



Globe

**Transforming**  
lives with digital  
solutions and  
uplifting customers  
with compassion,  
care, and kindness.

INTEGRATED REPORT 2021





You may access and download the 2021 Integrated Report through the QR Code.

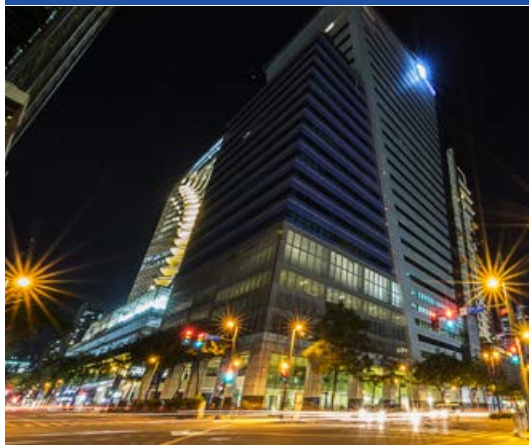
The 2021 Audited Consolidated Financial Statements as filed with relevant regulators on February 28, 2022, are accessible at [www.globe.com.ph](http://www.globe.com.ph)

For further information regarding the 2021 Integrated Report, please contact [ir@globe.com.ph](mailto:ir@globe.com.ph) or [gtdcorpcomm@globe.com.ph](mailto:gtdcorpcomm@globe.com.ph)





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# ABOUT THIS REPORT

Taking further steps to continuously improve from 2020, Globe is proud to present the 2021 Integrated Report. This report is aligned with the International Integrated Reporting Council (IIRC) Framework providing a detailed and comprehensive approach to Globe's value creation process with strategic composition of financial and non-financial disclosures.

Through this Integrated Report, the company aims to expand the stakeholders understanding of how it contributes to addressing the relevant issues and major challenges in today's society by winning back the hearts of the customers, helping businesses serve their own customers better and grow again – even as uncertainties continued to engulf not just our country but the whole world. This report showcases the company's use and impact on six capitals as well as its performance in relation to its strategy, in line with its vision, helping to elevate the lives of the Filipino people through digital enablement.

## Integrated Thinking

As Globe redefined and standardized its business approach, integrated thinking forms an essential component to the company's business strategy, enterprise risk management, corporate governance and internal controls. In adopting this concept, the company strengthened relationships with its stakeholders, revamp internal processes and further enhanced the long-term value of creating a Globe of Good to achieve a sustainable business operation. This aspect of integrated thinking has been further discussed across Globe's strategy and 6 <IR> capitals.

## Reporting Frameworks

Globe's 2021 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 (UN SDGs)
- The United Nations Global Compact Principles (UNGC)
- The ASEAN Corporate Governance Scorecard (ACGS) principles

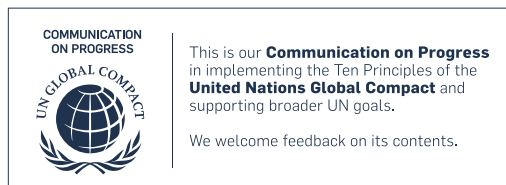


- The Securities and Exchange Commission (SEC) recommendations
  - » Integrated Annual Corporate Governance Report (i-ACGR)
  - » Sustainability Reporting Guidelines

## Report Boundary and Scope

This report is an extension of 2020's Integrated Report duly updated and published annually. This report covers the business activities of Globe and its affiliates. The report reviews Globe's operational and governance performance, strategy, business model, risks and opportunities, application of the <IR> content elements, guiding principles and six capitals for the financial year January 1, 2021 to December 31, 2021. This report, together with the company, is committed to integrity and consistency hence no material misstatements and changes of reporting as from the 2020 report. Financial and Non-Financial Data are covered for the company's operations and subsidiaries with 100% ownership. Globe's 2021 Audited Annual / Consolidated Financial Statements released and filed to relevant regulators on February 28, 2022 can be accessed from [www.globe.com.ph](http://www.globe.com.ph).





### Third Party Assurance and Disclaimer

Globe's Integrated Report 2021 has undergone third-party external assurance conducted by DNV. Isla Lipana & Co./PricewaterhouseCoopers Philippines (IL/PwC) 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. The following documents can be found on the Statutory Reports section of the Integrated Report:

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

### 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 Telecom for the reporting year 2021.

### Forward Looking Statements

This report which sets out the annual results for Globe for the year ended December 31, 2021 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 are 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 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.

### Feedback

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



# **BUSINESS OVERVIEW**





# ABOUT GLOBE TELECOM, INC.

Globe Telecom, Inc. (“Globe” or the “company”) is a leading digital platform in the Philippines, with major interests in telecommunications, financial technology, digital marketing solutions, venture capital funding for startups, entertainment, and virtual healthcare. 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 is listed on the Philippine Stock Exchange under the ticker symbol GLO.

Globe is supported by over 8,200 employees and nearly one million AutoloadMax (AMAX) retailers, distributors, and business partners nationwide. The company currently has 86.8 million mobile subscribers (including fully mobile broadband), and 3.7 million Home Broadband customers. Globe keeps Filipinos connected through its tie-up with 781 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 uphold the 10 principles on Human Rights, Labour, Environment and Anti-Corruption.

The Globe Group is composed of Globe Telecom, Inc. and its subsidiaries, such as Innove Communications, Inc., GTI Business Holdings, Inc. (GTI) and its subsidiaries, Kickstart Ventures, Inc. (Kickstart) and its subsidiary, Asticom Technology, Inc. (Asticom), Globe Capital Venture Holdings Inc. (GCVHI) and its subsidiaries, Bayan Telecommunications, Inc. (Bayan) and its subsidiaries, TaoDharma Inc. (Tao), GTowers Inc., Yondu Inc., and EC Pay.

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.



*Globe At Home booth activation at Primark Center Rosario, Cavite.*



## 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 and 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 PHILOSOPHY

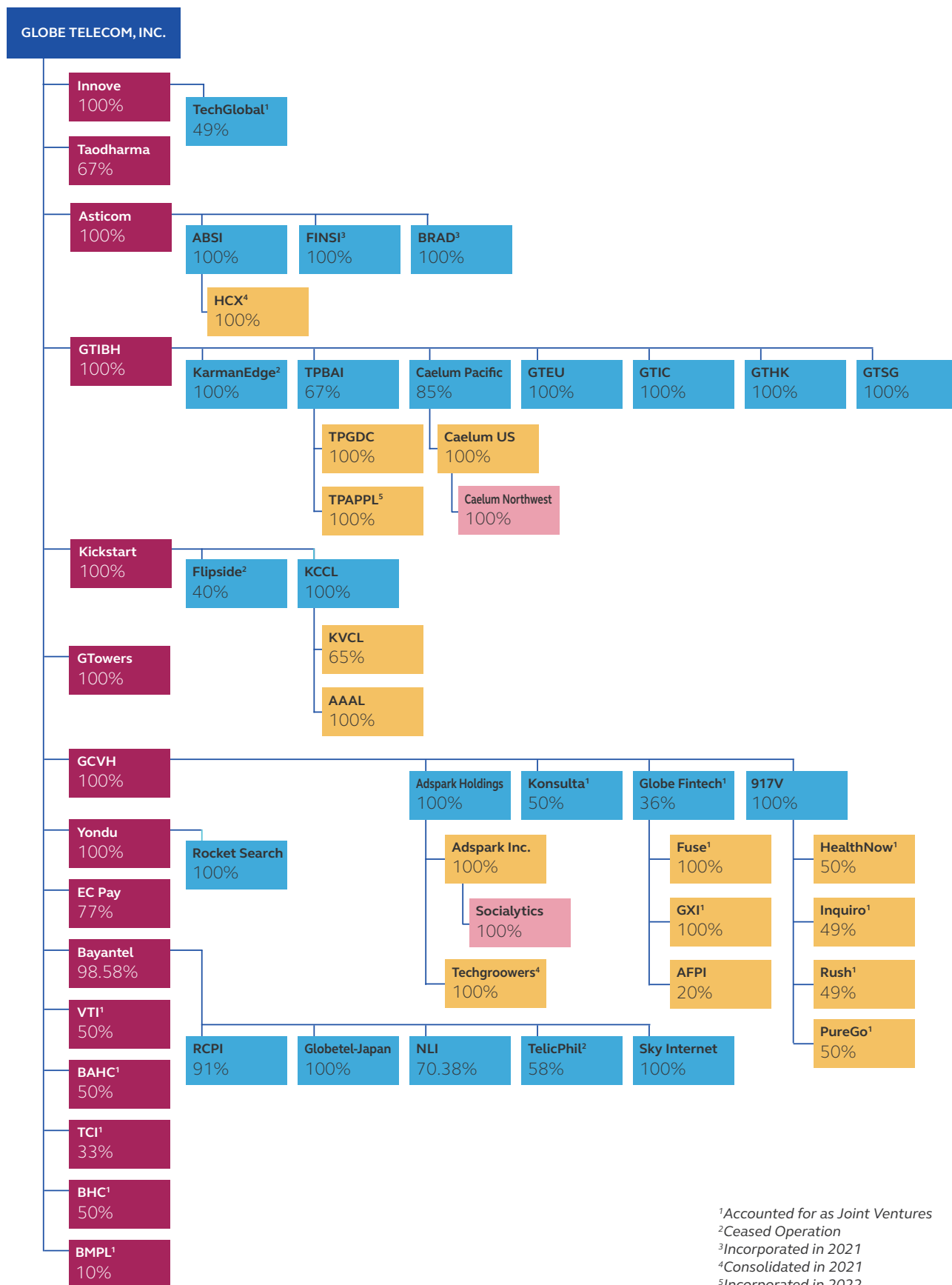
EMPLOYEES are empowered and find meaning in work.

CUSTOMERS are special and valued.

SHAREHOLDERS are confident and rewarded.



# CONGLOMERATE MAP





Name of Subsidiary	Place of Incorporation	Principal Activity	Percentage of Ownership	
			2021	2020
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 distribution company	100%	100%
GTSG	Singapore	Wireless and data communication services	100%	100%
GTEU	United Kingdom	Holding company	100%	100%
TPBAI	Philippines	Data management services	67%	67%
TPGDC	Philippines	Support and shared services provider	100%	100%
TPAPPL <sup>4</sup>	Singapore	Data management services	100%	-
CaelumPacific	Philippines	Technical consulting and IT related services	85%	100%
Caelum US	United States	Holding company	100%	100%
Caelum Northwest	United States	Cloud software development and consulting services	100%	100%
KarmanEdge <sup>2</sup>	Philippines	Data center management	100%	-
KVI	Philippines	Venture capital company	100%	100%
FPSI <sup>1</sup>	Philippines	E-book solutions	40%	40%
KCCL	Cayman Islands	Management of capital investment funds	100%	100%
KVCL	Cayman Islands	Management of capital investment funds	65%	65%
AAAL	Cayman Islands	Management of capital investment funds	100%	100%
Asticom	Philippines	Support and shared services provider	100%	100%
ABSI	Philippines	Support and shared services provider	100%	100%
HCX <sup>3</sup>	Philippines	Human capital management services	100%	-
FINSI <sup>2</sup>	Philippines	Philippines Support and industry specific solutions	100%	-
BRAD <sup>2</sup>	Philippines	Warehouse and logistics	100%	-
GCVHI	Philippines	Holding company	100%	100%
917V	Philippines	Venture capital company	100%	100%
AHI	Philippines	Holding company	100%	100%
AI	Philippines	Advertising company	100%	100%
Socialytics	Philippines	Advertising company	100%	100%
Techgroowers <sup>3</sup>	Philippines	Data and software related services	100%	-
BTI	Philippines	Wireline voice and data communication services	99%	99%
RCPI	Philippines	Wireline communication services	91%	91%
Telicphil <sup>1</sup>	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%
GTowers Inc.	Philippines	Tower company	100%	100%
Yondu	Philippines	Information technology and software development	100%	100%
Rocket Search	Philippines	Information technology and software development	100%	100%
EC Pay	Philippines	Information technology and electronic services	77%	77%

<sup>1</sup>Ceased operations<sup>2</sup>Incorporated in 2021<sup>3</sup>Consolidated in 2021<sup>4</sup>Incorporated in 2022

# 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



Affiliates

Innove Communications, Inc. (Innove)  
TaoDharma, Inc. (Tao)  
Asticom Technology, Inc.  
GTI Business Holdings, Inc. (GTI)  
Kickstart Ventures, Inc. (Kickstart)  
GTowers, Inc. (GTowers)  
Globe Capital Venture Holdings, Inc. (GCVHI)  
Yondu, Inc.  
Electronic Commerce Payments, Inc. (ECPay)  
Bayan Telecommunications, Inc. (Bayan)

## Customers



86.8 million  
mobile customers

3.7 million  
home broadband customers

1.3 million  
landline subscribers

## Employees



Over 8,200  
Globe employees

## Vendor Partners



887  
local  
vendors

152  
international  
vendors

## Partners



Nearly 1 million  
AMAX retailers

## Globe Stores

AYALA CENTRIO CDO  
CDO LIMKETKAI  
VALENCIA

SM CDO  
PD GINGOOG MISAMIS ORIENTAL  
PD MALAYBALAY, BUKIDNON  
PD SM CDO PREMIER  
SM BUTUAN  
PD SAN FRANCISCO  
PD TANDAG  
PD SURIGAO  
OZAMIS  
GAISANO ILIGAN  
PAGADIAN  
ZAMBOANGA  
PD DIPOLOG  
PD OROQUIETA  
PD ZAMBOANGA  
PD SINDANGAN  
DAVAO ABREEZA  
TAGUM  
SM DAVAO  
SM LANANG  
PD MATI  
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 ROXAS ISABELA  
PD SOLANO  
PD SM CAUAYAN  
PACIFIC MALL CABANATUAN  
SM TELABASTAGAN  
SM CABANATUAN  
SM CLARK  
SM SAN FERNANDO  
SM PAMPANGA  
WALTERMART GAPAN  
PD MARQUEE MALL  
PD BALER, AURORA  
CANDON  
VIGAN  
PUREGOLD LAOAG  
SM BAGUIO  
PD LA TRINIDAD  
DAGUPAN  
SAN FERNANDO, LA UNION  
SM ROSALES  
SM URDANETA  
PD AGOO

HARBORPOINT  
SM OLONGAPO  
SM OLONGAPO CENTRAL  
SM TARLAC  
PD IBA ZAMBALES  
PD BALANGA BATAAN  
SM BALIUAG  
SM MARILAO  
PD GRACELAND MALOLOS  
PD SM SAN JOSE DEL MONTE  
PD STARMALL SAN JOSE DEL MONTE  
PD PLARIDEL  
PD STA. MARIA  
FAIRVIEW  
TERRACES AYALA  
SM FAIRVIEW  
SM NOVALICHES  
SM VALENZUELA  
PD ROBINSONS TOWN MALL MALABON  
PD SM CENTER SANGANDAAN  
ALI MALL  
EASTWOOD MALL  
GATEWAY  
SM NORTH EDSA  
TRINOMA  
UP TOWN KATIPUNAN  
PD CONGRESSIONAL AVE QC  
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  
GREENHILLS  
ROBINSONS GALLERIA  
SHANGRI-LA  
SM EAST ORTIGAS  
SM MARIKINA  
SM MEGAMALL  
AYALA 30TH  
PD LUCKY GOLD  
PD STA. LUCIA  
ALABANG TOWN CENTER  
FESTIVAL SUPERMALL  
SM SOUTHMALL  
PD SM CENTER LAS PINAS  
GLORIETTA  
GREENBELT 4  
ROCKWELL  
TOWER ONE  
PD CASH & CARRY  
AYALA MANILA BAY  
SM BF HOMES  
SM BICUTAN  
SM SUCAT

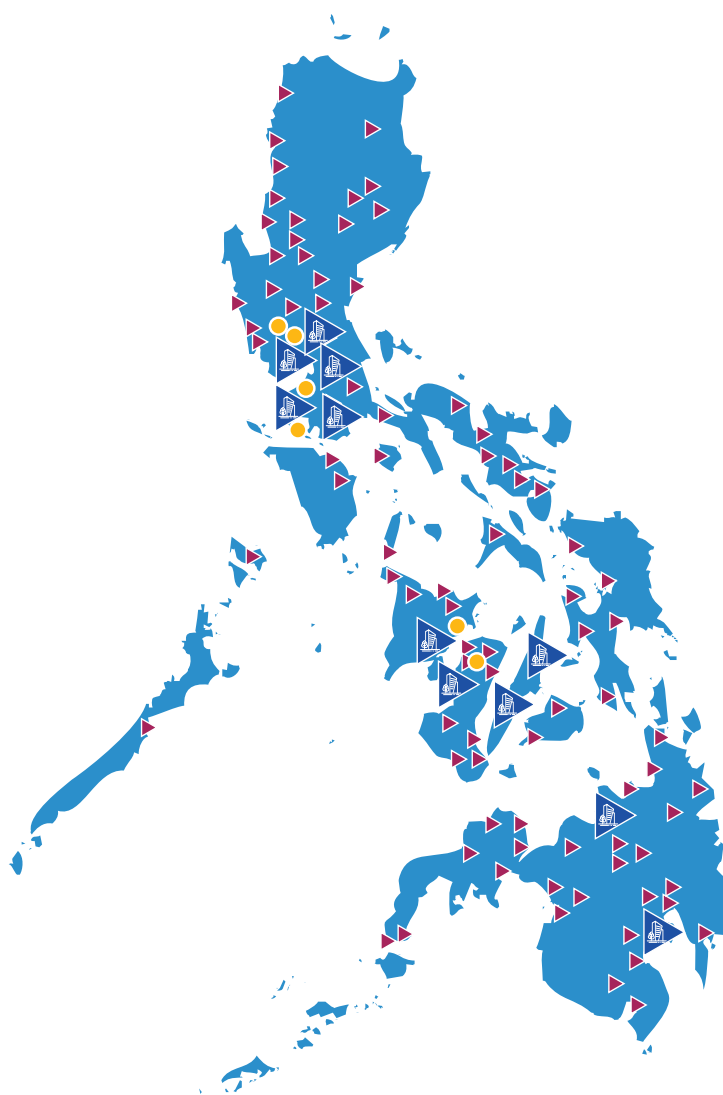


## Corporate Offices



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

Globe Stores  
 Globe EasyHub  
 Globe Corporate Offices



PUERTO PRINCESA  
 SM MALL OF ASIA  
 PD CORON PALAWAN  
 BINONDO  
 ROBINSONS PLACE MANILA  
 SM SAN LAZARO  
 SM STA. MESA  
 SM MANILA  
 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  
 CENTRAL MALL CAVITE  
 SM DASMARINAS  
 PD SERIN TAGAYTAY  
 PD WALTERMART CARMONA  
 SM BACOR  
 SM ROSARIO  
 SM MOLINO  
 AYALA IMUS  
 PD SM TRECE MARTIRES

LEMERY  
 SM BATANGAS  
 SM LIPA  
 PD NASUGBU BATANGAS  
 PD TANAUAN  
 PINAMALAYAN  
 CALAPAN  
 SM LUCENA  
 PD BOAC MARINDUQUE  
 AYALA LEGAZPI  
 SM LEGAZPI  
 SM NAGA  
 PD TUGBO MASBATE  
 PD LIGAO ALBAY  
 PD SORSOGON  
 J.CENTER MANDAUE  
 SM CONSOLACION  
 PD BOGO  
 PD GAISANO CARCAR  
 PD ICM LAPU-LAPU  
 PD PARK MALL CEBU  
 AYALA CENTER CEBU  
 GAISANO TABUNOK  
 SM CEBU  
 SM SEASIDE CEBU  
 PD ROBINSONS CYBERGATE CEBU  
 PD ROBINSONS GALLERIA CEBU  
 CATBALOGAN  
 CALBAYOG

MAASIN  
 TACLOBAN  
 PD ORMOG  
 PD NAVAL  
 LOPUES EAST  
 ROBINSONS BACOLOD  
 SM BACOLOD  
 PD GAISANO SAN CARLOS,  
 NEGROS OCC  
 PD CADIZ NEGROS OCC  
 PD LA CARLOTA, NEGROS OCC  
 ISLAND CITY MALL  
 DUMAGUETE  
 PD KABANKALAN NEGROS OCC  
 PD TANJAY  
 PD BAYAWAN  
 BORACAY (DMALL)  
 ROBINSONS ROXAS  
 SM ILOILO  
 SM DELGADO  
 PD SAN JOSE, ANTIQUE  
 PD PASSI ILOILO  
 PD GAISANO ROXAS  
 PD KALIBO  
 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

## Globe EasyHub

AYALA MANILA BAY  
 SM MANILA  
 SM SAN FERNANDO  
 SM OLONGAPO CENTRAL  
 VALENZUELA TOWN CENTER  
 AYALA 30TH  
 ROBINSONS MALABON  
 ROBINSONS BACOLOD  
 UP TOWN KATIPUNAN  
 EASTWOOD  
 SM DELGADO

# GLOBE 5G ROAMING SERVICE



AUSTRALIA	Vodafone
BELGIUM	Proximus
BULGARIA	Vivacom
CANADA	Telus and Bell
CHINA	China Mobile
CZECH REPUBLIC	O2
DENMARK	Telia Company
ESTONIA	Telia Company
FINLAND	Telia Company
GERMANY	Vodafone
GREECE	Cosmote
HONG KONG	CSL
INDONESIA	Telkomsel
IRELAND	Meteor and Vodafone
ISRAEL	Pelephone
ITALY	TIM
JAPAN	Softbank
KUWAIT	Ooredoo
LUXEMBOURG	Tango
NORWAY	Telia Company
OMAN	Omantel
PORTUGAL	NOS
QATAR	Ooredoo
SAUDI ARABIA	STC
SINGAPORE	Singtel
SLOVAKIA	O2
SOUTH KOREA	SKT
SPAIN	Telefonica
SWEDEN	Telia Company
SWITZERLAND	Swisscom
TAIWAN	Taiwan Mobile
THAILAND	AIS Thailand
TURKEY	Turkcell
UAE	Du
UNITED KINGDOM	Vodafone
USA	AT&T
VIETNAM	Viettel





# 2021 KEY MILESTONES

## ECONOMIC

**P151.5 billion**



Gross service revenue for 2021 reached to P151.5 billion (4% YoY).

