP Ariba Invoice Management was implemented to complete the automation of the purchase-to-pay process at Globe. This eliminated the back office encoding of invoices for PO-based transactions. Vendors can now upload their own invoices in the SAP Ariba Network and workflow approval has thereby been automated. In 2019, Globe also undertook a major upgrade of the company's Enterprise Resource Planning (ERP). The SAP S/4 HANA migration allowed Globe to simplify its transaction processing and reporting, as well as provide mobile access for the users, through the use of SAP Fiori. MemoApp is another application that was released in 2018 and fully utilized in 2019. The automation for our enterprise applications replaced manual approval processes and paper-based internal communications by 89%, saving around 10,000 reams of paper (equivalent to saving 480 trees) in 2019.

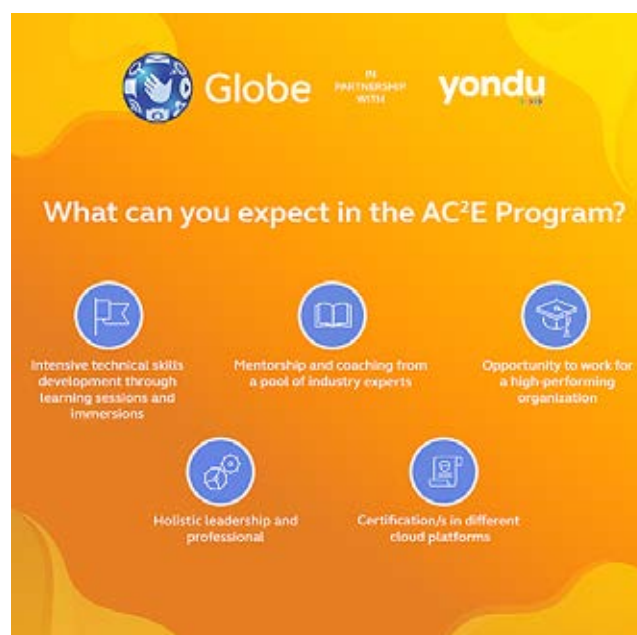
Various applications and programs aimed at enhancing ease and efficiency of working were also implemented such as Google Data Studio which improved internal Globe reports allowing real-time output, providing easy to share and more informative data visualizations, building for better decision making. Google MDM enabled efficient management of mobile devices and

applications. The adoption of Zoom led to easier telepresence and team collaboration.

### PARTNERING WITH DIGITAL STALWARTS

To keep pace with the digital transition, it is imperative to effectively adapt to disruptive shifts in technology and volatile business environments. This should occur in tandem with honing workforce skillsets and devising innovative business models. To achieve this, the company partnered with leaders in the market like Amazon Web Services (AWS), Amdocs and Outsystems to co-create capabilities. Additionally, the company had to effectively execute large transformation initiatives such as the consolidation of Globe's managed service partners for application support, adoption of open source and driving business value optimization initiatives to maintain its market leadership position. To enable such transformative capabilities, Globe has embarked on a journey of evolving into an integrated IT organization.

To allow for agile innovation across the enterprise, a review of the existing architecture was



Globe, in partnership with Yondu, launched its first-ever cloud cadetship program called Accelerated Cloud Cadetship and Enablement (AC2E). The goal of this premier program is to train fresh graduates to be highly-skilled cloud practitioners.

conducted to initiate a shift from a CSP (Communications Services Provider) to a DSP (Digital Service Provider). With the establishment of a proactive partnership alongside a deeper understanding of businesses, Globe can now ensure the deployment of new technologies, simplify the processes and solutions that the company offers and manages. To ensure a correct synergy between the business and developing IT, enablement programs such as the Globe Innovation Forum articulates the possibilities of new/upcoming initiatives, solutions, and capabilities.

Globe's vision is to become an ally of businesses as strategic enabler of new revenue growth through innovation and customer-facing services. It would also help deliver scalable and reliable platforms as well as increase agility while lowering costs. Technical expertise is important to Globe in order to achieve its ambition of being a digital enabler. Over the years, the company has established a Cloud Enablement Program to build Globe's cloud competencies by training its critical internal technical teams as well as its enterprise sales and pre-sales teams. This supports the workforce to offer effective cloud services to Globe's enterprise customers. The company created the Accelerated Cloud Cadetship Enablement (AC2E) Program in 2019 which aims to produce 25 highly skilled cloud practitioners out of new graduates. These cadets will then be deployed to Globe and various companies in the Ayala Group.

## GLOBE BUSINESS

The company played a pivotal role in the digital transformation of various industries in the country. Globe Business enables various enterprises to realize the potential of digital to drive business success. By strategically combining its knowledge of the Philippine market with the latest innovations, the corporate Information and Communications

Technology (ICT) arm of Globe is able to provide the right technology, infrastructure, and know-how to businesses from a wide range of industries. Globe Business aims to achieve operational excellence on the connectivity platform and build a robust portfolio of ICT solutions to become the trusted business advisor for its customers. Through its value proposition, Globe Business has been able to revolutionize the Philippines' BPO industry. The penetration of digital in the BPO industry has enabled these enterprises to reap the benefits of work efficiencies and employee productivity.

## PROTECTING GLOBE'S CUSTOMERS

Considering the changing customer and regulatory landscape, Globe continuously strives to innovate and adapt to change. With data as one of its most important assets, the company holds top priority towards safeguarding its reputation to ensure data integrity and confidentiality. Once a customer chooses Globe as his/her service provider, the company strives to ensure transparency, service quality and a commitment that the customer will be taken care of. Globe showcases its strong commitment towards ensuring customer data privacy with its alignment to the Data Privacy Act of 2012 (Republic Act 10173).

## CUSTOMER PRIVACY & DATA SECURITY

The demand for stricter security measures to protect personal and business information is constantly increasing given the continuous developments in the digital landscape. Consistent availability of secure IT measures as well as strong resilience to cyber threats and attacks form foundational cornerstones of Globe's business activities. As a result, the company constantly improves its processes and security services provided to its customers. Globe runs an Advanced Security Operations



## Globe also holds Silver Corporate Membership of the International Association of Privacy Professionals (IAPP).

The company's Data Protection Officer (DPO) participated in the IAPP Asia Privacy Forum at Singapore in July 2019 and the IAPP Europe Data Protection Congress at Brussels, November 2019.

Center under its Information Security and Data Privacy Group with the capability to identify and address data security risks. The nature and use of compiled customer data are clearly outlined in Globe's Privacy Policy. The company monitors customer opt-in and opt-out through its processes governing consent management system. Government or law enforcement requests for customer data are documented by the company's Corporate Legal Services Group (CLSG). Upon validation by CLSG, the requested information is approved for release. Hence, each Globe customer is assured that their data is in safe hands.

To demonstrate Globe's commitment to protect customer privacy and uphold privacy rights, the company represents the telecommunication sector as a member of the National Privacy Commission's (NPC) Data Privacy Council. Globe's Data Protection Officer (DPO) has secured the NPC DPO ACE Level 1 Certification as well as the IAPP Certified Information Privacy Manager (CIPM) Certification. Additionally in 2019, Globe has not been imposed with any legal or regulatory fines for violation of data privacy.

In accordance with the notification requirements set out in the Data Privacy Act, on 27 January 2019, Globe formally notified the NPC of a personal data breach, through its Data Protection Officer (DPO). Based on the report, the personal data breach occurred due to a system error, potentially affecting 8,851 customers. Following a standard procedure, the team proceeded with the evaluation of the incident and the verification of the information submitted. The following mitigation measures were implemented:

- Those affected were advised to monitor their online and offline accounts for any unusual activities.



Globe myBusiness held a data privacy awareness workshop for SMEs in the finance sector, specifically cooperatives, to help them improve their data security.

- It was recommended that those affected change their passwords and other means of identity verification.
- Those affected were cautioned against possible phishing attempts and other online risks.

#### Privacy initiatives for customers

A Privacy Awareness Week for Globe employees and customers was conducted in May 2019. To uphold the importance of data privacy, the following activities were initiated:

- Privacy Policy has been updated with the Inclusion of Customer Portrait and Telco Score, which can be accessed at <https://www.globe.com.ph/privacy-policy.html>.
- FAQs were updated under the Privacy Policy which can be accessed at <https://www.globe.com.ph/help/globe-privacy-policy.html>.
- Executed Data Sharing Agreements with vendors and partners and installed Privacy and CCTV Notices in Globe Stores as required by the Data Privacy Act of 2012.

Project SOCO (Securing Our Customers Online) is an internal initiative of Globe that aims to make its customers aware of cyber threats and provide mitigation measures to ensure their online safety. This project is an ongoing process. The company has also provided samples



of awareness materials released through social media channels. This can be accessed at: <https://www.facebook.com/notes/globe-telecom/beware-of-phishing-and-vishing/10162608367260008/>.

### Privacy Initiatives for Employees

Globe prioritizes the provision of privacy awareness initiatives for its employees. For 2019, Globe conducted the following initiatives:

#### Data Privacy Acknowledgment Form

In order to ensure that its employees are aware of Globe's Data Privacy Act 2012, Globe has asked their employees to complete a form to acknowledge their compliance with the Data Privacy Act.

#### Data Privacy and Information Security E-Course

To promote awareness and education for its employees, Globe mandated the completion of an e-course on Data Privacy. A LED TV was raffled off among those who completed the e-course as an incentive.

#### Ongoing Privacy Trainings

Members of Globe's Information Security and Data Privacy (ISDP) Group are encouraged to undergo privacy training, including CIPM and CIPP/E certifications and training.

#### Privacy Maturity Assessment and Privacy Impact Assessment

Globe has also undertaken Project Gray, a Globe Privacy Maturity Assessment by SGV (an affiliate of Ernst & Young). This initiative assessed the company's privacy maturity level and helped in conducting privacy impact assessments for business units with high-risk processing activities.

### Countering Illegal Activities

Along with data privacy and protection, Globe has intensified its campaign against illegal activities to protect its customers. The company also works in close coordination with

government agencies and online stores to stop the illegal sale of its products. Globe consistently monitors its network to safeguard itself against the potential sale of hacked devices, illegal streaming devices (ISDs) and disables fraudulent connections immediately without notice.

The company has also intensified its nationwide efforts to restrict 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 robs the network of revenues that would have been used to subsidize capital-extensive local exchange networks so landline users can enjoy competitive monthly charges. For over a decade, Globe has been working with local government units and agencies in the battle against ISR syndicates.

The company has also enforced tighter rules to protect customers against dishonest practices of third-party value-added service (VAS) providers that result in prepaid load deduction. This gives customers the perception of "nakaw" (stolen) load.

Globe also runs an anti-scramming campaign that involves blocking prepaid numbers found to be consistent sources of spam and scam text messages. It uses a comprehensive and fully automated mechanism that filters out unwanted



**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),** online news source and global community of process professionals, business leaders, and executives who want to improve their businesses through process and operational excellence.



Globe Telecom joins hands with the National Privacy Commission (NPC) in celebrating the Privacy Awareness Week (PAW) aimed at advancing the protection of personal information of consumers while ensuring the free flow of information.

and unsolicited SMS messages. Some of these numbers were subject of complaints reported through [www.globe.com.ph/stopspam](http://www.globe.com.ph/stopspam) where customers can provide all the details of spam and scam messages received in their mobile devices. Phone numbers which are verified to be a constant source of spam messages are disconnected from service.

### SPAMS AND SCAMS OUTCOMES OF GLOBE INITIATIVES IN 2019

- 35% reduction in spam call complaints received
- 4,941 SIMs found to be the sources of SPAM/SCAM messages deactivated
- Over 55 million spam SMS messages blocked

### INCREASING CYBERSECURITY

Today's highly accessible and affordable data and content packages has made it easier and more convenient to download content. This raises the vulnerability of users 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. To stem the tide of illegal and unsafe content online, Globe set up the following initiatives:

- In light of an increasingly hostile digital environment, the Globe Advanced Security Operations Center (ASOC), which opened in 2017, houses the infrastructure and teams that deliver customer service, platform management, threat detection, threat hunting and incident response for both Globe and its customers.
- Through its ICT arm, Globe Business, the company offers a full suite of powerful tools and solutions to enable enterprises to build and secure their business and digital ecosystems for seamless connections with customers.

Globe Business partnered with world-class providers such as Amazon Web Services, Google, RightCloud, GoCanvas, Trustwave, and Bitsight to unveil these cloud and cybersecurity innovations at the "Breakthrough with Globe Business Solutions" in January 2019.

- As the Philippines' leading advocate against online piracy through #PlayItRight, Globe, along with international Coalition Against Piracy (CAP), expressed positive support for the proposed bill ordering the blocking of websites that illegally distribute copyrighted material like videos, music and gaming. The proposed Senate Bill No. 2109 (also known as the Philippine Online Infringement Act) aims to give more power to the Intellectual Property Office to address illegal websites that infringe on copyright.

Ernest Cu, Globe President and CEO, says the legislation will put a stop on the growing online piracy in the country. Cu is concurrently serving as a Board Member of the international group Asia Video Industry Association (AVIA), which is a major player dedicated to connecting the video industry with the government in the fight against video piracy. AVIA is also a credible source in providing information, intelligence reports on latest developments and trends that print, broadcast and online media can use. The group also champions the creation of a more sustainable business environment for the video industry.

Moreover, the company's #PlayItRight advocacy campaign advocates for the protection of its customers against malware and other cybersecurity threats from illegal pirated content or torrenting sites. In addition, Globe combats child pornography by blocking websites and related content, in accordance with the Republic Act 9775 or the Anti-Child Pornography Act of 2009. In 2019,

Globe blocked a total of 2,471 domains or sites that hosted lewd content and child pornography as part of this campaign.

- Through its #makeITsafePH campaign, the company provides practical tips and accessible information about the various threats an individual or an organization may face. Globe ensures that its clients are aware of their responsibilities to protect themselves and their organization.

The company's commitment to cybersecurity is evident in every partnership and service it provides. For instance, GCash gives customer safety the utmost priority. In order to avoid the possibility of cybersecurity linked risks materializing, Globe has a dedicated analytics team in order to constantly monitor these fraudulent activities and protect user transactions. Additionally, proper compensation is also given to users affected by these unauthorized transactions.

### 2020 OUTLOOK

While Globe enables enhanced digital experience to its customers, the company remains committed to adhering to its core values of securing the customer's trust through a focused approach to data privacy and security. Globe strives to embrace a beyond compliance approach to the Data Privacy Act, 2012 in every operational endeavor.

# Human Capital

## Cultivating a Vibrant Purpose-Driven Workforce



Agile Workforce



Employee Welfare



Political and Socio Economic Risk  
Talent and Succession Risk  
Company Culture Risk  
Reputation Risk  
Third Party Risk  
Business Disruption Risk

“One of the key factors that will sustain the company’s strength in the market is the highly engaged and committed workforce that we have at Globe. Beyond the infrastructure and beyond the products and services, the people behind these successes are highly engaged people.”

**Renato Jiao**  
Chief Human Resources Officer  
(CHRO)



Good Health and Well-being  
Quality Education  
Gender Equality  
Decent Work and Economic Growth  
Industry, Innovation and Infrastructure  
Reduced Inequalities  
Partnerships for the Goals



**Human Rights**  
**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and  
**Principle 2:** make sure that they are not complicit in human rights abuses.  
**Labour**  
**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
**Principle 4:** the elimination of all forms of forced and compulsory labour;  
**Principle 5:** the effective abolition of child labour; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

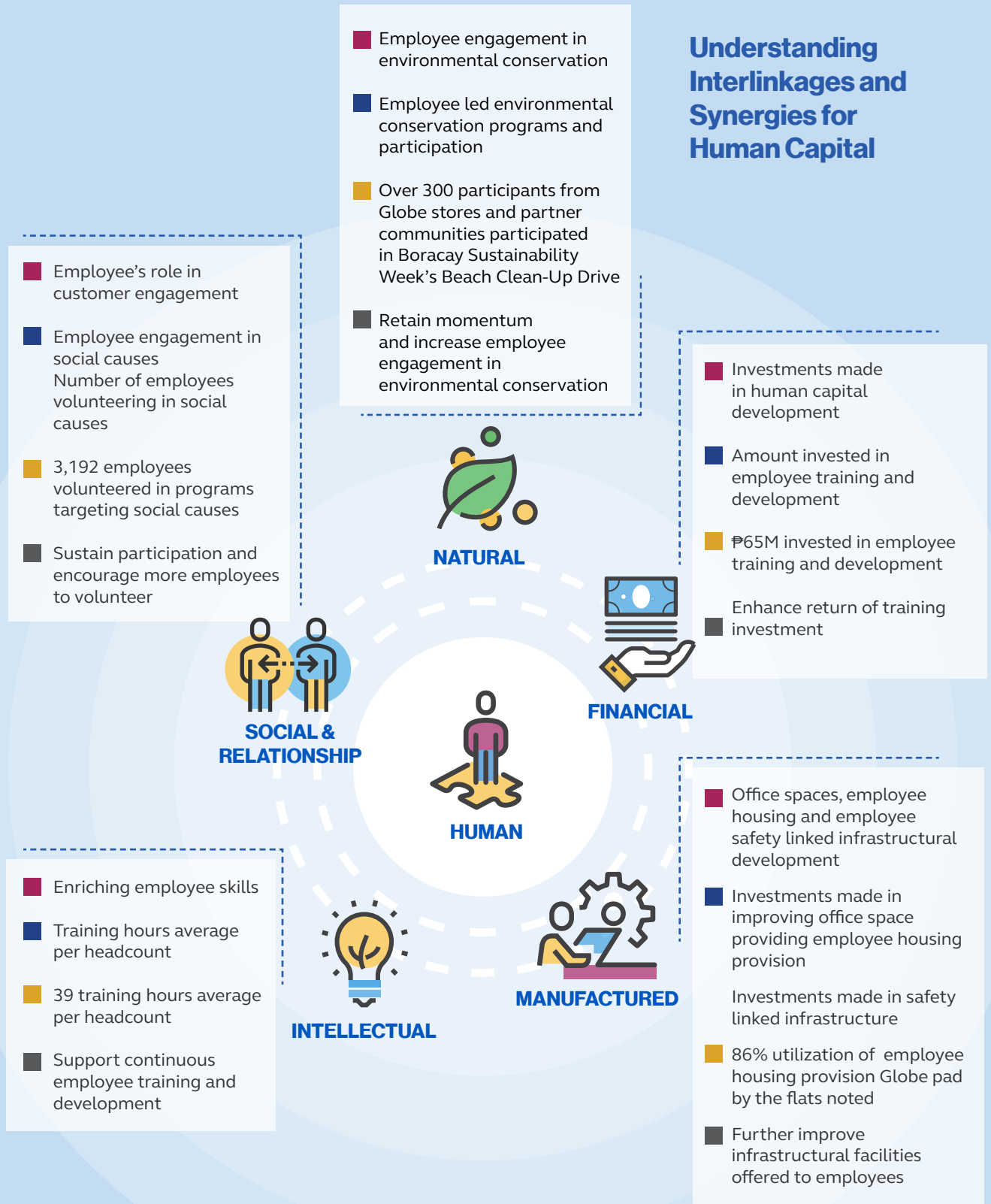
### Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;  
**Principle 8:** undertake initiatives to promote greater environmental responsibility; and  
**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

## Understanding Interlinkages and Synergies for Human Capital



■ Initiatives Defining Interlinkages
 ■ Key Performance Indicators
 ■ 2019 Performance
 ■ 2020 Priorities



## PURPOSE-DRIVEN WORKFORCE

Globe fosters a work environment that thrives on collaboration, empowerment, diversity, innovative ideation and agile work delivery. This organizational culture is a product of Globe's workforce composition which is diverse in nature and is comprised of high performers who go the extra mile to ensure the delivery of superior customer experience. Globe has developed digital platforms and various programs to enable employee development. While allowing employees to develop new skill sets, Globe also creates avenues to hone employees' innate talents and creative energies.

Each employee at Globe is valued and the company strives to actively understand their needs, aspirations and professional vision. Further, the growth and development of each employee is a mission that the company shares with them. By creating a workplace that is collaborative and inclusive in nature, Globe ensures that each employee feels empowered and motivated at work. Strengthened over the years, the HR strategy of Globe focuses on maintaining the fabric of collective aim and aspiration that employees envision for the company. Globe is committed to enhancing diversity in its workforce as these values are embedded in the company's culture and thus has zero tolerance to discrimination of any kind. With prime focus given to skill sets, the company ensures equal opportunities for all.

### Asia Corporate Excellence & Sustainability (ACES) Awards 2019

Globe earned the distinction of being the only company in the history of ACES Awards to win the top workplace in Asia three (3) times - a true statement to Globe's remarkable journey of cultivating a unique culture with a responsible workforce, using technology and human-centered design in the workplace.

## The Purpose Survey

Globe conducts a purpose survey to gain insights into the extent of alignment of the workforce with organizational values and purpose. The company strongly believes that the alignment of its employee's personal goals and vision with Globe's purpose is imperative for organizational success. 2019 marked the third year of conducting this purpose survey. The survey results showcase the integration and cohesion present within Globe's workforce and evidences how each employee resonates Globe's values. The Globe workforce has a sense of shared belonging and goals which translate to collective efforts towards organizational goals and reaching for customer delight.

### Human Resource Asia Awards

HR Asia Awards rolled out a unique 360-degree employee engagement survey which measured CORE (Collective Organization for Real Engagement), Self-Engagement, and Group Engagement where Globe was rated above industry average across all categories. The company scored the highest in the following areas: Employee Engagement, Purpose, and Company Culture.

## HUMAN RIGHTS COMMITMENT (UNGC)

In 2019, Globe became a signatory to the United Nations Global Compact (UNGC), committing to implement universal sustainability principles. In line with this commitment, the company strives to uphold the highest standards of human rights in all its operational endeavors. Aligned to these values, Globe has a zero tolerance policy towards child labour, forced labor and discrimination of any kind. The company ensures that no employee is discriminated against on the basis of age, gender, marital status, personal beliefs, religion & spiritual practices, political affiliation



Globe received the highest honors at the **Asia Corporate Excellence & Sustainability (ACES) Awards 2019**, for its awards in "Top Workplaces in Asia" and "Industry Champion" Categories.



### Sustainable Engagement Index Score in 2018:

91% (net of retention score)

### Organizational Health Index Score in 2019: 88%



### The Purpose Survey Indicators

- Role and Work contribution to Globe Purpose: 91 in 2019 vs. 87 in 2018
- Personal Purpose contribution to Globe Purpose: 88 in 2019 vs. 87 in 2018
- Employer NPS that is likeness to recommend Globe as an Employer: 53.40 in 2019 vs. 43.38 in 2018



and sexual orientation, among other personal attributes.

### Code of Conduct

Globe's Code of Conduct (CoC) reveals a clear and unified theme of Philosophy, Purpose and Provision. The company's Code of Conduct enshrines the values on the protection of human rights. The same is also available on the website <https://www.globe.com.ph/>. The company assures adherence to principles to which employees observe the highest standards of accountability, performance, honesty, integrity, courtesy and teamwork. The CoC also provides a platform for a reasonable and lawful process, to ensure the resolution of issues and problems arising from an employee's performance or behavior and subsequent compliance to the company's policies. The code includes improper activities involving honesty and integrity, good behavior and conduct, Globe's customers, job

performance, reputation and security of the company as well as offences against security, safety, health and environment. The code also includes administrative roles that are established to ensure implementation of respective procedures, thus safeguarding compliance to Globe's Code of Conduct.

### Collective Bargaining Agreement

The congruence of Globe's aspiration with employee values is enabled by the company through programs that inculcate Globe's ethics on human right protection in the minds of each employee. This results in employees being aware of their rights and channels to exercise the same. Nearly 3.7% of Globe's workforce is covered by collective bargaining agreements.