**P23.7 billion**



Net income for 2021

**P14.4 billion**



Dividend payment to common shareholders

**86.8 million**



Total mobile subscriber base

**77.8 billion**

Mobile data Revenue

**29.4 billion**



Home broadband Revenue

**1.4 million**



Installed FTTH lines for 2021, surpassing the revised target for 2021

**1,407 Cell Sites**



New cell sites built in 2021 totaled to 1,407 which includes both 4G/LTE

**96% of NCR & 84% of VisMin key cities**



Expansion of 5G outdoor coverage network through installation of over 2,000 5G sites nationwide

## ENVIRONMENT

**1st PH Publicly-Listed Company**

Committed to set science-based targets through the Science Based Target Initiative

**B Rating**

Increased CDP (formerly Carbon Disclosure Project) rating from B- in 2020



**49,765.95 tons CO<sub>2</sub>e**

Total scope 1 emissions from fuel consumption of gensets and fleet vehicles

**522,939.08 tons CO<sub>2</sub>e**



Total scope 2 emissions from electricity consumption of corporate offices, network facilities, and cell sites

**1.6 million tons**



Total e-waste disposed through E-Waste Zero since 2014

**8,500+ Green Solutions**



Total deployed green alternatives to traditional equipment

**13 key facilities**



Total number of high-energy utilization sites running on 100% renewable energy through Power Purchase Agreements (PPA)

**785.88 tons**

Paper saved from 49.1M customers enrolled to paperless billing



## SOCIAL

### 8,285 employees



The total number of employees comprises 55% of male employees and 45% of female employees

### 99.7% of workforce



Total percentage of workforces' population (8,255 employees) who trained and completed Globe University Courses in 2021.

### Zero (0) Incidents

No incidents of non-disabling and disabling work-related injury or accidents in 2021

### 38



Achieved in 2021 the highest overall Transactional Net Promoter Score in six (6) years.

### 12,368 URLs/domains

Total number of blocked URLs/domains by Globe and its partners that showcased incidents of OSAEC, promoting illegal drugs, phishing, gambling, and pirated content.

### 700 individuals and 289 teams



Total participants in the first-ever 5G Hackathon which focused on healthcare services and proper food waste management for businesses

### 68,500+



Equipped over 68,500 public school teachers and students nationwide since the onset of the pandemic

### 221,123 students & 5,649 teachers

Supported students and teachers through connectivity in partnership with Ayala Foundation and Globe Rewards

### 100+



National Housing Authority resettlement sites deployed with KonekTayo WiFi



### P1.2 billion

Reeled in P1.2 billion revenues, 50% above target



### P2.5 billion

Generated P2.5 billion revenues



### 300+ vetted ideas

Vetted over 300 ideas both from internal and external



### 3.8 million

Rush has over 3.8 million registered users



### 15,000-20,000

Medicine delivery orders



### 2 products

Developed Inqui Audience Builder and A2P API



### P119 million

Collected P119 million Gross Merchandise Value



### 1,000,000+

KonsultaMD has over one (1) million members



### \$245 million

Amassed \$245 million aggregate assets



### 15 million

Daily Transactions are now up to 15 million

## GOVERNANCE

**Industry Champion of the Year and Asia's Best Workplace of the Year** by the Asia Corporate Excellence & Sustainability Awards

**Supplier Code of Ethics (SCOE)** to standardize quality and business integrity for vendors and partners on labor, health and safety, environment, governance, and ethics.



# 2021 AT A GLANCE

## FIVE-YEAR FINANCIAL HIGHLIGHTS

Globe Telecom, Inc.	2017	2018	2019	2020	2021
Gross Service Revenues (in Billion Pesos)	127.906	132.875	149.010	146.388	151.514
EBITDA (in Billion Pesos)	53.326	65.127	76.031	73.512	74.922
Net Income After Tax (in Billion Pesos)	15.084	18.626	22.284	18.623	23.724
Return on Equity (in %)	23.2	26.7	28.9	22.7	24.1
CAPEX (in Billion Pesos)	42.451	43.259	51.024	60.302	92.808
Dividend Payment to Common Shareholders (in Billion Pesos)	12.092	12.105	12.118	14.403	14.426
Market Capitalization (in Billion Pesos)	252.542	252.801	269.081	270.868	443.883

## CAPEX TO REVENUE RATIO

	2017	2018	2019	2020	2021
CAPEX (in Billion Pesos)	42.451	43.259	51.024	60.302	92.808
Revenue (in Billion Pesos)	127.906	132.875	149.010	146.388	151.514
CAPEX to Revenue ratio	33.3%	32.6%	34.2%	41.2%	61.3%

## 2022 CONSOLIDATED OUTLOOK

Service Revenue	Low to mid single digit growth
EBITDA Margin	~50%
CAPEX	₱89 billion / US\$1.7 billion
Cost Considerations	<ul style="list-style-type: none"> <li>Upswing in depreciation charges due to elevated level of CAPEX spending</li> <li>Higher interest charges from additional debt</li> </ul>

## ECONOMIC

### Financials

- ₱74.9 billion EBITDA (2% YoY)
- 61.3% CAPEX to Revenue Ratio
- 14.4 billion Dividend Payment to Common Shareholders
- 24.1% Return on Equity
- 69% Shareholder Return<sup>1</sup>

### Customers

- 84,287,795 Prepaid customers
- 3,685,914 Home Broadband customers

### Network and IT Infrastructure

- New Cell Sites put up in 2021:1,407
- Data Center Operational Excellence
  - » ISO 9001 Certification
  - » ISO 27001 Certification
  - » ISO 20000-1 Certification
  - » Payment Card Industry Data Security Standard (PCI DSS)

### Supply Chain

- ₱77.5 billion Business to local suppliers
- 887 Local suppliers
- 152 Foreign suppliers

### Subsidiaries

#### 917Ventures

- 300+ ideas vetted; 20 ideas funded; 10 ventures funded
- 6 ventures spun-off into companies
- 9 portfolio companies under management
- Vetted over 300 ideas both from internal and external

#### AdSpark

- Clinched contracts with 50++ high value clients
- Reeled in ₱1.2 billion revenues, 50% above target

#### HealthNow

- 800,000 customers
- 15-20 thousand medicine delivery orders
- Successfully rolled out Medicine Delivery service nationwide which catapulted transactions in 2nd half of 2022

#### KonsultaMD

- Over 1 million members
- 50,000 retail outlets nationwide
- Partner with over 60 brands
- Expanded the service to serve the healthcare needs of a user base that grew 168%
- Clocked in 318% more consultations
- Professionally administered by 375% more doctors on the platform
- Driving 140% more revenues for the business

#### GCash

- 55 million registered users and over 4.5 million Merchants and Social Sellers
- Only tech unicorn in the Philippines, a double unicorn at that, after closing a new funding round with new and current investors
- Active users using the app more than 2.5x daily

- Daily Logins have peaked at 23 million
- Daily Transactions are now up to 15 million

### PureGo

- Launched the app last October 2021
- Closed ~42,000 orders over GLife
- Collected ₱119 million Gross Merchandise Value
- Expanded coverage via additional fulfillment sites – 12 stores, 1 warehouse
- Picker App was launched in September 2021
- Launched 1st dark store (warehouse) in June, now in 13 stores covering Metro Manila and Rizal, Bulacan and Cavite

### RUSH

- 3.8 million registered users
- 78 merchant partners

### iNQUIRO

- Developed 2 products (Inquiro Audience Builder and A2P API)
- Officially launched the Audience Builder in November 2021

### Kickstart Ventures

- Made a total of six (6) new investments, four (4) of these made through the ACTIVE Fund
- 53 portfolio companies
- Support 107 founders in innovation hubs around the world
- Amassed \$245 million aggregate assets

### Asticom Technology, Inc.

- Supported 800 new projects, serving 50 new clients
- Generated ₱2.5 billion revenues
- Provided livelihood to 4,500 employees
- Serves more than 120 clients from all over the country

<sup>1</sup> Based on beginning share price of 2,030 as of December 29, 2020 and closing share price of 3,322 as of December 31, 2021.

More information can be found in the Financial Capital sections of this report (refer to pages 108-115).



GCash, the country's largest mobile e-wallet service, continues to expand its digital ecosystem as it now has over 55 million registered users across the Philippines. This translates to around 70% of Filipino adults who have a GCash account.

## ENVIRONMENT

### Enterprise-wide ISO 14001:2015 for Environmental Management System (EMS)

#### Energy

- 728.901 million kWh electricity consumption for 2021
- 2.624 million GJ net energy consumption for 2021
- 17.673 million L fuel consumption for 2021
  - » Deployment of 8,500 Green Solutions in cell sites
  - » Shifted 13 high energy utilization sites to renewable energy through Power Purchase Agreements (PPA) with Retail Electricity Suppliers (RES)
- First (1st) Publicly Listed Company in the Philippines to commit to SBTi
- Commitment to the Task force on Climate-Related Financial Disclosure (TCFD)
- Commitment to UN Race to Zero campaign
  - » Total GHG Emissions: 572,502.12 tons CO<sub>2</sub>e

#### Customer Engagement

- Extended its efforts towards environmental conservation. Brief insights:
  - » 1 million trees were planted through GForest as of 2021
  - » Reducing plastic and paper consumption by encouraging customers to adopt e-sim cards and e-billing.

### Environmental Management

- Disposed 260.61 tons of hazardous wastes and 86.11 tons of non-hazardous wastes.
- Adherence with the requirements of:
  - » Republic Act No. 9003, otherwise known as Solid Waste Management Act of 2020
  - » Republic Act No. 6969, otherwise known as Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990
- Insights on other waste management initiatives:
  - » Globe's E-waste Zero Program
  - » WasSup (*Wag Sa Single Use Plastic*)
  - » Recycling facilities (in partnership with DENR and UNIDO)
  - » E-waste awareness

### Water Management

- Rainwater collection and water recycling system in the corporate headquarters
- Reduced water consumption by 34,213.98 m<sup>3</sup>

More information can be found in the Natural Capital section of this report (refer to pages 176-189).



Globe marked another milestone with its inclusion in the distinguished FTSE4Good Index Series for the sixth consecutive year. This proved Globe's unwavering commitment to environmental, social, and governance (ESG) practices aligned with global benchmarks.



## SOCIAL

### Workforce

- 8,285 employees (55% male, 45% female)
- Collective Bargaining Agreement, 2016-2021 (3.3% of workforce covered by CBA)
- Employee benefits:
  - » Personal Accident Policy
  - » Life Insurance
  - » Disability and Invalidity coverage
  - » Health Insurance Policy
  - » Retirement Provision
  - » Parental leave
  - » Support to employees returning from parental leave
  - » Mom's room (Lactation Room)
  - » Extension of benefits to dependents of employees from LGBTQ+ community

### Adoption of the 3E's (Engaged, Enabled, & Energized)

#### Employee Engagement

- Engaged (Connecting with people at all levels)
  - » The Good Vibes Club
  - » #WOWOL or Work Out Work Out Lang ("Just Exercising")
  - » Wanda
  - » Keeping an active internal communication
- Enabled (Enhancing workforce productivity through digital enablement)
  - » DANI (Device Anomaly Investigator)
  - » EVA (Employee Virtual Assistant)
  - » Ally Bot
  - » WOW from Home
- Energized (Focusing on employee well-being)
  - » DUDE (Digital Usher for Disasters and Emergencies)
  - » MindNation
  - » HopeChat
  - » Virtual Psychologists

#### Human Rights

- Signatory of United Nations Global Compact (UNGC)
  - » Committed to preventing and eradicating any form of discrimination
- Compliance with Republic Act No. 7610, otherwise known as the Special Protection of Children Against Child Abuse, Exploitation, and Discrimination Act

#### Learning and Development

- ₱63 million investment for the learning and development of employees
  - » Allocated ₱8.3 million for Newton
- Practicing Everyday Leadership - done in six (6) key behaviors in Globe's employees performance and development strategy
- Employee Growth through Globe University
- Engaging Conversation Hour (ECHO) - in promotion of healthy conversation at all management levels
- Newton - Online learning platform launched by Globe University
  - » Expansion of online course portfolio from 3,800 in 2020 to 8,000 in 2021

- » 8,152 unique employees who completed an E-course
- » Heightened level of interest in employees taking up E-courses to 98%
- » 326,508 E-courses completed
- » Average of 40 E-courses were completed per employee
- » 5,601 Unique E-courses
- » Average of 24 E-courses completed per employee

### Occupational Health and Safety

- Implementation of workplace safety controls under Republic Act No. 11058 - An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations
- Enterprise-wide ISO 45001 Occupational Health and Safety Management System recertification in 2021
- Identification of work-related hazards and risk assessment:
  - » Hazard Identification, Risk Assessment and Control (HIRAC)
  - » Safety, Health and Environmental Committee (SHE)
  - » Integrated Management System Committee
- Devising and implementing safety linked protocols and guidelines
- OHS Audits - annual internal audit to confirm the alignment of practices with the guidelines and protocols laid out by the company.
- OHS certification and Training
- Implemented Health and Safety Policy

### Business Continuity Management

- Enterprise-wide ISO 22301 for Business Continuity Management System
- Collaborated with the National Disaster Risk Reduction and Management Council (NDRRMC) to send out geo-tagged disaster-related SMS alerts and cell broadcasts
- Released internal advisories based on monitoring of disasters such as typhoons, earthquakes, and volcanoes.

More information can be found in the Human Capital section of this report (refer to pages 142-157).



Globe and partners extended connectivity tools, in-kind assistance to 500 Tondo Medical Center frontliners

## COMMUNITY

### #AlangangGlobe campaign

#### Providing customers the best experiences and services:

- Raising awareness to avoid being victimized by fraudsters
- Provided platforms for start-ups to learn and accelerate growth
- Network expansion and accelerated rollout of 5G
- Enhanced customer experience:
  - » GlobeOne and Globe At Home Apps
  - » Hotline Digital Assistant
  - » Social media channels
  - » EasyHub
- Implemented Sagot Kita program - employee enablement to resolve their families and friends' network concerns

#### Implementing programs and initiatives to prioritize healthcare:

- KonsultaMD - 140% revenue growth in 2021 with over 1 million members
- Healthnow - processes 15,000 - 20,000 medicine delivery orders daily
- Free medical coverage to Home Prepaid WiFi and postpaid broadband customers
- COVIDShield - COVID-19 vaccination program of Ayala Group through HealthNow
- Donation feature on GlobeOne and encouraged customers to donate their Globe Rewards to support frontliners
- #PlantHappinessPH - mental health campaign

#### Supporting education by implementing programs to address challenges in the education landscape:

- Global Filipino Teachers - aimed professional development for teachers focusing on early language literacy, mental wellness, and parental engagement
- Global Filipino Schools - aimed ICT excellence transformation of selected public schools
- Globe IT Academy - aimed an accessible STEM education to K-12 and tertiary students
- Digital Thumbprint Program (DTP) - Promoted online safety and security among children and the youth; delivered to 1,209 new ambassadors
- Kabataang Digital - promoting age-appropriate support and raise awareness regarding children's privacy rights, risks, and possible harm when using ICT led by the National Privacy Commission (NPC)
- Globe eLibrary - continued free access (to Globe users) to online learning resources
- Campus Link - enabled Notre Dame of Kidapawan to adapt and adjust to the new norm of learning through a School Management System (SMS) that manages day-to-day school activities and establishes a communication platform for school stakeholders, staff, teachers, students, and parents.
- Provision of connectivity support to 2,652 public school students and teachers in partnership with Hero Foundation, Big Blue Hearts Campaign, Foundation for Professional Training, and Ayala Foundation through AMDOCS and WiFi2Teach Program.



Globe EasyHub combines the comfort of brick-and-mortar stores with the power of digital for a more convenient and secure experience

- GoLearn - a platform that promoted continuous learning and bridge gaps in the education landscape
- Brightspace LMS - a digital learning platform used by learning institutions for continuous communication and collaboration amongst teachers and students
- Equipped over 68,500 public school teachers and students nationwide since the onset of the pandemic
- “Support a School” Program (in collaboration with Teach for the Philippines)
  - » 200 Home Prepaid WiFi modems and 128 Globe MyFi modems to nine (9) schools across the country
  - » 200 Globe Prepaid Cards to 315 public school teachers and students

**Supporting community partners by implementing enabling programs and initiatives to help Filipinos adapt to the new norm of living:**

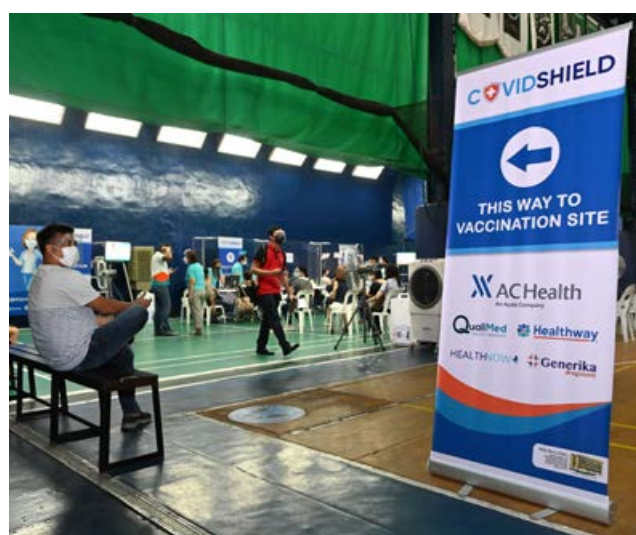
- Enabling community development through Alagang Globe:
  - » Virtualahan: provided internet connectivity to persons with disabilities, displaced workers, and out-of-school youth undergoing upskilling programs with the Digital Jobs PH program of the Department of Information and Communications Technology (DICT) and Virtualahan
  - » ISDApp: Provided access to weather alerts through SMS to 600 fishermen in Sariaya, Quezon and Dingalan, Aurora
  - » Donation drive to Globe’s partner organizations: 15 NGOs, charitable institutions, and foundations in Globe Rewards program roster
- Livable Cities Labs: Empowering communities through Technology
- Provided reliable access to high-speed mobile data and financial services to Koronadal City’s residents and driving sustainability for the city through Digital Adoption
- Activation of Taal and Odette disaster relief operations
- Helped LGUs in sending out official text alerts and announcements to constituents
- Supported 268 community pantries nationwide in partnership with PureGo and PureGold
- Deployment of KonekTayo WiFi as well as implementation of Digital Thumbprint Program in over 100 National Housing Authority resettlement sites nationwide

**Providing recovery assistance to Filipinos through livelihood programs:**

- Safe recovery Campaign - provided help in the recovery of hospitality industry through digital solutions and connectivity
- Community development program that benefited 280 retailers from communities devastated by Typhoons Rolly and Ulysses
- GCash as mode of payment for tricycle drivers and vendors
- Saludo SME’s campaign - aimed recognition of the contribution of MSMEs to sustainable economic development and digital transformation support for MSMEs
- Globe 5G Hackathon - startup founders empowerment



The Iligan Community Pantry in Tibanga, Iligan City, Lanao Del Norte was one of the community pantries supported by Globe in Mindanao.



HealthNow houses COVIDShield, the COVID-19 vaccination program of the Ayala Group and its partners, to fully inoculate employees and their loved ones.

More information can be found in the Social & relationship Capital section of this report (refer to pages 158-175).



# AWARDS & RECOGNITIONS

## 3rd ASEAN PR Excellence Awards

- Diamond - Best PR Campaign “Sa Rewards, Atin ang #GDayEveryday”

## 8th Edition of World Women Leadership Congress and CMO Global

- Woman of Worth – Maria Yolanda C. Crisanto

## 18th Annual International Business Awards

- Gold Stevie Winner - Most Valuable Corporate Response
- Silver Stevie Winner - Achievement in Human Resources
- Silver Stevie Winner - Company of the Year, Telecommunications

## Asia-Pacific Stevie Awards

- Silver Stevie Winner - Saludo SMEs
- Silver Stevie Winner - Heroes for Heroes
- Bronze Stevie Winner - Gift Local
- Bronze Stevie Winner - Lead-In 2020 (Online Event)
- Bronze Stevie Winner - Project Eagle 2020
- Bronze Stevie Winner - Asticom, Most Exemplary Employer
- Bronze Stevie Winner - Asticom, Most Valuable Corporate Response

## ASEAN Corporate Governance Scorecard by the Institute of Corporate Directors

- Four Golden Arrow Recognition on Corporate Governance

## Asia Corporate Excellence and Sustainability Awards (ACES)

- Asia's Best Workplace of the Year
- Industry Champion

## Asia's Inaugural INSPIRE Tech Awards

- Best Use of Data for Customer Experience Excellence
- Best Use of Cloud to Increase Productivity

## Asia Communication Awards

- Best SME Service - Globe Business, Saludo SME Campaign
- Innovation Award: Operator - Globe Business Solutions from Shawn

## HRD Asia Awards

- Employer of Choice - Asticom Technology, Inc.

## International Finance Awards

- Best Telecommunications CEO - Ernest Cu
- Fastest Growing 5G Network Service Provider

## Inaugural SAP Best Run Awards for Southeast Asia

- “Most Transformation Award - The Game Changer” - Globe Telecom

## Frost & Sullivan Asia Pacific Best Practices Awards

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

## PR Awards Asia

- Bronze - #OneGlobeVsCOVID Campaign

## Stevie Awards for Great Employers

- Gold Stevie for Employer of the Year - Telecommunications
- Gold Stevie Winner - Achievement in Employee Engagement
- Silver Stevie Winner - Most Valuable HR Team

## The Asset Triple A Infrastructure Awards

- Telecom Deal of the Year

## Tangrams Strategy and Effectiveness Awards

- Gold - Star Wars-themed Campaign “Star Wars: The Rise of Skywalker”

## The Method Research

- PH Favorite Telecom Company

## The Ethical Boardroom

- Best Corporate Governance - Telecoms - Asia 2021

## Wireless Broadband Alliance Award

- Best Wi-Fi Social Impact

## Women to Watch Awards: Celebrating the Torchbearers in the APAC MarComms Industry

- Women to Watch Class of 2021, Maria Yolanda C. Crisanto

## Zoom Partner Marketing Awards

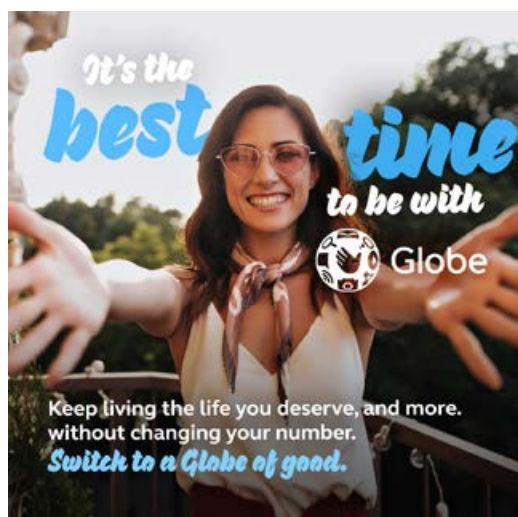
- Winner - APAC Innovation Rockstar

All awards and recognitions that Globe has received are listed at the Globe website and can be accessed through this link:  
<https://www.globe.com.ph/about-us/corporate-governance/awards.html>



Globe bagged the Gold award at the 2021 Tangrams Strategy and Effectiveness Awards for Star Wars-themed campaign. The campaign was launched to support the opening of the final Star Wars film, “Star Wars: The Rise of Skywalker” in December 2019.





According to the 2021 October survey conducted by The Method Research (Pulse Poll Philippines), nearly 4 out of 10 Filipinos nationwide preferred Globe.



Globe took home three awards at the 18th Annual International Business Awards. The company bagged a Gold Stevie for Most Valuable Corporate Response for keeping employees and customers #SafeAtHome during the pandemic.

## MEMBERSHIPS

- American Chamber of Commerce of the Philippines, Inc. (AmCham)<sup>1</sup>
- Asia-Pacific Telecommunity (APT)
- Asia Pacific Network Information Centre (APNIC)<sup>2</sup>
- Canadian Chamber of Commerce of the Philippines (CanCham)
- Business Continuity Managers of the Philippines (BCMAP)
- Business for Sustainable Development (BSD), formerly Philippine Business for the Environment (PBE)
- Contact Center Association of the Philippines (CCAP)
- 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)<sup>3</sup>
- International Association of Privacy Professionals (IAPP)
- IPv6 Global Forum
- IT and Business Process Association Philippines (IBPAP)<sup>4</sup>
- Linux Foundation
- Makati Business Club (MBC)<sup>5</sup>
- 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)
- National Privacy Commission (NPC) Data Privacy (DP) Council
- 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 Network Operators Group (PHNOG)
- Philippine Retailers Association
- Philippine Software Industry Association (PSIA)
- Rapid Emergency Telecommunications Team (RETT)
- Semiconductor and Electronics Industries in the Philippines Foundation, Inc. (SEIPI)
- Telecommunications and Broadcast Attorneys of the Philippines, Inc. (TELEBAP)
- Telecom Infrastructure Project (TIP)
- Telecommunications Management Network (TMN) Forum<sup>6</sup>
- United Nations Global Compact (UNGC)<sup>7</sup>
- Venture Capital and Private Equity Association of the Philippines (VCAP)

<sup>1</sup>Globe Business - Corporate Partner

<sup>2</sup>Founding Member (GMCR, Inc.)

<sup>3</sup>Globe Business - Member

<sup>4</sup>Globe Business - Platinum Member

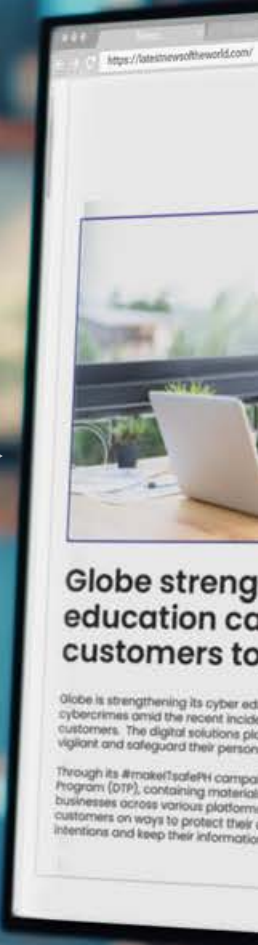
<sup>5</sup>Globe Telecom, Inc. - Partner

<sup>6</sup>Since April 19, 2010

<sup>7</sup>Globe Telecom, Inc. joined 08-15-2019



# GOVERNANCE



## Globe strengthening its cyber education campaign to protect customers to

Globe is strengthening its cyber education campaign to protect customers to

Through its #makeITsafe4H campaign, containing material across various platforms, customers on ways to protect their intentions and keep their information





# NEWS

ALL NEWS

SPORTS

TECHNOLOGY

ART



## Enhances cyber security campaign; calls on consumers to stay vigilant in

Education campaign to protect customers from threats that led to distress and confusion among consumers. The campaign highlighted the need for consumers to stay vigilant and protect their information by outsmarting scammers. In addition, Globe continuously rolls out the Digital Thumbprint modules on cybersecurity and safety for consumers and businesses, including YouTube. DTP modules include guides for securing online accounts from hackers who may have malicious intentions.



Eala to wear Globe logo on tournament outfits



Globe sees faster 5G rollout; customers migrating to 4G LTE and 5G on full swing



Globe bags to INSPIRE Tech Awards for increased productivity and customer experience excellence



# MESSAGE FROM THE CHAIRMAN

2021 proved to be another extremely challenging year. We grappled with COVID-19 disrupting nearly every aspect of businesses and of people's lives. Majority of the country, particularly the Greater Manila area, underwent several weeks of higher community quarantines, alert levels and lockdowns. These measures were necessary to stem the sharp rise in COVID cases and its toll on the country's healthcare system and frontline personnel.

Taking definitive action to respond to COVID-19, the government, private sector and pharmaceutical companies rolled out the vaccine program which brought new optimism. The flexibility and speed that a collaborative ecosystem can provide is critical not only to addressing the COVID-19 crisis, but ultimately to achieve overall shared goals of a more sustainable and inclusive society. Together with greater public safety and health awareness, daily infection rates in the Greater Metro Manila area and key cities nationwide declined. By year-end 2021, almost 45% of the total population was fully vaccinated.

This allowed the government to lower public alert levels and enabled more businesses and sectors to reopen. The higher public mobility improved employment rate and increased consumer and business spending. However, as the country was gearing up for a festive Christmas holiday and strong and inclusive recovery, Super Typhoon Odette struck Visayas and Mindanao. Many lives were lost and left hundreds of thousands of families. The typhoon likewise caused massive damage to infrastructure, agricultural land, fishing communities and livelihoods.

True to our culture of malasakit, Globe did not waver in its commitment to serve and support its customers in order to mitigate the impact of COVID-19 and Odette. Globe put in place comprehensive initiatives to keep customers connected and safe with its digital channels such as GCash, GlobeOne, TM and Globe At Home apps available 24/7. In addition, enterprise, corporate and SME clients relied on Globe's ICT services, such as cloud solutions, business applications, cybersecurity, data center services, big data, and IOT.

Likewise, Globe ramped up new products and services beyond telco such as KonsultaMD, HealthNow, Glnsure, and PureGo in order to help Filipinos with their digital lifestyle needs. These efforts set the stage for Globe's strategy to become a digital solutions platform, leveraging its flagship telco business to launch new ventures to tap the shifting consumer landscape, which is being heavily influenced by digital adoption. Within its portfolio are high-growth enterprises in fintech, healthtech, adtech, edutech, and e-commerce among others.

Overall, the country's economy began to improve. GDP grew by 5.7% in 2021 versus the 9.6% contraction in 2020. Unemployment rate for 2021 fell to 7.8% versus 10.4% the prior year. The total number of unemployed declined to 3.27 million, lower than 4.5 million in 2020, with the labor force participation rate improving to 65.1% versus 59.5% last year. Overseas remittances remained resilient, reaching a record US\$31.4 Billion, surpassing the previous high of US\$30.1 Billion set in 2018. This continued to support the country's consumption-driven economy.





Relative to other sectors, telecommunications, being an essential service in the time of the pandemic, remained in great demand as it enabled people to connect with each other and businesses to continue. Under stricter levels of community quarantines and alert levels, the home remained the place for work, learning, entertainment and business. Digital payments and solutions grew aggressively as businesses pivoted to the digital space this year.

Against this economic and social backdrop, the country persevered and so did Globe. The company closed 2021 with record consolidated service revenues, 4% higher than last year and surpassing 2019's pre-pandemic level by 2%. In line with the continuing shift to digital, total data revenues across mobile, broadband and corporate data accounted for 80% of total service revenues compared to 76% last year. Our mobile and home broadband customer base reached 86.8 million and 3.7 million, respectively.

With its mission to deliver #1stWorldNetwork connectivity to Filipinos, Globe invested an all-time high ₱92.8 billion in capital expenditure (capex) in 2021, besting last year's record level spending by 54%. Total capex for 2021 represented 61% of gross service revenues and 124% of EBITDA. About 86% of the capex went to data-related requirements in order to serve the rising demands of Filipinos consumers who access the internet to carry on with their daily activities, maintain business operations and deliver critical services.

Our successful network rollout would not have been possible without the support of the Department of

Jaime Augusto Zobel de Ayala  
Chairman

the Interior and Local Government (DILG) and other concerned agencies behind the implementation of the Joint Memorandum Circular No. 01 of the Anti-Red Tape Authority (ARTA and Republic Act No. 11494 or the Bayanihan to Recover As One Act, which addressed the laborious permitting process. By fast tracking the release of permits, we were able to build 1,407 new cell sites nationwide, including both 4G LTE and 5G, upgraded over 22,300 mobile sites, and installed over 2,000 5G outdoor sites and in building solutions (IBS) as of end-December of 2021. While on the fixed line front, we installed over 1.4 million fiber-to-the-home (FTTH) lines, even surpassing our revised target for the year.

In the field of digital financial services, fueled by its vision of Finance for All, GCash enjoyed a banner year in terms of user growth and activity. Sustaining its market leadership as the leading Finance App in the Philippines, GCash reached 55 million registered users, 4.5 million merchants

and social sellers, 290 GLife merchant partners and around 174,000 cash-in, cash-out agents. GCash also more than tripled its gross transaction value to ₱3.8 trillion in 2021 from the ₱1.2 trillion reported in 2020. GCash reached positive full-year EBITDA and already achieved profitability three years ahead of its target. As of 2021, GCash is the only double unicorn in the Philippines, after its latest equity funding round last November where it raised more than US\$300 Million from investors led by Warburg Pincus, Insight Partners and Bow Wave Capital.

As part of Globe's commitment to sustainability, Globe remains a signatory to the UN Global Compact and is committed to uphold the ten principles on Human Rights, Labor, Environment and Anti-Corruption. In the beginning of 2021, the company also committed to support the Task Force on Climate-Related Financial

Disclosures to increase transparency on climate governance, strategy, risk management, and targets.

To assist in developing the company's science-based targets for 2030 and implementation roadmap to achieve Net Zero GHG Emissions by 2050, Globe has partnered with South Pole, a Greenhouse Gas (GHG) Emissions and Climate Action expert, together with the rest of the Ayala Group of companies. Globe has also onboarded AON UK Limited, a Task Force on Climate-Related Financial Disclosures (TCFD) expert, to help integrate climate-related Risk and Opportunities into the company's Climate Action Strategy. Lastly, Globe has invested in a Sustainability Software through DNV-Synergi Life, to automate data collection of the company's ESG metrics especially the company's GHG emissions, offsets, and progress against its targets.

With respect to Globe's ESG ratings, the company continues to create a Globe of Good, again achieving several milestones for the year. Globe maintained its rating of "A" from MSCI and an improved rating from the CDP (formerly Carbon Disclosure Project) of "B" for environmental transparency. The FTSE4Good Index Series continues to recognize the company for six straight years since 2016. Likewise, Sustainalytics accorded Globe a medium risk rating. Vigeo Eiris, which is part of Moody's ESG Solutions, recognized Globe as a member of its Top 100 Best Emerging Market Performers ranking.

Globe was also awarded Best Corporate Governance in Asia for the second consecutive year by London's Ethical Boardroom under the Telecoms category, with Globe emerging as the only Philippine company to make it to the list of awardees. Finally, Globe received the Four Golden Arrow Award during the ASEAN Corporate Governance Scorecard (ACGS) recognition from the Institute of Corporate Directors

- “I am proud of the way the Globe leadership team and the entire organization handled the many challenges in 2021. It also proved to be an extraordinary time of learning and unity for the whole organization and our various stakeholders as we adjusted to unprecedented changes in our social and economic environment.”

(ICD) for its outstanding domestic performance at the ACGS Assessment. The Four Golden Arrow Award is currently the highest award to be given to assessed Philippine companies.

Staying true to our mission of generating sustained value for our shareholders, we also paid out ₱14.4 billion in common share dividends. This represents about 74% of 2020 core net income, in line with our dividend policy of 60% to 75% of prior year's core net income.

In closing, I am proud of the way the Globe leadership team and the entire organization handled the many challenges in 2021. It also proved to be an extraordinary time of learning and unity for the

whole organization and our various stakeholders as we adjusted to unprecedented changes in our social and economic environment. This also reinforces our belief that a deeper engagement with society is indispensable to the survival and success of private enterprises. I also want to thank our board for its engagement and advice during this challenging year.



**Jaime Augusto Zobel de Ayala**  
Chairman



Ernest L. Cu  
President and CEO

## MESSAGE FROM THE PRESIDENT

The year 2021 tested our resilience and tenacity as a business. Two years into the pandemic, COVID-19 persisted with new variants more transmissible than its original strain. This hampered efforts to full recovery as the economy was disrupted by granular lockdowns, soaring inflation, rising debt, security challenges and other uncertainties.

Behind these crises, Globe and the Globe Group banked on our core strengths: innovation using digital technology, customer centricity and a strong culture of care in the way we do business. These made it possible for us in Globe to rise above adversity, allowing us to pursue our vision of enabling the Filipino digital life towards a better Philippines.

Despite the protracted journey towards economic recovery due to the continuing pandemic, your company still emerged with a solid financial performance. Consolidated service revenues were at a record-high ₱151.5 billion for the year, or 4% higher compared to 2020. The revenue performance was driven by growth in data services – spanning mobile, broadband and corporate data. Net Income After Tax exceeded last year's by 27%, while our consolidated EBITDA stood at ₱74.9 billion and EBITDA margin remained healthy at 49%.



- “Globe and the Globe Group banked on our core strengths: innovation using digital technology, customer centricity and a strong culture of care in the way we do business. These made it possible for us in Globe to rise above adversity, allowing us to pursue our vision of enabling the Filipino digital life towards a better Philippines.”

### Deliver the best possible customer experience

In response to the COVID-19 lockdown, increased reliance on digital technologies drove demand for our broadband business. We provided faster and better internet connectivity supported by our improved network infrastructure. With an all-time high capital spending of ₱92.8 billion, your company built 1,407 new cell sites in 2021 or 8% more than the previous year. We upgraded more than 22,000 sites to 4G/LTE, which resulted in an improved service consistency score of 79.45 from January to March 2022 compared to 70.43 in the same period last year. This earned Globe a citation from Ookla® as the Philippines’ Most Consistent Mobile Network<sup>1</sup>.

As a result, our LTE download speed climbed to 23.7Mbps and LTE congestion rates improved to 5.1% in 2021 from 6.8% in 2020. Wired broadband rollout was also accelerated, deploying around 1.45 million high-speed broadband lines to cater to the growing demand for fast and reliable home connectivity solutions. This exceeded the original target of 1 million and even the revised target of 1.4 million. We also expanded our 5G footprint to cover more than 2,000 areas nationwide. Globe 5G outdoor service now covers 95% of NCR and 84% of key cities in Visayas and Mindanao.