Human Resource Team, headed by Renato Jiao, Chief Human Resource Officer (4th from the right), receives the award for Globe as one of the Best Companies to Work for in Asia at the HR Asia Awards 2019

Collective Bargaining Agreement	2017	2018	2019
Percentage of total permanent employees covered	3.60%	4.3%	3.72%



**In 2020, Globe will launch WORKDAY**, a cloud-based human capital management software. WORKDAY will empower Globe employees and leaders through self-service features and accessible data, with the following features:

- Work ON-THE-GO, through any mobile phone
- ACCESS a search bar for easy access to transactions and data
- VIEW Inbox where pending requests may be viewed
- TRACK learning and development
- SEE employee profiles and organization chart

## DIGITAL WORKPLACE

### Digitizing HR Management

Globe has digitized its HR management system to transform its HR processes. In 2019, HR forms are 100% online and digital. HR processes have been streamlined and the following digital applications have been implemented:

- **EVA** enables Globe employees to file and view their work leaves, salary as well as update personal and work information on their mobile phones. The mobile app acts as a Human Resource Information System (HRIS) on the go. This intervention was launched in late September 2018 with 94% (7,303 of 7,751) of employees have downloaded the app. On average, there are 3,420 unique EVA users who access or transact on the app about 61 times per month.
- **SAP Concur** was launched to proactively manage employees' travel and expense spending through an integrated travel and expense ecosystem. It helps in the reduction of disbursement processing time by having approvals for travel, cash advance requests, and expense liquidation all done using the tool. Through this initiative, Globe won the 2020 Concur Innovation Award, the first company in Southeast Asia to ever get the award.

- **Globe University's (GU) Class Management Information System**

enables automated attendance monitoring. The attendance monitoring tool is hosted on an application called the RollCall app which allows the generation of digital food tickets and logging in and out of class.

- **MyChoice Flexible Benefit Program** allows employees to choose the benefits they want. Through an in-house system, they can trade non-core benefits (car, vacation leave, paid time-off), convert these into points, and use the points to buy benefits they prefer, like additional coverage for dependents, expanded outpatient limit, rice allowance, clothing subsidy and more. What was innovative was that for the first time, the MyChoice program was housed inside EVA ensuring smoother transition for the 5,000+ employees who availed of it.

### Flexible Work Arrangement (FWA) Program

The Flexible Work Arrangement program allows eligible employees to perform work outside of their regular work site and work schedule, enabled by technology and digitization of work linked activities. This program was officially launched in May 2019. Eligibility to the program was assessed by Division Heads and concurred by Group Heads based on the following criteria: communications and

system access requirement, office hardware/devices, team dynamics as well as collaboration and overall performance.

Those who may need to stay overtime (due to cutovers, traffic, or sudden inclement weather) may choose to do so at the Globe Pad. The HR team, recognizing the changing needs of the employees, bought one whole floor at The Flats Tower in Bonifacio Global City, Taguig and repurposed it into a dormitory exclusively for Globe employees. The dormitory, called the Globe Pad, is a temporary respite for Ka-Globe who want a place to stay overnight or a place closer to the office. The Globe Pad is also where employees flying in from the regional offices get to stay for free.

## TALENT DEVELOPMENT AND FUTURE OF WORK

### Enabling Employee Growth & Success through the Globe University

In today's knowledge-based economy, human capital development as a valuable organizational resource has become central to business strategy. With the rising trend towards teamwork and empowerment to hurdle the pace of technological advancement, organizational learning and the agility to learn faster than competition is seen as the route to competitive advantage and market leadership.

Globe University is identified as the solution to manage Globe's learning requirements, enabling the next Globe and offer innovative learning solutions beyond Globe. Through an emphasis on creating and facilitating a corporate learning culture and developing the capability of employees, it seeks to amplify organizational know-how to deliver the industry's best-trained workforce as a source of competitive advantage.

Globe University is home to five (5) academies: Technical, Sales &

Marketing, Professional Development, Leadership and Culture. Partnerships with the different training groups as well as individual advocates of learning are nurtured through Learning Circles.

With the need to develop key talent imperatives for the organization, Globe University is a visionary step in the direction to drive a step change in workforce capabilities and performance.

Globe's learning and development strategy is a blend of traditional learning platforms and digital tools to maximize employees' holistic development. This blended methodology enables employees with both technical and leadership skills. Some key learning interventions rolled out in 2019 include.<sup>1</sup>

- **Data Scientists Program**

This program provides training on Big Data Analytics, SQL, Business Analysis and Programming. 39 fresh graduates from various Philippine universities were accepted into the Data Science Program

- **Artificial Intelligence Course**

This eCourse covers a basic background on Artificial Intelligence (AI) and Machine Learning, and how they are related and enabled by Big Data and Data Science.

- **AGILE E- Course**

The Agile 101 E-Course aims to reach a wider employee audience to help equip them with the Agile mindset including its values, principles and frameworks.

- **QUEST**

Quest is a gamified learning app where learner's go through different competency maps aligned with their role competency proficiency level. Learning is self-paced through interesting bite-sized contents, presented in different formats.



### Awards for Quest:

Bronze Stevie International Awards (October 2019) for Mobile Integrated Experience

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- **ImmersiV**

Globe also ventured into training innovation by introducing ImmersiV – a Virtual Reality (VR) training that simulates the Stores' day-to-day operations to immerse Store front liners into multiple customer interactions and experiences. ImmersiV was piloted in several Stores and has been incorporated in Stores' Onboarding program for new hires. With this kind of innovation, attrition of store personnel which impacts manning and operations would be minimized. VR training modules for Stores also aim to prepare them for their day-to-day responsibilities, reduce their anxiety and make them feel confident in engaging with Globe customers.

- **Coach2Grow (C2G) app**

With a collaboration-centric approach in mind, Globe developed a culture of coaching over the years. This culture encourages collective learning and learning of employees from their managers and leaders through work-with, consultations, assignments and coaching sessions. To further strengthen the effectiveness of on the job learning, Globe rolled out a **C2G** app. C2G is a web and mobile application that aids leaders during coaching sessions and helps document the way forward, thus enabling both the employee and the coach to track progress on learning goals.

- **Leaders' Summit**

Every year, Globe gathers over 100 of its leadership team from various groups for an immersive conference with practical applications.

- **Everyday Leadership**

Globe revised the Everyday Leadership training to include new content that would help provide employees skills on Goal Alignment & Clarity, Trust Building, Empowerment and Safety.

#### Employee Training and Education Performance Barometer

Training Education	2017	2018	2019
Total Training Hours	135,976	193,203	227,416
Average Training Hour per headcount	24.66	25.04	39.94
Total Investment (in M)	₱62.2	₱65	₱65

Academy	Training Hours
<b>Technology and Innovation</b>	93,052
<b>Sales and Marketing</b>	17,356
<b>Leadership</b>	37,208
<b>Professional Development</b>	76,712

#### EMPLOYEE ENGAGEMENT

##### Engaging with a vibrant workforce

Globe strives to ensure every employee's well-being, work satisfaction and professional success from the day they are onboarded. A buddy program has been designed to make sure employees feel comfortable on their first day at work. This helps employees relate to the open and inclusive work culture and settle into the work environment starting from day one in the company. Globe encourages open communications as part of the overall collaborative organizational culture. The company embraced an open office concept when it moved its new headquarters at The Globe Tower six (6) years ago. Work tools and e-mails are also hosted on cloud to enable digital collaboration. The annual appraisal process is another vital communication channel for employees and their managers. In 2019, Globe shifted to a No-Bell-Curve Performance Evaluation for all its employees. This is an example of how the company focuses on the growth of its employees and devises strategies to hone their talents.



#### Award for C2G:

Gold Stevie Asia Pacific (2018)  
for Innovation in Education or  
Training

## Case Study

# Enabling Employee Learning and Development

Given the ever dynamic market, it is essential to create a future ready human resource strategy that ensures success, longevity and relevance of the company. The Channel Governance and People Excellence (CGPE) team under the Channel Management Group at Globe strategized to enable a future-ready organizational proposition, thus ensuring continuous value creation through employee development. This strategy is based on four (4) strategic pillars:

### 1. Create the Right Mix

At Globe, employees define the company's competitive advantage with a distinct work ethic and work culture driving a unique practice of innovation and collaboration to service delivery. The product of the workforce's passion and dedication culminates into business success. Globe attracts some of the brightest minds and is dedicated to ensuring they grow through shared learning and collaboration.

### 2. Disruptive Learning

Globe has invested in digital learning and development platforms ensuring that employee learning is not confined to traditional means.

### 3. Reverse Mentoring

With the advent of digital learning platforms, gamification, social networks and new technology, Globe is committed to ensure that its employees are digital savvy. The reverse mentoring program aims to spur innovation, and creating new product and service ideas by actively soliciting inputs and participation from younger employees, introducing digital ways of learning and closing digital knowledge gaps



Globe Employee of the Year Trinette Manahan from Small and Medium Business Group and joining her are Jaime Augusto Zobel de Ayala, Globe Chairman and Ernest Cu, Globe President and CEO

across different generations in the organization. In 2019, Globe completed a baseline assessment to identify Digital Natives from Digital Immigrants. Digital Natives or those aged 30 years and below who grew up using technology will be paired with Digital Immigrants to accelerate learning on topics like technology, social media and current trends. This program will also strengthen the leadership skills of younger employees.

### 4. Build Future Leaders & Partners

Channel Management is a driving force in the organization contributing to at least 80% of Globe's total revenues. The need to develop next generation leaders is of utmost importance to remain agile. Channel Governance and People Excellence (CGPE) has initiated the Leadership Camp, a foundational leadership program which aims to equip people and managers with essential skills and competencies to effectively lead oneself, teams and others. It applies a blended learning approach which

is powered by Quest. The classroom sessions are strategically limited to half day sessions and widely spread over 3-months to combat information overload. Another program developed was Skip Level Coaching. It aims to fast track people development and create a wider talent pool of successors. In this development program, an identified high potential embarks on a 6-month coaching journey with an assigned Coach (second level superior), anchored on Globe's 7 Leadership Competencies. As partners are an integral component of Globe's way of doing things, the company is dedicated to developing its own people through coaching and innovative ways of learning.

In 2019, Globe has launched the following partner programs:

- Boot Camp for Territory Partner Operations Managers
- Premium Dealer Retail and Assistant Retail Managers
- Learning Camp for TP Business Development Officers



Singtel volunteer Ronnie Shani repaints the wall of one of the classrooms of the Asian Development Bank Spouses Association (ADBSA) Aeta Elementary School during the first day of the Globe - Singtel OVP, titled Better Together 2019.

## SINGTEL VOLUNTEERS JOIN GLOBE'S SUSTAINABILITY EFFORTS IN IBA, ZAMBALES

Volunteerism knows no boundaries, geographical or otherwise; global citizens are better together and should care for the planet as one. With this in mind, employee volunteers from Singtel of Singapore visited the Philippines once again to take part in the Singtel Group's 8th Overseas Volunteering Program (OVP) hosted by Globe.

The group of six (6) Singtel and 13 Globe volunteers went to the Iba Botanicals eco-village in Iba, Zambales to plant indigenous trees such as Acacia, Kakawati, Langka, and Kasuy in areas that have been widely deforested.

Iba Botanicals is the operational partner of The Mead Foundation and provides crucial project management and operational oversight activities for all reforestation and environment-related projects happening in and for

Iba. Situated on the Bancal River, it is a 164-hectare farm with an ylang-ylang plantation that yields oil and organic crops to be marketed locally and internationally. The farm also has a modern five-bedroom lodge with a kitchen that serves fresh farm-to-table food to its guests, featuring cuisine that combines Filipino and international vegetarian dishes.

Globe and The Mead Foundation, which is a non-profit organization share a common goal with regard to "rainforestation." The foundation has been working closely with the Aetas of Zambales to help replant trees in the province's bare forest areas and provide livelihood opportunities to the community members.

"We are happy to partner with The Mead Foundation and the opportunity for Globe and Singtel volunteers to be part of this

journey where they can help with environmental sustainability while getting to know indigenous communities. By investing in environmental protection and partnering with various organizations particularly on reforestation programs, we hope to do our share in mitigating the drastic effects of climate change," said Maria Yolanda Crisanto, Globe Chief Sustainability Officer and Senior Vice President for Corporate Communications.

Ben Mead, Executive Director of The Mead Foundation, affirms that the "partnership is aligned with our goal for impactful, sustainable efforts that provide transformational change, conservation of the environment, and sustainable development. The Mead Foundation is very happy to be partnering with Globe for this "rainforestation" effort of our denuded forests. We are also very



excited to show the volunteers around Zambales and are enthused to see how their efforts will greatly help the community.”

Aside from tree-planting, the volunteers conducted a Brigada Eskwela activity at the ADBSA Aeta School (Jesmag Iba) located in Tambac, Palanginan, Iba, Zambales.

The volunteers also learned how creativity can always flourish by receiving hands-on experience—from weaving bamboo bags and baskets to lahar pottery-making—two of the most popular sources of livelihood among Aetas that help sustain their families and the entire community.

“This program made me realize that this country can be a better place for the tourists and the community,” Charles Diomampo, a Globe volunteer said, while Singtel volunteer Ronnie Bin Shani quipped, “It’s an eye-opening experience and heartwarming to be part of this program, knowing that our efforts can have a long-lasting impact on the community.”

Globe and Singtel Group are also unified in a common vision to empower communities, especially the marginalized ones, by creating platforms that will fulfill their potential, ensure their security, and integrate them with society.

The Better Together OVP is a platform designed to cultivate an active exchange of knowledge and shared experiences to help strengthen ties among the international volunteers who join the program every year and provide them insights into each participating country’s culture, economy, and tradition.

Since 2011, Globe has been bringing in volunteers from Singtel and other Group affiliates to support local communities in the Philippines, especially those that are

disadvantaged. Activities ranged from building homes, painting and repairing schools under Brigada Eskwela, cleaning up coastal areas, teaching sports to children and promoting digital citizenship, among others.

Globe has also been spearheading the introduction and expansion of volunteering in its various forms, such as livelihood, education, and environmental protection throughout many regions of the country. Its own employees frequently join volunteerism activities as part of their own corporate social responsibility (CSR) program, investing their time and effort in sustainable ventures that can improve the state of locations where they volunteer while enriching their appreciation of their own history and culture.



Globe and Singtel volunteers team up to plant different species of indigenous trees at the Vetiver terraces in Iba, Zambales.



Globe and Singtel volunteers learned how to make usable stone sculptures from lahar rocks, as well as plates and baskets by weaving Nito vines. These products are a key source of livelihood for the people of Jessmag Aeta community.



### Focusing on Employees' Well-being

Globe is dedicated to ensuring its employees' holistic development covering all spheres of well-being: social, emotional, financial and physical. Maintaining good health is vital for enabling employees to feel motivated and inspired at work. Periodic health check-ups have been made mandatory for every Globe employee to ensure any underlying ailments are diagnosed timely and effectively addressed. While the health check-ups help monitor employee health, Globe encourages employees to adopt a proactive approach to health. Aligned to this commitment, the company provides sports facilities for employees to perform various forms of exercise such as basketball, volleyball, yoga and various sports through the company's interest clubs. Eating right is also an important facet of enabling good health and well-being. Globe has appointed dietitians who advise employees on good eating habits. Recognizing the vitality of protecting the mental well-being of employees, the company has rolled out a program where employees can call, email or chat with a mental health professional.

For the third time in a row, Globe brought the **Annual Physical Exam (APE)** closer to employees by holding it on-site, ensuring convenience to the 7,000+ Ka-Globe who were part of the APE program. As for the socio-emotional wellness, HR conducted a **Financial Fair**, inviting expert speakers to talk about insurance, investments, followed by a boothing activity.

One of the highlights of 2019 would be the integration of a Mental Health hotline. This was done in partnership with KonsultaMD, and a local mental health advocacy group Knit. Through this program, employees can easily contact a mental health professional and get advice. The program saw a total of 30 Ka-Globe patrons monthly. This was part of the Employer Love

campaign that promised to help Ka-Globe #CreateTheirBestLife while being part of the company.

While employees work relentlessly towards achieving organizational goals, Globe provides various avenues for employees to unwind through numerous interest clubs. The company has established over 20 interest clubs which cater to employees who are passionate about various domains such as indoor and outdoor sports, music, arts and photography. This helps enhance the collaborative vibe which is one of the key defining elements of Globe's workforce.

The company also offers an integrated leave management plan for its employees. In 2019, Globe introduced a program called FlexBen which enables employees to convert all of their available Vacation Leave credits for the year. It was noted that 74% availed the benefits of this program. Of the employees who availed this program, 50% opted for leave encashment, 36% chose medical benefit enhancements, while 3% opted for fund investment, donations and life/travel insurances.

### Commitment to Nation-Building

Globe is committed to engage employees in its Citizenship and Sustainability initiatives through its Employee Volunteering Program. 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.

### Occupational Health and Safety

Keeping employees safe and healthy is a vital component of Globe's organizational culture. The company's belief is for employees to maintain peak performance and realize their potential. It is also important that they always feel safe and healthy while working towards organizational




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**40% of Ka-Globe volunteered in 2019 for various social development causes.** On top of this, Globe contributed 1.4 million volunteer hours to the 185th Ayala Anniversary celebration.

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goals. Consequently, Globe adopts a proactive approach aligned to global best practices to ensure the safety and well-being of the workforce.

### 1. Globe's Safety-First Approach

The company has a dedicated health and safety policy that forms the basis of its Occupational Health and Safety (OHS) strategy which covers six (6) key components. The first component is identification of safety linked hazards in every operational site. Once the hazards are identified, they are assessed and a strategy to minimize the impact of this hazard is chalked out. This is followed by devising and implementing safety linked protocols and guidelines which incorporate the insights gained from the safety hazard assessment study. As employees are at the forefront of implementing the safety linked guidelines, they are trained on various safety linked aspects. Through training and other platforms, employees are actively engaged with the safety dialogue encouraging them to embrace a proactive approach to safety in the workplace.

Globe also invests in infrastructure and personal protective equipment for its facilities and employees. To ensure each operational site is aligned with Globe's safety standards, safety audits are conducted. Lastly, the company obtains safety certifications to strengthen the alignment of safety practices to global best practices. These 6 components are implemented in a cyclical manner to ensure feedback received at the end of audits is incorporated into the standard operating procedures and guidelines. This then leads to revised training for employees and new investments in safety. Hence, Globe's safety strategy is continuously evolving with the vision of setting safety benchmarks for the industry. As part of Globe's health and safety strategy, Safety Officers have been appointed to ensure the health and safety policy is implemented



## Globe's Safety Strategy

### Safety hazards identification and assessment Development of safety linked protocols and guidelines

- Safety linked training
- Safety linked infrastructure
- Safety audits
- Safety linked certification

effectively. They are also encouraged to provide timely feedback to ensure alignment of operations with the policy.

### HAZARD AND RISK ASSESSMENT

The Globe Integrated Management System Committee regularly reviews the job hazards and risk assessment of all Globe activities to ensure the protection and welfare of employees, workers and the general public. Activities identified as moderate to high risks are provided with appropriate programs and controls. Some of the significant health and safety risks identified in Globe operations include:

- Motor vehicle accidents during field work and sales operations
- Physical injuries due to equipment failure, office maintenance, construction and installations
- Office accidents and ergonomics concerns such as prolonged sitting/standing, eye strain, musculoskeletal pain
- Danger from hazardous activities such as tower climbing, radiation exposure, and activities in confined space
- Psychosocial, workplace violence, and human behavior limitations
- Security incidents and acts of terrorism

### Managing risk through Insurance

The company partners with local and international Insurance providers to

compensate the general public on damages brought about by Globe's operations and facilities.

This ensures financial coverages relating to the company's property and property damage/bodily injury within the areas where it operates in.

Specific insurance coverages are prepared for the following:

- Globe property damages due to catastrophic (natural disasters) and non-catastrophic (man-made) such as typhoon, earthquake, flood and fire.
- Comprehensive General Liability in cases where Globe property (e.g. tower, cables, antenna, etc) damages or causes bodily injuries to its immediate vicinity

## 2. OHS Guidelines and Protocols

Laying out clear guidelines and protocols enables Globe to

comprehensively communicate health and safety processes to all its employees, implemented across various operational sites. In 2019, the company created EQ Procedure and General Evacuation Procedure unique to every operational site. This customization was important to ensure procedures incorporate the distinct features of each site. To enhance clear understanding of accountability, guidelines were prepared to turn over the sole responsibility of conducting an emergency drill of an entire site to a designated Ka-Globe.

## 3. OHS Certifications

All major sites of Globe (20 sites) implement the Integrated Management System and have the requisite certification. In 2019, Globe also completed the First Aid Certifications on all facility ERT members and the administration team, including Globe stores. This



## All of Globe's operational sites are ISO 450001

(Occupational Health and Safety) and ISO 22301 (Business Continuity Management) **certified.**



**The company periodically performs internal and external audits to ensure that the safety processes are effectively implemented on site** and safety practices are aligned with ISO 450001 - Occupational Health and Safety and ISO 22301 - Business Continuity Management.

## HEALTH AND SAFETY POLICY

Globe Telecom cares for people, not only for our employees but also the communities surrounding our operations, as they are critical to the success of our business. We protect their rights and promote safe and secure working environments for all workers. It is the management's primary objective, the employees' individual and collective responsibility, including our business partners to meet this commitment.

We commit to:

- Continuously assess all ill health and safety hazards of our business operations and provide programs and process improvements toward prevention and elimination of occupational injury, accidents, and illnesses in the workplace and the communities where we operate;
- Ensure that occupational health and safety is a core consideration of planning, delivery, monitoring and review processes at a strategic and operational level;
- Monitor the non-ionizing radiation exposures of our sites and ensure that these are below the limits recommended in national and international guidelines;
- Train and equip our employees with necessary skills and information to work in a safe and environmentally responsible manner and mandate our business partners to adopt these principles to ensure communities' health and safety;
- Conduct a regular review of our partners' management system to ensure that the commitments of this policy are being delivered, and that we strive for continuous improvement;
- Comply with all occupational safety and health laws applicable to our telecommunication business and adopt international best practices;
- Report our safety, health, and environmental performance to our stakeholders.

was conducted by the Philippine Red Cross as required by the new RA 11085, “Act Strengthening Compliance with Occupational Safety and Health Standards (OSHS) and Providing Penalties for Violations Thereof”.

#### 4. Investing in OHS-related Infrastructure and OHS Audits

In 2019, Globe completed the preparation of temporary shelters. These shelters will be utilized during times of disasters. The first step towards this activity was to identify facilities which would be feasible options for developing an evacuation set-up. This was followed with efforts towards making the temporary shelter facilities operational by purchasing 450 units of tents with a complete set of basic needs. An intricately laid out organizational plan, complete with details of logistics and customized safety communication protocols was also established. Distribution of helmets to all employees in case of earthquakes and installation of an earthquake monitoring machine linked to the evacuation alarms have been implemented.

It is important to confirm that the practices on sites are aligned to the guidelines and protocols laid out by Globe. In 2019, fire exit audits were conducted for all the core facilities.

#### 5. OHS Training

Aligned to the company’s concerted efforts towards ensuring the highest standards of occupational health and safety practices, Globe provides training on various aspects of occupational safety. These trainings equip employees to effectively respond to an adverse event. For instance, employees are trained with first aid skills through Emergency Response Training. Additionally, 2 batches consisting of 48 members of the workforce have completed the training on SEAT (Special Emergency

Action Team) and 45 members of Globe’s workforce have received First Aid Accreditation, Industrial Fire Fighting as well as Urban Search and Rescue operation. Preparation for the recruitment of the 3rd batch to be trained is underway for 2020. Globe employees have also been encouraged to undergo Basic Occupational Safety and Health (BOSH) and Loss Control Management (LCM) training. Globe has made it mandatory for employees from certain cadres such as SO1 (Staff officer 1) to undergo at least 10 hours of safety training.

#### 2020 OUTLOOK

The company ensures a culture of diversity and inclusivity. In 2020, HR created the Pride@Globe Workplace Group for the LGBTQI+ community. This is followed by a Diversity Policy where dependents of legally married same-sex couples can avail of the same company benefits with the rest of the employee force. These are some of the ways where Globe show real caring for our employees – a testament that here, Love Wins.



**Zero fatality and zero man-hours lost due to work-related injury/accidents**



Globe’s Special Emergency Action Team (SEAT) held a training on industrial fire fighting





## HUMAN CAPITAL PERFORMANCE BAROMETER

Employment	2017	2018	2019
Total Employees	7,206	7,716	8,048

Employee Diversity by Gender			
Gender	2017	2018	2019
Male	3,860	4,143	4,298
Female	3,346	3,573	3,750

Employee Diversity by Age			
Age	2017	2018	2019
Under 30	1,609	1,908	1,956
30 - 50	5,304	5,490	5,707
Over 50	293	318	385

Category	2017	2018	2019
Sr Management	476	480	521
Mid Management	4,203	4,446	5,336
Specialists & CBU	2,527	2,790	2,191

Location	2017	2018	2019
Luzon	6,123	6,633	6,915
Visayas	648	656	666
Mindanao	435	440	467



## NEW EMPLOYEE HIRES

NEW EMPLOYEE HIRES AND TURNOVER	2017	2018	2019
New Employee	769	1,220	871

Gender	2017	2018	2019
Male	420	672	185
Female	333	548	146

Age	2017	2018	2019
Under 30	410	761	176
30-50	337	454	152
Over 50	6	5	3

Category	2019
Senior Management	4
Mid Management	253
Specialists & CBU	74

Location	2017	2018	2019
Luzon	627	1,132	802
Visayas	59	52	36
Mindanao	67	36	33



## EMPLOYEE TURNOVER

Employee Turnover	2017	2018	2019
Total Employee Turnover	753	678	605
Attrition Rate / Turnover Rate	10.47%	9.08%	7.50%

Gender	2017	2018	2019
Male	381	363	335
Female	372	315	270

Age	2017	2018	2019
Under 30	177	202	174
30-50	545	429	390
Over 50	31	47	41

Category	2017	2018	2019
Sr Management	58	51	31
Mid Management	452	455	379
Specialists & CBU	243	172	195

Location	2017	2018	2019
Luzon	658	621	542
Visayas	55	33	37
Mindanao	40	24	26



## EMPLOYEE ENGAGEMENT

Employee Engagement Biennial	2018	2019
Sustainable Engagement Index*	91%	91%

\*Willis Towers Watson 2019



## PARENTAL LEAVE

Parental Leave Retention Rate*	2017	2018	2019
Male	100%	100%	96%
Female	100%	100%	96%

\*returned after leaves and still employed 12 months after, in percentage

Total Number of Employees that took Parental Leave	2019
Male	242
Female	124



## TRAINING EDUCATION

Gender	2017	2018	2019
Male	46,747	113,069	133,620
Female	41,473	79,958	93,796

Category	2017	2018	2019
Senior Management	1,765	6,196	6,612
Mid Management	91,953	128,959	154,348
Specialists & CBU	30,884	57,440	66,456

Employees Volunteering	2017	2018	2019
Employee Volunteerism			
Unique Employee Volunteers	3,803	3,164	3,192

# Social & Relationship Capital

## Nurturing Relationships, Empowering People and Inspiring Change



### STRATEGIC INTENT

Increase Household Penetration  
Habituate and Monetize



### MATERIAL TOPIC

Customer Experience and Service  
Community Relations  
Selling Practices and Product Labelling  
Customer Privacy and Data Security



### RISKS ADDRESSED

Political and Socio-Economic Risk  
Company Culture Risk  
Business Disruption Risk  
Cybersecurity and Data Privacy Risk  
Digital Transformation Risk  
Reputation and Customer Experience Risk  
Third Party Risk



### SDGs IN FOCUS

Good health and Well-being  
Quality Education  
Decent Work and Economic Growth  
Industry, Innovation and Infrastructure  
Sustainable Cities and Communities  
Responsible Consumption and Production  
Climate Action  
Life Below Water  
Life on Land  
Partnerships for the Goals

“Our people are important in many ways, the development cycle of any individual, institution or team. It’s a big help to creating a culture that will be relevant in the future. I think the sustainable organization and a sustainable company goes hand in hand with the culture that is comfortable with resiliency and is adaptable to change. Because if we do not adapt to change, we will be less relevant. If we are less relevant, we cannot contribute to the sustainability of the institution.”

Jaime Augusto Zobel de Ayala  
Chairman (Executive Committee)  
Globe Telecom



### UNGC PRINCIPLES

**Human Rights**  
**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and  
**Principle 2:** make sure that they are not complicit in human rights abuses.

**Labour**  
**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
**Principle 4:** the elimination of all forms of forced and compulsory labour;  
**Principle 5:** the effective abolition of child labour; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

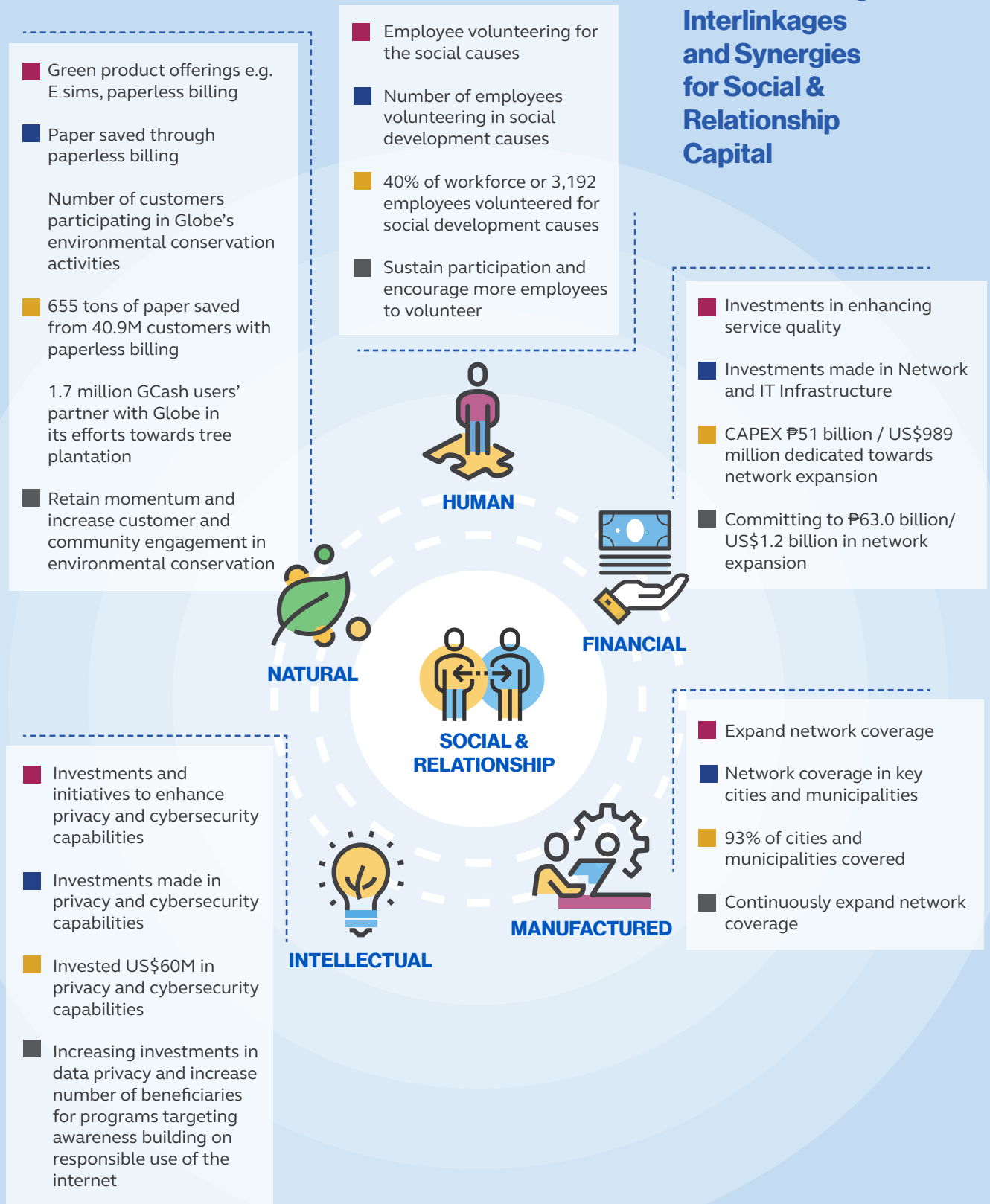
#### Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;  
**Principle 8:** undertake initiatives to promote greater environmental responsibility; and  
**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

## Understanding Interlinkages and Synergies for Social & Relationship Capital



■ Initiatives Defining Interlinkages
 ■ Key Performance Indicators
 ■ 2019 Performance
 ■ 2020 Priorities



Globe values the growing network of customers, suppliers and communities that it has been able to partner with over the years. The company believes in forging strong relationships based on trust, mutual respect, cooperation and a vision of shared growth with all its stakeholders. The focal point is to nurture these invaluable relationships by leveraging an innovation centric approach to enable unique value propositions for its customers and communities at large. With a substantial network outreach across the Philippines, Globe envisions a vast web of people to be impacted through its business activities. This can be seen as a valuable opportunity for the company to promote a culture of responsible stewardship in the economy. Consequently, through these relationships, Globe furthers its sustainability agenda towards holistic growth and the development of the Philippine economy, powered by digital transformation and connectivity.

## CUSTOMER FIRST: STAYING ONE STEP AHEAD

Globe serves over 94 Million mobile customers and 2 million home broadband customers in the Philippines. With a growing and dynamic customer base, Globe has a dedicated approach towards ensuring customer delight enabled by innovative and creative service delivery. Actualizing customer vision into reality and making quality a hallmark of service delivery are at the core of Globe's approach to elevating the value generated for its customers.



**Secure the customer**  
**Engage the customer**  
**Empower the customer**  
**Delight the customer**

Globe nurtures its relationships with its customers through the philosophy of "Treating People Right to Create a Globe of Good". The company's customer value proposition is captured by the acronym and dictum "SEED". Its aim is to nurture each customer as a seed would be nurtured by a gardener. Globe focuses on the resources and the infrastructure required for customer value creation while also actively contributing to enhance the quality of the enabling environment. Hence, Globe focuses on fueling the power of interconnectedness among Filipinos in a manner that is holistic and sustainable.

### 1. Secure the customer

Globe's strategy of securing a thriving customer base is enabled by delivering technologies and services that are second to none. The company is a one stop solution for customer needs spanning connectivity, entertainment, education and customized services. Globe conducts field research to understand its customer's needs better while also adopting the latest technologies and customer experience (CX) trends. Field research often comprises visiting customer's homes and gaining insight into their context and needs. The company also closely monitors customer's online sentiments to immediately address customer issues before it surfaces to mainstream online platforms. Globe conducts surveys across the numerous customer touchpoints. This gives Globe rich insights into customer sentiment. Receiving real-time feedback is a key enabler of agile challenge resolution and service delivery.

Globe has been able to secure and retain its customer base through its customer centric approach that puts them at the heart of every endeavor, from design ideation to service delivery. The company uses a management tool called the

**"Our goal is to build a relationship with every customer. With the millions of customers Globe has, our digital platforms and technology makes it possible to engage them at scale - with efficiency and consistency. Most importantly, we are able to care for our customers in a relevant and meaningful way."**

**Rebecca Eclipse**  
Chief Customer Experience Officer  
(CCEO)



The company's CX strategy focuses on:

1. **Customer Insight:** An in-depth understanding of customer needs, challenges and opportunities.
2. **Customer Journeys:** Re-imagining customer end-to-end experience
3. **Digital/Omnichannel:** Enabling seamless offline-to-online and personalized/contextualized capabilities.
4. **Treating our own people right:** Empowering frontlines to serve customers better through the alleviation of menial tasks. This elevates the quality of interactions with the customer.

Net Promoter Score (NPS) which serves as a compass for customer satisfaction and engagement. Over the years, Globe has seen a consistent increase of the NPS score, evidencing the deep-rooted relationship the company has been able to forge with its expansive customer base. Overall, Globe's 2019 Transactional NPS score was at 38.4, versus 34.5 in 2018.

The increase in NPS score year on year is a testament of the company's success in delivering the best omnichannel experience to its customers.

## 2. Engage with the Customer

### Multiple Touchpoints

At the heart of Globe's unique value proposition is understanding the customers. Over the years the company has been able to demonstrate deep insight into what matters most to customers by understanding their needs and aspirations. Customer engagement is one of the key thrusts that enables Globe to identify critical triggers and pain points. Identified customer challenges form the foundation for creative ideation at Globe. When customer challenges coalesce with the company's workforce and its technical prowess, it creates unique solutions that seamlessly resolve

customer challenges and create market differentiators. To establish a continuous dialogue with its customers, Globe has designed a blended approach to customer engagement which combines technology and human interface to create unique customer touchpoints. The company uses these numerous platforms as a means of educating customers on various features of the apps and services. These platforms also enable customers to receive quick resolution on queries regarding services and products.

**1. Amazon Connect:** This platform transforms hotline experience for Globe customers and enables expedited resolution of customer queries or concerns. Amazon connect provides Globe's postpaid customers with a personalized touch by greeting them with their first name (without the need to key in/dictate their mobile number). It also offers enhanced self-service possibilities within the IVR, reducing the need to wait to be connected to an agent (for balance inquiry, reconnection requests, etc.). This optimizes operations as only complex transactions reach a human agent. The hotline also has a call back feature decreasing the need to wait in the call queue for customers.



## 8-digital landline

In compliance with the regulatory requirement of the National Telecommunications Commission Memorandum Order No. 10-10-2017, a prime example of Globe's commitment to secure its customers is the 8-digit landline migration in 2019 which entailed seamless transition in the Metro Manila area. The company ensured smooth service delivery during such shifts and made internal adjustments to buffer customers through any such transitional phase<sup>1</sup>.



Newly renovated Star Wars-themed PGH Pediatric Hematology-Oncology Clinic brings joy to indigent children with cancer. (L-R) Dr. Carmencita Padilla, Chancellor, UP Manila; Dr. Jorge Ignacio, Chair, Cancer Institute; Dr. Gerardo Legaspi, Director, Philippine General Hospital; Veronica Cabalanan, Country Head, The Walt Disney Company – Philippines; Maria Yolanda Crisanto, Senior Vice President, Corporate Communications and Chief Sustainability Officer, Globe Telecom; Rossy Anne Yabut Rojales, Creative Director, Hurray Interior Design Group; and, Dr. Lorna Abad, Chair, PGH Department of Pediatrics

**2. Enabling Frontline Services:** Globe has additional frontline services in place to assure commitment to quick product or service queries and to take care of customer challenges.

a. Broadband CFS: The service line comprises of frontline technicians to handle installation and repair for the company's broadband customers.

b. Globe myBusiness aftersales: Globe has established frontline aftersales service for its SME customers.

c. Globe Online Telesales: The company provides a direct customer touchpoint through its frontline sales service of Broadband and Postpaid plans.

d. Contact Center: The center at Globe provides customers with direct access to hotline agents handling mainstream LOBs (Line of Business).

e. Globe Stores: The company has 212 stores nationwide to ensure frontline services to take care of customer concerns. The establishment of Globe Generation (GEN3) stores also provides customers with a diverse experience.

f. Account Managers: The company has specialized teams in place to look after customer accounts. There are dedicated Globe employees to take care of sales accounts. SG Account Managers handle SME clients and EG Account Managers handle corporate clients.

**3. Customer Engagements:** Globe has also established various other platforms to interact with customers such as User Council, Business Advisory Council and Women's Council. The company also conducts Human Centered Design and User Research by partnering with

customers, e.g. through the User Council, to help with ideation and testing of products and services<sup>1</sup>. This also deepens the understanding of customer engagement activities and aids in contributing to better customer experience.

Globe also encourages customer through events and activities such as Globe Live, Elements Music Camp and Wanderland, among others.

**a. Digital Entertainment:** Globe has been enabling Filipinos to experience a wide array of entertainment solutions spanning seamless access to videos, music, online games, Esports and e-commerce among others. The company offers pioneering content bundles and partnerships with globally recognized brands such as FreeFB, YouTube, Netflix and Disney. Broadband plans bundled with the best local and international content has led to more customers enjoying high quality entertainment and services. Globe's digital entertainment products and services has led to mobiles becoming Filipinos primary source of entertainment, often replacing televisions.

**b. Esports:** In 2019, Globe unveiled its first Esports Center (ESC) at Play Nation in UP Town Center, Quezon City. The company has also expanded its #PlayItRight advocacy into Esports with the recent launch of Team Liyab and in partnership with Mineski, Megaworld, and Logitech. The ESC offers unique and exclusive activities consisting of mini-tournaments, gameplay, fan meet-ups and meet & greets with Team Liyab.<sup>2</sup> The center also aims to develop recent triumphs of Philippines Esports as it continues to attract strong supporters and acceptance following its inclusion in the 2019 SEA games. Strong community support was also seen to increase with the success of the Philippine's national contingent finish on the top of the medal tally for Esports.<sup>3|4</sup>

### c. Globe Studios and Globe Live:

In Globe's endeavor to transform the Philippine entertainment landscape, the company has planned to produce original shows, live events and engaging world class content through the creation of Globe Studios and Globe Live. Globe studios aims to bring about transformation in television and cinema by bringing in the next generation of entertainment to mobile with original video productions. The strength of this venture is also backed by local and Asian media houses such as Viva Films, Reality Entertainment, Quantum Films, Spring Films and Astro of Malaysia. To address the challenge of delivering the most engaging and creative events to satisfy customers, Globe Live leverages Globe's extensive experience to increase production quality as well as its wide distribution coverage.

### d. Social Media and Globe Community:

The company also engages with its customers through social media platforms. This paves way to increase the company's outreach and ensures easy digital accessibility. This platform created by Globe connects its extensive customer base. Globe customers exchange learning and tips and help each other through this community platform. This creates a sense of belonging and connectedness in the mind of the customer. In 2019, the omnichannel enablement ensured that customers are more digitally savvy and expect to be self-served. It has also facilitated the frictionless handover of transactions to traditional or offline channels.

### Globe Telecom Facebook

- Chats Received: 2,984,362
- Chats Answered: 2,945,924
  - » Globe At Home: 649,981
  - » Postpaid: 343,169
  - » GP and TM: 779,030
  - » Brand not specified: 1,153,102
- Response Rate: 98.71%

#### **'@talk2GLOBE'- Twitter**

- Chats Received: 619,390
- Chats Answered: 617,577
  - » GAH: 97,268
  - » Postpaid: 56,790
  - » GP and TM: 57,621
  - » Brand not specified: 405,898
  - » Response Rate: 99.71%

#### **Globe Community**

- Total page views\*\*: 175,760 (combined web and mobile page views)
- Total membership: 373,579  
\*\*Total pageviews: 175,760 (combined web and mobile pageviews) - this is significantly lower compared to previous years since Globe migrated to a new platform, AEM, in 2019 and in the process lost its SEO tags.

### **3. Empower the customer**

#### **Self Service Through Technology and Applications**

Through a high quality and diversified service portfolio Globe is dedicated to making it easy for customers to enjoy and experience the complete potential of a digital lifestyle. The company focuses on providing enhanced service quality and ensuring ease of product use and applicability. Through the unique digital ecosystem, Globe unlocks limitless possibilities for each customer.

**Gie:** Globe designed a personalized Facebook Messenger bot to effectively engage with customers through a user friendly and relatable chatbot. Gie takes the form of a young, digital savvy Filipina. This design makes it easier for customers to easily approach and discuss queries.

**Globe at Home App:** The app provides a free and convenient way to track and boost the customer's Globe at Home Postpaid and Prepaid Wifi account. It can be accessed through any smartphone or tablet. The Globe at Home app allows the customer

to check account details, data usage and the ability to add data to their respective account and plan.

**Globe One App:** The app acts as a digital companion for all Globe needs or challenges. It allows the customer to monitor Globe accounts such as Postpaid, Prepaid/TM or Broadband. Globe One also enables the customer to track data usage and bills as well as request for service modification and payment of bills.

**Gmovies:** Promoting convenience with the tagline "Get Inside, Not in line", the app empowers the customer with access to purchase movie tickets even before the premiere date. It is also the only movie ticketing platform in the Philippines that aggregates more than 100 cinemas nationwide with customer enriching app features. Additionally, it has also partnered with Ayala Malls Cinemas, SM Cinemas, and Robinsons Movieworld, to provide an extended avenue for their customers.

**Rush:** A customizable digital platform that allows enterprises to easily build, track, and manage their own customer loyalty program. Rush's digital solutions for loyalty help businesses conveniently develop and deploy a custom-branded mobile app in as fast as 10 days. Rush also provides in-house marketing tools for highly targeted communication with end customers via SMS, in-app notifications, and email.

### **4. Delight the customer**

#### **a. Globe Rewards**

Globe believes in valuing customers by offering personalized rewards, celebrating milestones, and enabling delightful experiences. Globe Rewards allows customers to earn points from their Prepaid reloads or Postpaid monthly bill which they can use for data, call, and text promos. It also promotes pay as cash with partner stores and allows customers to enjoy exclusive discounts.

**"One of the major things that dictate a lot of what we are doing right now in channel management is the changing customer behavior and their preferences. They are young and they are digital. Their lives revolve around smartphones and they are the kind of generation that prefer convenience. So, in everything and anything that we do, we are always thinking about those attributes and the behaviors of the target customers."**

**Bernard P. Llamzon**  
Executive Vice President,  
Channel Management



**Thank you Globe for giving me free 3GB for surfing. It was an awesome treat!**



- Will de Guzman

**Thank you for the privileges!**

- Ekay Tan Hinay

**Thank you Globe for the 200 bonus points.**

- Sylvia Mendoza

**Happy 7th year to us Globe. Thank you for the reward.**



- Liezel Sichon

**Thank you so much Globe Telecom for the treats! Got 917 points. Free 3 doughnuts from Krispy Kreme and Free upsize from Chatime.**



**#GlobeGratefulDay**

- Dondon Medalle Luberio

Globe Rewards are also promoted through the 917 celebration. Every September 17 (917), the company celebrates its long-term relationship with Globe customers and treats them with a day of gratitude. The theme for 2019 was 'Grateful for You'. There was also a significant increase in customer engagement across all Globe brands with bigger and better rewards in the form of data (GBs), reward points and digital vouchers.

Globe's customers have also provided testimonials towards their appreciation of Globe Rewards and the brand itself.

#### **b. Creating a Culture Centered on Customer Experience**

In Globe's endeavor to enrich customer experience, the company continues to foster a culture centered on advocating the mindset of Obsessing About The Customer. This has been deeply embedded in Globe's employees and frontliners, sustained by long running programs that continue to evolve as the company strengthens its relationships with its customer base across multiple touchpoints.

- **Customer First Circle:** This pioneering program on creating a customer-centric culture enables Globe's employees to follow through with their innovation ideas to implementation using six sigma, UX, and service design methodologies. Open to all

employees, this program has allowed them to take part in continuously enhancing service quality wherever they are in the organization.

- **Frontline Persona Program:** The program aims to enable the company to understand its frontliners and create better service delivery experience for its customers. This enriches the frontliners' experience through training and engagement programs as well as building brand love while interacting with customers.
- **Up Your Service:** This year marks the 8<sup>th</sup> year of this training program that equips employees with the "common service language", reinforcing the customer first mindset in each employee's mind.

#### **ENGAGEMENTS**

**IR 4.0 Summit:** To capitalize on the technological phenomenon that is now transforming the way people work and live, Globe Telecom was one of the organizers of the Industry 4.0 summit in September 2019. The award winning summit largely focuses on the growing innovation in the telecom sector, the future of the telecom industry and how government and the private sector can maximize the benefits of new technologies.

## Case Studies

### Victor Consunji Development Corporation (VCDC) Real Estate

Globe at Home has partnered with Victor Consunji Development Corporation (VCDC) to introduce the first future-ready residences with built-in high-speed home internet at M Residences in Taguig. Through this connectivity, residents can also equip their homes with Globe Connected Home powered by Samsung SmartThings for enhanced entertainment, convenience and security inside their households.

**“Our vision for M Residences is to be the beginning of a long and fruitful partnership with VCDC in pioneering more innovative residential developments fit for the demands and lifestyle of today’s digital Filipino family.”**

**Alberto de Larrazabal**  
Chief Commercial Officer

### Korona-911 Koronadal City

Through Globe Business and the City Government of Koronadal, the company launched the Korona-911 emergency hotline. This acts as an all-in-one emergency communication for information dissemination and response coordination during a crisis such as the Intensity 6.0 earthquake which hit the town on October 29, 2019. Now under the management of Koronadal’s City Disaster Risk Reduction and Management Office, the hotline ensures implementation of communication strategy for early warning, community awareness, coordination or dispatch of emergency response such as police, fire control, ambulance, and counterterrorism.

Globe prepaid and postpaid customers have the added advantage of being able to call the hotline, free of cost. Globe Business provided the hardware, infrastructure and communication as well as text blasting through Amber by Globe Labs and the Session Initiation Protocol (SIP) Trunking of the Korona-911 service.

#### Connectivity for Real Estate

**Developers:** Globe has entered into a strategic partnership with real estate giant Megaworld Corp. to integrate digital technology in its properties. This partnership with First Oceanic Property Management Inc. (FOPM) brings focus to design innovation and connectivity in its properties. A total of 25 FOPM-managed properties enjoy the benefits of this partnership, with the number of beneficiaries to increase in 2020. FOPM has also initiated the implementation of digitized payment processes in residential and office units in collaboration with GCash, Globe at Home and Globe Business. With the understanding that sustainability goes hand-in-hand with technological advancement, FOPM also aims to implement Globe’s E-waste recycling program.