### Serve the New Customer as One Globe Group

Individuals and businesses alike faced significant challenges due to the extended impact of COVID-19 as they embraced remote working and online transactions as the new normal. To cater to the

growing demands of the Filipino digital life and data connectivity, your company expanded its ecosystem of technologies to provide life-enabling solutions covering sectors like education, healthcare, entertainment, adtech, e-commerce, manpower, IT services, and venture capital.

Mobile wallet GCash continues to expand its reach and enhance its relevance, with the app being ubiquitous for Filipino consumers and entrepreneurs. GCash has become synonymous with convenient payments. Built on such relevance, Mynt achieved double unicorn status through a USD \$300 million fresh equity deal from lead investors Warburg Pincus, Insight Partners and Bow Wave that boosted its valuation to over USD \$2 billion.

KonsultaMD, meanwhile, deepened its relevance, emerging as an indispensable digital tool for healthcare amid continued surges in COVID-19 infections. We have effectively democratized 24/7 access to healthcare through licensed doctors via our teleconsult service available in a mobile app, the web, and a hotline.

ECPay also quickly rose as a pervasive over-the-counter payment point for telco/e-commerce services, while rapidly increasing accessibility to prepaid load and rewards redemptions all the way to the sari-sari store level.

<sup>1</sup> Based on analysis by Ookla® of Speedtest Intelligence® data on consistency score in the Philippines for Q1 2022. Ookla trademarks used under license and reprinted with permission

PureGo forged robustly into the e-commerce space as more Filipinos latched on to this mode of shopping for essentials amid pandemic restrictions. Raising the bar on relevance and convenience, more than 50% of PureGo's first-timers used the service again, drawn by service reliability as well as a wider assortment of products at competitive prices against other online players.

AdSpark matured into a full-service digital media company in 2021, innovating extraordinary digital media campaigns for a growing client portfolio, products and services.

Asticom broadened its services beyond being a general provider of manpower. It now has a more diverse business portfolio focusing on specialized IT-BPO services, engineering and construction, and on-demand corporate logistics.

917Ventures holds and incubates our Globe Group altogether, and in 2021 did remarkable work in seeding and growing our next priority verticals. Our team moved aggressively and deliberately to Ideate–Launch–Accelerate–Scale ideas into corporate assets of tremendous potential.

Kickstart Ventures continues to harness entrepreneurial momentum from early-stage startups globally, contributing to uplift our economy, leveraging investments in technology to shape a more efficient, productive, secure, and equitable future.

### **Enable the resurgence of business as One Globe Group**

As our economy reels from the impact of the COVID-19 pandemic, micro, small and medium-sized enterprises (MSMEs) continue to feel the negative effects of localized lockdowns. To help our MSMEs, your company launched the Globe Business Upstart program that offered a built-for-MSME portfolio of digital tools and services to assist loyal MSME customers in achieving digital leadership, business

enablement and exclusive partnerships. Globe also teamed up with Amazon Web Services to offer cloud-based solutions for MSMEs to keep their data on an online server, thereby enabling their employees to perform remote work.

### **Drive long-term impact for the nation**

As we endeavored to expand and uplift our business despite the pandemic pinch, your company never wavered on Alagang Globe. As of end-2021, 99% of the employee population has already been vaccinated and we continue to maintain our own GlobeLab to provide our employees easy access to RT-PCR testing facilities and hard-to-find medicines. For our employees who were infected by the COVID-19 virus, we provided home care packages, aside from KonsultaMD's daily monitoring. We also invested in mental health and wellness by providing learning webinars, including access to psychological support for our recovering and grieving families. Throughout 2021, despite being unable to have enough face-to-face interactions across our teams, we have been able to hold on to the culture of *malasakit* and compassion in Globe.

We also made sure to care for our fellow Filipinos. Typhoon Odette, which caused catastrophic damage in parts of the country, demonstrated the deep *malasakit* of our people, with our engineers going out into the field to restore our facilities, leaving their own families and, for some of those based in Visayas and Mindanao, their damaged homes at the height of the Christmas season.

Equally important, we looked after over 11,000 frontliners across all our contact centers and broadband installers/technicians, including Network Site Acquisition agents. Despite the lockdowns and new waves of infection, many of them braved the virus and went out in the field, our stores and other facilities. As they continued to serve our customers, we supported them through more frequent check-ins, monitoring their welfare and sentiments via our Voice

of Frontliners measure, while enabling them through year-round virtual training and engagement programs aptly called *#AlagangGlobeFrontline*.

Throughout 2021, Globe stood strong to serve and protect both the cyber world and the physical environment within our sphere of influence. In a determined advocacy for Internet safety, your company successfully blocked 1.15 billion scam and spam messages, ~7k mobile numbers linked to scammers, and ~2k unofficial social media accounts and phishing sites last year. Aiming to save our youth from sexual predators and abusers, your company compiled and blocked sites that were identified by law enforcement agencies, endorsed by the National Telecommunications Commission (NTC) for blocking, and marked by Globe's Security Operations Center intelligence. So far, almost 11,000 websites have been blocked as a means to combat online child pornography.

Steadfast in its commitment to climate action, Globe is the first Philippine publicly-listed company to commit to set science-based targets aligned with limiting global warming to 1.5 degree celsius, which aims to achieve net zero GHG emissions by 2050. This is in line with your company's support to the *#RaceToZero* global campaign spearheaded by the United Nations Framework Convention on Climate Change (UNFCCC) and COP26 Presidency and backed by the GSMA, the international mobile industry body.

Your company continues to invest in clean energy and as its contribution to the country's participation in the Paris Agreement to reduce carbon emissions by 75% in 2030. Apart from adopting the latest green technologies and solutions for our infrastructure, it already has 13 key facilities running on renewable energy through Power Purchase Agreements (PPA), and more sites will be added in the coming years. Moreover, it is by purchasing renewable energy from Retail Electricity Suppliers (RES) that we encourage more investments towards clean energy.

In the same spirit to preserve our environment, we recently launched our new Eco-SIM card made from 100% recycled materials using refrigerator interiors, the first-of-its-kind to be commercially launched in Asia.

As part of its balanced scorecard, your company continues to carry sustainability in its operations as it strengthens its commitment to the United Nations Sustainable Development Goals, with focused contributions to SDG 9 Industry, Innovation and Infrastructure, and SDG 13 Climate Action.

The road ahead is certainly not without challenges. However, I am convinced more than ever, that the Globe Group is very strongly positioned for the future. The gains we have achieved so far should serve as an inspiring testament to how uplifting Filipino lives can directly translate to increasing returns to our shareholders. The Globe organization - your company, with its winning culture of Service and Care, and unwavering focus on the Customer and commitment to our Vision of a better Philippines, will continue to set itself apart in the industry.



**Ernest L. Cu**  
President and CEO



# CORPORATE GOVERNANCE

Globe Telecom's corporate governance (CG) standards and practices are award-winning and internationally competitive. Globe has been repeatedly acknowledged by domestic and international award-giving bodies. This continued in 2021 still amid COVID-19 circumstances. Globe Telecom received for the 2nd time the "Best Corporate Governance - Telecoms - Asia 2021" award from London's Ethical Boardroom in October. The last awards program for Asia with this category was in 2019, where Globe was also recognized for the same. Globe was evaluated from among other candidates in Asia and is the only Philippine corporation that made it in the Ethical Boardroom's list of awardees for 2021. Globe also bagged the coveted Four Golden Arrow Award from the ASEAN Corporate Governance Scorecard (ACGS) recognition held in February. Globe was the lone telco to receive the Four Golden Arrow Award, currently the highest award to be given to assessed Philippine companies.

Globe also received recognition from various award-giving bodies in leadership, workplace, investor relations (IR), policy, corporate social responsibility (CSR), people management, marketing, product/service, and digital innovations in 2021 (e.g., Most Transformational Award-The Game Changer from Inaugural SAP Best Run Awards 2021 by SAP Southeast Asia, Telecom Deal of the Year: \$600 million dual-tranche senior notes from The Asset Triple A Infrastructure Awards 2021 COUNTRY DEAL AWARDS (ASEAN),

Gold: Star Wars-themed Campaign "Star Wars: The Rise of Skywalker" from 2021 Tangrams Strategy and Effectiveness Awards, Bronze-#OneGlobeVsCOVID Campaign from PR Awards Asia, Fastest Growing 5G Network Service Provider from International Finance Awards (IFA), among others). Some of our Key Officers also received recognitions such as Woman of Worth for our Chief Sustainability Officer (CSO) and Senior Vice President for Corporate Communications Maria Yolanda C. Crisanto from the 8th Edition of World Women Leadership Congress and CMO Global given last February at Taj Lands, Mumbai India and Best Telecommunications CEO for our President and Chief Executive Officer (CEO) Ernest Cu from the International Finance Awards (IFA).

The awards and recognition received by Globe Telecom are publicly accessible and reflected under the 'Awards' section of our CG webpage on the company website.

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. The Board of Directors approved the amendments to the By-Laws to adopt the requirements of pertinent laws, rules and regulations in the election of independent directors as well as corporate governance standards in November 2020 and the Securities and Exchange Commission (SEC) approved the amendments on February 23.



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 190.

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 is 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. Eleven 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 independent NEDs, one of whom is appointed the lead independent director (ID). Our lead ID is not the Chairman of the Audit and Related Party Transactions Committee (ARC). The Chairman of our ARC is an ID, who is not simultaneously the chair

of our Board or any other committee. All IDs, as defined in our Manual of Corporate Governance (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 our CG best practices and in the implementation of our Board diversity policy in the workplace, we have at least one female ID on the Board. Our Board is composed of directors with a wide age range. None of our IDs serves in more than five boards of publicly listed companies and has served the company in the same capacity for more than nine years, in accordance with CG best practices and the prescribed tenure by the Philippine Securities and Exchange Commission (SEC). Our executive director does not serve any other publicly listed company's board in the same capacity. Our board members have different expertise, corporate qualifications, and academic backgrounds. We have a very diverse mix of directors with professional backgrounds and experience in various industries other than the telco industry such as corporate law, accounting and audit, sales and marketing, network operations, IT solutions, customer and services management, corporate governance and strategic planning, as well as educational backgrounds that include electrical engineering, electronics engineering, biochemistry, business administration, economics, marketing and finance, metallurgical engineering, and liberal arts, among others. Our board members also come from different ethnic backgrounds and are a mix of different nationalities.

Industry Knowledge/ Experience	Jaime Augusto Zobel de Ayala	Lew Yoong Keong Allen <sup>1</sup>	Fernando Zobel de Ayala	Ernest L. Cu	Delfin L. Lazaro	Ng Kuo Pin <sup>2</sup>	Romeo L. Bernardo	Cezar P. Consing <sup>3</sup>	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	✓		✓	✓	✓		✓	✓	✓		✓
Business and finance experience	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Accounting expertise							✓		✓		✓
Business process outsourcing				✓							
Marketing				✓					✓		
Business management, strategy and administration	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Legal expertise											✓
International expertise	✓	✓	✓	✓		✓				✓	✓
Audit and internal controls							✓		✓	✓	✓
Business strategies and planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Economics	✓						✓				
Engineering		✓		✓	✓	✓					
Financial investments and investment banking			✓				✓	✓	✓	✓	✓
Sustainability and Corporate Governance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Board Diversity</b>											
Racial diversity		✓				✓				✓	
Gender diversity										✓	
Board tenure (years)	32	<1	26	12	24	<1	20	<1	8*	7*	4*
Age (years old)	62	66	61	61	75	52	66	58	58	66	63

<sup>1</sup> Mr. Lang Tao Yih, Arthur resigned from the Globe Board of Directors effective May 6, 2021. To fill the vacancy, Mr. Lew Yoong Keong Allen was elected to serve for the unexpired term of Mr. Lang or until the next annual stockholders' meeting.

<sup>2</sup> Mr. Samba Natarajan, resigned from the Globe Board of Directors effective October 8, 2021. To fill the vacancy, Mr. Ng Kuo Pin was elected to serve for the unexpired term of Mr. Natarajan or until the next annual stockholders' meeting.

<sup>3</sup> Mr. Cezar P. Consing was elected Director at the ASM on April 20, 2021.

\* 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 2021.

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 60-71.

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
Lew Yoong Keong Allen <sup>1</sup>	Co-Vice Chairman	Non-Executive
Ernest L. Cu	Director, President and CEO	Executive
Delfin L. Lazaro	Director	Non-Executive
Ng Kuo Pin <sup>2</sup>	Director	Non-Executive
Romeo L. Bernardo	Director	Non-Executive
Cezar P. Consing <sup>3</sup>	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

<sup>1</sup> Mr. Lang Tao Yih, Arthur resigned from the Globe Board of Directors effective May 6, 2021. To fill the vacancy, Mr. Lew Yoong Keong Allen was elected to serve for the unexpired term of Mr. Lang or until the next annual stockholders' meeting.

<sup>2</sup> Mr. Samba Natarajan, resigned from the Globe Board of Directors effective October 8, 2021. To fill the vacancy, Mr. Ng Kuo Pin was elected to serve for the unexpired term of Mr. Natarajan or until the next annual stockholders' meeting.

<sup>3</sup> Mr. Cezar P. Consing was elected Director at the ASM on April 20, 2021.

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 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 Board Committees subject to the authority of the Board as a whole. These committees are the Executive Committee, Audit

and Related Party Transactions Committee (ARC), 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 risk management (RM) systems that assess risks on an integrated cross-functional approach, and review and assess the adequacy of Globe'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: Lew Yoong Keong Allen <sup>1</sup> (NED) Fernando Zobel de Ayala <sup>4</sup> (NED) Ernest L. Cu (ED) Ng Kuo Pin <sup>2</sup> (NED)



Audit and Related Party Transactions	Provides assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders relating to: (a) the integrity of the financial statements and the disclosures; financial reporting process and principles; (b) internal controls; (c) policies and processes on external/independent auditor's appointment, enhancing independence and audit quality, remuneration, and assessment of performance of the external 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 (RPTs) according to Globe Telecom's RPT policy.	Chairman: Cirilo P. Noel (NED, ID)  Members: Saw Phaik Hwa (NED, ID) Rex Ma. A. Mendoza* (NED, ID) Romeo L. Bernardo (NED)
Compensation and Remuneration	Provides assistance to the Board of Directors in governance matters relating to compensation and benefits of directors, key officers, personnel, and other employees of Globe.	Chairman: Rex Ma. A. Mendoza* (NED, ID)  Members: Fernando Zobel de Ayala (NED) Lew Yoong Keong Allen <sup>1</sup> (NED) Saw Phaik Hwa (NED, ID) Cirilo P. Noel (NED, ID)
Nomination and Governance	Provides assistance to the Board of Directors in relation to: (a) the performance of its corporate governance (CG) and compliance responsibilities; (b) overseeing performance evaluation of the Board and its committees; (c) promulgating the guidelines or criteria to govern the conduct of the nomination, election, or replacement of directors 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; (d) 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 aligned with Globe's vision, mission, core values and strategic direction; and (e) previewing and evaluating the qualifications of all persons nominated to positions in the corporation, which require appointment by the Board.	Chairman: Rex Ma. A. Mendoza* (NED, ID)  Members: Saw Phaik Hwa (NED, ID) Cirilo P. Noel (NED, ID)
Finance	Oversees Globe's financial policy and strategy, including capital structure, dividend policy, acquisitions and divestments, treasury activities, tax strategy and compliance, retirement fund contributions, and financing proposals brought to the Board of Directors for approval.	Chairman: Delfin L. Lazaro (NED)  Members: Fernando Zobel de Ayala (NED) Romeo L. Bernardo (NED) Ng Kuo Pin <sup>2</sup> (NED) Cezar P. Consing <sup>3</sup> (NED)

Board Committee	Role	Members
Board Risk Oversight	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)

<sup>1</sup> Mr. Lang Tao Yih, Arthur resigned from the Globe Board of Directors effective May 6, 2021. To fill the vacancy, Mr. Lew Yoong Keong Allen was elected to serve for the unexpired term of Mr. Lang or until the next annual stockholders' meeting. Mr. Lew was likewise appointed as Co-Vice Chairman of the Board and Member of the Executive Committee and the Compensation and Remuneration Committee.

<sup>2</sup> Mr. Samba Natarajan, resigned from the Globe Board of Directors effective October 8, 2021. To fill the vacancy, Mr. Ng Kuo Pin was elected to serve for the unexpired term of Mr. Natarajan or until the next annual stockholders' meeting. Mr. Ng was likewise appointed as Member of the Executive Committee and the Finance Committee.

<sup>3</sup> Mr. Cezar P. Consing was elected Director at the ASM on April 20, 2021.

<sup>4</sup> Mr. Fernando Zobel de Ayala was appointed as Member of the Executive Committee at Board's organizational meeting after the ASM on April 20, 2021.

### 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

business days in advance of Board meetings.

In 2021, the Board of Directors had a total of seven Board meetings. Attendance of each director in Board meetings held in 2021 is enumerated below:

Attendance of Board of Directors			
Board Member	Meetings Attended	2021	
		Meetings held*	Percent Present
Jaime Augusto Zobel de Ayala	6	7	86%
Lew Yoong Keong Allen	4	4	100%
Fernando Zobel de Ayala	7	7	100%
Ng Kuo Pin	2	2	100%
Ernest L. Cu	7	7	100%
Delfin L. Lazaro	7	7	100%
Romeo L. Bernardo	7	7	100%
Cezar P. Consing	5	5	100%
Rex Ma. A. Mendoza	7	7	100%
Saw Phaik Hwa	7	7	100%
Cirilo P. Noel	7	7	100%

\* Represents Board meetings held in 2021 and during the incumbency of the director.

<sup>1</sup> Mr. Lang Tao Yih, Arthur resigned from the Globe Board of Directors effective May 6, 2021. To fill the vacancy, Mr. Lew Yoong Keong Allen was elected to serve for the unexpired term of Mr. Lang or until the next annual stockholders' meeting. Mr. Lew was likewise appointed as Co-Vice Chairman of the Board and Member of the Executive Committee and the Compensation and Remuneration Committee.

<sup>2</sup> Mr. Samba Natarajan, resigned from the Globe Board of Directors effective October 8, 2021. To fill the vacancy, Mr. Ng Kuo Pin was elected to serve for the unexpired term of Mr. Natarajan or until the next annual stockholders' meeting. Mr. Ng Kuo Pin was likewise appointed as Member of the Executive Committee and the Finance Committee.

<sup>3</sup> Mr. Cezar P. Consing was elected Director at the annual stockholders' meeting on April 20, 2021.

The average rate of attendance of the Board of Directors was ninety nine percent (99%) in 2021, which is more than compliant with the SEC's minimum attendance requirement of fifty percent (50%). The average attendance rate of the IDs was also one hundred percent (100%) 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
6	Executive	Jaime Augusto Zobel de Ayala	5	1
		Lew Yoong Keong Allen <sup>1</sup>	3	-
		Fernando Zobel de Ayala <sup>4</sup>	4	-
		Ernest L. Cu	6	-
		Ng Kuo Pin <sup>2</sup>	1	-
4	Audit and Related Party Transactions	Cirilo P. Noel	4	-
		Saw Phaik Hwa	4	-
		Rex Ma. A. Mendoza	4	-
		Romeo L. Bernardo	4	-
3	Compensation and Remuneration	Rex Ma. A. Mendoza	3	-
		Fernando Zobel de Ayala	3	-
		Lew Yoong Keong Allen <sup>1</sup>	2	-
		Saw Phaik Hwa	3	-
		Cirilo P. Noel	3	-
6	Nomination and Governance	Rex Ma. A. Mendoza	6	-
		Saw Phaik Hwa	6	-
		Cirilo P. Noel	6	-
7	Finance	Delfin L. Lazaro	7	-
		Romeo L. Bernardo	7	-
		Cezar P. Consing <sup>3</sup>	6	-
		Ng Kuo Pin <sup>2</sup>	2	1
4	Board Risk Oversight	Saw Phaik Hwa	4	-
		Rex Ma. A. Mendoza	4	-
		Romeo L. Bernardo	4	-
		Cirilo P. Noel	4	-

\* Represents Board meetings held in 2021 and during the incumbency of the director.