#### PIONEERING DIGITAL SOLUTIONS BEYOND TELECOMMUNICATION

Globe is committed to be a change agent in anchoring the digital transformation across industries spanning healthcare, financial services, entertainment and education through its partners and subsidiaries.

#### 917 Ventures

In 2019, Globe launched its corporate incubator 917 Ventures to strengthen its position as the leader of Filipino digital lifestyle by developing and operating new non-telco businesses that leverage Globe’s existing strengths. The company’s accelerated push for new digital businesses through 917 Ventures is seen to play an important role in the company’s future growth. 917 ventures also

includes Mynt, a business venture of Globe, Ant Financial and Ayala Corporation; KonsultaMD, the largest telehealth in the Philippines; and digital advertising firm AdSpark Holdings.

#### Mynt

Globe Fintech Innovations (Mynt) operates the mobile wallet GCash the fastest growing e-wallet in the Philippines. Mynt aims to provide secure, accessible and convenient fintech solutions to individuals, businesses and organizations. The company also addresses financial inclusion through mobile money, micro loans and investments.

#### a. GCash

In the Philippines, the number of people owning mobile phones is greater than the number of people

owning bank accounts<sup>5</sup>. Based on the 2017 BSP Financial Inclusion Survey, only 23% of adults have a formal bank account in the Philippines<sup>6</sup>. This presents an immense opportunity to leverage technology to enable digital financial inclusion. Through GCash, a leading mobile wallet in the Philippines; Globe has been able to promote financial inclusion and expand the digital cash ecosystem in the country. GCash introduced several innovations in 2019 elucidated below:

- **GSave:** A digital savings account, in partnership with CIMB bank that can be opened straight from the GCash app. GSave allows first time depositors to participate in the formal banking segment and provides a competitive edge with an interest rate of up to 4% interest per annum, with no minimum initial deposit or maintaining balance requirement.
- **Bank Transfer (Instapay):** Enables customers to send money from their e-wallet to their chosen bank without having to pay any additional charges. GCash is currently the #1 Instapay Sender amongst all Instapay-registered MFIs.
- **International Remittance Feature (for Dubai & Hong Kong):** In partnership with AlipayHK, GCash launched a cross-border remittance service within the app, promoting convenient money transfer abroad for its customers. This feature in the app is powered by blockchain technology which supports faster, more secure, and transparent processing compared to other remittance methods in the country.
- **GCash Help Center:** Assists customers with app inquiries and concerns. This platform enables customers to directly access GCash's knowledge base to provide information on how to fully utilize the app. (help.gcash.com)

#### Konsulta MD

Konsulta MD is a pioneering 24/7 health hotline service of Global

Telehealth, Inc. (GTI). This hotline focuses on delivering health care to marginalized and underserved customers by paving an easy channel of communication between the customers and licensed doctors. The platform enhances ease and affordability of healthcare access by enabling preliminary health services through a mobile or landline connection.

In line with the vision of serving the underserved communities, in 2019, GTI in collaboration with Globe Telecom's Enterprise Group completed a pilot with the Department of Health (DOH) in Region IV-A. Through this pilot, telehealth services were made available to 10 remote barangays. The intent of DOH IV-A was to incorporate health innovation and technology into its existing service delivery network to further drive health care services in geographically isolated and disadvantaged areas (GIDA). GTI has identified several municipalities outside of NCR that intend to use this solution.

#### Adspark, Inc.

On a mission to accelerate digital and mobile advertising in the Philippines, guided by an in-depth understanding of the Filipino consumer, AdSpark has evolved into a full service, data-driven agency from SMS marketing solely back in 2012. Adspark helps brands create digitally assisted human connections through innovative, less invasive and more intuitive advertising solutions for SMEs, enterprises, and agencies.

AdSpark advanced its success in 2019 due to an increasing number of clients, helping them navigate the complex and ever-changing digital marketing landscape. The company is able to solidify its reputation by accomplishing 11 wins across prestigious award giving bodies in the national and international arena, such as Tambuli, PANAta, Boomerang, YouTube, and MMA Smarties under

**"Our core continues to grow very well. There are very few countries with the characteristics of the Philippines that is growing at the rate it is. But having said that, we are taking the time as early as now to ensure that we are likewise addressing what other revenue streams Globe could develop and tap to be able to continue the growth of the company."**

**Alberto De Larrazabal,**  
Chief Commercial Officer

respective categories for Vivo, Globe, and TM.

AdSpark joins the portfolio of 917 Ventures to strengthen and continue delivering delight on display through creative, media, and unique innovations. This is enhanced by intelligent solutions and decisions that are more efficient, faster and controlled for marketers today, while strongly leveraging on telco assets, creative capabilities, and data intelligence.

#### Kickstart Ventures

To anchor Globe's focus area of sustainable innovation, the company established a strong foundation with Kickstart Ventures ("Kickstart"), its independent, wholly owned corporate venture capital entity. As an institutional venture capital firm, Kickstart is a global investor that seeks out and invests in promising technology startups - innovative

founders and technologies that can positively transform businesses, industries, and communities. To date, Kickstart has made investments in 42 tech startups in seven (7) countries – the Philippines, Indonesia, Singapore, Malaysia, United States, Canada, and Israel – backing 88 founders of companies in diverse fields such as enterprise SaaS, fintech, healthtech, education, digital lifestyle and entertainment, e-commerce and digital logistics.

In 2019, Globe's parent company, Ayala Corporation, chose Kickstart Ventures to manage a new fund, targeting US\$150M from subsidiaries across the conglomerate. This was also anchored by the Ayala Corporation to double down on innovation investments in tech startups. The new fund, called the ACTIVE Fund is the first and largest corporate VC fund in the Philippines and underscores Globe and Ayala's commitment to sustainable innovation and technology entrepreneurship.

#### **Asticom Technology Inc.**

As a Philippine-based shared service company under the Ayala conglomerate, Asticom focuses on providing superior customer experience with consistent delivery of high-quality responsive services. This is driven by tailor made and value driven solutions, underlined by innovation to address client's business needs. The services under Asticom include, Staffing Services, Managed Service and Payroll Administration and Management. The strategy falls under 4 verticals of Financial, Customers, Products and Services and People. This year showcased 7 new association memberships (MAP, FINEX, ECCP, PCCI, BCCP, ANZCHAM and AMCHAM) along with a 20% increase in new business (non-Globe) and 18% new business (Globe). The company also launched HR Chatbot (Eva) for Globe HR managed services (HELPDESK) and BRAD Mobile APP for Globe concierge

services. To continue delivering efficient employee services, Asticom strengthens labor relations and increases training hours to improve performance with clients through the use of tools and technology. It also focuses on achieving an increase in employee NPS to energize employees to thrive at work via employee retention and engagement programs.

#### **RESPONSIBLE SUPPLY CHAIN MANAGEMENT**

##### **Harnessing Synergies to Enable Sustainable Transformation**

Globe partners with a myriad of suppliers, vendors and business partners in its endeavor of delivering customer delight and enabling the digital transformation of the Philippines economy. Globe engages suppliers for various categories from network, IT, construction and facilities, and marketing and advertising. With the company's dedicated approach to sustainable development, Globe envisions the ability to influence its partners in accelerating the sustainable transformation of the economy. The company's approach to responsible supply chain management imbibes a life cycle perspective embedding the culture of responsible stewardship throughout Globe's value chain. Globe has embarked on assessing its complete value chain from planning to disposal for sustainability linked risks. There are three (3) key cornerstones that anchor Globe's responsible supply chain vision; the Globe Supplier Code of Ethics (SCOE), Supplier Contract Constructs and a Vendor Monitoring System. Globe envisages this strategy to culminate in the company, partnering with businesses that share its values of sustainability.

Globe's Supplier Code of Ethics (SCOE) clearly lays down the company's expectations from its suppliers with regard to doing sustainable practices. The Globe Supplier Code of Ethics (SCOE)



Globe launched the Supplier Code of Ethics in 2017

100% of Globe vendors signed the SCOE upon onboarding

In 2019, Globe launched a Supplier Self-Assessment Survey against the SCOE via Procurement System, SAP Ariba

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establishes standards of quality and business integrity. The Code aims to ensure that human rights are preserved, operations are environmentally responsible and conducted in an ethical manner throughout its value chain. The code is applicable to all vendors of the Globe Group of companies. Globe expects its vendors to acknowledge and actively support the Code and consistently seek to conform to the standards contained therein. In the company's endeavor to emerge as a leader for responsible supply chain management, the company plans to review the SCOE biannually to ensure alignment to global trends and best practices. In 2019, Globe published the Sustainable Supply Chain Management (SSCM) policy and conducted vendor self-assessment to gauge the extent of sustainability linked risks to its value chain.

Globe subjects all current or potential vendors to an accreditation process to provide assurance that the company deals only with legitimate legal entities, technically qualified and financially capable vendors. Active vendors are subject to periodic performance evaluation in the areas of quality, service and delivery. The company drives vendor's SSCM compliance by involving the companies' top suppliers through capacity building and sustainable supplier engagement.

Globe commits to engage with Suppliers who share the values of sustainability in the areas mentioned below:

- Labor
- Health & safety
- Business Continuity
- Environmental sustainability
- Governance & Ethics

Globe annually gathers its top 100 suppliers - both international and local, for the Globe Business Partner Awards. Through this platform, Globe has the opportunity to engage

with its key suppliers. In 2019, Globe engaged with all its suppliers and vendors through a self-assessment exercise to gauge the extent to which sustainability is entrenched in its supply chain. Local suppliers refers to entities incorporated or registered in the Philippines.

#### Supply Chain Roadmap

In the company's endeavor to step up its sustainability practices at the supply chain level, Globe plans to conduct external audits in the upcoming years for its critical suppliers. The company is also preparing to roll out various supplier engagement sessions to influence suppliers on the urgency to contribute to global environmental conservation efforts. To encourage more suppliers to embrace sustainability, the company plans to recognize suppliers who showcase complete compliance and commitment to Globe's sustainability values. By way of creating an engagement platform with suppliers, the company's mission is to enable best practice sharing and mutual corporation as well as inspiration on sustainability linked themes, spanning from climate risk mitigation to resource usage optimization. Through this agenda, Globe hopes to provide an impetus to global sustainable development.

#### Globe's Emphasis on Local Sourcing

To provide a stimulus to the development of local communities, Globe is committed to encourage local sourcing. In 2019, majority (78%) of its suppliers were local. The company is committed to prioritizing and encouraging local suppliers. This supports Globe's ambition to deliver substantial indirect economic impact in its operating ecosystem.

Local	840
Foreign	234
Total # of Suppliers	1,074

#### SUSTAINABLE SUPPLY CHAIN POLICY

Globe is committed to develop, practice and promote supply chain policies and programs to care for the environment, care for our people, effect positive societal impact, and enable a digital nation. These shall include policies and programs that:

- Mitigate environmental and social risks and impacts in the procurement and logistics activities
- Ensure continuity of operations to ensure availability of services even during crisis situations
- Promote efficient energy resource management in its operations
- Enable the development and participation of local enterprises in the supply chain through upskilling, supplier development, creation of and access to appropriate business opportunities in the Globe Supply Chain

In support of this Policy, we obligate our suppliers to comply with the minimum standards of our Supplier Code of Ethics and we encourage our suppliers, and their suppliers, to develop and implement their own sustainability programs.

## HUMAN RIGHTS PROTECTION IN GLOBE'S SUPPLY CHAIN

Globe prescribes to a supply chain perspective on the protection of human rights. Consequently, the company ensures the protection of human rights at its supply chain level by engaging with suppliers, vendors and partners on the importance of implementing measures to protect human rights. The company adopts a conscientious approach while screening and onboarding suppliers to ensure engagement only with partners who share the company's values of human rights protection.

## 2020 OUTLOOK

Guided by the GSMA Climate Taskforce recommendations, Globe will align its Climate Strategy with the GSMA Mobile Sector Net Zero Pathway and include Supply Chain in its environmental management framework. The company will continue to work with its business partners to address key environmental issues (waste management for e-wastes, single-use plastics and carbon reduction and offsetting) using the circularity framework and innovations such as IOT.

## CREATING A GLOBE OF GOOD

### Delivering Social Impact Beyond Operational Boundaries

It is Globe's vision to serve the Philippine economy as a whole, the company consistently makes investments beyond its revenue generating activities. These programs span various focus areas such as education, environmental conservation and digital inclusion. Through these initiatives, Globe contributes to its key strategic pillars

of sustainability. The company ensures that none of its operations have a negative impact on local communities. Globe is dedicated to support community building activities in partnership with the government in geographies of its operation, to ensure holistic growth and development. In 2019, Globe embraced the Social Return on Investment (SROI) framework in implementing, monitoring and evaluating its Citizenship programs. SROI is a framework that provides guidelines on how to measure social impact by using financial proxies to quantify shared value created by projects of activities. The initial SROI guide was originally written in 2009 with the UK Cabinet Office and updated in 2012 as a result of a multi-stakeholder consultation.

### A. Globe Bridging Communities

Through Globe Bridging Communities, the Corporate Social Responsibility (CSR) platform of Globe and its subsidiaries, the company envisions a transformation of underserved communities nationwide. This is harnessed through the power of collaboration and inclusivity through innovative information and communications technology. With the growth of business at Globe, the company does initiatives that will help address the needs of the minority and marginalized sector. This contributes to an engaged and empowered workforce, committed to do a Globe of Good.

### B. Governance and Strategy

To ensure implementation of Globe's initiatives in building a resilient community, Maria Yolanda C. Crisanto was appointed along with a sustainability team to carry out the company's commitment towards responsible business operations. The Sustainability team works with other members of the organization to carry out sustainability practices and communicate said initiatives throughout the organization.

Globe ensures the adoption of best practices of ISO 26000 Social Responsibility and a governance framework using the Social Return on Investment (SROI) model for the company's community relations and CSR efforts. ISO 26000 enables businesses and organizations to translate principles into effective actions and shares best practices relating to social responsibility on a global front. The SROI framework is a guidance used to measure social impact using the following indicators: value of investment, reach, monetary value of outcomes, attribution, displacement and deadweight.

### • Digital Thumbprint Program (DTP)

The world is evolving drastically on the technology front which not only brings opportunities but also bears several challenges. The company sees the importance of educating Filipinos on the responsible use of technology (gadgets, website, social media platforms etc.). The Digital Thumbprint Program (DTP), a cyber wellness program of the Singtel Group 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. The program encourages students, teachers, and parents to participate in creating an open, inclusive, collaborative, and safe online environment. The initiative was launched in 2016 and includes four (4) major learning modules:

- » **Digital Insight:** Trains beneficiaries to identify threats and secure information better
- » **Digital Impact:** Enables understanding of technological impacts on social activities

- » **Digital Ambition:** Enables the beneficiaries with skills on using technology to help achieve their life goals
- » **Digital Discernment:** Helps develop critical thinking; how to help identify credible or questionable online sites (co-developed with Facebook)

DTP is expanded through the train-the-trainer approach covering the Department of Education (DepEd) teachers and Globe employee ambassadors. The module and volunteers share this knowledge with target audiences about the appropriate ways of using the internet to protect themselves against unethical usage, illegal fraudsters and lurkers. Through this program, the importance of digital citizenship is highlighted and empowers kids to fight online verbal abuse and cyber-bullying in a correct manner.

#### KEY HIGHLIGHTS AND OUTCOMES

- Expanded reach of DTP via National Summit on Digital Citizenship and Responsibility (NSDCR) in partnership with the DepEd in September 2019
  - » Attended by over 400 DepEd Values Education and ICT curriculum experts and teachers nationwide
  - » DepEd conducted a workshop to create lesson plans and implementation plans to roll out modules on Digital Citizenship and Responsibility
- Co-developed a DTP Parent Module with Plan International to educate and empower parents to become more responsible consumers of online technology
- SROI score of 450 for its impact to public school students and teachers

SDG in focus: 4, 17



#### • Global Filipino Schools (GFS) program

Launched in 2012, this program aims to digitally transform public schools in the Philippines. The GFS program equipped public schools with free internet access, mobile technology for teaching and teacher training on 21st century learning approaches through technology.

GFS was included in a 2019 research conducted by the United Nations Economic and Social Commission for the Asia and the Pacific (UNESCAP) and United Nations Educational, Scientific and Cultural Organization (UNESCO), entitled, *Inclusive use of Broadband Connectivity for Quality Education:*

DepEd integrated Globe's Digital Thumbprint Program in K-to-12 curriculum.

Globe turned over the Global Filipino Schools (GFS) program to DepEd (L-R) Maria Yolanda Crisanto, Globe Chief Sustainability Officer and Senior Vice President for Corporate Communications; GH Ambat, Department of Education (DepEd) Assistant Secretary; Atty. Tonisito Umali, DepEd undersecretary; and Miguel Bermundo, head of Globe Citizenship.





*Insights from Asia and the Pacific.*  
The study cited that the GFS program contributed to the following:

- » Improved digital skills among teachers and students, specifically on usage of mobile technology and computer software;
- » Enabled 21st century learning outcomes that involve creativity, communication and collaboration;
- » Increased student engagement in classroom activities; and
- » Enhanced school culture through readiness in ICT integration.

Globe rolled out its Home WiFi Library Program which consists of donations of Prepaid Wifi Modems to public schools as a way to encourage learners to access the internet in the comfort and safety of the home. As it is a common practice for public school students to complete work assignments in internet cafes after school, the program provides schools with a free supply of modems plus a borrowing program that enables students to bring the modems home and continue their work without the need to stay out of the house for extended periods to complete online school requirements. This is in line with Globe At Home's mission to provide internet to 2 million homes by 2020.

These 11 schools below were included in the pilot program:

1. Mano Amiga Academy, Paranaque
2. Andres Bonifacio Integrated School, Mandaluyong
3. Dasmaringas National High School
4. Luis Hervias National High School, Bacolod City
5. Pangasinan National High School

6. Angeles City National Trade School
7. Ramon Magsaysay Cubao High School, Quezon City
8. Camarin High School, Caloocan City
9. Batangas National High School
10. Abellana National School, Cebu City
11. General Santos City National High School

#### • **Globe Future Makers (GFM) Program**

Future Makers is a Singtel Group regional program designed to gather social innovators with innovative technology solutions focused on solving social issues in Singapore, Australia, Philippines, and the region. For Globe, its Future Makers program acceleration program for tech start-ups and social innovators that leverage technology to help address the country's most pressing social issues. The program which was initiated in 2017, encourages social innovators to integrate use of technology into the business model, while addressing UN SDGs. The program provides identified startups with mentorship, marketing assistance and networking opportunities. The top 5 selected startups receive technology support valued at ₱200,000, networking opportunities, mentorship and opens the unique opportunity to pilot their business in any of the Singtel Group markets

#### **KEY HIGHLIGHTS AND OUTCOMES**

- Officially turned over the program to the Department of Education (DepEd) in 2019
- Reached all 17 regions in the Philippines, enabling 218 schools, 11,666 teachers and 331,241 students with access to ICT tools and methodologies.
- Improved creativity, communication, collaboration, critical thinking and increased student engagement in the classroom
- GFS contributed to the 2018 National DQ Impact Report that assessed the Digital Quotient (DQ) of Filipino learners
- 73% of 8-12 Year Old Filipino Students at Cyber-Risk (DQ Institute Study, 2018)

Five (5) startups (Tagani, Grupo Kalinangan, Antipaea, AIDFI, and LexMeet) with game-changing digital solutions have made it to the 2019 Globe Future Makers (GFM) program. GFM aims to help build an ecosystem of support for local social innovators that uses technology to solve the country's most challenging social problems.





## KEY HIGHLIGHTS AND OUTCOMES

Top 5 startups in 2019 include:

- **Tagani**, an end-to-end agribusiness matching platform powered by digital technology
- **Grupo Kalinangan**, a non-profit that deploys innovative IT solutions to help LGUs manage their cultural heritage resources more effectively
- **Antipara**, an underwater 3D geospatial mapping and analytics company for maritime and environment inspection\*
- **Alternative Indigenous Development Foundation, Inc. (AIDFI)**, an NGO providing water to higher elevated villages or farms without the use of electricity or fuel\*
- **LexMeet**, an online legal consultation platform and marketplace benefiting mostly OFWs, SMEs, and physically abused victims.

\*Antipara and AIDFI have received grants from Singtel, on top of the support from Globe, expanding their international presence as part of the GFM acceleration strategy

*SDG in focus: 4, 9, 11, 17*

### • Community Development

#### A. Globe's Partnership with the Government for Drug Rehabilitation

Globe has turned over a 106 bed Drug Rehabilitation Center spread across 2,600m<sup>2</sup> which provides a clean and safe environment for Cebu Provincial Government to restore the health of victims of drug addiction and equip them with needed skills to help with their reintegration to society. The rehab center complies with environmental standards by



**New Life Center turnover ceremonies** (L-R) Wardley Getalla, PDEA Regional Director; Carmen Remedios Durano-Meca of CPADAO; Leocadio Trovela, DILG Regional Director; Patrick Gloria, Globe Director for External Affairs -Visayas & Mindanao; Michael Dino, Presidential Assistant for the Visayas Secretary; Hilario Davide III, Cebu Governor; Honeylette Yapha-Lingad, Pinamungahan Vice Mayor; Miguel Martin Bermundo, Globe Citizenship and Advocacy Head; Rofil Sheldon Magto, Globe Citizenship and Advocacy Senior Manager.

reducing energy consumption and emissions. Globe Future Maker alumni, Virtualahan, conducted the first batch of capacity-building courses for out-patients who are former drug dependents. 10 out of the 30 graduates from the program are now part of the workforce and are currently employed.

#### B. Globe's Plastic Xchange Program

Globe, during the 917 celebration, engaged 7 partner communities in a Plastic Xchange Program to spark behavioral change in the household and LGU in redirecting single-use plastics to partner organizations that treat these plastics sustainably.

During the Plastic Xchange Program, Globe was able to collect 231,419 pieces of single use plastic waste which were turned into 24,500 ecobricks in Arca South Ecohub. The Ecohub is a processing facility in Ayala Land's 74-hectare Taguig estate developed in partnership with Green Antz Builders, a Bulacan-based social enterprise which has created the ecobricks as a green and more cost-effective alternative to the regular hollow blocks.

## KEY HIGHLIGHTS AND OUTCOMES

- Globe collected 231,419 pieces of single-use plastic waste, which were turned into 24,500 ecobricks by Green Antz Builders, Inc. This has developed ecobricks as a green and more cost-effective alternative to the regular hollow blocks.
- Each ecobrick contains 100 grams of plastic.
- The Plastic Xchange Program is part of 'Wag sa Single-Use Plastic (WasSUP) advocacy of Globe.

*SDG in focus: 3,10,17*

The ecobricks make use of plastic laminates which are compressed via a proprietary process. Each ecobrick contains 100 grams of plastic. 7 communities were rewarded with ecobricks to be used for various construction projects. The ecobricks will be used to build community gardens

The ecobricks will be used to build community gardens and benches, a waste segregation facility and a creek fence. It would also be used for rehabilitation for daycare centers. These communities are:

- Barangay Magallanes in Makati,
- Andres Bonifacio Integrated School in Mandaluyong,
- Barangay 455 in Manila,
- Barangays Palatiw and San Antonio in Pasig, and
- Barangays Signal Village and Upper Bicutan in Taguig.

#### **Toll-free access to the Bantay Bata 163 Hotline**

Globe and ABS-CBN Foundation Inc. have joined forces to advocate for the health and safety of all Filipino children by offering toll-free calls to Bantay Bata #163 helpline for all Globe and TM mobile phone users beginning November 18, 2019.



Through this, the two (2) parties were able to strengthen the efforts of Bantay Bata in protecting disadvantaged and at-risk children through a nationwide network of social services such as rescue and rehabilitation, training and advocacy on child abuse prevention, rehabilitation of families in crisis, educational scholarships, community outreach, and medical and dental missions.

By making Bantay Bata #163 toll-free for all Globe and TM customers, it will become easier and safer to report, rescue, and rehabilitate sick and abused children.