<sup>1</sup> Mr. Lang Tao Yih, Arthur resigned from the Globe Board of Directors effective May 6, 2021. To fill the vacancy, Mr. Lew Yoong Keong Allen was elected to serve for the unexpired term of Mr. Lang or until the next annual stockholders' meeting. Mr. Lew was likewise appointed as Co-Vice Chairman of the Board and Member of the Executive Committee and the Compensation and Remuneration Committee.

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<sup>3</sup> Mr. Cezar P. Consing was elected Director at the annual stockholders' meeting on April 20, 2021.

<sup>4</sup> Mr. Fernando Zobel de Ayala was appointed as Member of the Executive Committee at Board's organizational meeting after the ASM on April 20, 2021.

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 2021, 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 structure.

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 20, received gross per diem remuneration for attending Board and their respective Committee meetings in 2021:

Director	Gross Per Diem Remuneration (in Php)*
Jaime Augusto Zobel de Ayala	1,700,000.00
Lang Tao Yih, Arthur <sup>1</sup>	1,200,000.00
Lew Yoong Keong Allen <sup>1</sup>	1,300,000.00
Fernando Zobel de Ayala <sup>4</sup>	2,100,000.00
Delfin L. Lazaro	2,100,000.00
Samba Natarajan <sup>2</sup>	1,800,000.00
Ng Kuo Pin <sup>2</sup>	700,000.00
Jose Teodoro K. Limcaoco <sup>3</sup>	600,000.00
Cezar P. Consing <sup>3</sup>	1,600,000.00
Romeo L. Bernardo	2,900,000.00
Rex Ma. A. Mendoza	3,100,000.00
Saw Phaik Hwa	3,100,000.00
Cirilo P. Noel	3,100,000.00
<b>TOTAL</b>	<b>25,300,000.00</b>

\*Represents Board meetings held in 2021 and during the incumbency of the director.

<sup>1</sup> Mr. Lang Tao Yih, Arthur resigned from the Globe Board of Directors effective May 6, 2021. To fill the vacancy, Mr. Lew Yoong Keong Allen was elected to serve for the unexpired term of Mr. Lang or until the next annual stockholders' meeting. Mr. Lew was likewise appointed as Co-Vice Chairman of the Board and Member of the Executive Committee and the Compensation and Remuneration Committee.

<sup>2</sup> Mr. Samba Natarajan, resigned from the Globe Board of Directors effective October 8, 2021. To fill the vacancy, Mr. Ng Kuo Pin was elected to serve for the unexpired term of Mr. Natarajan or until the next annual stockholders' meeting. Mr. Ng Kuo Pin was likewise appointed as Member of the Executive Committee and the Finance Committee.

<sup>3</sup> Mr. Jose Teodoro K. Limcaoco was a Director until April 20, 2021, while Mr. Cezar P. Consing was elected Director at the ASM on April 20, 2021.

<sup>4</sup> Mr. Fernando Zobel de Ayala was appointed as Member of the Executive Committee at Board's organizational meeting after the ASM on April 20, 2021.

## 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 consists 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 are posted on the company website.

The self-assessment exercise is facilitated by the Chief Compliance Officer. Every three years, the

assessment shall also be supported by an external facilitator selected for this purpose. Aon Hewitt Pte Ltd. was 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 also 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 2021. On October 21, the directors and key officers participated in the Integrated CG, RM and Sustainability Summit conducted by the Ayala Group in collaboration with the ICD. The Summit was a half-day event composed of Environmental, Social and Governance plenary sessions and panel discussions. The Summit's theme was "The Pathway to Recovery through ESG", considering the challenges and opportunities amid COVID-19. Topics and discussions during the Summit included, among others, the Governance and Corporate Culture: The Backbone of ESG Investing, Social: Intentional



Inclusion by Design - The Impact Inclusive Leaders Will Have Building A More Diverse, Inclusive and Equitable Future, Environment: Responding to the Call for Climate Action, Vision 2050: A Time to Transform, and other plenary sessions.

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 on pages 148-151.

## 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 to 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 20, the key officer appointments and board committee members were disclosed to pertinent regulators alongside other relevant results of the ASM.

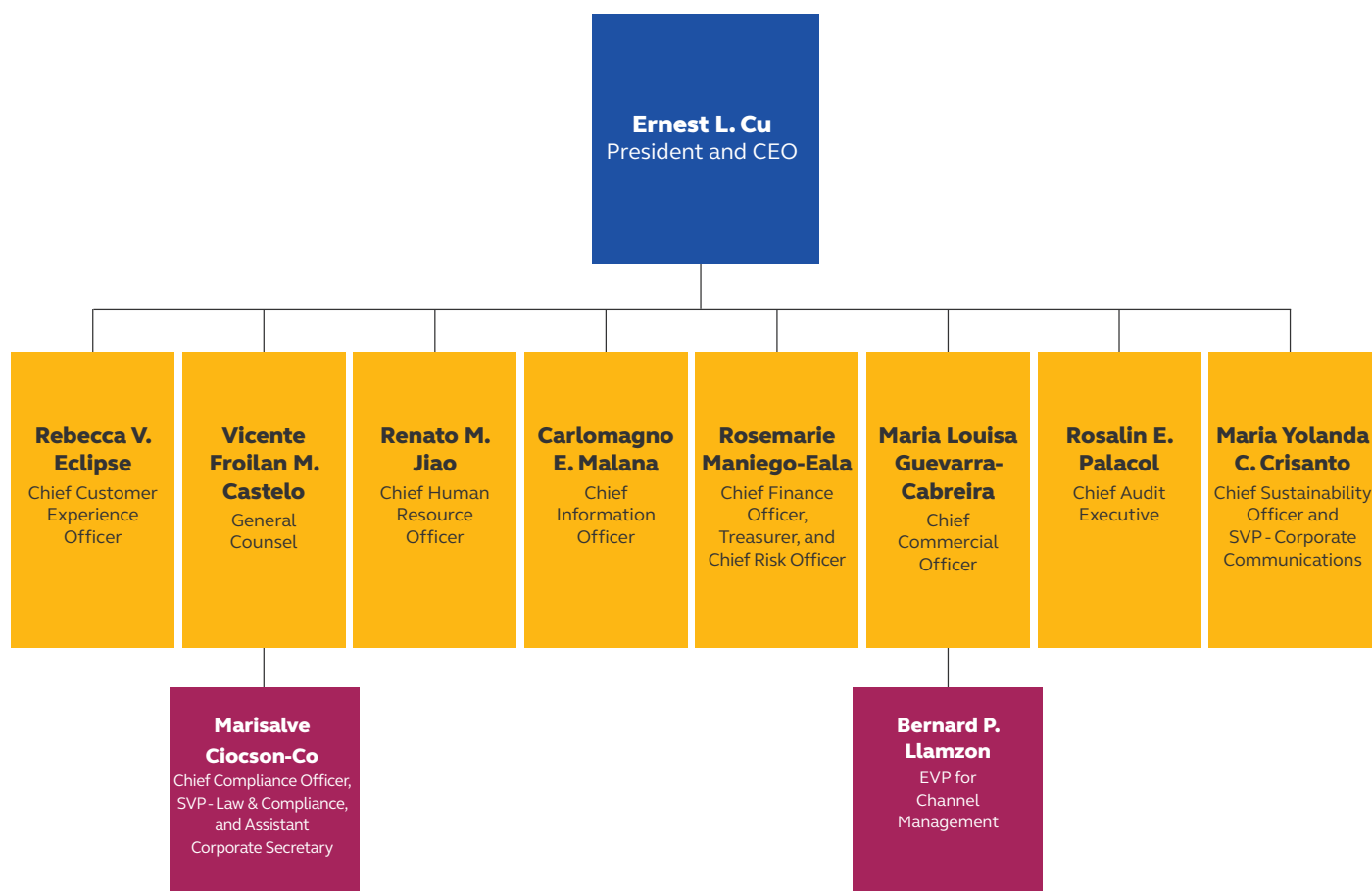
Globe Telecom Key Officers	
Name	Position
Ernest L. Cu*	President and Chief Executive Officer (CEO)
Rosemarie Maniego-Eala	Chief Finance Officer (CFO), Treasurer, and Chief Risk Officer (CRO)
Renato M. Jiao	Chief Human Resource Officer (CHRO)
Rebecca V. Eclipse	Chief Customer Experience Officer (CCEO)
Vicente Froilan M. Castelo	General Counsel (GC)
Carlomagno E. Malana	Chief Information Officer (CIO)
Bernard P. Llamzon	Executive Vice President – Channel Management Group
Solomon M. Hermosura	Corporate Secretary
Marisalve Ciocson-Co	Chief Compliance Officer, Senior Vice President – Law and Compliance, and Assistant Corporate Secretary
Rosalin E. Palacol	Chief Audit Executive (CAE)
Maria Louisa Guevarra-Cabreira	Chief Commercial Officer (CCO)
Maria Yolanda C. Crisanto	Chief Sustainability Officer (CSO) and Senior Vice President – Corporate Communications

\*Member, Board of Directors

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 CFO, Treasurer, and CRO reports and updates through the Finance Committee, Audit and RPT Committee, and BROC.

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.



Meanwhile, the Chief Sustainability Officer (CSO), Ms. Maria Yolanda C. Crisanto, has direct oversight on the company's ESG (Environment, Social and Governance) commitments, policies, strategies, targets, programs and disclosures.

Ms. Crisanto and the Sustainability and Social Responsibility team oversees the integration of ESG in the company's business operations. In 2020, the CSO led the integration of ESG in the corporate Balanced Scorecard (BSC) where 10% of the company targets are dedicated to ESG metrics. They collaborate across the organization to monitor the performance of the company against ESG commitments and metrics that are aligned with global standards. In 2021, the CEO together with the CSO, rallied the company towards supporting the Taskforce on Climate-Related Financial Disclosures and committing to set science-based targets through the Science-Based

Targets Initiative aligned with limiting global warming within the 1.5 degree pathway.

Part of Ms. Crisanto's duties and responsibilities as the CSO is to communicate ESG-related concerns and initiatives between the management and the Board through the President and CEO and through the Board Risk Oversight Committee (BROC), a body that enables Globe's strategy for ESG and corporate governance. The CSO also leads the development of the company's annual integrated report and reviews the environmental and social aspects of the report. She facilitates knowledge transfer of trends and developments in ESG and ensures opportunities are maximized within the organization.

The CSO is also Globe's Senior Vice President for Corporate Communications. As a Key Officer, she reports directly to the President

and CEO and is part of the senior management team.

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 ARC and the BROC, 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. Supporting the office of the CISO, the Chief Privacy Officer (CPO), 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 CPO, she also functions as the key liaison with the National

Privacy Commission. The CISO also reports directly to the President and CEO, ensuring that cybersecurity and privacy remains a priority at Globe.

In addition, the Office of Strategy Management (OSM) reports to the President and CEO and oversees Globe's strategy management processes, specifically strategy execution and performance tracking linked to the company's Balanced Score Card (BSC). 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 unit 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 on page 190.

### 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 2021. Globe's accelerated rollout contributed to improving experience having built 1,407 new cell sites and upgrading over 22,000 mobile sites with over 2,000 5G sites nationwide, among other notable achievements. Globe's network also showed substantial improvements with corporate data services reaching a record high from growing demand, especially for ICT services. Globe's massive network investments attest to the company's strong support for the United Nations Sustainable Development Goals (UN SDG), particularly UN SDG No. 9, which aims to build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.

Globe will continue to champion the UN Global Compact principles alongside its CG campaign. For 2022, CAPEX budget will be approximately ₱89.0 billion for the continued network expansion and enhancement with increased allocation for the rollout of the fiber network and 5G service. The aggressive network expansion will include new cell site builds, upgrading of more existing

sites to 4G/LTE, accelerating rollout of 5G connectivity and fast-tracking the fiberization of Filipino homes nationwide, and further boosting the internet quality and coverage in the country. As part of its #1stWorldNetwork commitment to deliver better internet experience, Globe's Globe At Home expects to migrate all its broadband customers to the latest fiber technology by 2022.

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

- Promote relevant reward programs that will be sensitive to employee lifecycles and experiences
- Practice transparency, clarity, and consistency in 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. 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 2017, the HR Group engaged Towers Watson to assist in the enterprise-wide remuneration benchmarking exercise, among other services.

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

#### Remuneration Components

The remuneration structure of Globe is composed of four main components – Fixed Remuneration, Benefits, Short Term Incentives (Performance Bonus), and Long Term Incentives. The structure is designed such that the variable component

increases as the employee moves up in our corporate ladder. This only applies to 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, non-unionized 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.

#### 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 Telecom, Inc. (hereafter referred to as "Globe", "Globe Group" or "Company") to constitute and maintain a competent and working Audit and Related Party Transactions Committee (ARC or the "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/independent auditor's appointment, enhancing independence and audit quality, remuneration, and assessment of performance of the external 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 RPTs according to Globe'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 ARC Charter approved by the Board defines clearly the roles and responsibilities of the Committee.

The ARC 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 ARC 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 the Globe Group, 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 Annual Stockholders' Meeting (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 ARC. The Committee

recommends the appointment, retention or discharge of the external auditors, reviews audit fees or the remuneration of the external auditors and endorses these 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 auditor's 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'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'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 ARC last February 7, 2022. 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 2021 Audited Consolidated Financial Statements.

The overall responsibility over 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 financial risk management, including risks related to capital structure, acquisitions and divestments, treasury activities, tax strategy and compliance. The ARC provides oversight of the financial reporting and operational risks specifically on financial statements and reporting, internal controls, legal and regulatory compliance, corporate governance, fraud risks and RPTs. The Board Risk Oversight Committee (BROC)

assists the Board in fulfilling its oversight responsibilities in relation to Risk Governance in Globe. The CRO provides the BROC 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 ARC reports regularly to the Board of Directors on 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 ARC 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 ARC 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 November 8, 2021 and the ARC approved the retention of the existing Charter (approved by the Board on November 11, 2021).

To ensure the ARC effectively fulfills its responsibilities according to global best practices and expectations set out in the approved Charter, Globe's Manual of Corporate Governance (MCG), SEC Memo Circular No. 4 (Series of 2012), ASEAN Corporate Governance Scorecard 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, the President and CEO, CFO, and Chief Audit Executive (CAE) provide a written certification to the ARC confirming the reliability of financial statements for the year; full compliance with financial, legal and regulatory requirements and reporting; attestation on Globe's sound internal controls and compliance system; and confirmation that the CAE reports functionally to the ARC and administratively to the CEO allowing IA to independently fulfill its responsibilities.

## INTERNAL AUDIT

The establishment of an IA function is a fundamental part of Globe's corporate governance practices and policies. An IA Charter, approved by the ARC/Board, establishes the mission, scope of work, authority, independence, compliance to professional standards, reporting relationships, and key responsibilities of the internal audit 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 Globe Group'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 stockholders, on the adequacy and effectiveness of controls encompassing the organization's governance, operations, information systems, to include reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets, and compliance with laws, rules, regulations, and contracts.

To perform its auditing functions effectively, Globe IA maintains its independence from management and controlling shareholders by reporting

functionally to the Board, through the ARC and administratively, to the President and CEO. The ARC, having appointed the CAE, also concurs in his/her replacement, reassignment, or dismissal.

Working closely with the ARC, 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 ARC, with concurrence by the Board. The latest Charter review and assessment was done on November 8, 2021 and the ARC approved the retention of the existing Charter (approved by the Board on November 11, 2021).

Globe IA governs its internal audit activities in conformance with the IIA's Code of Ethics, and Globe'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 ARC 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 periodically and adjusted accordingly based on the Globe Group's risk profile and audit universe, including new or emerging risks, business trends, changes and initiatives, thereby allowing maximum and timely coverage of key/critical risk areas. The ARC reviews and approves the annual work plan and all deviations. The ARC 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'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, licensed engineers, data experts, and controls self-assessor, 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, Robotics Process Automation and Simple, Digital, and Agile auditing, among others, to improve overall audit efficiency and enhance organizational value.

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

The ARC regards IA as a vital support in the effective discharge of the Committee's oversight role and responsibilities.

Amidst the COVID-19 situation, IA continues to maximize the use of relevant technology to fully deliver its work plan and carry out its mandate through work-from-home arrangements, identification and assessment of the Globe Group's emerging risks, high-level analysis of business impact and corresponding management initiatives and responses to provide reasonable assurance to the Board, stockholders, and other stakeholders that such risks are effectively addressed by Management.

## EXTERNAL AUDIT

The ARC 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 ARC 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 ARC requires bid tenders every five (5) years or as the need arises as decided by the ARC. Annually, the company conducts an external auditor's performance appraisal. From the results, the ARC 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's MCG, the ARC 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 20 April 2021, the shareholders appointed the accounting firm of Isla Lipana & Co. (IL), the Philippine member firm of the PricewaterhouseCoopers (PwC) global network, as the Independent

Auditors of the Globe Group for the calendar year 2021.

There were no disagreements with IL/PwC 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 IL/PwC pursuant to the regulatory and statutory requirements for the years ended 31 December 2021 and 2020, amount to ₱17.10 million and ₱16.18 million, inclusive of 3%<sup>1</sup> and 3.5% out-of-pocket expenses (OPE), respectively.

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

The aggregate fees billed by IL/PwC are shown below:

	2021	2020
(Amount in millions)		
Audit and Audit-Related Fees <sup>2</sup>	₱17.10	₱16.18
Non-Audit Fees	0.63	10.56
Total	₱17.73	₱26.74

<sup>1</sup> Except for subsidiaries of Asticom Technology, Inc. where audit fees are exclusive of OPE and based on actual charges

<sup>2</sup> Excludes 2021 and 2020 audit fees rendered by external auditors other than IL/PwC:

GT HK, ₱281K (₱267K in 2020) performed by UP CPA & Co.

GT EU, ₱362K (₱340K in 2020) performed by Wellden and Turnbull LLP

GT SG, ₱350K (₱273K in 2020) performed by Kreston ACA PAC

HGX Technology Partners, Techgrowers, Inc., and KarmanEdge, Inc. are currently in negotiation with their respective independent auditors

**Audit Fees** represent the 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 2021 and 2020.

Audit-related Fees represent the review of Globe Group's June 30, 2021 and 2020 interim condensed consolidated financial statements in relation to Globe's perpetual capital security issuance. Audit-related fees in 2020 represent the review of Globe Group's March 31, 2020 and 2019 interim condensed consolidated financial statements in relation to Globe's bond offering.

Non-Audit Fees represent services rendered for Globe's whistleblowing reporting programs. Non-audit fees in 2020 pertain to services rendered in relation to the end-to-end procurement business process review of the SAP Ariba system and managed services for Globe's whistleblowing reporting programs.

IL/PwC has confirmed to the Committee that the 2021 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 Globe Group.

## 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 a workplace with prime consideration for the safety and well-being of its employees, partners, and the communities surrounding its operations through an enterprise-wide Occupational Health and Safety Management System. 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 on pages 152-157.

### 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 wellbeing, human rights, and continue to promote learning for every employee.

### Supply Chain Engagement

Globe follows responsible procurement practices for vendors on environmental, social, and governance aspects. 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, human rights & labor rights, 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.

Globe regularly evaluates the performance and risk that may arise from their business practices as well as their commitment on sustainability.

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, that workers are treated with respect and dignity, and that business operations are environmentally responsible and are 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 reducing the company's impact to the environment and supporting a low carbon future to address climate change. Through the implementation of the company's Environmental and Energy Management Systems, Globe recognizes its responsibility to demonstrate high standards of environmental management and stewardship in order to reduce the company's impact, particularly in local communities surrounding our operations, and that of our stakeholders.

### Community Interaction

Through Globe Bridging Communities, the Corporate Social Responsibility platform of Globe, 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 ensure sustainability 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 and shareholder value with an engaged and empowered work force committed to do a Globe of Good.

Globe conducts consultation with local communities for initiatives and interventions that benefit and affect them.

### 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 the Globe Whistleblower Network (GWeN) portal, a Hotline (09178189934), an e-mail address (gt\_whistleblower@globe.com.ph) as well as a 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 Code of Conduct or the company's ethical standards. 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 (page 190) 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.