Globe and ABS-CBN Foundation Inc. have joined forces to advocate for the health and safety of all Filipino children by offering toll-free calls to Bantay Bata #163 helpline for all Globe and TM mobile phone users beginning November 2019. (L-R)Globe Chief Commercial Officer Albert de Larrazabal, ABS-CBN Foundation, Inc. Managing Director Susan Bautista-Afan, ABS-CBN Foundation, Inc. Program Director Jing Castaneda-Velasco, Peter Maquera, Globe Business Senior Vice President.

<sup>1</sup> <https://www.globe.com.ph/business/sme/user-council.html>

<sup>2</sup> <https://www.globe.com.ph/about-us/newsroom/corporate/globe-unveils-first-esports-center.html>

<sup>3</sup> <https://www.globe.com.ph/about-us/newsroom/consumer/bigger-esports-center-back-in-eastwood.html>

<sup>4</sup> <https://sports.abs-cbn.com/esports/news/2019/12/06/sea-games-enderra-secures-sibola-s-first-medal-starcraft-64106>

<sup>5</sup> [http://www.bsp.gov.ph/downloads/Publications/2018/FIP\\_1Sem2018.pdf](http://www.bsp.gov.ph/downloads/Publications/2018/FIP_1Sem2018.pdf)

<sup>6</sup> [http://www.bsp.gov.ph/downloads/Publications/2019/microfinance\\_2019.pdf](http://www.bsp.gov.ph/downloads/Publications/2019/microfinance_2019.pdf)

## Revitalizing Shared Resources



Accelerate Network Rollout

### STRATEGIC INTENT



Environmental Responsibility

Material Sourcing and Efficiency

### MATERIAL TOPIC



Climate Risk

Financial Risk

Information and Communications Technology Risk

Business Disruption Risk

Digital Transformation Risk

### RISKS ADDRESSED

"It has been said that this is the last generation that can actually help save the planet. Companies should make a very visible move towards environmental conservation. Not only companies but also this generation of employees should be the ones to initiate all this and make that important move for the future generations."

**Ernest L. Cu**  
President and Chief Executive Officer (CEO)



Responsible Consumption and Production



Climate Action



Life Below Water

### SDGs IN FOCUS



### UNGC PRINCIPLES

**Environment**

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility;

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

## Understanding Interlinkages and Synergies for Social & Relationship Capital

- Green product offerings e.g. E sims, paperless billing

Engaging customers in environmental stewardship through volunteerism

- Paper saved through paperless billing

Number of customers participating in Globe's environmental conservation activities

- 655 tons of paper saved from 40.9M customers with paperless billing

1.7 million GCash users' partner with Globe in its efforts on tree plantation

- Retain momentum and increase customer and community engagement in environmental conservation

- Globe's workforce commitment to drive environmental conservation

- Initiatives undertaken by Globe workforce and outcomes

- Globe banned the single-use plastics within its headquarters at The Globe Tower (TGT)

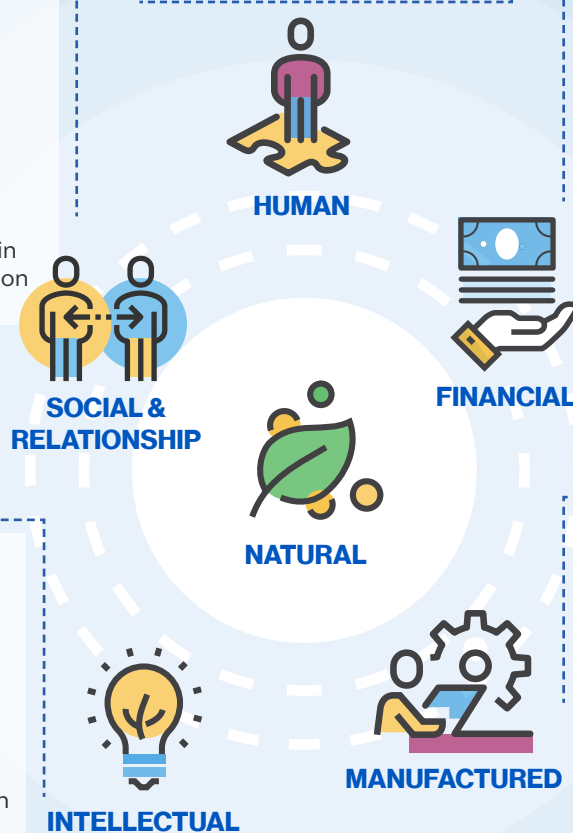
- Continue implementing environmental conservation programs

- Investments in renewable energy solutions and energy efficient equipment

- Outcomes on the investments in environmental conservation including energy efficiency, green product offering

- 1,083 tCO2e of carbon emission reduction noted in the period October 26, 2019 - December 25, 2019 in the GTIT Plaza, Cebu City, Cebu facility

- Make investments towards Globe's aspiration developing 5 GW of renewables capacity and generating at least 50% of energy output from renewables by 2025



- Business Continuity Management

- Business Continuity (ISO 22301:2012) certification

- Integrated Management System (IMS) certification on Environmental Management (ISO 14001:2015) Occupational Health and Safety (ISO 45001:2018), and Business Continuity (ISO 22301:2012)

- Retain certification

- Energy efficient equipment

- Initiatives for greening cell sites

- Globe deployed green solutions targeting energy efficiency in 3,017 cell sites

- Integrate environmentally-sound infrastructure and strategies towards achieving the target of reducing its carbon footprint by 30%, based on the 2017 levels, by 2030

- Initiatives Defining Interlinkages
- Key Performance Indicators
- 2019 Performance
- 2020 Priorities



## REVITALIZING SHARED RESOURCES

The global landscape is experiencing environmental risks of unprecedented scale and magnitude. The 2020 global risk report highlighted environmental risks as one of the top 5 risks in terms of likelihood of occurrence. With regard to the Philippines, the country was found to be one of the most vulnerable to climate hazards in the 2019 INFORM Global risk Index<sup>1</sup>. While these mounting risks have signaled a sense of urgency for all corporate players to actively build operational resilience, it also provides an immense opportunity for corporations by mitigating these risks and tap into new ways of doing things for a sustainable future.

A study conducted by GSMA and Carbon Trust found that in 2018, the mobile industry helped mitigate GHG emissions equivalent to 2,135 million tonnes carbon dioxide (CO<sub>2</sub>e)<sup>2</sup>. The emissions savings were almost ten times greater than the global carbon footprint of the mobile industry itself. Globe recognizes this opportunity and is dedicated to leverage its core business proposition of fueling the power of connectivity to enhance the digital capabilities of the Philippine economy. Through its core business, the company envisions the facilitation of individual customers

and industries as a whole to use the power of digitization and connectivity to reduce carbon footprint. While Globe delivers value towards natural capital through its core business, the company is cognizant of the impact its operations and expansion activities have on nature. The company strives to assure its stakeholders that they are partnering with a responsible corporate citizen working relentlessly towards maximizing the value it generates for shared resources. Globe also leverages its vast sphere of influence encompassing employees, customers, suppliers and communities to galvanize action on the targets set for environmental conservation.

## GLOBE'S COMMITMENT TOWARDS ENVIRONMENTAL STEWARDSHIP

Globe's environmental stewardship is governed by its Environmental Sustainability Policy which defines the contours of the company's environmental sustainability agenda. This policy is periodically reviewed to ensure alignment to current global and national environmental best practices. Globe designs various initiatives to actualize the vision set forth in the policy. The company lays utmost importance to compliance with environmental laws and regulations.



**In 2019, Globe received enterprise wide Integrated Management System (IMS) certification** on Environmental Management (ISO 14001:2015) Occupational Health and Safety (ISO 45001:2018), and Business Continuity (ISO 22301:2012)



Rizal Mayor Trina Andres supported the Project 1 Phone for responsible e-waste recovery and recycling in the entire municipality of Rizal, Nueva Ecija.

Environmental non-compliances related to administrative matters (no permits or no submitted reports) are addressed accordingly. While the company is dedicated to ensuring environmental regulatory compliance, Globe embraces a beyond compliance approach and envisions making substantial contributions to drive progress on the commitments made under the Paris Agreement and the UN SDGs. To ensure that the environmental management system at all Globe operational sites are continuously evolving with the vision of redefining benchmarks, the company embarked on a journey of receiving the Integrated Management System (IMS) certification.

Globe conforms with global guidelines and standards to step up environmental data management and define the company's environmental footprint reduction roadmap. The company has aligned its data management system to the recommendations made in the GRI standards and SASB standards. The climate strategy of Globe has been influenced by the TCFD recommendations. Given Globe's commitment to the UN SDGs and UNGC Principles, the company takes on targets to accelerate success on six (6) environment-linked SDGs. Globe has also committed to disclose its impact on the environment through the CDP (Carbon Disclosure Project) to its stakeholders.

## GLOBE'S CLIMATE STRATEGY

Globe has designed a dedicated climate strategy enabling the company to remain resilient to climate risks while capitalizing on opportunities presented by the transition to a low carbon future. The company has broadly categorized identified climate risks under physical risks and transitional risks.

Globe is dedicated towards making meaningful contributions to anchor

the Philippines's vision towards decarbonizing the economy by 70% by 2030. This is relative to its business as usual scenario of 2000-2030 as expressed in the nationally determined contribution. In this effort, the company has devised an intricately laid out climate strategy that assessed various facets of its operations to identify climate change mitigation and adaptation potential.

The key aspects of the strategy include:

**Climate change adaptation:** Globe has been evaluating the potential impact of climate change on its operations since 2014. The company has identified climate risks such as extreme weather events (stronger typhoons, floods and drought among others). To enhance the climate readiness of the company, Globe has reviewed and updated its Business Continuity Plans to include response procedures to extreme weather events. For instance, to ensure readiness in cases of drought and water shortage, the company has identified potential partners for water supply for buildings. Globe has also employed engineering controls such as installation of lightning arrestors. This contributes to the effort in enhancing the resilience of infrastructure assets to extreme weather events.

**Climate change Mitigation:** Globe has adopted a multi-pronged strategy to effectively contribute to global climate change mitigation efforts through carbon emission management. This focuses on both, reducing the amount of GHG emissions and offsetting emissions by way of tree planting and reforestation.

## CARBON MANAGEMENT

Under the umbrella of carbon emission management, Globe rolled out numerous initiatives aimed at reducing the company's greenhouse

## Climate Change Risks

Globe has identified and broadly classified climate linked risks into two (2) categories:

**1. Physical risks** - these are the risks that arise from the physical impacts of climate change including:

- Service disruption as a result of destruction of network and transmission infrastructure
- Impact on network infrastructure due to increase in average temperature (heat wave linked risk)
- Supply chain disruptions

**2. Transitional risks** - these are the risks that arise from new national/global policy and regulatory directives rolled out to accelerate corporate action on climate change.

The company has incorporated these climate linked risks into its risks and strategy discussion.

gas (GHG) emissions. Globe employs a programmatic approach to emission management, encompassing the following focus areas: monitoring energy consumption and emission data, identifying energy and emission hotspots and finally tailoring and implementing emission management programs. These programs fall under four (4) key categories mentioned in the infographic provided:

### Enhancing Operational Energy Efficiency and Conservation

One of the key aspects of Globe's approach towards enhancing energy efficiency is limiting the use of energy. Globe has setup controls such as manual flushers, motion activated lights and cooling system set point adjustment towards this effort. The other key aspect is installation of energy efficient equipment and devising measures to enhance the energy efficiency of cell sites through its "Green Solutions" initiative. The Globe headquarters have energy efficient devices to control its air conditioning system during non-office days (e.g. holidays).

To educate Globe Employees on the importance of energy efficiency, the company held The Globe Power Summit where industry experts from the Energy and Power sector discussed the following topics:

#### Energy and Power Landscape

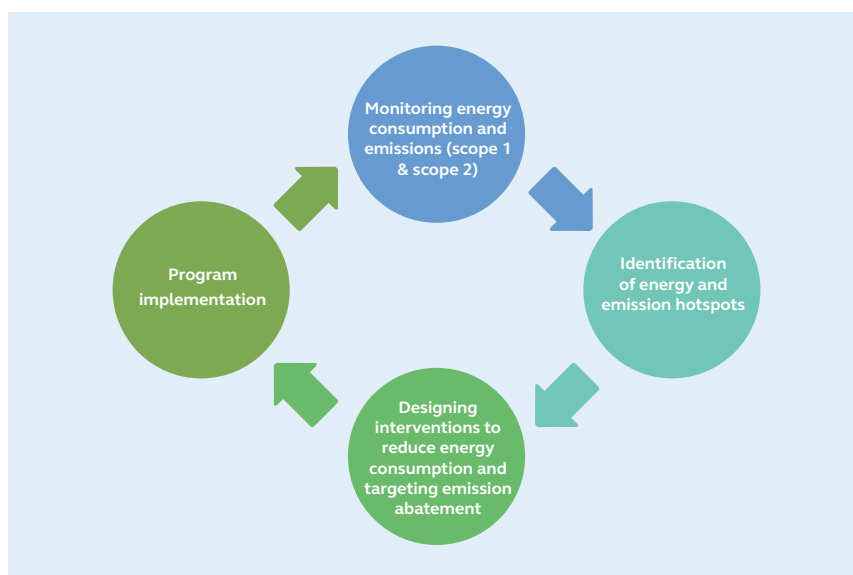
- Overview of the Energy Efficiency and Conservation Act
- The country's current state and near future trend of the Power Sector

#### Energy and Power Megatrends

- Philippines' Renewable Energy landscape
- Rise of Innovation and its correlation to energy and power usage

#### Energy Efficiency overview

- Electricity Distribution Journey
- Energy Efficiency Tips



#### Case Studies on Green Solutions

- Sustainable Alternatives using Renewable Energy and other innovations

#### Power Usage Effectiveness (PUE) Improvement Initiatives:

##### INSTALLATION OF INTELLIGENT KW-HR METERS

- captures electric consumption of panel boards without meter

##### KW-HR REDUCTION PROGRAM

- focuses on zero-cost activities like sealing gaps on cold aisle containment, increasing set points for cooling systems and scheduled utilization of common area lightings among others, resulting to total kw-hr consumption reduction by almost 2% year over year at 130,485 kw-hr

##### PUE Improvement

- ensures energy-saving initiatives for data centers

##### Data Center Infrastructure Management

- improves building operations' agility and enhances customer experience through process efficiency, automation, centralization and proactive monitoring of Globe's internal data center facilities



**Globe Corporate Offices (TGT BGC, TGTIT Plaza Cebu and Bayantel office) now have Gold Standard - Verified Emission Reduction (VER) certificates** through its business partner, AC Energy.

## Verified Emission Reduction Certificates issued by AC Energy to Globe Telecom

FACILITY	DURATION	CARBON REDUCTION	EQUIVALENT TO
The Globe Tower, Taguig City, Metro Manila	October 26, 2019 - December 25, 2019	1,579 MWh x 0.64075 GEF = <b>1,011 tCO<sub>2</sub>e</b>	Emissions of 4,038,983 kilometers driven by a gasoline-fueled car
GTIT Plaza, Cebu City, Cebu	October 26, 2019 - December 25, 2019	1,691 MWh x 0.64075 GEF = <b>1,083 tCO<sub>2</sub>e</b>	Emissions of 4,326,625 kilometers driven by a gasoline-fueled car
Bayantel, Quezon City, Metro Manila	July 26, 2019 - December 25, 2019	1,273 MWh x 0.64075 GEF = <b>815 tCO<sub>2</sub>e</b>	Emissions of 3,255,955 kilometers driven by a gasoline-fueled car

## 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.



In Globe's endeavor to decarbonize its operations and enhance clean energy procurement, the company shifted to buying power directly from power plants producing renewable energy in 2019. The company has also engaged partners for potential implementation of renewable energy solutions like solar panels and fuel cells within its operations. These efforts will culminate in shifting Globe's energy reliance to renewable sources, thereby decarbonizing its operations.

AC Energy, the energy platform of Ayala Corporation, is one of the fastest growing energy companies with over US\$1 billion of invested and committed equity in renewable and thermal energy in the Philippines and around the region. The

company aspires to develop 5 GW of renewables capacity and generate at least 50% of energy output from renewables by 2025.

These buildings are gearing up to be carbon neutral via purchase of Renewable Energy (RE). The VER Certificates may be found on pages 177-182 of this report.

## 2. Greening the Towers

In 2019, Globe deployed green solutions targeting energy efficiency in cell sites. Some key technologies and solutions that have been implemented include:

- **Fuel Cell Systems:** This system relies on methanol and DI water blend as fuel. These systems have

TABLE: CARBON MANAGEMENT PERFORMANCE BAROMETER<sup>1</sup>

YEAR	2017	2018	2019
<b>Electricity Consumption (In kWh)</b>			
Scope / Boundaries: Corporate Offices, Data Centers, Cell Sites, Stores, Warehouse, Operations (owned and leased facilities)			
Electricity (In kWh)	482,360,321	484,421,707.75	602,550,201.76
<b>Fuel Consumption from generators (In liters)</b>			
Scope / Boundaries: Corporate Offices, Data Centers, Cell Sites			
Diesel	8,579,858.93	8,050,514.74	9,134,663.56
Gasoline	58,971.73	89,442.16	70,721.59
<b>Fuel Consumption from fleet (In liters)</b>			
Scope / Boundaries: Corporate Offices, Data Centers, Cell Sites			
Diesel	1,342,346.70	1,321,415.72	1,729,880.31
Gasoline	3,597,998.87	3,637,291.28	2,973,395.71
<b>Overall Energy Consumption (in kWh)</b>			
Overall energy consumed by cellular network	1,361,094.85	1,442,603.02	1,679,055.94
Overall energy consumed by others (Corp Offices, Data Centers, Stores)	375,402.31	301,315.13	490,124.79
Net energy consumption (in GJ)	1,736,497.16	1,743,918.15	2,169,180.73
<b>Summary of GHG Emissions in tCO<sub>2</sub> (Scope 1 and scope 2)<sup>2</sup></b>			
Scope 1	38,531.75*	36,167.20	36,574.16
Scope 2	271,458.81**	352,389.63	435,073.80

\*2017 GHG Emissions Breakdown for Scope 1

\*\*Emission factor reference: National Grid Emission Factor, Department of Energy

been used to replace gensets which use diesel fuel. The fuel cell system relies on cleaner fuel (with lower emissions) and is easier to maintain with lower maintenance cost compared to diesel motors.

- **Direct Current (DC)-Hybrid Generator:** deployment of these hybrid generators can result in up to 60% reduction in usage of diesel fuel, thereby resulting in lower reliance on diesel and lesser requirement for maintenance.
- **Free Cooling System:** These systems provide energy efficient heat removal solutions for the cell sites.
- **Lithium-Ion Batteries:** These batteries have been used as replacement to Lead-Acid Batteries with faster charging time and longer life.

Globe has decommissioned legacy machines to ensure only energy efficient systems are in place for its operations. Finally, in view of the Philippine Energy Efficiency and Conservation Law (RA 11285), the company has embarked on a project to ensure compliance with this law. The company is also preparing to gain ISO 50001 Certification for an energy management system which will ensure a structured management system in place to reduce energy consumption. Aligned to the company's carbon emission reduction targets, Globe is continuously seeking innovative means and adopting best practices to enhance energy and resource efficiency.

### 3. Managing Direct Emissions

Globe rolled out various initiatives encouraging employees to limit the use of motorized vehicles for business commute. Some of the key initiatives are:

- **Telecommuting:** Employees have been encouraged to use platforms such as Zoom and Google Hangouts for conducting and attending business meetings

- **Flexible Work Arrangement:** The Flexible work arrangement enables employees to work remotely from their homes thereby reducing the number of trips made by them in a week to their office.
- **Project Loop:** This program encourages employees to adopt carpooling through web based mobile applications called Loop and Pasabay Pilo. Loop enables employees to reserve seats on the company's shuttle services whereas Pasabay Pilo enables employees to plan carpooling.

### 4. Offsetting Carbon Emissions

Another way to reduce its carbon footprint is by offsetting. Globe partners with the Department of Natural Resources (DENR) and other non-profit organizations to do tree planting and reforestation programs. Aside from using its volunteer program to do these activities, the company also encourages its customers to join via donations to key partners doing the same endeavors.

Some novel interventions organized by Globe encouraging customers to participate in tree planting include:

- **GCash Forest:** A "green" feature was introduced on the GCash app aimed at tapping the interest for environmental causes among its users. GCash Forest allows users to collect green energy earned from cashless transactions and enables

GCash launched the 'GCash Forest' in partnership with DENR, WWF, and BIOFIN to increase tree plantation in the Philippines (L-R) Mynt Chief Marketing and Head of Marketing and App Product Chris Manguera, World Wide Fund for Nature (WWF) Philippines President and Chief Executive Officer Joel Palma, Mynt President and Chief Executive Officer Anthony Thomas, United Nations Development Programme Resident Representative to the Philippines Titon Mitra, and GCash Vice President for Corporate Communications Reyner Villaseñor



them to plant virtual trees that will have real life counterparts. As of end-December 2019, total GCash Forest users were at 1.7 million.

- Globe Rewards & Hineleban Foundation:** This program is based on a partnership forged by Globe with Hineleban Foundation, which has been widely recognized for its innovative reforestation methodology. By enabling its customers to donate Globe Rewards points towards restoring the Philippines' primary rainforest cover to Hineleban Foundation, Globe tapped on its massive customer base to increase awareness about the state of the Philippine Primary Rainforests. The program design has been built such that the donation of 100 reward points leads to the planting of one (1) tree. Customers can also name the tree they are planting through the Hineleban website link sent via Globe Rewards app. The program will be operational until year 2021<sup>3</sup>. On a similar note, Globe's partnership with The Mead Foundation, in collaboration with the local community, started at the latter part of 2019. The partnership focuses on the restoration of an initial 2.5 hectares of denuded forests in Iba, Zambales but has yet to be integrated to the Rewards platform.

## WASTE MANAGEMENT

Globe's approach to waste management focuses on waste minimization at source, effective waste segregation and safe disposal of waste. In the company's efforts towards minimization of waste generation throughout its value chain, Globe has introduced solutions that reduce usage of paper and plastic which consequently reduce waste generation. The company banned single-use plastics within its headquarters at The Globe Tower. To support this initiative, Globe embarked on an employee education

campaign entitled WASSUP ('Wag Sa Single Use Plastic) which aims at educating employees on the impacts of plastics to the environment.

Globe has also tailored programs and products that make it easier for its customers to choose greener options. The company rolled out its e-billing scheme in 2015 and has been successful ever since in encouraging customers to opt for this greener choice. Globe also provides green service offerings such as E sims which enable Globe customers to move away from using plastic physical SIMs.

To empower customers to easily recycle E- waste, Globe designed an electronic recycling program called Project 1 Phone that focused on recovering and recycling electronic waste, specifically mobile phones and portable devices such as tablets.

Safe disposal of waste is one of Globe's key thrust areas under waste management. Globe has partnered with accredited DENR Treatment, Storage, and Disposal (TSD) facilities and transporters nationwide for lead recycling, battery acid neutralization, re-refinement of used oil and physico-chemical treatment of grease wastes. This ensures effective disposal and recycling of hazardous waste.

To ensure that generated hazardous wastes of Globe are disposed of properly, the company 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 as well as acid neutralization for the battery acid. All water used in the treatment



**1.7 million  
GCash Forest users**



**Globe customers donated  
almost P2M** through Globe Rewards App to Plant 16,000 Trees in Bukidnon in just 18 days

process is sent to their in-house wastewater treatment facility. For used oil, the company 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 it to re-incorporate the treated product into the economy. Water used in the treatment process is then treated through their in-house wastewater treatment facility.

For Busted Fluorescent Lamps (BFL), Globe 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 contain the mercury vapor through a vacuum and separates the glass fragments for recycling.

For grease wastes, the company 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-wastes), it partnered with several TSDs that employ the same method for recycling. These are, Total Environment Solutions - Asset Material Management Philippines (TES-AMM) and Maritrans Recycler, Inc. 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. The company has recycled over 343,000 kilograms of e-waste and diverted 12.05% waste from Landfill.

Globe also participates and spearheads various clean up drives to contribute to the country's waste

One of the areas in Bukidnon covered by Hineleban's rainforestation program





management efforts. The company engages its employees, customers and other stakeholders in this endeavour by designing innovative incentivization schemes. For instance, customers were encouraged to join a coastal clean up drive by incentivizing participation through earning 100 reward points. The drive was led by the International Coastal Clean-Up Philippines (ICC Philippines) and the Department of Environment and Natural Resources (DENR) on the occasion of International Coastal Clean-Up (ICC) Day. This focused on raising awareness towards the growing marine debris issue in the Philippines. Similarly, over 300 employees from Globe stores participated in Boracay Sustainability Week's Beach Clean-Up Drive.

### MARINE BIODIVERSITY CONSERVATION PROGRAM

The Philippines is one of the 25 biodiversity hotspots in the world and is often referred to as the “center of the center of marine biodiversity”. However, at the same time, it is also labeled as the third largest polluter of plastic into the ocean. Globe is dedicated to contributing to the preservation of the invaluable biodiversity of the Philippines through awareness building and social innovation. It spearheaded a program focusing on marine biodiversity conservation in partnership with a non-profit and non-government organization, Save Philippines Seas through the entity Globe myBusiness which caters to MSMEs (micro, small and medium enterprises). In 2019, five workshops were undertaken including capacity building and underwater geospatial 3D mapping for critical marine habitats. The target coastal communities were strategically selected based on the Department of Tourism's priority areas, which are also more vulnerable to environmental degradation due to heightened business activities concomitant foot traffic and the transport and introduction of various

### KEY HIGHLIGHTS AND OUTCOMES

- Globe implemented a policy on the avoidance of single-use plastics within its headquarters at The Globe Tower (TGT)
- 655 tons of paper saved from 40.9 million customers with e-billing
- Globe reduced 759.6 tons of CO2 through recycling and properly disposing of 271,299.31 kilograms of waste materials under its Project 1 Phone
- Over 343,000 kilograms of e-waste recycled

### WASTE MANAGEMENT PERFORMANCE BAROMETER

#### Hazardous waste data

	Quantity generated (in kilograms)
Batteries	448,269.00
Electronic waste	343,273.26
Used oil	1,340.00
Grease waste	898.00
BFLs	1,150.70
Contaminated waste	230.00

#### Non-Hazardous waste data

	Quantity generated (in kilograms)
Recyclable	17,973.55
Residual	153,579.02

plastic products into the coastal communities.

### Capacity-building for key stakeholders

Various awareness building campaigns were conducted focusing on the value of marine biodiversity and sustainable business practices.

Stakeholders included local business owners, LGUs, social enterprises and other community influencers. One of the capacity building programs conducted in Siargao Island saw the participation of 33 business owners, representatives from the Municipal Environment and Natural Resources Office (MENRO) among other stakeholders in a 2-day marine biodiversity workshop. During the course of this workshop, best

*Recyclable Waste refer to any waste material that are retrieved from the waste stream and free from contamination that may still be converted into suitable beneficial use or for other purposes (e.g. paper, corrugated cardboard, tin cans, aluminum, glass, plastics).*

*Residual Waste refer to waste materials that are neither recyclable nor compostable.*

practices on sustainability and biodiversity conservation were discussed<sup>4</sup>.

### Underwater mapping

Globe partnered with Antipara Exploration Inc., an underwater mapping and analytics company that specializes in geospatial mapping and assessment. It scans coastal areas using an underwater towed platform, sonar and camera. Mosaic images and sonar data are captured and analyzed to identify important marine sites and critical habitats along the coasts. Derived data also help determine coral reef health which can aid LGUs and local businesses in developing long term plans for coastal rehabilitation and marine biodiversity conservation programs.

In 2019, five coastal communities and major tourist destinations were targeted through this program with Secret Garden, Fish Sanctuary and Naked Island in General Luna, Siargao as the first areas for the pilot scanning. The rest of the selected coastal communities are still in queue.

### KEY HIGHLIGHTS AND OUTCOMES

Workshops were conducted in the following coastal areas:

- Puerto Princesa, Palawan
- General Luna, Siargao, Surigao del Norte
- Panglao, Bohol
- Tagbilaran, Bohol
- El Nido, Palawan

### TARGET AND METRICS

Globe has committed to reduce its carbon footprint by 30% - based on the 2017 levels - by 2030; leading to carbon-neutrality by 2050.

The key metrics used to track performance on climate change mitigation efforts includes natural capital accounting with a focus on:

- Energy consumption
- Energy mix (incorporating Sustainable Energy Procurement)
- Emissions (Scope 1 and 2)
- Contribution to reforestation

### 2020 OUTLOOK

In addition, by joining the Net Zero GSMA-led initiative, the company aims to contribute to the end goal of achieving net zero greenhouse gas (GHG) emissions by 2050, in alignment with the Paris Agreement in 2016.<sup>5</sup>



Siargao business owners attended the Globe myBusiness awareness campaign on marine biodiversity conservation in General Luna, Siargao Island



Globe Telecom held the Sustainable Tourism Week in Siargao Island as part of its partnership with the Department of Tourism (DOT) (L-R) Bernie Llamzon, Channel Management Group EVP; Alberto de Larrazabal, Chief Commercial Officer; Ernest Cu, President and CEO; Mayor Yayang Rusillon, General Luna Mayor; Captain Lito Saavedra, Catangnan Barangay Captain; Derrick Heng, myBusiness Sr. Advisor; Peter Maquera, Business SVP; and Peejay Gorgonio, General Luna Administrative Officer

<sup>1</sup> <http://visionofhumanity.org/app/uploads/2019/06/GPI-2019-web003.pdf>

<sup>2</sup> <https://www.globe.com.ph/about-us/newsroom/sustainability/mobile-tech-reduce-carbon-emissions-climate-change.html>

<sup>3</sup> <https://www.globe.com.ph/about-us/newsroom/sustainability/restore-primary-rainforests-globe-rewards.html>

<sup>4</sup> <https://ani.seafdec.org.ph/handle/20.500.12174/4787?show=full>

<https://www.globe.com.ph/about-us/newsroom/business/globe-mybusiness-leads-awareness-campaign.html>

<sup>5</sup> <https://www.globe.com.ph/about-us/newsroom/sustainability/globe-50-mobile-firms-disclose-climate-impacts.html>







# Statutory Reports





 **Globe Telecom, Inc.**  
The Globe Tower  
32nd Street corner 7th Avenue,  
Bonifacio Global City,  
Taguig, Philippines 1634

 [www.globe.com.ph](http://www.globe.com.ph)

**CERTIFICATION OF COMPLIANCE WITH THE  
MANUAL OF CORPORATE GOVERNANCE**

Globe Telecom, Inc.'s Manual of Corporate Governance 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 as well as relevant regulations related thereto, 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 30, 2020, Taguig City.

  
**MARISALVE CIOCON-CO**

Senior Vice President for Law and Compliance,  
Chief Compliance Officer and Assistant Corporate Secretary

Countersigned by:

  
**ERNEST L. CU**

President and Chief Executive Officer



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### **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 as well as relevant regulations related thereto, 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 30, 2020, Taguig City.

  
**RENATO M. JIAO**  
Chief Human Resource Officer



**Report of the Audit and Related Party Transactions Committee to the Board of Directors  
For the Year Ended 31 December 2019**

The Audit and Related Party Transactions Committee (the Committee) upholds strong corporate governance supporting Globe's long term success and commitment to create sustainable value for its shareholders and stakeholders, through its oversight responsibilities relating to Globe's: a) financial statements and disclosure, financial reporting principles, process, policies and systems; b) internal controls; c) external/ independent auditors; d) internal audit function; f) compliance with relevant legal, regulatory and corporate governance requirements; and g) related party transactions (RPT). Globe's Management, however, is responsible in ensuring the integrity of Globe's financial statements, reporting and disclosures; and establishing and maintaining a strong and effective system of internal controls to ensure the integrity, transparency and proper governance in the conduct of business.

For 2019, the Committee reports:

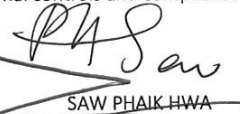
- The Committee is composed of four (4) members, three (3) of whom, including the chairman, are independent directors.
- We had four (4) meetings. The Chief Financial Officer (CFO), Chief Audit Executive (CAE) and the appointed External/Independent Auditors, Navarro Amper/Deloitte Philippines (NA/DP), 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 executive sessions with the Chief Human Resources Officer, Compliance Officer and other members of Management during the year.
- We approved the revisions of the Audit and RPT Committee Charter and Internal Audit Charter resulting from the annual review.
- We reviewed and discussed the results of 2019 quarterly unaudited financial statements and the audited annual financial statements of Globe Telecom, Inc. and subsidiaries (Globe Group) for the year ended 31 December 2019, including key audit matters, highlights of Management's Discussion and Analysis of financial condition and results of operations with NA/DP, the CFO, and the CAE.
- We discussed the reports of NA/DP on financial statements, adoption of new financial reporting standard on leases (Philippine Financial Reporting Standard/PFRS 16), updates on the adoption of financial reporting standards on revenue from contracts with customers (PFRS15) and financial instruments (PFRS9), BayanTel franchise renewal, tax assessment from local government, updates on investment in joint venture (Mynt), significant acquisition and sale transactions, and assessment of goodwill. No material control weaknesses were noted by NA/DP.
- We discussed information security and data privacy operations with the Chief Information Security Officer and Data Privacy Officer; we reviewed the implementation progress of programs related to data privacy and internal data protection and the updates on the continuous monitoring and mitigation of risks from security threats and data leak issues.
- We reviewed and discussed with the Chief Human Resources Officer the integrated management and control of whistle-blower channels.
- We reviewed and discussed with the Corporate and Legal Services Management relevant regulatory and legal updates; and obtained confirmation from the Compliance Officer that there were no issues on Globe's compliance with existing rules and regulations.
- We reviewed with the Head of Network Technical Group the network performance, current challenges, network build status, including customer perspective on our network and continuous network efficiency transformation.
- We reviewed with Product Management Head the progress on Mobile Number Portability implementation.
- We discussed updates on fraud detections, recoveries from losses and continuous action plans with Enterprise Fraud Risk Management Head.
- We discussed the overview of corporate governance and operations of GFII (Mynt) and Asticom with the concerned President/CEO.
- 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) 2019 reviews resulting from completion of approved annual work plan, key contributions in continuous audits and advisory engagements in various Globe projects, status of implementation of audit recommendations and progress of IA's digital agenda. We noted Management's attention in the closure of all issues and continuous improvement of internal control and compliance systems.
- We reviewed the operational effectiveness of the Internal Audit (IA) function ensuring compliance with International Standards for the Professional Practice of Internal Auditing and progress against key metrics providing value to the Company. We reviewed and approved the CAE'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 2019 statutory audit plan and approved the same. We reviewed NA/DP's 2019 audit performance, assessed as satisfactory; and discussed 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.
- We reviewed and approved 2019 RPT transactions reportable to the Board of Directors based on coverage and materiality threshold defined in Globe's RPT policy.
- We assessed and discussed the Committee's performance for 2019, in accordance with SEC's guidelines; and confirmed 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 2019 for filing with the SEC. We also recommend the re-appointment of NA/DP as the Globe Group's external/independent auditor for 2020, for ratification at the Annual Shareholders' Meeting in April 2020.

We confirm that the Company's internal controls and compliance systems are adequate and effective in all material respects.

03 February 2020

  
CARLO P. NOEL  
Chairman

  
SAW PHAIK HWA  
Member

  
REX M. A. MENDOZA  
Member

  
ROMEO L. BERNARDO  
Member





## **Report of the Board Risk Oversight Committee to the Board of Directors**

For the year ended December 31, 2019

The Board Risk Oversight Committee (BROC) was established in April 2019 to assist the Board in fulfilling its oversight responsibilities in relation to risk governance in Globe. The BROC ensured, among others, that the Board and Management made well-informed decisions based on prudent assessment of risks and opportunities.

In compliance with the Board Risk Oversight Committee Charter, we confirm that for 2019, we have fulfilled our risk governance responsibilities to the Board by enabling and ensuring:

- An effective, efficient and integrated risk management process in Globe.
- A sound organizational structure with an effective Enterprise Risk Management (ERM) framework and function in place
- The Identification, analysis and assessment of key exposures, its impact to strategic business objectives and formulation of risk management strategies.
- Clear definition of risk-taking authority, ownership, accountability and proper segregation of duties
- A risk-aware culture is pervasive throughout Globe ensuring transparency in reporting of risks.

The Committee reports that for 2019:

- The BROC is composed of four (4) members, three (3) of which including the Chairwoman are independent directors.
- We reviewed and approved both the BROC Charter and ERM Policy, the next review scheduled in 2021.
- We reviewed and approved the annual work plan of the ERM Department.
- We exercised oversight and guidance over Globe's Risk Management and governance structure, through the ERM Department.
- Risk Management activities are aligned with the Internal Audit work plan, to avoid duplication of efforts.
- Our meetings are set on a quarterly basis. In 2019, we met twice, the first meeting held in August, one quarter after the Committee's creation.
- All meetings met the necessary requirement for quorum before proceeding.
- Globe's Chief Risk Officer (CRO), the CAE, members of Top Management and shareholder representatives were also present in all meetings.





- The following key matters were discussed during the meetings:
  - Enterprise Risk Management Team's update on the status and Management's action plans on the 2019 top 5 enterprise-wide risks, namely:
    - Political & Regulatory Uncertainties
    - Talent & Succession
    - Financial Sustainability
    - Cybersecurity & Data Privacy Threats
    - Business Resilience - The Big One.
  - We reviewed and discussed the following key Enterprise and Operational Risks with accountable risk owners:
    - New and up-coming regulations that affect Globe's business. We also discussed the steps being undertaken to secure the renewal of Bayantel's franchise (Corporate Legal and Regulatory Team).
    - Status of key projects that further enhances Globe's cyber security and data protection controls (Chief Information Security Officer).
    - Plans and programs for talent/people development and Top Management Succession Plan (Chief Human Resources Officer).
    - Network and IT resiliency and recovery/response plans in the event of a "the Big One" (West Valley Fault Earthquake) in Metro Manila (Business Continuity Management Head)
    - Impact and scenario assessment of disruptions to 3rd Party Partners' operations on Globe's supply chains. Specifically, suppliers providing network solutions and equipment. (Chief Risk Officer and Chief Technical Officer)
    - Sustainability Framework, Roadmap and Targets (Chief Sustainability Officer).
    - Updates on fraud detections, risks, losses incurred and actions done (Enterprise Fraud Risk Management Head)

February 3, 2020.



SAW PHAIK HWA  
Chairwoman

CIRILIO P. NOEL  
Member

REX MA. A. MENDOZA  
Member



ROMEO L. BERNARDO  
Member

## INDEPENDENT ASSURANCE STATEMENT

### Introduction

DNV GL AS Philippines Branch ("DNV GL") has been commissioned by the management of Globe Telecom, Inc. ("Globe" or the "Company", SEC Identification Number: PW00001177) to undertake an independent assurance of the sustainability/non-financial disclosures in Globe's 2019 Integrated Report (the "Report") in its web-based format for the year ended 31st December 2019. This Report is prepared by the Company based on the Guiding Principles and Content Elements of the International <IR> Framework ("<IR> Framework") for presenting its performance related to identified material topics. The intended users of this Assurance Statement are the management of the Company.

We performed this assurance engagement using DNV GL's assurance methodology VeriSustain<sup>TM1</sup>, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements (ISAE) 3000 Revised\*, along with the Global Reporting Initiative's ("GRI's") Principles for Defining Report Content and Report Quality. Our engagement was carried out from December 2019 to April 2020.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements, which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion related to non-financial sustainability disclosures in this Report. We are providing a 'limited level' of assurance based on DNV GL VeriSustain and no external stakeholders were interviewed as part of this assurance engagement.

The engagement excludes the review of sustainability management, performance, and reporting practices of Globe's suppliers, contractors, and any third parties mentioned in the Report and the Company's position statements, the statements for the management approach, and case studies and examples if any included in this Report.

### Responsibilities of the Management of Globe Telecom, Inc. and of the Assurance Provider

The Board of Globe Telecom Inc. has sole responsibility for the preparation of the Report and is responsible for all information provided as well as the processes for collecting, analysing and reporting the information presented in the Report, including the references to the website and the maintenance and integrity of the website. The Company has stated that this Report was based on the <IR> framework and has adopted general disclosures and selected performance indicators for disclosures related to identified material topics from the GRI Standards 2016.

DNV GL's assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, true, and free from material 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. DNV GL was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Our engagement included limited level of verification of sustainability performance disclosures for the material topics identified by the Company and presented in the Report in the section "Materiality". Our verification applies a  $\pm 5\%$  uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

### Basis of our Opinion and Limitations

A multi-disciplinary team of sustainability and assurance specialists performed assurance at the Head Office at Taguig City. We undertook the following activities:

- Review of the non-financial sustainability disclosures in this Report;
- Review of approaches to materiality determination and stakeholder engagement; DNV GL did not have any direct engagement with external stakeholders;
- Review of information provided to us by the Company on its reporting and management processes related to sustainability performance for the reporting year based on the reporting framework adopted by Globe;
- Interviews with selected members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the targets for medium- and long-term vision, mission and milestones;

<sup>1</sup> The VeriSustain protocol is available on [dnvgl.com](http://dnvgl.com).

\* Assurance Engagements other than Audits or Reviews of Historical Financial Information.



- Performed desk review of selected sustainability parameters for sampled entities, and discussed findings with Corporate Sustainability Team ;
- Visited the Head Office to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy. We were free to choose the sites we visited ;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritised based on our risk-based approach, i.e. relevance of identified material topics and sustainability context of the business ;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

The procedures performed in a limited assurance engagement vary in nature and timing and are shorter in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

### Opinion and Observations

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that Globe Telecom, Inc's 2019 Integrated Report does not properly describe the non-financial performance of identified material topics based on the International <IR> Framework.

Without affecting our assurance opinion, we also provide the following observations:

#### Stakeholder Inclusiveness

*The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.*

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.**

The Company has identified shareholders and investors, employees, customers, community, partners and vendors, government and media as its key stakeholders. The Report brings out the different formal and non-formal modes of engagement that Globe has established to identify stakeholder concerns and the Company's responses to these key concerns through various disclosures on strategies and value creation in the Report, and other platforms and mechanisms.

#### Materiality

*The process of determining the issues that are most relevant to an organization and its stakeholders.*

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.**

The Report brings out Globe's process for identification of material issues to be brought out within the Report. This is based on global environmental, social and governance (ESG) standards and considers ESG issues that could result in significant business and environmental/social impacts. In addition, the Report has also brought about how these issues have been prioritized considering factors such as its business model, geographic presence, product offerings and macroeconomic trends.

#### Responsiveness

*The extent to which an organization responds to stakeholder issues.*

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.**

The Report brings out the Company's responses to key stakeholder concerns, identified material topics and significant issues which have arisen during the reporting period through disclosures on governance and strategies and key priorities for identified material topics. The Report also brings out its non-financial performance related to its material topics through selected GRI Topic Specific Standards and Sustainability Accounting Standards Board (SASB) disclosures, including the Company's value creation processes related to the six capitals of <IR> framework, linkages between various capitals and risks and responses to internal and external risks which can affect value creation. The Report may further strengthen on this Principle in future reporting periods by bringing out the long and medium term targets and strategies towards value creation related to its identified material topics.

#### Reliability

*The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.*

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.**

The majority of the performance disclosures verified through onsite and offsite verification, i.e. at the Head Office, and through desk reviews, were found to be fairly accurate, reliable, identifiable and traceable to the source. Considering the limited sampling, we did not detect any major errors related to data collection or aggregation. We also reviewed the calculations and related assumptions used for its suitability, taking into account the principle of Reliability. Some of the data inaccuracies identified during the verification process were found to be attributable to interpretation and aggregation errors. These identified errors were communicated, and the responses and corrections made to the reported data and information were reviewed.

#### **Completeness**

*How much of all the information that has been identified as material to the organization and its stakeholders is reported.*

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.**

The Report brings out the Company's non-financial disclosures in line with the Content Elements and considering the Guiding Principles of the <IR> framework and performance related to its material topics during the reporting period using appropriate GRI Topic Specific Standards and SASB disclosures. The reported non-financial performance and information represents the identified boundary of operations, i.e. Globe's operations and subsidiaries with 100% ownership, and covers the Company's operational and governance performance, strategy, business model, risks and opportunities and six capitals of the <IR> framework during the reporting period.

#### **Neutrality**

*The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.*

**Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.**

The Report represents Globe's performance related to its identified material topics, and key challenges and concerns during the reporting period in a neutral, consistent and balanced manner, applying adequate consideration to not unduly influence stakeholders' opinions made based on the reported data and information.

#### **Statement of Competence and Independence**

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - 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<sup>2</sup> during the assurance engagement and maintain independence wherever 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 statement or datum included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward internal stakeholders interviewed during the assurance process.

DNV GL has provided assurance to Ayala Corporation, Ayala Land Inc., AC Energy and the Bank of Philippine Islands. In our opinion, there is no conflict of interest in the assurance engagement provided to the business units of Ayala Group. DNV GL did not provide any services to Globe Telecom Inc. in 2019 that could compromise the independence or impartiality of our work.

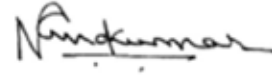
#### **For and on behalf of DNV GL AS Philippines Branch**



Kiran Radhakrishnan  
Lead Verifier,  
DNV GL – Business Assurance  
India Private Limited.



Heng Chwin Mak  
Operations Manager –  
South East Asia  
DNV GL Technology Centre.  
Singapore 118227



Vadakepath Nandkumar,  
Assurance Reviewer,  
DNV GL – Business Assurance  
India Private Limited.

11<sup>th</sup> April 2020, Manila, Philippines

DNV GL AS Philippines Branch is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnvgl.com](http://www.dnvgl.com)





By Royal Charter

# Certificate of Registration

BUSINESS CONTINUITY MANAGEMENT SYSTEM - ISO 22301:2012

This is to certify that:

Globe Telecom, Inc.  
The Globe Tower  
32nd Street corner 7th Avenue  
Bonifacio Global City, Taguig  
Philippines

Holds Certificate No:

**BCMS 580506**

and operates a Business Continuity Management System which complies with the requirements of ISO 22301:2012 for the following scope:

The delivery of Voice, SMS, Data products, Internet and Data Centre related services, through its mobile and fixed line networks to its domestic and international customers by its functional units from its facilities at Metro Manila, Cebu, Tarlac, Nasugbu, Iligan, Ballesteros, Cabanatuan, Aurora, Canero, Mandaluyong, San Juan, Bacoar, Carmona, Talisay, Cagayan de Oro, General Trias and Davao.

Previous certificate expired on 01/02/2018  
Recertification audit ended on 13/06/2018

For and on behalf of BSI:

Andrew Launn, EMEA Systems Certification Director

Original Registration Date: 2012-02-02

Latest Revision Date: 2018-07-30

Effective Date: 2018-07-30

Expiry Date: 2021-02-01

Page: 1 of 4



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An electronic certificate can be authenticated [online](#).

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Further clarifications regarding the scope of this certificate and the applicability of ISO 22301:2012 requirements may be obtained by consulting the organization.

This certificate is valid only if provided original copies are in complete set.

Information and Contact: BSI, Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes MK5 8PP. Tel: + 44 345 080 9000  
BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.  
A Member of the BSI Group of Companies.



By Royal Charter

# Certificate of Registration

ENVIRONMENTAL MANAGEMENT SYSTEM - ISO 14001:2015

This is to certify that:

Globe Telecom, Inc.  
The Globe Tower  
32nd Street corner 7th Avenue  
Bonifacio Global City, Taguig  
Philippines


Holds Certificate No:

**EMS 706665**

and operates an Environmental Management System which complies with the requirements of ISO 14001:2015 for the following scope:

The delivery of Voice, SMS, Data products, Internet and Data Centre related services, through its mobile and fixed line networks to its domestic and international customers by its functional units from its facilities at Metro Manila, Cebu, Tarlac, Nasugbu, Iligan, Ballesteros, Cabanatuan, Aurora, Canero, Mandaluyong, San Juan, Bacoor, Carmona, Talisay, Cagayan de Oro, General Trias and Davao.

For and on behalf of BSI:

  
Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2019-07-05

Latest Revision Date: 2019-07-05

Effective Date: 2019-07-05

Expiry Date: 2022-07-04

Page: 1 of 4



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Information and Contact: BSI, Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes MK5 8PP. Tel: + 44 345 080 9000  
BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.  
A Member of the BSI Group of Companies.





By Royal Charter

# Certificate of Registration

OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM - ISO 45001:2018

This is to certify that:

Globe Telecom, Inc.  
The Globe Tower  
32nd Street corner 7th Avenue  
Bonifacio Global City, Taguig  
Philippines

Holds Certificate No:

**OHS 706668**

and operates an Occupational Health and Safety Management System which complies with the requirements of ISO 45001:2018 for the following scope:

The delivery of Voice, SMS, Data products, Internet and Data Centre related services, through its mobile and fixed line networks to its domestic and international customers by its functional units from its facilities at Metro Manila, Cebu, Tarlac, Nasugbu, Iligan, Ballesteros, Cabanatuan, Aurora, Canero, Mandaluyong, San Juan, Bacoor, Carmona, Talisay, Cagayan de Oro, General Trias and Davao.