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 on page 39.

### 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 independent directors, one of whom shall be a female, at all times. The company shall study and revisit its diversity in the Board to consider composition of 20% female directors or 2 female directors by 2023 and 30% female directors or at least 3 female directors, whichever is lower, by 2025.

Directors must also understand 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 2021, Globe's female independent director was appointed as chair of the Board Risk Oversight Committee (BROC). The company's directors have various nationalities such

as Filipino and Singaporean with different religious and educational backgrounds as well. The directors' age range from 50s 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 group that focuses on the company's data privacy and cybersecurity matters. The Chief Information Security Officer (CISO), Mr. Anton M. Bonifacio, is the Head of the ISDP. Supporting the office of the CISO, the Chief Privacy Officer (CPO), 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 CPO, she also functions as the key liaison with the National Privacy Commission.

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 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 assist 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 2021, the group extended assistance outside the Globe Telecom workplace to provide support to various stakeholder communities. The team provided educational supplies and hygiene kits to different organizations in Pampanga, Ilocos Norte, Cavite and Laguna.

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 reviewed 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 the 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 information 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 is 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

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. 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. 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.

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 (2021)	Per Share (in Php)	Record Date (2021)	Payment Date (2021)
November 11	27.00	November 25	December 10
August 5	27.00	August 19	September 3
May 6	27.00	May 21	June 4
February 9	27.00	February 24	March 11

### 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	Preferred	Total	% of Total
Ayala Corp	41,157,276	30.80%	-	-	41,157,276	14.09%
SingTel	62,646,487	46.88%	-	-	62,646,487	21.44%
Asiacom	-	-	158,515,016	100.00%	158,515,016	54.26%
Directors, Officers	335,536	0.25%	5	0.00%	335,541	0.11%
Public	28,989,468	21.70%	-	-	28,989,468	9.92%
Others - Employees	490,440	0.37%	-	0.00%	490,440	0.17%
<b>Total</b>	<b>133,619,207</b>	<b>100%</b>	<b>158,515,021</b>	<b>100.00%</b>	<b>292,134,228</b>	<b>100.00%</b>

Note: The shareholdings of all major stockholders are direct; whereas, all other stockholders reflect a combination of direct and indirect shareholdings.

### 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. Reminders on the requirement to disclose such information are also regularly issued to directors and key officers.

	Title of Class and Nature of Ownership	2021 Beginning Balance in Company Shares	2021 Change/s in Shareholdings (A - Acquired; D - Disposed)	End Balance in Company Shares as of 31 December 2021
<b>Globe Telecom Board of Directors*</b>				
Jaime Augusto Zobel de Ayala	Common (direct)	2	-	2
	Common (indirect)	1	-	1
Lew Yoong Keong Allen <sup>1</sup>	Common (direct)	2	-	2
Ernest L. Cu	Common (direct)	86,314	30,020 (A) <sup>4</sup> May 20	116,334
	Common (indirect)	75,014	-	75,014
	Voting Preferred (direct)	1	-	1
	Non-voting Preferred (indirect)	16,700	16,700 (D) <sup>5</sup> August 23	0

	Title of Class and Nature of Ownership	2021 Beginning Balance in Company Shares	2021 Change/s in Shareholdings (A - Acquired; D - Disposed)	End Balance in Company Shares as of 31 December 2021
Fernando Zobel de Ayala	Common (indirect)	1	-	1
Ng Kuo Pin <sup>2</sup>	Common (direct)	2	-	2
Romeo L. Bernardo	Common (direct)	1,799	-	1,799
	Common (indirect)	500	-	500
	Voting Preferred (indirect)	1	-	1
Delfin L. Lazaro	Common (direct)	1	-	1
	Non-voting Preferred (indirect)	2,800	2,800 (D) <sup>5</sup> August 23	0
Cezar P. Consing <sup>3</sup>	Common (direct)	1	-	1
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>				
Rosemarie Maniego-Eala	Common (direct)	17,137	4,160 (A) <sup>4</sup> May 20	21,297
Renato M. Jiao	Common (direct)	21,085	5,440 (A) <sup>4</sup> May 20	26,525
	Common (indirect)	285	-	285
Rebecca V. Eclipse	Common (indirect)	18,915	-	17,630 <sup>7</sup>
	Common (direct)	21,180	5,540 (A) <sup>4</sup> May 20 10,870 (D) September 1 130 (D) September 2	17,330 <sup>7</sup>
	Non-voting Preferred (direct)	4,000	4,000 (D) <sup>5</sup> August 23	0
Vicente Froilan M. Castelo	Common (direct)	9,339	2,430 (A) <sup>4</sup> May 20	11,769



	Title of Class and Nature of Ownership	2021 Beginning Balance in Company Shares	2021 Change/s in Shareholdings (A - Acquired; D - Disposed)	End Balance in Company Shares as of 31 December 2021
Bernard P. Llamzon	Common (direct)	5,940	4,220 (A) <sup>4</sup> May 20	5,940 <sup>6</sup>
	Common (indirect)	0	4,220 (D) <sup>6</sup> November 17	0
Solomon M. Hermosura	Common (direct)	20	-	20
Marisalve Ciocson-Co	Common (direct)	4,375	1,720 (A) <sup>4</sup> May 20	6,095
	Common (indirect)	3,059	-	3,059
Carlomagno E. Malana	Common (indirect)	460	30 (A) February 23  50 (A) March 9  30(A) March 26  30 (A) April 6	600
Rosalin E. Palacol	Non-voting Preferred (direct)	200	200 (D) <sup>5</sup> August 23	0
	Common shares (direct)	0	1,020 (A) <sup>4</sup> May 20	1,020
Maria Louisa Guevarra-Cabreira	Common shares (indirect)	5,710	-	5,710
	Common shares (direct)	2,620	2,760 (A) <sup>4</sup> May 20	5,380
Maria Yolanda C. Crisanto	Common shares (direct)	2,100	2,040 (A) <sup>4</sup> May 20	2,100 <sup>6</sup>
	Common shares (indirect)	2,184	2,000 (D) <sup>6</sup> September 13  200 (D) October 6	2,024

\* Reflects Members of the Board of Directors and Key Officers as of 31 December 2021.

<sup>1</sup> Mr. Lang Tao Yih, Arthur resigned from the Globe Board of Directors effective May 6, 2021. To fill the vacancy, Mr. Lew Yoong Keong Allen was elected to serve for the unexpired term of Mr. Lang or until the next annual stockholders' meeting.

<sup>2</sup> Mr. Samba Natarajan, resigned from the Globe Board of Directors effective October 8, 2021. To fill the vacancy, Mr. Ng Kuo Pin was elected to serve for the unexpired term of Mr. Natarajan or until the next annual stockholders' meeting.

<sup>3</sup> Mr. Cezar P. Consing was elected Director at the ASM on April 20, 2021.

<sup>4</sup> Acquisition in accordance with the Globe stocks grant plan.

<sup>5</sup> Disposal in accordance with the Globe redemption of shares completed on August 23, 2021.

<sup>6</sup> Change in the nature of shareholdings of Ms. Crisanto and Mr. Llamzon were disclosed in September 2021 and November 2021, respectively.

<sup>7</sup> Changes in shareholdings reflected in December 2021 disclosure.

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



## BOARD OF DIRECTORS

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

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

**Lew Yoong Keong Allen<sup>1</sup>**  
Co-Vice Chairman, Non-Executive Director

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

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

**Ng Kuo Pin**  
Non-Executive Director

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

**Cezar P. Consing<sup>2</sup>**  
Non-Executive Director

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

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

**Cirilo P. Noel<sup>3</sup>**  
Non-Executive and Independent Director

<sup>1</sup> Mr. Lang Tao Yih, Arthur resigned from the Globe Board of Directors effective May 6, 2021. To fill the vacancy, Mr. Lew Yoong Keong Allen was elected to serve for the unexpired term of Mr. Lang or until the next annual stockholders' meeting. Mr. Lew was likewise appointed as Co-Vice Chairman of the Board and Member of the Executive Committee and the Compensation and Remuneration Committee.

<sup>2</sup> Mr. Samba Natarajan, resigned from the Globe Board of Directors effective October 8, 2021. To fill the vacancy, Mr. Ng Kuo Pin was elected to serve for the unexpired term of Mr. Natarajan or until the next annual stockholders' meeting. Mr. Ng Kuo Pin was likewise appointed as Member of the Executive Committee and the Finance Committee.

<sup>3</sup> Mr. Jose Teodoro K. Limcaoco was a Director until April 20, 2021, while Mr. Cezar P. Consing was elected Director at the ASM on April 20, 2021.



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

**Committee memberships:**

Executive Committee (Chairman)

Filipino, 62, has been the Chairman of the Board since December 1996 and Director since March 1989. Among other current positions, he is also the Chairman of Ayala Corporation since April 2006; Chairman of Integrated Micro-Electronics, Inc. and Bank of the Philippines Islands; and Vice Chairman of Ayala Land, Inc., and AC Energy Corporation (formerly AC Energy Philippines, Inc.); Chairman of AC Industrial Technology Holdings, Inc., AC Infrastructure Holdings Corporation, and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc; Director of AC Ventures Holding Corp., Alabang Commercial Corporation, AC Energy and Infrastructure Corporation (formerly 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 Director of Temasek Holdings (Private) Limited. 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 is a member of the Board of Governors of the Asian Institute of Management, the Advisory Board of Asia Global Institute (University of Hong Kong) and of various advisory boards of Harvard University, including the Global Advisory Council and Asia Center Advisory Committee, HBS Board of Dean's Advisors, and HBS Asia Advisory Committee. He sits on the Board of Singapore Management University (SMU) and is the

Chairman of SMU International Advisory Council in the Philippines. He is a member of the Asia Business Council, Asean Business Club Advisory Council, Leapfrog Investment Global Leadership Council, The Council for Inclusive Capitalism, and World Wildlife Philippines National Advisory Council. He is Co-Vice Chairman of the Makati Business Club, Chairman of Endeavor Philippines, and Trustee Emeritus 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., Integrated Micro-Electronics, Inc., Bank of the Philippine Islands, and AC Energy Corporation (formerly 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  
Executive Committee

Filipino, 61, has served as Director since October 1995. He is the President and Chief Executive Officer of Ayala Corporation since April 2021 and Director since May 1994. He was also the Chief Operating Officer of Ayala Corporation from April 2006 to April 2021. He is the Chairman of Ayala Land, Inc., AC Energy Corporation (formerly AC Energy Philippines, Inc.), AC International Finance Ltd., Liontide Holdings, Inc., AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., Alabang Commercial Corporation, Accendo Commercial Corp., BPI Foundation and Hero Foundation, Inc.; Co-Chairman of Ayala Foundation, Inc.; 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., AKL Properties, Inc., AC Ventures Holdings Corp., and Bonifacio Art Foundation, Inc.; Director of Manila Water Company, Inc., Bank of the Philippine Islands, Integrated Micro-Electronics, Inc., AG Holdings Ltd., AC Infrastructure Holdings Corporation, Altaraza Development Corporation, Asiacom Philippines, Inc., BPI Asset Management and Trust Corp. and Manila Peninsula.

He is an Independent Director of Pilipinas Shell Petroleum Corporation.

### Skills and experience:

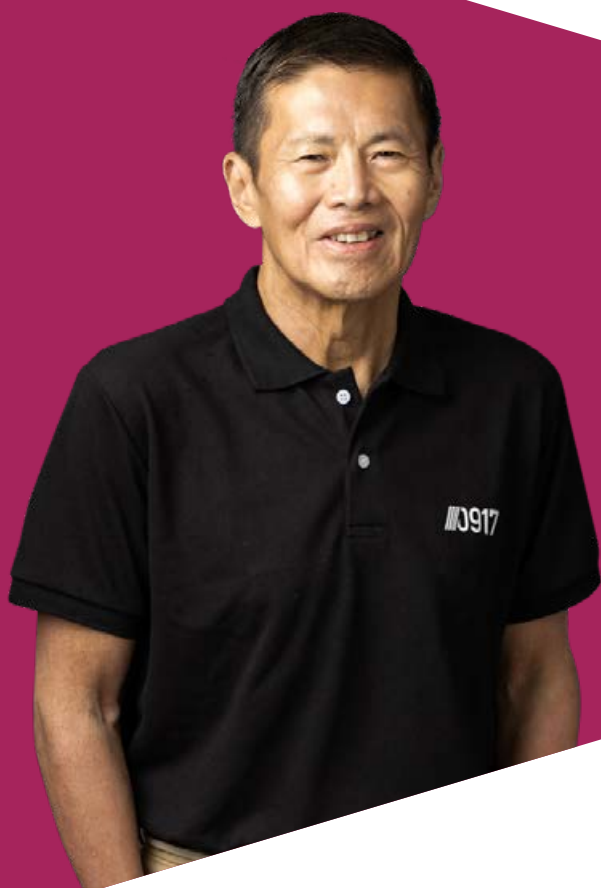
He is also a member of the Board of INSEAD Business School and Georgetown University; Member of the Board of Trustees of Asia Philanthropy Circle and Asia Society; Member of the International Advisory Board of Tikehau Capital; Member of the Board of Philippine-Singapore Business Council; Member of the International Council of the Metropolitan Museum; Co-Chair of Asia Pacific Acquisitions Committee of the Tate Museum; Member of the Chief Executives Organization and Habitat for Humanity International's Asia-Pacific Development Council; and Member of the Board of Trustees of Caritas Manila, Pilipinas Shell Foundation, and the National Museum.

Mr. Zobel graduated with B.A. Liberal Arts at Harvard College in 1982 and holds a CIM from INSEAD, France.

### Directorship in other publicly listed companies:

Ayala Corporation, Ayala Land, Inc., AC Energy Corporation (formerly AC Energy Philippines, Inc.), Bank of the Philippine Islands, Manila Water Company, Inc., Integrated Micro-Electronics, Inc., and Pilipinas Shell Petroleum Corporation. All of which are listed on the Philippine Stock Exchange.





## Lew Yoong Keong Allen

Co-Vice Chairman,  
Non-Executive Director

### Committee memberships:

Executive Committee  
Compensation and Remuneration Committee

Singaporean, 66 years old, has served as Director since May 2021. Mr. Lew Yoong Keong Allen was elected by the Globe board to serve for the unexpired term of Lang Tao Yih, Arthur (who resigned from the Globe Board, effective May 6, 2021) or until the next annual stockholders' meeting. Mr. Lew Yoong Keong Allen is a Senior Advisor at Singapore Telecommunications Limited, and a board member and Chairman of the Executive Committee of Advanced Info Service Public Company Limited (AIS). He is also a member of the Board and the Chairman of the Audit and Risk Committee of Raffles Medical Group.

### Skills and experience:

He was Chief Executive Officer, Group Strategy and Business Development, and Country Chief Officer Thailand of Singtel from April 2020 to April 2021. He was Chief Executive Officer for Consumer Australia and Optus where he led Optus to be the go-to operator

in Australia for great connectivity, innovative services and exciting content. Prior to this, Mr. Lew was Country Chief Officer in Singapore and CEO, Group Digital Life. His career in Singtel began in November 1980, and he has served in various senior management roles, both in Singapore and overseas.

Mr. Lew holds a Bachelor of Electrical Engineering degree from the University of Western Australia under a Colombo Plan Scholarship and a Master of Science (Management) from the Massachusetts Institute of Technology.

### Directorship in other publicly listed companies:

Raffles Medical Group listed on the Singapore Stock Exchange and Advanced Info Service Public Company Limited (AIS) listed on the Stock Exchange of Thailand.



## Ernest L. Cu

Executive Director, President  
and Chief Executive Officer

### Committee memberships:

Executive Committee

Filipino, 61, 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, Mr. 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. In 2020, Mr. Cu was awarded Asia's Best CEO at the Corporate Governance Asia Awards' 10th Asia Excellence.

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.

### Directorship in other publicly listed companies:

LivePerson, Inc. is listed on the Nasdaq.



## Delfin L. Lazaro

Non-Executive Director

### Committee membership:

Finance Committee (Chairman)

Filipino, 75, 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.; Chairman and President of A.C.S.T. Business Holdings, Inc.; Vice Chairman and President of Asiacom Philippines, Inc.; Director of AYC Holdings, Ltd., AC International Finance, Ltd., Purefoods International Limited and Probe Productions, Inc. He is an Independent Adviser to the Board of Directors of Ayala Land, Inc. Mr. Lazaro is also a member of the BPI Advisory Council.

### Skills and experience:

He graduated with BS Metallurgical Engineering at the University of the Philippines in 1967 and took his MBA (with Distinction) at Harvard Graduate School of Business in 1971.

### Directorship in other publicly listed companies:

Ayala Corporation, Integrated Micro-Electronics, Inc., and Monde Nissin Corporation. All of which are listed on the Philippine Stock Exchange.



**Ng Kuo Pin**  
Non-Executive Director

**Committee memberships:**

Executive Committee  
Finance Committee

Singaporean, 52, has served as Director since October 2021. Mr. Ng Kuo Pin was elected by the Globe board to serve for the unexpired term of Samba Natarajan (who resigned from the Globe Board, effective October 8, 2021) or until the next annual stockholders' meeting. Mr. Ng Kuo Pin is the Chief Executive Officer of NCS beginning August 2019. In January 2021, he was appointed to Singtel's Management Committee. He leads NCS in executing its new vision, one that is committed to advancing communities by partnering with governments and enterprises to harness technology and bringing people together to make the extraordinary happen. As a leading technology services firm, NCS aims to accelerate growth and build up a strategic presence in the Asia Pacific region.

**Skills and experience:**

Prior to joining NCS, he had a 25-year career at Accenture and spent nine years living and working in Beijing and Sydney. He started as an analyst in 1994 and was made partner in 2006. Between 2006 and 2018, he held senior leadership roles within the global Communications, Media and Technology (CMT) operating group as Head of CMT Singapore, Head of CMT Greater China, and finally as Head of Consulting for CMT Asia Pacific, Africa and the Middle East.

Mr. Ng holds an Honours Degree in Engineering (Electrical and Electronics) from the Nanyang Technological University.

*Mr. Ng is not a Director in any other publicly listed company.*





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

**Committee memberships:**

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

Filipino, 67, 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, and RFM Corporation. All of which are listed on the Philippine Stock Exchange.



**Cezar P. Consing**  
Non-Executive Director

**Committee membership:**  
Finance Committee

Filipino, 62, has served as Director since 20 April 2021. Mr. Consing serves as Member of the Finance Committee. He has been a Director of Ayala Corporation since December 2020. He was the President and CEO of BPI, one of the Ayala Group's publicly listed companies, from April 2013 to April 2021. He is a Director of Bank of the Philippine Islands, and AC Energy Corporation. His other significant positions are: Chairman of Philippine Dealing System Holdings Corp. and its operating subsidiaries namely, Philippine Dealing & Exchange Corporation, Philippine Securities Settlement Corp., and Philippine Depository & Trust Corporation; and Director of Filgifts.com. He is also a Director of the Singapore-listed Yoma Strategic Holdings Ltd. and the Myanmar-listed First Myanmar Investment Public Company Ltd., US-Philippines Society, and the Philippine-American Educational Foundation, a member of the Trilateral Commission, and a trustee of the Manila Golf Club Foundation, College of St. Benilde and La Salle Greenhills. He served as an Independent Director of Jollibee Foods Corporation from 2010 to 2021, CIMB Group Holdings from 2006 to 2013 and First Gen Corporation from 2005 to 2013, Sqreem Technologies from 2010 to 2021 and as Chairman of National Reinsurance Corporation from 2018 to 2019. He served as Chairman and President of the Bankers Association of the Philippines from 2019 to 2021 and was President of Bancnet, Inc. from 2017 to 2021.

**Skills and experience:**

Prior to being President of BPI, Mr. Consing first worked for BPI's corporate planning and corporate banking divisions from 1980 to 1985. He worked for J.P. Morgan & Co. in Hong Kong and Singapore from 1985 to 2004 and headed the firm's investment banking business in Asia Pacific from 1997 to 2004 and President of J.P. Morgan Securities (Asia Pacific) Ltd. As a senior Managing Director of J.P. Morgan, he served as a member of the firm's global investment banking management committee and its Asia Pacific management committee. He was a partner at The Rohatyn Group from 2004 to 2013, headed its Hong Kong office and its private investing business in Asia, and was a board director of its real estate, and energy and infrastructure private equity investing subsidiaries.