For and on behalf of BSI:

Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2019-07-05

Latest Revision Date: 2019-07-05

Effective Date: 2019-07-05

Expiry Date: 2022-07-04

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Further clarifications regarding the scope of this certificate and the applicability of ISO 45001:2018 requirements may be obtained by consulting the organization.

This certificate is valid only if provided original copies are in complete set.

Information and Contact: BSI, Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes MK5 8PP. Tel: + 44 345 080 9000  
BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.  
A Member of the BSI Group of Companies.

20 February 2020

**MS. EDITH C. SANTIAGO**

Globe Telecom, Inc.  
9<sup>th</sup> Floor, The Globe Tower, 32<sup>nd</sup> Street cor. 7<sup>th</sup> Ave.  
Bonifacio Global City, Taguig City

Subject : SIN 200103170102  
Initial Computation of 2019 Verified Emission Reduction Certificates

Dear Ms. Santiago:

In reference to our *Retail Electricity Supply Contract* (the "**Contract**") dated 27 December 2016 and the *First Amendment to the Offer Sheet Dated 21 December 2016* (the "**First Amendment**"), executed between AC Energy Inc. (formerly known as AC Energy Holdings Inc.) (the "**Supplier**") and Globe Telecom, Inc. (the "**Customer**"), we are providing you the initial computation of Gold Standard-Verified Emission Reductions (GS-VERs) equivalent to 1,011 tCO<sub>2</sub>e based on your electricity consumption in 2019. These will be retired annually on your behalf, saving as many tonnes of CO<sub>2</sub> emissions from being released into the atmosphere and supporting sustainable development.

Below is the computation as reference of the indicated value above.

GlobeTel 01 (1,579 MWh x 0.64075 GEF = 1,011 tCO<sub>2</sub>e)

We are delighted to issue this confirmation of carbon neutrality for the above-mentioned facility's electricity consumption for the period of 26 October 2019 to 25 December 2019.

Sincerely,

  
**ROMAN MIGUEL G. DE JESUS**  
Head of Commercial Operations



**GLOBE TGT: SIN 200103170102**  
(26 October 2019 to 25 December 2019)

**Total VERs 1,011 tCO<sub>2</sub>e**

Equivalent to:



CO<sub>2</sub> absorbed by  
**15,165**  
trees in their lifetime  
of 25-35 years



Carbon footprint of  
**727**  
Filipinos in a year



Renewable energy  
displacing  
**1,736**  
tons of CO<sub>2</sub> emissions  
from a coal plant



Emissions from  
**4,038,983**  
kilometers driven by  
a gasoline-fueled car



Carbon footprint of  
**22**  
roundtrip  
commercial flights  
from Manila to Cebu



Emissions avoided  
by recycling  
**49**  
trucks of waste  
instead of landfilling

Sources:

<https://carbonneutral.com.au/>  
<https://knoema.com/atlas/Philippines/CO2-emissions-per-capita>  
<http://css.umich.edu/factsheets/carbon-footprint-factsheet>  
<https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references>  
[https://co2.myclimate.org/en/portfolios?calculation\\_id=3240021](https://co2.myclimate.org/en/portfolios?calculation_id=3240021)  
<https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references>

20 February 2020

**MS. EDITH C. SANTIAGO**

Globe Telecom, Inc.  
9<sup>th</sup> Floor, The Globe Tower, 32<sup>nd</sup> Street cor. 7<sup>th</sup> Ave.  
Bonifacio Global City, Taguig City

Subject : SIN 7757120000  
Initial Computation of 2019 Verified Emission Reduction Certificate

Dear Ms. Santiago:

In reference to our *Retail Electricity Supply Contract* (the "**Contract**") dated 06 January 2020, executed between AC Energy Inc. (formerly known as AC Energy Holdings Inc.) (the "**Supplier**") and Globe Telecom, Inc. (the "**Customer**"), we are providing you the initial computation of Gold Standard-Verified Emission Reductions (GS-VERs) equivalent to 1,083 tCO<sub>2</sub>e based on your electricity consumption in 2019. These will be retired annually on your behalf, saving as many tonnes of CO<sub>2</sub> emissions from being released into the atmosphere and supporting sustainable development.

Below is the computation as reference of the indicated value above.

GlobeTel 02 (1,691 MWh x 0.64075 GEF = 1,083 tCO<sub>2</sub>e)

We are delighted to issue this confirmation of carbon neutrality for the above-mentioned facility's electricity consumption for the period of 26 October 2019 to 25 December 2019.

Sincerely,

  
**ROMAN MIGUEL G. DE JESUS**  
Head of Commercial Operations

**GLOBE Cebu: SIN 7757120000**  
(26 October 2019 to 25 December 2019)

**Total VERs 1,083 tCO<sub>2</sub>e**

Equivalent to:



CO<sub>2</sub> absorbed by  
**16,245**  
trees in their lifetime  
of 25-35 years



Carbon footprint of  
**779**  
Filipinos in a year



Renewable energy  
displacing  
**1,859**  
tons of CO<sub>2</sub> emissions  
from a coal plant



Emissions from  
**4,326,625**  
kilometers driven by  
a gasoline-fueled car



Carbon footprint of  
**24**  
roundtrip  
commercial flights  
from Manila to Cebu



Emissions avoided  
by recycling  
**53**  
trucks of waste  
instead of landfilling

Sources:

<https://carbonneutral.com.au/>  
<https://knoema.com/atlas/Philippines/CO2-emissions-per-capita>  
<http://css.umich.edu/factsheets/carbon-footprint-factsheet>  
<https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references>  
[https://co2.myclimate.org/en/portfolios?calculation\\_id=3240021](https://co2.myclimate.org/en/portfolios?calculation_id=3240021)  
<https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references>

20 February 2020

**MS. EDITH C. SANTIAGO**  
BAYAN TELECOMMUNICATIONS, INC.  
234 Roosevelt Avenue, Del Monte District I,  
Del Monte, Quezon City

Subject : SIN 100057460102  
Initial Computation of 2019 Verified Emission Reduction Certificate

Dear Ms. Santiago:

In reference to our *Retail Electricity Supply Contract* (the "**Contract**") dated 16 July 2019, executed between AC Energy Inc. (formerly known as AC Energy Holdings Inc.) (the "**Supplier**") and Bayan Telecommunications, Inc. (the "**Customer**"), we are providing you the initial computation of Gold Standard-Verified Emission Reductions (GS-VERs) equivalent to 815 tCO<sub>2</sub>e based on your electricity consumption in 2019. These will be retired annually on your behalf, saving as many tonnes of CO<sub>2</sub> emissions from being released into the atmosphere and supporting sustainable development.

Below is the computation as reference of the indicated value above.

BayanTel (1,273 MWh x 0.64075 GEF = 815 tCO<sub>2</sub>e)

We are delighted to issue this confirmation of carbon neutrality for the above-mentioned facility's electricity consumption for the period of 26 July 2019 to 25 December 2019.

Sincerely,

  
**ROMAN MIGUEL G. DE JESUS**  
Head of Commercial Operations



Bayantel: SIN 100057460102  
(26 July 2019 to 25 December 2019)

**Total VERs 815 tCO<sub>2</sub>e**

Equivalent to:



CO<sub>2</sub> absorbed by  
**12,225**  
trees in their lifetime  
of 25-35 years



Carbon footprint of  
**586**  
Filipinos in a year



Renewable energy  
displacing  
**1,399**  
tons of CO<sub>2</sub> emissions  
from a coal plant



Emissions from  
**3,255,955**  
kilometers driven by  
a gasoline-fueled car



Carbon footprint of  
**18**  
roundtrip  
commercial flights  
from Manila to Cebu



Emissions avoided  
by recycling  
**40**  
trucks of waste  
instead of landfilling

Sources:

<https://carbonneutral.com.au/>  
<https://knoema.com/atlas/Philippines/CO2-emissions-per-capita>  
<http://css.umich.edu/factsheets/carbon-footprint-factsheet>  
<https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references>  
[https://co2.myclimate.org/en/portfolios?calculation\\_id=3240021](https://co2.myclimate.org/en/portfolios?calculation_id=3240021)  
<https://www.epa.gov/energy/greenhouse-gases-equivalencies-calculator-calculations-and-references>

# COVER SHEET

P W 0 0 0 0 1 1 7 7

G L O B E T E L E C O M , I N C .

(Company's Full Name)

2 7 / F T H E G L O B E T O W E R  
3 2 N D S T R E E T C O R N E R 7 T H A V E N U E  
B O N I F A C I O G L O B A L C I T Y T A G U I G

(Business Address: No. Street City / Town / Province)

ROSEMARIE MANIEGO-EALA

Contact Person

7797-2000

Company Telephone Number

1 2

Month

3 1

Day

Fiscal Year

1 7 C

FORM TYPE

0 4

Month

2 1

Day

Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. Of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

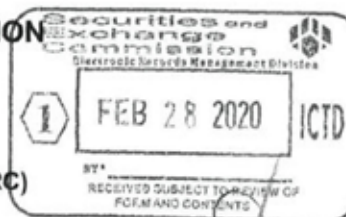
STAMPS

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# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-C

### CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATIONS CODE (SRC) AND SRC RULE 17(a)-1(b)(3) THEREUNDER



1. **27 February 2020**  
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. **[REDACTED]** (SEC Use Only)  
Industry Classification Code
7. **27/F, The Globe Tower, 32nd Street corner 7th Avenue,  
Bonifacio Global City, Taguig**  
Address of principal office
- 1634**  
Postal code
8. **(02) 7797-2000**  
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	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of December 31, 2019)
<b>COMMON SHARES</b>	<b>133,208,407</b>
<b>TOTAL DEBT (in Millions of Pesos)</b>	<b>136,274</b>

Indicate the item numbers reported herein : **Please refer to attached**

#### Re: **Globe Telecom, Inc. and Subsidiaries FY 2019 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 : **27 February 2020**

*[Signature]*

**ROSEMARIE MANIEGO-EALA**  
Chief Finance Officer



 **Globe Telecom, Inc.**  
The Globe Tower  
32nd Street corner 7th Avenue  
Bonifacio Global City  
Taguig, Philippines

 +632.7972000

 [www.globe.com.ph](http://www.globe.com.ph)

27 February 2020

**Securities and Exchange Commission**

Attn.: Atty. Rachel Esther J. Guntang-Remalante  
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  
6/F PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
Bonifacio Global City, Taguig City

**Philippine Dealing and Exchange Corporation**

Attn.: Atty. Marie Rose M. Magallen-Lirio  
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, 2019 and 2018, 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, 2019, 2018, and 2017, and a summary of significant accounting policies and other explanatory information.

Thank you.

Very truly yours,



ROSEMARIE MANIEGO-EALA  
Chief Finance Officer



## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

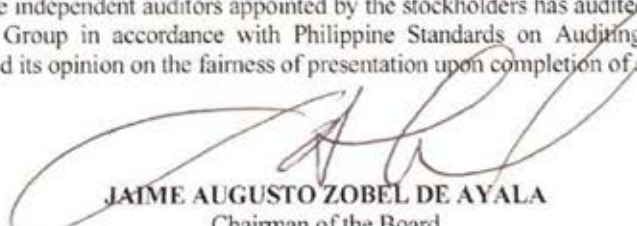
The management of Globe Telecom, Inc. and Subsidiaries ("Globe Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2019, and 2018 and for each of the three years in the period ended December 31, 2019, 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-EALA**  
 Chief Finance Officer and Treasurer

Signed this 3<sup>rd</sup> day of February 2020

SUBSCRIBED AND SWORN to before me this FEB 03 2020 at TAGUIG CITY City, affiants who are personally known to me or identified through competent evidence of identity, to wit:

Name	Passport or ID No.	Date of Issue	Expiry Date
Jaime Augusto Zobel De Ayala			
Ernest L. Cu			
Rosemarie Maniego-Eala			

Doc. No. : 342  
 Page No. : 70  
 Book No. : 11  
 Series of 2020.

  
**ATTY. NINA MICHAELA S. SARMIENTO**  
 Notary Public for Taguig  
 21<sup>st</sup> Floor, The Globe Tower  
 32<sup>nd</sup> Street corner 7<sup>th</sup> Avenue  
 Bonifacio Global City, Taguig 1634  
 Appointment No. 79 (2019-2020)  
 Until December 31, 2020  
 PTK No. A-4673750 January 3, 2020/Taguig City  
 IB: Lifetime No. 850 / August 22, 2000  
 Roll of Attorneys No. 60958

# GLOBE TELECOM, INC. AND SUBSIDIARIES

Consolidated Financial Statements  
December 31, 2019, 2018 and 2017



## INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors  
**GLOBE TELECOM, INC.**  
The Globe Tower, 32<sup>nd</sup> Street corner 7<sup>th</sup> Avenue  
Bonifacio Global 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, 2019 and 2018, 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, 2019, 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, 2019 and 2018, and its financial performance, and cash flows for each of the three years in the period ended December 31, 2019, in accordance with Philippine Financial Reporting Standards (PFRSs).

#### *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 Auditors' 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 matters:

### **Revenue recognition**

Revenue recognition, aside from being an inherent industry risk, has been identified as a key audit matter primarily due to the significant volume of transactions processed through various systems, heavy reliance on automated processes and controls over recording of transactions and complexity of the operation of billing systems used.

The disclosures on the accounting for revenue recognition in accordance with PFRS 15, "Revenue from Contract with Customers", are included in Note 2.15, *Revenue Recognition*, to the consolidated financial statements.

### **How the matter was addressed in our audit**

In the course of our audit of the Globe Group's consolidated financial statements, we have performed, among others, the following audit procedures in response to the revenue recognition:

- We obtained an understanding of the revenue recognition policy in accordance with PFRS 15 and the related business processes, including an understanding of the related Information Technology (IT) environment.
- We evaluated the design and operating effectiveness of the General Information Technology Controls, as well as the application controls of the related IT systems, over the capture and recording of the revenue transactions. In doing so, we involved our IT specialists to assist in the audit of automated controls, including interface controls between IT applications.
- 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 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.





### **Adoption of PFRS 16, Leases**

The Globe Group has adopted PFRS 16, *Leases*, effective January 1, 2019, which replaced the Philippine Accounting Standards 17, *Leases*. The adoption of PFRS 16 requires policy elections including the determination of specific assumptions and key judgements and estimates relating to, among others, determination of the scope of PFRS 16, duration of the leases, lease payments and discount rates. The assessment of the impact of the new standard is significant to our audit. Considering the above, as well as since the Globe Group adopted the standard for the purpose of the preparation of the consolidated financial statements for the first time, the implementation of PFRS 16 was considered as a key audit matter.

In adopting PFRS 16, the Globe Group's Management decided to use the modified retrospective approach.

The disclosures related to the impact of the initial application of PFRS 16 are included in Note 3.1, *Adoption of PFRS 16, Leases, Effective January 1, 2019*, and the disclosures related to right-of-use assets and lease liabilities are included in Note 13, *Lease Commitments*, to the consolidated financial statements.

The disclosures on accounting policies related to the application of PFRS 16 including key judgements and key estimates are included in Note 2.20, *Leases*, to the consolidated financial statements.

### **Information Other than the Consolidated Financial Statements and Auditors' 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-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be available to us after the date of this auditors' 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 audits 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. If, based on the on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **How the matter was addressed in our audit**

In the course of our audit of the Globe Group's consolidated financial statements, we have performed, among others, the following audit procedures in response to the adoption of PFRS 16:

- We obtained an understanding and evaluated Globe Group's adoption and implementation process as well as selection and application of accounting principles in accordance with PFRS 16, including an understanding and assessment of the key controls in this respect.
- We evaluated management judgements and estimates, specifically the assessment of the scope of contracts subject to accounting under PFRS 16, determination of the duration of leases and related lease payments, discount rates and applied practical expedients.
- We performed test of the related IT system in relation to accounting for contracts under PFRS 16.
- We performed test of details to verify the accuracy of parameters used and accuracy in the calculation of lease liabilities and right-of-use assets.
- We performed test of completeness of identification of contracts in scope of PFRS 16.



## **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 PFRSs, 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.

## **Auditors' 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 auditors' 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 PSA, 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 auditors' 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 audits.



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 in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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 auditors' report is Mr. Wilfredo A. Baltazar.

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:

*Wilfredo A. Baltazar*

Wilfredo A. Baltazar

Partner

CPA License No. 0078498

SEC A.N. 0723-AR-3, issued on August 24, 2017; effective until August 23, 2020, Group A

TIN 115858485

BIR A.N. 08-002552-10-2017, issued on June 8, 2017; effective until June 8, 2020

PTR No. A-4689427, issued on January 2, 2020, Taguig City

Taguig City, Philippines

February 3, 2020







## GLOBE TELECOM, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	2019	2018
<i>(In Thousand Pesos)</i>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	P8,298,092	P23,226,386
Trade receivables – net	6	21,138,950	20,652,532
Contract assets and deferred contract costs – net	7	8,339,219	8,471,550
Inventories and supplies – net	9	4,713,572	4,854,939
Derivative assets – current	8	301,624	63,180
Prepayments and other current assets	10	18,948,015	16,254,796
		<b>61,739,472</b>	<b>73,523,383</b>
<b>Noncurrent Assets</b>			
Property and equipment – net	11	182,662,528	169,393,768
Intangible assets and goodwill – net	12	15,553,097	13,698,269
Right of use assets – net	13	3,566,280	-
Investments in associates and joint ventures	15	34,473,865	34,426,776
Deferred income tax assets – net	30	1,866,591	2,075,065
Derivative assets – net of current portion	8	125,331	2,300,186
Deferred contract costs – net of current portion	7	289,663	315,673
Other noncurrent assets	16	4,013,910	3,764,989
		<b>242,551,265</b>	<b>225,974,726</b>
<b>TOTAL ASSETS</b>		<b>P304,290,737</b>	<b>P299,498,109</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and accrued expenses	17	P56,979,315	P56,219,366
Contract liabilities and deferred revenues – current	7	8,764,803	8,044,308
Loans payable – current	19	12,919,898	16,758,196
Derivative liabilities – current	8	547,046	285,751
Lease liabilities – current	13	981,817	-
Provisions	18	2,622,318	2,549,387
Income tax payable	30	1,761,984	1,608,646
		<b>84,577,181</b>	<b>85,465,654</b>
<b>Noncurrent Liabilities</b>			
Loans payable – net of current portion	19	122,942,837	131,523,701
Contract liabilities – net of current portion	7	49,869	53,642
Deferred income tax liabilities – net	30	5,057,641	3,918,493
Derivative liabilities – net of current portion	8	291,270	25,903
Lease liabilities – non current	13	2,681,800	-
Other long-term liabilities	20	7,443,142	5,367,209
		<b>138,466,559</b>	<b>140,888,948</b>
<b>Total Liabilities</b>		<b>223,043,740</b>	<b>226,354,602</b>
<b>Equity</b>			
Capital Stock	22	8,452,995	8,445,238
Additional paid in capital	22	36,808,776	36,528,251
Cost of share-based payments	29	447,656	417,345
Other reserves	22.6	(1,766,610)	561,103
Retained earnings	22.5	37,169,604	27,167,398
Equity attributable to equity holders of the Parent		<b>81,112,421</b>	<b>73,119,335</b>
Non-controlling interest		<b>134,576</b>	<b>24,172</b>
<b>Total Equity</b>		<b>81,246,997</b>	<b>73,143,507</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P304,290,737</b>	<b>P299,498,109</b>

See accompanying Notes to Consolidated Financial Statements.

**CREATE . WONDERFUL .**





## GLOBE TELECOM, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		For the Years Ended December 31		
	Notes	2019	2018	2017
<i>(In Thousand Pesos, Except Per Share Figures)</i>				
<b>REVENUES</b>				
Service revenues		<b>P149,009,963</b>	<b>P132,875,310</b>	<b>P127,905,853</b>
Nonservice revenues		<b>17,650,374</b>	18,297,496	7,374,878
	34	<b>166,660,337</b>	151,172,806	135,280,731
<b>INCOME (LOSSES)</b>				
Equity share in net losses of associates and joint ventures	15	<b>(2,554,782)</b>	(1,249,603)	(846,177)
Interest income	23	<b>500,437</b>	391,030	139,581
Gain on disposal of property and equipment – net		<b>43,012</b>	73,088	38,455
Gain on fair value of retained interest	15	-	-	1,889,901
Other income – net	24	<b>1,047,007</b>	695,405	701,653
		<b>(964,326)</b>	(90,080)	1,923,413
<b>COSTS AND EXPENSES</b>				
General, selling and administrative expenses	25	<b>64,471,409</b>	57,742,131	56,608,922
Depreciation and amortization	26	<b>34,143,541</b>	30,421,721	27,512,689
Cost of inventories sold	9, 34	<b>18,554,814</b>	18,645,314	13,013,437
Interconnect costs	35	<b>3,982,873</b>	5,677,375	7,852,336
Financing costs	27	<b>6,802,861</b>	6,195,225	5,251,692
Impairment and other losses	28	<b>4,913,137</b>	4,787,644	5,423,366
		<b>132,868,635</b>	123,469,410	115,662,442
<b>INCOME BEFORE INCOME TAX</b>		<b>32,827,376</b>	27,613,316	21,541,702
<b>PROVISIONS FOR INCOME TAX</b>				
Current		<b>8,488,595</b>	7,259,985	6,005,420
Deferred		<b>2,055,024</b>	1,727,388	452,069
	30	<b>10,543,619</b>	8,987,373	6,457,489
<b>NET INCOME</b>		<b>22,283,757</b>	18,625,943	15,084,213
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Items that will be reclassified into profit or loss in subsequent periods:</b>				
Transactions on cash flow hedges – net		<b>(1,213,355)</b>	863,715	139,412
Exchange differences arising from translations of foreign investments		<b>(106,988)</b>	28,524	(23,140)
Changes in fair value of available-for-sale investment in equity securities		-	-	26,000
	22.6	<b>(1,320,343)</b>	892,239	142,272
<b>Item that will not be reclassified into profit or loss in subsequent periods:</b>				
Changes in fair value of financial assets at fair value through other comprehensive income		<b>440,349</b>	151,974	-
Remeasurement gain on defined benefit plan		<b>(1,373,043)</b>	49,709	399,993
	22.6	<b>(932,694)</b>	201,683	399,993
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>(2,253,037)</b>	1,093,922	542,265
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>P20,030,720</b>	<b>P19,719,865</b>	<b>P15,626,478</b>

*(Forward)*



# **GLOBE TELECOM, INC. AND SUBSIDIARIES** **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

		For the Years Ended December 31		
	Notes	2019	2018	2017
<i>(In Thousand Pesos, Except Per Share Figures)</i>				
<b>Total net income attributable to:</b>				
Equity holders of the Parent		<b>P22,269,340</b>	<b>P18,640,740</b>	<b>P15,065,779</b>
Non-controlling interest		<b>14,417</b>	<b>(14,797)</b>	<b>18,434</b>
		<b>22,283,757</b>	<b>18,625,943</b>	<b>15,084,213</b>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Parent		<b>20,016,303</b>	<b>19,734,662</b>	<b>15,608,044</b>
Non-controlling interest		<b>14,417</b>	<b>(14,797)</b>	<b>18,434</b>
		<b>P20,030,720</b>	<b>P19,719,865</b>	<b>P15,626,478</b>
<b>Earnings Per Share</b>				
Basic	31	<b>P162.96</b>	<b>P135.91</b>	<b>P109.22</b>
Diluted	31	<b>P162.20</b>	<b>P135.40</b>	<b>P109.01</b>
Cash dividends declared per common share	22.3	<b>P91.00</b>	<b>P91.00</b>	<b>P91.00</b>