He has also served on the board of the Hong Kong based Asian Youth Orchestra. He is a board director of the US-Philippines Society and the Philippine-American Educational Foundation, and a trustee of the College of St. Benilde and the Manila Golf Club Foundation.

Mr. Consing graduated with a degree of A.B. (Accelerated Program) Economics (Magna Cum Laude) from De LaSalle University in 1979 and M.A. Applied Economics from the University of Michigan, Ann Arbor, in 1980.

**Directorship in other publicly listed companies:**

Ayala Corporation, AC Energy Corporation and Bank of the Philippine Islands. All of which are listed on the Philippine Stock Exchange. He is also a Director of the Singapore-listed Yoma Strategic Holdings Ltd. and the Myanmar-listed First Myanmar Investment Public Company Ltd.



## Rex Ma. A. 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, 59, has been Independent Director since April 2014. He is the President and CEO of Rampver Financials, a financial services firm and the leading mutual funds distributor in the country. He is also Chairman of Singapore Life Philippines, and the lead Independent Director of AyalaLand Logistics Holdings Corporation and a Director of Ayala Land, Inc., National Reinsurance Corporation of the Philippines, Esquire Financing, Inc., Seedbox Technologies, Inc., The Cullinan Group, Seven Tall Trees Events Company, Inc. and Mobile Group, Inc. He is the author of two books, "Trailblazing Success" and "Firing on All Cylinders", both certified national bestsellers.

### Skills and experience:

Mr. Mendoza was previously the Senior Adviser to the AIA Group CEO for Marketing and Distribution. AIA Group Limited is the leading Pan-Asian insurance company and is the parent firm of the Philippine American Life and General Insurance Company (PhilamLife). Prior to this position, he was the President and CEO of Philam Life, Chairman of The Philam Foundation, Inc. and Vice Chairman of BPI Philam Life Assurance Company. Prior to rejoining Philam Life, he was Senior Vice President and Chief Marketing and

Sales Officer of Ayala Land, Inc. He was also Chairman of Ayala Land International Sales, Inc., President of Ayala Land Sales, Inc. and Avida Sales Corporation.

Mr. Mendoza was awarded Most Distinguished Alumnus of the University of the Philippines' Cesar E.A. Virata School of Business last December 2013. He is also a fellow with distinction at the Life Management Institute of Atlanta, Georgia, U.S.A., a Registered Financial Planner and a four-time member of the Million Dollar Round Table.

Mr. Mendoza was a professor of Marketing and Computational Finance at the De La Salle University Graduate School of Business. He taught strategic marketing, services marketing and services strategy. He has served as Chairman of the Marketing Department and was awarded as one of the University's most outstanding professors.

He earned his Master's Degree in Business Management with distinction from the Asian Institute of Management in 1986 and was one of the 10 Outstanding Graduates of his batch at the University of the Philippines where he obtained a BSBA degree with a double major in marketing and finance in 1983.

### Directorship in other publicly listed companies:

Ayala Land, Inc., AyalaLand Logistics Holdings Corporation and National Reinsurance Corporation of the Philippines. All of which 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, 67, has been an Independent Director since 7 April 2015. Ms. Saw was the Group CEO of Auric Pacific Group, listed on the Mainboard of the Singapore Exchange, which has diverse business interests ranging from distribution of fast-moving consumer food, food manufacturing and retailing, management of restaurant and food court operations to other strategic investments including fund investment. The Group operates in various countries throughout Asia including Singapore, Malaysia, Indonesia, Hong Kong and China. Ms. Saw retired as its CEO on 1 May 2015.

### Skills and experience:

Prior to this, Ms. Saw was the President and CEO of SMRT Corporation Ltd between December 2002 to January 2012, Singapore's first multi-modal public transport service provider. During her tenure, she enhanced the public travel experience in Singapore by introducing commuter-centric initiatives and adding lifestyle conveniences at stations to make public transport a choice mode of travel for all. She was also instrumental in broadening SMRT's geographical footprint as well as establishing SMRT's presence overseas with the opening of offices in the Middle East and China which serve as springboards to opportunities in those regions. From 1984 to 2002, she was the Regional President in charge of businesses in Singapore, Indonesia, and Malaysia for DFS Venture Singapore.

Ms. Saw holds a Second Upper Class Honours in Biochemistry from the University of Singapore and attended the Advanced Management Programme at the University of Hawaii.

*Ms. Saw is not a Director in any other publicly listed company.*





**Cirilo P. Noel**  
Non-Executive 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, 64, has been an Independent Director since 17 April 2018. Mr. Noel is a lawyer and certified public accountant (CPA). He holds Chairman's position at Palm Concepcion Power Corporation (since June 2018); Juxtapose Ergo Consultus, Inc (since May 2019) and Confiar Land Corp. (since September 2021). He is also a member of the Board of Directors of Security Bank Corporation (since April 2018) and appointed Vice Chairman in April 2020. He is likewise a Board member of San Miguel Foods and Beverage, Inc. (since September 2018); Robinsons Retail Holdings, Inc. (since August 2020); and First Philippine Holdings Corporation (since May 2021). He also sits as a Board member of Amber Kinetics Holdings Co. PTE Ltd. (since March 2018); LH Paragon Group, Golden ABC (since April 2018); Eton Properties, Inc. (since April 2019); and Transnational Diversified Corporation (since August 2020). He is a member of the Board of St. Luke's Medical Center-Global City (since August 2018). He is also a member of the Board of Trustees of St. Luke's Medical Center-Quezon City (since August 2018); St. Luke's Medical Center Foundation, Inc. (from August 2018); and St. Luke's Medical Center College of Medicine (since September 2018). He is also currently affiliated with Makati Business Club, Harvard Law Alumni Association of the Philippines, Harvard Club of the Philippines and a fellow of the Harvard International Tax Program.

Mr. Noel was a member of the Board of Directors of Philippine Airlines (from 2018 to 2019); PAL Holdings, Inc.

(from 2018 to 2019); Cal Comp Technology (Philippines) Inc. (from 2018 to 2020); Transnational Diversified Group Inc (from 2019 to 2020); and JG Summit Holdings (from 2018 to 2021).

**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 held various positions in SGV & Co. Including Chairman, Managing Partner, Vice Chairman & Deputy Managing Director, Head of Tax Division, and Partner, Tax Services. He was also Ernst & Young (EY) ASEAN Tax Head and Far East Area Tax Leader. From 2004 to 2009, he was a Member of the E&Y Global Advisory Council and a Presiding Partner of the Asia Pacific Council.

He was also recognized as the Outstanding Professional of the Year by the Professional Regulation Commission (PRC) in 2019 for his distinguished contributions to the fields of accountancy, tax and law.

Mr. Noel graduated from the University of the East with a Bachelor of Science degree in Business Administration and obtained his Bachelor of Laws degree from the Ateneo de Manila University Law School. He has a Master's degree in Law from the Harvard Law School. He attended the AIM Management Development Program.

**Directorship in other publicly listed companies:**

Security Bank Corporation, First Philippine Holdings Corporation, Robinsons Retail Holdings, Inc., and San Miguel Food and Beverage, Inc. All of which are listed on the Philippine Stock Exchange.



# RISK MANAGEMENT

Globe believes that effective Risk Management (RM) practices play a crucial role in ensuring sustainable company growth and building resiliency towards future risk scenarios. 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 key pillars - Structure, Process and Culture.

## Structure

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

## Process

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

## Culture

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

## ROLES AND RESPONSIBILITIES

### Board of Directors

The Board of Directors oversees and conducts an annual review of Globe's material controls, covering operational, financial and compliance areas and overall RM systems. The overall responsibility and accountability 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 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. This includes exposures related to Environmental, Social, and Governance (ESG) risks, as well as climate-related risks and opportunities.

- Cultivating a sound organizational structure with an effective Enterprise Risk Management ("ERM") framework working in place.
- Establishing clear definitions of risk-taking authority, ownership, accountability, and proper segregation of duties.
- Fostering a risk-aware culture that is pervasive throughout Globe, and ensures 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.

### Management

With guidance provided by the BOD and sub-committees, 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 Executive Officer

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

- 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) enables the CEO in fulfilling his role in RM. 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 Senior Management, BOD and its sub-committees, and other Stakeholders, provide 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.

### 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.

On a quarterly basis, the Board, through the BROC, is apprised of the company's critical risks, control issues and key mitigation plans by the CRO and ERMD. 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.

The CRO and ERMD can schedule executive sessions outside the scheduled BROC meetings with the BROC Chairwoman on an as-needed basis to discuss new or emerging risks, as well as critical risk updates that need immediate attention.

To ensure that the competencies of the ERMD team remain up-to-date, all ERMD team members are trained in the ISO 31000:2018 standard and are holders of certifications related to RM. The team also actively participates in various training programs, summits, and professional organization events related to RM throughout the year.

### 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 is primarily responsible and accountable 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 is anchored on the ISO 31000:2018 framework for Risk Management. Given the complexities of the telecommunications sector, Globe is inherently exposed to a diverse set of risks from both internal and external factors. To ensure that these sets of risks are effectively and efficiently managed, 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 primary responsibility and accountability to address risks, including the adoption of one or more specialized frameworks and best practices that enables sound RM practices. 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 appetites 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 report to the board via the BROCC and Audit and Related Party Transactions (ARC) committees respectively. Through the BROCC and ARC, in conjunction with other board sub-committees, the board discharges and maintains its oversight role on the company's risks.

To ensure that our RM approach remains effective, efficient, and relevant, the ERMD continues to iterate and improve upon the company's RM policies and ways of working throughout the year. In 2021, the team embarked on the process of adopting the COSO ERM Framework to improve its overall RM approach, as well as integrating specific requirements of the TCFD Framework to further strengthen Environmental (including climate-related risks and opportunities), Social, and Governance (ESG) risk oversight and improve overall program efficiency.

### 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. These risks are then identified, analyzed, evaluated to identify the company's top risks for the next fiscal year. These risks are approved up to the BROCC level, and are assigned to the appropriate risk owner/s for the development of plans to manage said risks.

To ensure effective risk oversight and governance over the company's risks, Globe through the CRO and ERMD has institutionalized a process to monitor the status of risks through monitoring key risk indicators, key performance indicators, status of mitigation plans, and identification of any emerging risks. On a periodic basis, the ERMD, together with the risk owners, provide reports on the status of said risks to the CRO, management, and to the board via the BROCC and other board committees. A summary of the risk topics discussed throughout the year can be found in the BROCC report to the BOD.

At the operational level, risk owners ensure that 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 their BAU activities. The examinations performed by internal audit over internal controls, which include the review of established risk mitigation plans, provide independent assurance that said plans are in place.

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 3rd 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 Consultants, Inc., 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 various culture building activities. Learning sessions, summits, and information drives are organized throughout the year by risk owners. These activities provide every ka-Globe with opportunities to understand the latest technologies, solutions, and trends in various fields, and learn about the risks, both at present and in the future and how they are effectively managed.

## 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's management looks into various Environmental (which include climate-related risks and opportunities), Social, and Governance (ESG) risks and how these interact with the company's principal risks. Globe also supports the Ayala vision of integrating RM and Sustainability practices as the way forward towards long-term sustainable business growth.

The ERMD, together with our Sustainability team, continue to work towards synergizing both practices to ensure that the company's ESG risks are appropriately managed and in line with the company's sustainability commitments. Synergies include:

- Semi-annual reporting on ESG risks and its management by the

sustainability team to the BROCC.

- Integration of Sustainability risks into the company's annual enterprise-level risk assessment exercise.
- Fulfilling sustainability disclosure requirements, particularly that on the requirements of the Task Force on Climate-related Financial Disclosures (TCFD) framework as it relates to RM.

## RISK MANAGEMENT OFFICE

In 2021, Globe created the Risk Management Office (RMO) to further strengthen and synergize the company's core RM capabilities. ERMD joins the RMO alongside the following functions:

### Operational Risk Management and Business Continuity (ORB)

ORB is responsible for overseeing the company's implementation, review, and certification for the following management systems:

- **ISO 22301: Business Continuity**  
The program aims to achieve a constant state of readiness to respond to disruptions through proactive and responsive teams, effective and efficient processes, and a resilient network, ensuring continued delivery of critical products and services.
- **ISO 14001: Environmental Management**  
The program aims to ensure that the company's environmental impact is at a minimum, as a result of effective and efficient use of resources, pollution prevention, and waste management programs.
- **ISO 45001: Occupational Health and Safety**  
The program aims to achieve a workplace with prime consideration for the safety and well-being of its employees, partners, and the public.

ORB is also responsible for the development, implementation, activation, and review of the company's disaster response and recovery frameworks. This

includes managing and improving the company's disaster response capabilities to enable rapid, coordinated response towards various natural and man-made disasters. During crisis scenarios, ORB serves as the PMO between the disaster response capability teams and management.

ORB facilitates the company's annual re-certification to the management systems under its scope and performs periodic reviews to help risk owners prepare for the re-certification audit. ORB works with risk owners to ensure compliance with the requirements of various government and regulatory bodies as it relates to the management systems under its scope. These include National Disaster Risk Reduction and Management Council (NDRRMC), Department of Labor and Employment (DOLE), Department of Health (DOH), the Department of Environment and Natural Resources (DENR), National Telecommunications Commission (NTC), among others.

### Risk Automation Services (RAS)

RAS is RMO's internal automation team and is responsible for improving ways of working in RM through automation. This includes developing, maintaining, and optimizing the various tools and systems of the RM teams under its scope.

## 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 operating
- National roaming capabilities

Geopolitical and geoeconomic volatility could also impact its way of doing business, these include:

- International and regional conflicts, trade wars
- 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, especially those that aim to help the nation manage the ensuing pandemic.

- Bayanihan to Recover As One Act (RA 11519) - an act to provide COVID-19 response and recovery interventions and provide mechanisms to accelerate recovery and enhance resiliency of the Philippine economy.
- 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.
- Public Service Act (SB 2094) - A proposed law that amends the Commonwealth Act No. 146 or the Public Service Act of 1936. Changes include relaxing existing restrictions on foreign company ownership of industries deemed critical infrastructure by the government.

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 new and incumbent competitors seek to regain market share with aggressive offerings. 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 segments.
- 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, exploration towards Satellite Internet Access, 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.

The COVID-19 pandemic continues to place our current talent bench at risk, as not only it places employees' physical health at risk, thereby potentially leaving talent and leadership gaps that can hamper the achievement of Globe's business objectives, but also places employee mental health at risk as the protracted community quarantines, working from home, and general anxiety and fear of the virus places strain on employee mental health.

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
- Adopting protocols and safety measures to ensure minimal risk of contracting COVID-19 for employees, whether working from home or being part of the skeletal workforce, extending to critical 3rd party partners' personnel.
- Implementing measures to enable employees to conduct health screenings and options to care for their mental health, as well as providing medical assistance to those infected by the virus wherever possible.

#### Financial Risks (External/Internal)

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

Globe is exposed to two 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 USD/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 are 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.

The COVID-19 pandemic adds to this risk, as the need to fund the ramp-up of network builds amidst a challenged economy places strain on cash flows.

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 workforce, which are vulnerable to (1) climate-related risks caused by extreme weather disturbances and natural calamities, including physical and transition risks, and (2) other events such as fire, acts of terrorism, intentional damage, malicious acts, and pandemic, which could negatively impact the attainment of revenue targets and the company's

reputation.

The COVID-19 pandemic adds an additional layer of complexity towards the execution of Globe's business continuity plans, as minimum health protocols as well as community quarantine guidelines need to be constantly observed during disaster response and recovery.

#### 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 crises.

#### **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.

The COVID-19 created an additional layer of risk from the increased demand for digital services and connectivity. By expanding our vulnerabilities and attack surface, Globe becomes a greater target for threat actors as Globe processes large amounts of sensitive data.

#### 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 the 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 (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

### 3rd party Risk (External)

In an increasingly globalized and interconnected world, Globe seeks out various 3rd 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 3rd 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 3rd 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 3rd 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.

### Environmental, Social, Governance (ESG)-linked

Over the past years, various stakeholders have begun requiring companies to report on environment, social, and governance (ESG) risks as a means of determining the companies' responsible business conduct. Investors and creditors in particular are looking into how companies address ESG risks as part of their investment decisions. Customers are increasingly becoming aware of issues concerning ESG and have been seen to not support companies that do not incorporate sustainable practices into their businesses. Governments and regulators around the world, including here in the Philippines, have also begun setting up regulations that will require companies to report on ESG risks as part of ensuring good corporate governance practices. ESG risks include, but not limited to:

- a) Environmental Risks - responsible use of natural resources, responsible handling and disposal of waste, management and control of pollution, reduction of carbon and resource consumption footprint, assessment of vulnerability to climate-related risk and opportunities, adoption of green technologies and other opportunities.
- b) Social Risks - human rights, employee health, safety, and welfare, equal opportunities, adherence to labor standards, transparency and accountability

over products and services, upholding privacy and data security, unfair and unethical sourcing of resources and labor, delivering positive impact to the communities served.

- c) Governance Risks - risks concerning responsible business operations, commitment to good corporate governance practices, transparency and accountability at the top management level, transparent and responsible reporting of financial and tax information, compliance with prevailing laws and regulations, stand against corruption and unethical business practices.

#### Mitigation:

- Institutionalize an enterprise-wide sustainability policies and programs that oversees Globe's programs and initiatives as well as ensure delivery of commitments made to various sustainability targets (e.g., UN SDG commitments, carbon footprint reduction commitments, GSMA commitments, among others).
- Institutionalize capabilities, processes, and frameworks that address one or more ESG risks, which include 3rd party audit and certification of said capabilities wherever possible to ensure that practices are up to international and/or generally accepted standards as well as seek 3rd party consultants' help and expertise to build capabilities whenever applicable.
- Commitments by management towards sustainability frameworks and principles that tackles one or more ESG Risks (e.g., UN SDGs, UN Global Compact, TCFD framework adoption, among others).
- Establish board oversight over ESG risks.
- Regular awareness campaigns and training across the company to continuously build support for and raise appreciation on sustainable practices and how they contribute to the creation of value for the company.

# MANAGEMENT'S DISCUSSION & ANALYSIS

Results of Operations (₱ Mn)	31-Dec 2021	31-Dec 2020	YoY Change (%)
<b>Operating Revenues</b>	<b>167,748</b>	<b>160,519</b>	<b>5%</b>
<b>Service Revenues</b>	<b>151,514</b>	<b>146,388</b>	<b>4%</b>
Mobile <sup>1</sup>	104,392	103,732	1%
Home Broadband <sup>2</sup>	29,392	26,798	10%
Corporate Data <sup>3</sup>	14,170	12,613	12%
Fixed Line Voice <sup>4</sup>	2,280	2,620	-13%
Others <sup>5</sup>	1,280	625	105%
<b>Non-Service Revenues</b>	<b>16,234</b>	<b>14,131</b>	<b>15%</b>

Note: 2020 Service revenues was restated to reclassify telco products coming from subsidiaries;

<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.

<sup>5</sup> Others includes non-telco revenues from subsidiaries

## FINANCIAL PERFORMANCE

Globe closed the year with record consolidated service revenues of ₱151.5 billion, up 4% from ₱146.4 billion reported a year ago and surpassing 2019's pre-pandemic level by 2%. Home Broadband and Corporate Data drove the topline expansion given the increased data consumption among the Filipinos for work, education, health care, business, entertainment and essential social interactions. Total data revenues across mobile, broadband and corporate data accounted for 80% of total service revenues from 76% last year.

For the Mobile business, revenues as of end-December of 2021 improved by 1% from last year's ₱103.7 billion mostly coming from the prepaid brands. Total mobile revenues comprised 69% of the total service revenues, with total mobile subscriber base now reaching 86.8 million, or 13% higher from the year earlier.