*See accompanying Notes to Consolidated Financial Statements.*



# **GLOBE TELECOM, INC. AND SUBSIDIARIES** **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**



For the Year Ended December 31, 2019									
	Notes	Capital Stock (Note 22.2)	Additional Paid-in Capital	Cost of Share-Based Payments	Other Reserves (Note 22.6)	Retained Earnings	Total Equity Attributable to Parent	Non-controlling Interest	Total
<i>(In Thousand Pesos)</i>									
As of January 1, 2019, as previously stated		P8,445,238	P36,528,251	P417,345	P561,103	P27,167,398	P73,119,335	P24,172	P73,143,507
Adjustment on initial application of PFRS 16, net of tax	3.2	-	-	-	-	336,464	336,464	505	336,969
As of January 1, 2019, as restated		8,445,238	36,528,251	417,345	561,103	27,503,862	73,455,799	24,677	73,480,476
Total comprehensive income for the period		-	-	-	(2,253,037)	22,269,340	20,016,303	14,417	20,030,720
Dividends on:	22.3								
Common Stock		-	-	-	-	(12,118,071)	(12,118,071)	-	(12,118,071)
Preferred Stock - voting		-	-	-	-	(50,027)	(50,027)	-	(50,027)
Preferred Stock - non-voting		-	-	-	-	(520,060)	(520,060)	-	(520,060)
Share-based compensation	29	-	-	325,160	-	-	325,160	-	325,160
Exercise of stock options	22.2	499	11,354	(4,300)	-	-	7,553	-	7,553
Issue of shares under share-based compensation plan	22.2	7,258	269,171	(276,429)	-	-	-	-	-
Forfeiture of stock option		-	-	(14,120)	-	9,884	(4,236)	-	(4,236)
Reclassification of accumulated share in an associate's other comprehensive income	22.6	-	-	-	1,101	(1,101)	-	-	-
Reclassification of fair value gain on investment in equity securities at FVOCI	22.6	-	-	-	(75,777)	75,777	-	-	-
Minority buyout from subsidiary		-	-	-	-	-	-	(536)	(536)
Non-controlling interest arising from business combination		-	-	-	-	-	-	96,018	96,018
As of December 31, 2019		P8,452,995	P36,808,776	P447,656	(1,766,610)	P37,169,604	P81,112,421	P134,576	P81,246,997

*(Forward)*



**Globe**

## **GLOBE TELECOM, INC. AND SUBSIDIARIES**

### **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the Year Ended December 31, 2018									
	Notes	Capital Stock (Note 22)	Additional Paid-in Capital	Cost of Share-Based Payments	Other Reserves (Note 22.6)	Retained Earnings	Total Equity Attributable to Parent	Non-controlling Interest	Total
<i>(In Thousand Pesos)</i>									
As of January 1, 2018, as previously stated		P8,438,404	P36,319,449	P401,543	(P352,375)	P21,708,003	P66,515,024	P42,713	P66,557,737
Adjustment on initial application of PFRS 15, net of tax	3.4	-	-	-	-	4,880,805	4,880,805	954	4,881,759
Adjustment on initial application of PFRS 9, net of tax	3.4	-	-	-	-	(5,581,683)	(5,581,683)	(4,843)	(5,586,526)
As of January 1, 2018, as restated		8,438,404	36,319,449	401,543	(352,375)	21,007,125	65,814,146	38,824	65,852,970
Total comprehensive income for the year		-	-	-	1,093,922	18,640,740	19,734,662	(14,797)	19,719,865
Dividends on:	22.3								
Common Stock		-	-	-	-	(12,104,579)	(12,104,579)	-	(12,104,579)
Preferred Stock – voting		-	-	-	-	(41,752)	(41,752)	-	(41,752)
Preferred Stock – non-voting		-	-	-	-	(520,060)	(520,060)	-	(520,060)
Share-based compensation	29	-	-	236,714	-	-	236,714	-	236,714
Issue of shares under share-based compensation plan	22.2	6,463	202,629	(208,221)	-	-	871	-	871
Exercise of stock options	22.2	371	6,173	(4,862)	-	-	1,682	-	1,682
Forfeiture of stock options		-	-	(7,829)	-	5,480	(2,349)	-	(2,349)
Reclassification remeasurement gains (losses) on defined benefit plans	22.6	-	-	-	(180,444)	180,444	-	-	-
Non-controlling interest arising from business combination		-	-	-	-	-	-	145	145
As of December 31, 2018		P8,445,238	P36,528,251	P417,345	P561,103	P27,167,398	P73,119,335	P24,172	P73,143,507
<i>Forward</i>									

*(Forward)*





# **GLOBE TELECOM, INC. AND SUBSIDIARIES** **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**



For the Year Ended December 31, 2017							
	Notes	Capital Stock (Note 22)	Additional Paid-in Capital	Cost of Share-Based Payments	Other Reserves (Note 22.6)	Retained Earnings	Total Equity Attributable to Parent
							Non-controlling Interest
							Total
<i>(In Thousand Pesos)</i>							
As of January 1, 2017		P8,430,504	P36,075,199	P584,586	(P1,072,925)	P19,422,402	P63,439,766
Total comprehensive income for the year	22.3	-	-	-	542,265	15,065,779	15,608,044
Dividends on:							
Common Stock		-	-	-	-	(12,091,736)	(12,091,736)
Preferred Stock – voting		-	-	-	-	(33,731)	(33,731)
Preferred Stock – non-voting		-	-	-	-	(520,060)	(520,060)
Share-based compensation	29	-	-	104,828	-	-	104,828
Issue of shares under share-based compensation plan		7,000	224,298	(231,298)	-	-	-
Exercise of stock options		900	19,952	(12,939)	-	-	7,913
Forfeiture of stock options		-	-	(43,634)	-	43,634	-
Reclassification remeasurement gains (losses) on defined benefit plans	22.6	-	-	-	178,285	(178,285)	-
Non-controlling interest adjustment arising from subscription		-	-	-	-	-	(223)
Non-controlling interest arising from business combination		-	-	-	-	-	(12,034)
As of December 31, 2017		P8,438,404	P36,319,449	P401,543	(P352,375)	P21,708,003	P66,515,024
							P42,713
							P66,557,737

See accompanying Notes to Consolidated Financial Statements.



## GLOBE TELECOM, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the Years Ended December 31		
	Notes	2019	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<i>(In Thousand Pesos)</i>		
Income before income tax		<b>P32,827,376</b>	<b>P27,613,316</b>	<b>P21,541,702</b>
Adjustments for:				
Depreciation and amortization	26	<b>34,143,541</b>	30,421,721	27,512,689
Impairment and other losses	28	<b>4,913,137</b>	4,787,644	5,423,366
Financing cost	27	<b>6,802,861</b>	6,195,225	5,251,692
Equity share in net losses of associates and joint ventures	15	<b>2,554,782</b>	1,249,603	846,177
Pension expense	29	<b>1,161,213</b>	593,326	621,316
Foreign exchange losses (gains) – net	24	<b>(848,394)</b>	900,430	(214,191)
(Gain) loss on derivative instruments	24	<b>809,540</b>	(1,004,171)	127,708
Interest income	23	<b>(500,437)</b>	(391,030)	(139,581)
Share-based compensation	29	<b>325,160</b>	236,714	104,828
Gain on disposal of investment in associate	15,24	<b>(240,000)</b>	-	-
Gain on disposal of property and equipment		<b>(43,012)</b>	(73,088)	(38,455)
(Gain) loss on settlement and remeasurement of ARO	20, 24	<b>(5,769)</b>	(27,894)	4,371
Gain on fair value of retained interest	15	<b>-</b>	-	(1,889,901)
Operating income before working capital changes		<b>81,899,998</b>	70,501,796	59,151,721
Changes in operating assets and liabilities:				
Decrease (Increase) in:				
Trade Receivables – net		<b>(2,424,629)</b>	(5,791,841)	(4,865,124)
Inventories and supplies		<b>(572,350)</b>	(1,990,025)	914,923
Contract Assets		<b>158,341</b>	(784,314)	-
Prepayments and other current assets		<b>(5,301,967)</b>	(2,327,349)	(3,386,918)
Other noncurrent assets		<b>(258,528)</b>	(147,569)	(1,177,991)
Increase (Decrease) in:				
Trade payables and accrued expenses		<b>6,715,399</b>	2,092,554	6,565,097
Other long-term liabilities		<b>(780,892)</b>	(1,127,092)	(1,717,582)
Contract Liabilities and deferred revenues		<b>697,416</b>	2,199,814	419,351
Cash generated from operations		<b>80,132,788</b>	62,625,974	55,903,477
Income taxes paid		<b>(6,090,569)</b>	(4,775,445)	(5,599,215)
Net cash flows from operating activities		<b>74,042,219</b>	57,850,529	50,304,262
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to:				
Property and equipment	11, 34	<b>(50,975,224)</b>	(42,768,194)	(42,121,307)
Investment in joint ventures	15	<b>(3,305,000)</b>	(111,200)	(12,234,212)
Intangible assets	12	<b>(48,532)</b>	(490,569)	(419,920)
Net cash outflow from acquisition of subsidiaries, net cash acquired	14	<b>(1,563,649)</b>	-	-
Collections of loans receivable from related party		<b>70,000</b>	180,000	243,780
Proceeds from sale of property and equipment		<b>101,463</b>	171,638	118,117
Interest received		<b>544,739</b>	352,302	145,234
Dividends received		<b>21,368</b>	13,852	93,258
Proceeds from disposal of an investment in equity securities		<b>124,056</b>	418	-
Net cash outflow from deconsolidation	15	<b>-</b>	-	(1,246,965)
Net cash flows used in investing activities		<b>(55,030,779)</b>	(42,651,753)	(55,422,015)

(Forward)


**GLOBE TELECOM, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

		For the Years Ended December 31		
	Notes	2019	2018	2017
(In Thousand Pesos)				
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings:				
Long-term		<b>P5,000,000</b>	<b>P24,156,000</b>	<b>P36,430,730</b>
Short-term		-	-	4,600,000
Repayments of borrowings:				
Long-term		<b>(16,745,816)</b>	(8,319,604)	(5,953,717)
Short-term		<b>(300,000)</b>	-	(9,100,000)
Payments of dividends to stockholders:	22.3			
Common		<b>(12,118,071)</b>	(12,104,579)	(12,091,736)
Preferred		<b>(570,087)</b>	(561,812)	(553,791)
Exercise of stock options		<b>7,553</b>	2,553	7,913
Payments of lease liabilities		<b>(1,298,341)</b>	-	-
Interest paid		<b>(7,232,591)</b>	(6,607,604)	(5,525,049)
Net cash provided by (used in) financing activities		<b>(33,257,353)</b>	(3,435,046)	7,814,350
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(14,245,913)</b>	11,763,730	2,696,597
<b>NET FOREIGN EXCHANGE DIFFERENCE ON CASH AND CASH EQUIVALENTS</b>		<b>(682,381)</b>	240,436	(107,229)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>		<b>23,226,386</b>	11,222,220	8,632,852
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	5	<b>P8,298,092</b>	<b>P23,226,386</b>	<b>P11,222,220</b>

See accompanying Notes to Consolidated Financial Statements.

# Glossary

<IR>	Integrated Reporting	CIO	Chief Information Officer
3G	Third Generation	CISO	Chief Information Security Officer
4G	Fourth Generation	CLSG	Corporate and Legal Services Group
5G	Fifth Generation	CO <sub>2</sub>	Carbon Dioxide
AC2E	Accelerated Cloud Cadetship Enablement	COBIT	Control Objectives for Information and related Technology
ACE	Accountability, Compliance, and Ethics	CoC	Code of Conduct
ACES	Asia Corporate Excellence & Sustainability	COLT	Cellsite-on-a-Light-Truck
ACGS	ASEAN Corporate Governance Scorecard	CORE	Collective Organization for Real Engagement
AHI	Adspark Holdings, Inc.	COSO	Commission of Sponsoring Organization of the Treadway Commission Framework
AI	Adspark Inc.	COW	Cellsite-on-Wheels
AI	Artificial Intelligence	CPADAO	Cebu Provincial Anti-Drug Abuse Office
AIDFI	Alternative Indigenous Development Foundation	CRE	Chief Risk Executive
APE	Annual Physical Exam	CRO	Chief Risk Officer
AOI	Articles of Incorporation	CSP	Communications Services Provider
ARPT	Audit and Related Party Transactions	CSO	Chief Strategy Officer
ARPU	Average Revenue Per Unit	CSO - Sustainability	Chief Sustainability Officer
ASM	Annual Stockholders' Meeting	CSR	Customer Social Responsibility
ASOC	Advanced Security Operations Center	CTIO	Chief Technology Information Officer
ASTICOM	Asticom Technology, Inc.	CWT	Creditable Withholding Tax
AVIA	Asia Video Industry Association	CX	Customer Experience
AWS	Amazon Web Services	DC	Direct Current
BB	Broadband	DENR	Department of Natural Resources
BB ART	Broadband Agile Release Train	DepEd	Department of Education
BCM	Business Continuity Management	DICT	Department of Information and Communications Technology
BFL	Busted Fluorescent Lamps	DILG	Department of the Interior and Local Government
BGC	Bonifacio Global City	DIS	Definitive Information Sheet / SEC Form 20-IS
BIOFIN	Biodiversity Finance Initiative	DIY	Do-It-Yourself
BOSH	Basic Occupational Safety and Health	DPO	Data Protection Officer
BRAD	Basic Request for Admin and Delivery	DOT	Department of Tourism
BROC	Board Risk Oversight Committee	DRP	Disaster Recovery Program
BTI	Bayan Telecommunications Inc.	DSP	Digital Service Provider
C2G	Coach2Grow	DTP	Digital Thumbprint Program
CA	Continuous Auditing	EBIT	Earnings Before Interest, Property and Equipment-related Gains and Losses and Income Taxes
CAE	Chief Audit Executive	EBITDA	Earnings Before Interests, Taxes, Depreciation and Amortization
CAP	Coalition Against Piracy	ECPAY	Electronic Commerce Payments, Inc.
CAPEX	Capital Expenditures	ECWT	electronic Creditable Withholding Tax
CBA	Collective Bargaining Agreement	ED	Executive Director
CBU	Collective Bargaining Unit	EERI	Evergreen Environmental Resources, Inc.
CCEO	Chief Customer Experience Officer	ERM	Enterprise Risk Management
CCO	Chief Commercial Officer	ERMD	Enterprise Risk Management Department
CDP	Carbon Disclosure Project	ERP	Enterprise Resource Planning
CEMSI	Cleanway Environmental Management Solutions, Inc.	ESC	Esports Center
CEO	Chief Executive Officer		
CFO	Chief Financial Officer		
CG	Corporate Governance		
CGPE	Channel Governance and People Excellence		
CHRO	Chief Human Resource Officer		
CIPM	Certified Information Privacy Manager		



ESG	Environmental, Social and Governance
E-waste	Electronic Waste
FINEX	Financial Executives of the Philippines
FOPM	First Oceanic Property Management Inc.
FOREX	Foreign Exchange
FPSI	Flipside Publishing Services, Inc
FWA	Flexible Work Arrangement
FY	Financial Year
GAH	Globe at Home
Gbps	Gigabits per Second
GCVHI	Globe Capital Venture Holdings Inc
GEF	Globe Environment Facility
GEN3	Globe Generation
GFI	Globe Fintech Innovations
GFM	Global Future Maker
GFS	Global Filipino School
GIEE	Globetel Internacional European España, S.L.
GHG	Greenhouse Gas
GOAT	Generators-on-a-Truck
GMI	Globe Mobilé Italy S.r.l.
GRI	Global Reporting Initiative
GSMA	GSM Association
GT	Globe Telecom
GTEU	Globetel European Limited
GTHK	Globe Telecom HK Limited
GTI	Global Telehealth, Inc.
GTIC	GTI Corporation
GTSG	Globetel Singapore Pte. Ltd
GU	Globe University
GWeN	Globe Whistleblower Network Facility Portal
HR	Human Resource
HRIS	Human Resource Information System
i-ACGR	Integrated Annual Corporate Governance Report
IA	Internal Audit
IAPP	International Association of Privacy Professionals
ICC	International Coastal Clean-Up
ICD	Institute of Corporate Directors
ICT	Information and Communications Technology
ID	Independent Director
IIA	Institute of Internal Auditors
IIRC	International Integrated Reporting Council
IMS	Integrated Management System
INNOVE	Innovate Communications, Inc
IoT	Internet of Things
IPD	Integrated Project Delivery

ISDP	Information Security and Data Privacy
ISG	Information Systems Group
ISO	International Organization for Standardization
ISR	International Simple Resale
IT	Information Technology
ITIL	Information Technology Infrastructure Library
KVI	Kickstart Ventures, Inc
kWh	Kilowatt-hour
LCM	Loss Control Management
LED	Light Emitting Diodes
LEED	Leadership in Energy and Environmental Design
LGU	Local Government Unit
LTE	Long Term Evolution
Mbps	Megabits Per Second
MCG	Manual of Corporate Governance
MHz	Megahertz
MIMO	Multiple In, Multiple Out
MNP	Mobile Number Portability
MNSP	Mobile Number Portability Service Provider
MSCI	Morgan Stanley Capital International
MSME	Micro, Small and Medium Enterprise
MwH	Megawatt hour
NA/DP	Navarro Amper & Co./Deloitte Philippines
NDRMMC	National Disaster Risk Reduction and Management Council
NED	Non-Executive Director
NGO	Non-Governmental Organization
NIAT	Net Income After Tax
NIB	Network-in-a-Box
NIST	National Institute of Standards and Technology
NLI	NDTN Land, Inc.
NPC	National Privacy Commission
NPS	Net Promoter Score
NSDCR	National Summit on Digital Citizenship and Responsibility
NSED	National Simultaneous Earthquake Drills
NTC	National Telecommunications Commission
OECD	Organisation for Economic Cooperation and Development
OHS	Occupational Health and Safety
OMMC	Oriental and Motolite Marketing Corporation
OPE	Out-of-Pocket Expenses
OPEX	Operating Expenses
OSHS	Occupational Safety and Health Standards
OTT	Over-the-Top Applications
OVP	Overseas Volunteering Program

P&L	Profit and Loss
PAW	Privacy Awareness Week
PCC	Philippine Competition Commission
PCCI	Philippine Chamber of Commerce and Industry
PDEA	Philippine Drug Enforcement Agency
PDEx	Philippine Dealing System Holdings
PDRF	Philippine Disaster Resiliency Foundation
PEX	Process Excellence Network
PFRS	Philippine Financial Reporting Standards
PI	Program Increment
PLC	Publicly Listed Companies
PMBOK	Project Management Body of Knowledge
PSE	Philippine Stock Exchange
PUE	Power Usage Effectiveness
QAIP	Quality Assurance Improvement Program
QAR	Quality Assurance Review
QR Code	Quick Response Code
RCPI	Radio Communications of the Philippines, Inc.
RM	Risk Management
ROAM	Risks, Opportunities, Assessment and Management
ROE	Return on Equity
ROI	Return on Investment
RPA	Robotics Process Automation
RPT	Related Party Transactions
S2G	Save2Grow
SAFe	Scaled Agile Framework
SASB	Sustainability Accounting Standards Board
SCOE	Supplier Code of Ethics
SDA	Simple, Digital, Agile
SDG	Sustainable Development Goal
SEAT	Special Emergency Action Team
SEC	Securities and Exchange Commission
SEED	Secure, Engage, Empower and Delight the Customer
Sky Internet	Sky Internet, Incorporated
SMPC	Semirara Mining and Power Corporation
SME	Small and Medium Enterprise
SMS	Short Message Service
SOC	Security Operations Center

SOCIOLYTICS	Socialytics Inc.
SOCO	Securing Our Customers Online
SEO	Search Engine Optimization
SQL	Structured Query Language
SUP	Single-Use Plastics
SROI	Social Return on Investment
SSCM	Sustainable Supply Chain Management
TAO	TaoDharma Inc.
tCO <sub>2</sub>	Carbon Dioxide Measure
tCO <sub>2</sub> e	Tons of carbon dioxide equivalent
TCFD	Task Force on Climate-related Financial Disclosures
Telicphil	Telecoms Infrastructure Corp. of the Philippines
TES-AMM	Total Environment Solutions – Asset Material Management Philippines
TGT	The Globe Tower
TM	Touch Mobile
ToR	Terms of Reference
TSD	Treatment, Storage, and Disposal
TGT	The Globe Tower
UKGT	UK Globetel Limited
UN	United Nations
UN OCHA	United Nations Office for the Coordination of Humanitarian Affairs
UNESCAP	United Nations Economic and Social Commission for the Asia and the Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNGC	UN Global Compact
UNSDGs	UN Sustainable Development Goals
USD	US Dollar
VAS	Value-Added Service
VCDC	Victor Consunji Development Corporation
VER	Verified Emission Reduction
VOIP	Voice Over Internet Protocol
VR	Virtual Reality
WASSUP	Wag Sa Single Use Plastic
WiFi	Wireless Fidelity
WWF	World Wide Fund for Nature
YoY	Year-on-Year

A list of common terms and acronyms used in the telecommunications sector may be accessed here:  
<https://www.globe.com.ph/about-us/investor-relations/glossary.html>

## Subsidiaries

### Innovate Communications, Inc.

The Globe Tower-Cebu  
Samar Loop corner Panay Road  
Cebu Business Park  
6000 Cebu City

### G-Xchange, Inc.

32nd Floor, Trade and Financial Tower  
32nd Street corner 7th Avenue  
Bonifacio Global City, Taguig  
Website: [www.globe.com.ph/gcash](http://www.globe.com.ph/gcash)

### Kickstart Ventures, Inc.

55 Paseo de Roxas Avenue  
Makati City  
Website: [www.kickstart.ph](http://www.kickstart.ph)

### Asticom Technology, Inc.

4th Floor, Globe Telecom Plaza 1  
Pioneer Street corner Madison Street  
Mandaluyong City

## Globe Directory

	Mobile	Landline
Talk2Globe	211	(02) 7 730-1000
Republika ng TM	808	(02) 7 730-1500
Platinum	188	(02) 7 730-1888
Sales	(02) 7 730-1010	(02) 7 730-1010
Globe myBusiness	1288	(02) 7 730-1288
Globe Business	2199	(02) 7 730-1999
AMAX	2629	1800-8-7398168
Roaming	(02) 7 730-1212	(02) 7 730-1212
Retention and Loyalty	211	(02) 7 730-1000
GCash	2882	(02) 7 213-999

## Affiliate

### Yondu

7th Floor, Panorama Tower  
34th Street corner Lane A  
Bonifacio Global City, Taguig City  
Website: [http:// www.yondu.com/](http://www.yondu.com/)

## Shareholder Services

For inquiries regarding dividend payments, change of address, account status, and lost /damaged stock certificates, please contact our stock transfer agent:  
Bank of The Philippine Islands (BPI)  
Stock Transfer Office  
16th Floor, BPI Building  
Ayala Avenue corner  
Paseo de Roxas Makati City  
Tel. (02) 8816-9067 / (02) 8816-9321  
Fax. (02) 8845-5515

## Corporate Information

### Head Office

Globe Telecom, Inc.  
The Globe Tower  
32nd St. corner 7th Avenue  
Bonifacio Global City, Taguig  
Trunkline: (02) 7730-2000  
Website: [www.globe.com.ph](http://www.globe.com.ph)  
Office of Corporate Secretary  
28th Floor, The Globe Tower  
32nd St. corner 7th Avenue  
Bonifacio Global City, Taguig  
Email: [corporatesecretary@globe.com.ph](mailto:corporatesecretary@globe.com.ph)

### Investor Relations

10th Floor, The Globe Tower  
32nd St. corner 7th Avenue  
Bonifacio Global City, Taguig  
Email: [ir@globe.com.ph](mailto:ir@globe.com.ph)

### Corporate Communications

26th Floor, The Globe Tower  
32nd St. corner 7th Avenue  
Bonifacio Global City, Taguig  
Email: [gtdcorpcomm@globe.com.ph](mailto:gtdcorpcomm@globe.com.ph)

### Stock Trading Information

Globe Telecom is listed on the  
Philippine Stock Exchange.  
Ticker Symbol: GLO

For further information regarding this Integrated Report, please contact:

### MARIA YOLANDA C. CRISANTO, APR

Senior Vice President, Corporate Communications / Chief Sustainability Officer  
Email: [gtdcorpcomm@globe.com.ph](mailto:gtdcorpcomm@globe.com.ph)



You may access and download this Integrated Report through this QR Code.

Meanwhile, Globe's 2019 Audited Consolidated Financial Statements released and filed to relevant regulators on February 27, 2020, may be accessed from [www.globe.com.ph](http://www.globe.com.ph).

For further information regarding this Integrated Report, please contact [ir@globe.com.ph](mailto:ir@globe.com.ph) or [gtcorpcomm@globe.com.ph](mailto:gtcorpcomm@globe.com.ph).





# Globe

THE GLOBE TOWER

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