From a product view, mobile data revenues posted a record ₱77.8 billion in 2021 from ₱72.4 billion

last year, as more and more Filipinos accelerated their use of digital applications and services amidst the COVID-19 pandemic. Mobile data now accounts for 75% of mobile revenues from 70% a year ago. Also, mobile data traffic soared to 3,733 petabytes in 2021 from 2,517 petabytes the previous year, which translates to a 48% growth year-on-year. Meanwhile, mobile voice and mobile SMS revenues ended at ₱17.2 billion and ₱9.4 billion, lower year-on-year by 15% and 16%, respectively.

Home Broadband business sustained its double-digit growth, posting a 10% year-on-year increase from the ₱26.8 billion generated in 2020 to a new record-high of ₱29.4 billion as of end-December of 2021. This even surpassed 2019 pre-pandemic revenues by 35%. The aggressive fiber rollout in 2021 also resulted in an increased take up of FTTH lines of 208% and fiber revenues growing by 183% against a year ago. Total home broadband subscriber base now stands at 3.7 million. As of end-December of 2021, HPW data traffic surged to 808 petabytes from 545 petabytes in 2020.

Likewise, Corporate Data business' full-year 2021 revenues posted a 12% increase from ₱12.6 billion as of end-December 2020 to a record ₱14.2 billion. This was largely attributed to the growth from domestic services and information and communication technology (ICT). Improvement in ICT revenues came mostly from business application services and cloud solutions.

Supporting these revenue streams, Globe's total operating expenses including subsidy posted ₱76.6 billion for the period, or 5% higher a year ago. This period's higher spending was mainly to support its aggressive network upgrades and site builds as well as to improve the customer experience. Also, part of the increase in expenses particularly in the fourth quarter was for the restoration and repair as well as services costs resulting from Typhoon Odette. Combined with the rebates given to broadband customers and the impairment costs from network related damages, Typhoon Odette's impact on fourth quarter operations totaled ₱2.2 billion.

Full-year 2021 total consolidated EBITDA stood at ₱74.9 billion, up 2% versus 2020 due to the 4% improvement in the topline. EBITDA margin for the period slightly contracted to 49% from last year's 50%. However, adjusted for the effects of Typhoon Odette on revenues and operating expenses, EBITDA margin would have remained at 50%. With higher EBITDA and lower non-operating expenses and taxes, which fully offset the increase in depreciation charges, net income reached a record ₱23.7 billion or 27% higher than the ₱18.6 billion reported last year. Lower non-operating expenses this period was mainly due to the gain of ₱4.3 billion from the deemed sale of investment in Mynt, coupled with the upside impact of CREATE law in Vega and higher equity share in affiliates. This was partly offset by the impairment costs amounting to ₱1.2 billion from the network related damages caused by Typhoon Odette. Excluding the effects of the extraordinary items, including the CREATE impact, normalized net income would have been ₱19.4 billion, or down by 15% year-on-year.

Accordingly, core net income, which excludes the impact of non-recurring charges, and foreign exchange and mark-to-market charges, posted ₱21.2 billion, a 9% increase from a year ago.

With its mission to deliver #1stWorldNetwork connectivity to Filipinos, Globe invested an all-time high ₱92.8 billion in capital expenditure (capex) in 2021, besting last year's record level spending by 54%. Total capex for 2021 represented 61% of gross service revenues and 124% of EBITDA. About 86% of the capex went to data-related requirements in order to serve the rising demands of Filipinos consumers who access the internet to carry on with their daily activities, maintain business operations and deliver critical services.

Furthermore, Globe built 1,407 new cell sites nationwide in 2021 including both 4G LTE and 5G, upgraded over 22,300 mobile sites, and installed over 2,000 5G outdoor sites and in building solutions (IBS) as of end-December of 2021. While on the fixed line front, Globe installed over 1.4 million FTTH lines, even surpassing its revised target for the year.

In addition, as of end-December 2021, Globe logged over 1.62 million devices in its 5G network, as it now reaches 96% of Metro Manila and 84% of key cities in Visayas and Mindanao in terms of 5G outdoor coverage.

Consolidated Return on Average Equity (ROE) registered at 24.1% as of end-December 2021, compared to 22.7% in 2020 using trailing 12 months net income and based on average equity balances for the year ended. Using trailing 12 months core net income, which excludes the effects of non-recurring expenses on net income, return on average equity as of end-December 2021 and 2020 were 21.5% and 23.8% respectively.

Accordingly, consolidated basic earnings per common share were ₱173.18 and ₱135.04, while consolidated diluted earnings per common share were ₱172.25 and ₱134.40 as of end-December 2021 and 2020, respectively.

Globe's balance sheet remained strong and gearing comfortably within bank covenants despite the increase in debt from ₱167.6 billion in 2020 to ₱210.1 billion in 2021. Globe's gross debt to equity is at 1.84x while gross debt to EBITDA is at 2.65x; Net debt to equity ratio is at 1.62x while net debt to EBITDA is 2.35x; and debt service coverage ratio is at 4.54x.

Globe Group's consolidated assets as of 31 December 2021 amounted to ₱458.5 billion compared to ₱339.8 billion as of December 31, 2020.

Consolidated cash, cash equivalents and short-term investments (including investments in assets available for sale and held to maturity investments) was at ₱24.2 billion as of end-December of 2021 compared to ₱19.5 billion as of end-December of 2020.

Consolidated net cash flows provided by operating activities in 2021 was at ₱65.1 billion, or flat versus the previous year. Net cash used in investing activities amounting to ₱96.6 billion, was 57% higher from 2020. Meanwhile, net cash provided by financing activities amounted to ₱36.1 billion in 2021, higher versus last year's ₱8.5 billion.

Globe also paid out ₱14.4 billion in common cash dividends in 2021, representing 74% of full year 2020 core net income. This was in line with our dividend policy of distributing 60% to 75% of prior year's core net income.

Going beyond Telco to help empower the Filipino digital lifestyle, Globe is doubling down on its shift to become a digital solutions platform using the core telco business. The company currently offers several diverse high-growth enterprises in healthtech, fintech, adtech, and e-commerce, among others. On the mobile money front, GCash, the undisputed leader in fintech platform operated by Mynt, is committed to maintaining its status by introducing innovative products boosting its engagement with users. GCash ended 2021 with 55 million registered users, 4.5 million merchants and social sellers, 290 GLife merchant partners, and around 174,000 cash-in, cash-out agents. GCash also more than tripled its gross transactions handled to ₱3.8 trillion in 2021 from the record ₱1.2 trillion reported in 2020. GCash now reached positive full-year EBITDA and already achieved profitability three years ahead of its target. As of 2021, GCash is the only double unicorn in the Philippines.

Other portfolio companies under Globe's corporate builder 917Ventures include telehealth service platforms KonsultaMD and HealthNow. KonsultaMD is exhibiting strong growth with more than 140% revenue growth, reaching over 1 million members (+168% YoY) across 50 thousand retail outlets nationwide. HealthNow on the other hand, has 800 thousand customers, processing 15 to 20 thousand medicine delivery orders daily and is Ayala Group's technology partner in administering one million COVID-19 vaccinations. Also under 917Ventures is AdSpark, the award-winning and largest locally-based ad agency which generated over Php1.2 billion revenue in 2021,

higher by 32% from full-year 2020. In addition, RUSH, the leading loyalty solutions provider in the Philippines now has 3.8 million registered users and is now generating more than 100% revenue growth versus full-year 2020. Lastly, PureGo, the online grocery shopping platform which is now available in all cities in NCR, Cavite, Bulacan and Rizal, posted over 75% growth in sales in 2021.

## 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 %age.
<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.

<b>NET INCOME</b>	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.
<b>CORE NET INCOME</b>	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

We also use a non-financial performance indicator to measure the success of the business and emphasize our commitment to sustainability. These include: (1) employee engagement score; (2) customer satisfaction; (3) environmental and social impacts; among others, which are discussed in this Report.





# HOW WE CREATE VALUE



# HOW WE CREATE VALUE

## OUR INPUTS

### FINANCIAL CAPITAL

CAPEX ₱92.8B

₱443.9B Market Capitalization

### MANUFACTURED CAPITAL

8% increase in Cell Sites built vs 2020

1.45M Fiber to the Home (FTTH) lines rolled out

### INTELLECTUAL CAPITAL

\$80M investment in privacy and cybersecurity capabilities

86% of 2021 CAPEX spend on data related initiatives

### HUMAN CAPITAL

8,285 Employees

₱63M investment for learning and development of employees

Implementation of an enterprise-wide Occupational Health and Safety Management System (ISO 45001)

### SOCIAL & RELATIONSHIP CAPITAL

84.6% local suppliers

91.8M customers

₱14.7M employee donations from 2020-2021 utilized for community development programs

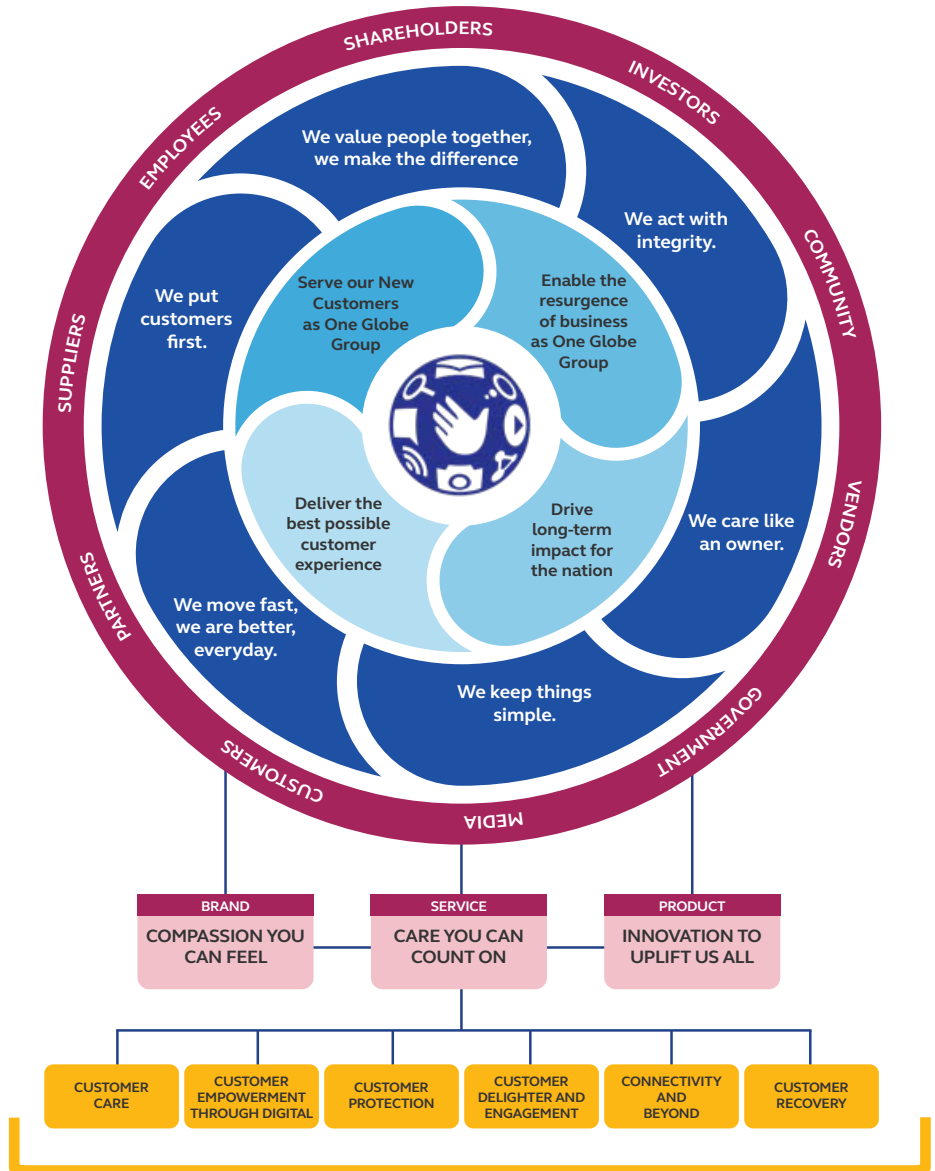
### NATURAL CAPITAL

Implementation of an enterprise-wide Environmental Management System (ISO 14001)

Committed to the Task Force on Climate-Related Financial Disclosures (TCFD)

Committed to set science-based targets through the Science Based Targets Initiative (SBTi)

## OUR BUSINESS ACTIVITIES



## LEVERAGING GLOBE'S STRATEGY TO ACCELERATE TRANSFORMATION INTO A DIGITAL SOLUTIONS PROVIDER





## OUR OUTPUTS

2021 CAPEX represented 61% of gross service revenue and 124% of EBITDA

Total mobile subscriber base is at 86.8M

Total home broadband subscriber base is now at 3.7M

Expanded infrastructural capabilities with 1,407 new cell sites built and 5,326 permits issued with the support of ARTA JMC and BAYANIHAN 2

Activation of 73 in-building solutions (IBS) to provide high-quality indoor coverage

Augmented digital capabilities through strategic partnerships in cloud-based solutions, cybersecurity, IoT, business apps, big data services and connectivity

Strengthened cloud technology adoption capability through renewal of Cascadeo AWS partner status

Launched various programs and tools to prioritize employee mental health and to help employees adapt to the new working style.

Compliance with the local workplace health and safety regulations

Strengthened PULSE strategy to further enhance customer engagement, optimize supplier management and empower local communities

Reinforced Responsible Supply Chain strategy with Vendor Monitoring System to evaluate supplier's commitment to sustainability and relevant action plans for improvement.

Deployed 8,500+ green solutions to reduce carbon emissions.

13 corporate offices and key facilities in Metro Manila, Luzon, and Visayas running on renewable energy through Power Purchase Agreements (PPA)

## OUR OUTCOMES

### FINANCIAL CAPITAL

27% Increase in Net Income

₱151.5B Gross Service Revenues

₱74.9B EBITDA

### MANUFACTURED CAPITAL

5G coverage in 96% of NCR and 84% in key cities in Visayas and Mindanao

208% increase in Globe at Home Fiber subscribers

22,300 upgraded Mobile Sites to 4G/LTE

### INTELLECTUAL CAPITAL

Zero breaches and non-compliance to regulation from customer safety and data security perspective

43% increase in ICT revenue generated through enhanced digital solutions capabilities

### HUMAN CAPITAL

35.8 average training hours per employee

45% of women in workforce

Industry Champion of the Year and Asia's Best Workplace of the Year by the Asia Corporate Excellence & Sustainability Awards (ACES) 2021.

### SOCIAL & RELATIONSHIP CAPITAL

Overall Transactional NPS is the highest ever in six (6) years at 38

Equipped over 68,500 public school teachers and students nationwide since the onset of the pandemic

Extended assistance to 268 community pantries nationwide

52% overall procurement budget spent on local suppliers

### NATURAL CAPITAL

50% emissions reduction target by 2030 and Net Zero GHG Emissions by 2050

Disposed a total of 284.8MT of hazardous waste and 86.1MT of non-hazardous waste.

Globe's climate change initiatives were recognized by the GSMA in its Mobile Net Zero-Sate of the Industry in Climate Action 2021 Report.



# GLOBE STRATEGY MAP





#### **Asticom**

Focused on providing superior customer experience through the consistent delivery of high-quality responsive services made possible by innovative co-created value-driven solutions that are tailor made to fit the client's business needs.

#### **Kickstart**

Corporate venture capital investment arm of Globe Telecom which seeks to invest in enterprise solutions and SaaS, fin-tech, health-tech, ed-tech, eCommerce and marketplace and digital lifestyle sectors.

#### **917Ventures**

Globe's corporate venture builder that ideates, launches, accelerates, and scales new businesses that have the potential to grow.

#### **KROMA**

TraDigital Entertainment company passionate about creators, talent, content, and technology.

#### **Inquiroy**

Inquiroy's suite of business intelligence-powered products are designed to create exciting value for enterprises and their customers.

#### **M360**

M360 empowers businesses to scale up in the global digital economy with multi-channel communication services to support rapid growth with advanced customer campaign solutions and messaging enablement.

#### **GCash**

GCash is the no. 1 e-wallet in the Philippines, empowering Filipinos to do financial transactions digitally. It is the top finance app in the country and the third overall most used app by Filipinos.

#### **HealthNow**

Poised to be the largest primary care provider in the Philippines. It enables a simplified way for Filipinos to have seamless access to the most relevant healthcare services, including online consultations, medicine delivery, clinic appointments, and laboratory services.

#### **KonsultaMD**

The largest telehealth company in the Philippines providing affordable healthcare services to Filipinos for the last five years.

#### **AdSpark**

A full-service, data-driven agency accelerating digital and mobile advertising in the Philippines. It helps brands create human connections through digital and more intuitive advertising solutions driven by the company's in-depth understanding of the Filipino consumer.

#### **Rush**

One of the Philippines' leading SaaS providers and offers solutions that ensure acquisition, customer engagement, and retention for businesses.

#### **Purego**

Affordable online grocery shopping made easy that features thousands of affordable products from hundreds of known and trusted brands.

#### **ECPAY**

Electronic payment service provider in the Philippines. It operates as a secure electronic depot for Electronic Loading, Bill Payments, Airline Ticket Payments, Cash-in Service and Online Shopping Transaction Payments.

#### **Cascadeo**

Cloud DevOps engineering firm focused on taking care of cloud deployments focused on building the products and services. It works at every stage of initiative, from the definition of cloud strategy through to the design, build, CI/CD automation and management of Cloud deployment.

#### **Third Pillar**

Highly experienced IT Consultancy company offering valuable expertise on business strategy and other benefits in the use of information technology.

#### **Yondu**

Top IT solutions company that helps enterprises scale in the global digital economy by providing industry-standard, secure, and scalable solutions that create happier technological experiences



# 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 activities 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.

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>One Globe Group Townhalls</li> <li>Regular COVID-19 Updates</li> <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>Quarterly</li> <li>Every two weeks</li> <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 Virtual Engagement Programs</li> <li>Virtual Mental and Physical Wellness Programs</li> </ul>
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>

Stakeholder Group	Mode of Engagement	Frequency	Stakeholder Concerns	Globe initiatives
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

With the COVID-19 pandemic causing both immediate and long-term consequences to business and society, ESG issues are put on the forefront of business strategic priorities. Given the uncertainties brought by the COVID-19 pandemic, Globe has reviewed its material topics and impact on the industry.

## MATERIALITY PROCESS

Globe has developed its material ESG issues by conducting review exercises against global frameworks on sustainable development and ESG Standards to align and determine the importance of the material issues to the business as well as the company's economic, environment, and social impacts.

The materiality review exercise is guided by three main inputs in determining material issues' priority. First, the materiality review considered Globe's capabilities in terms of its business model, product offerings, and operational capabilities to determine the extent of opportunities for value creation for each material issue. Second, the materiality review is benchmarked against industry specific ESG assessments and stakeholder group perspectives to determine the relevance of each material issue across Globe's stakeholders. Consecutively, Stakeholder

engagement exercises were then conducted to further validate the findings. Lastly, the materiality review assessed Globe's exposure to the risks that are attributed to each material issue. This was conducted in accordance with the results of the company's latest risk assessment exercise.

The results of this materiality review exercise reflect the significant areas of action through which Globe is positioned to maximize its value to sustainable development while addressing the most relevant sustainability-related risks to the business and the most relevant material issues raised by the company's stakeholders.

## HIGHLIGHTS

### Customer Experience & Service and Digital Inclusion

These have been identified as Globe's most material issues as these are tied to Globe's core business and are relevant across the company's stakeholders.

### Climate Risk

Climate Risk is regarded as a highly material issue due to a high-risk attribution to business disruption, exposure to transition risks, and increasing stakeholder demand for climate action.

### Anti-Bribery & Corruption and Public Policy & Compliance

These are material issues that exhibit significant risk as Globe operates in a heavily regulated environment. Therefore, it is important for the company to ensure participation and compliance with all relevant regulatory bodies and policies.

### Customer Privacy & Data Security

This is a material issue that is highly raised by Globe's stakeholders as it is important to establish high standards of data protection to maintain good relations and trust with customers.

### Digital Enablement

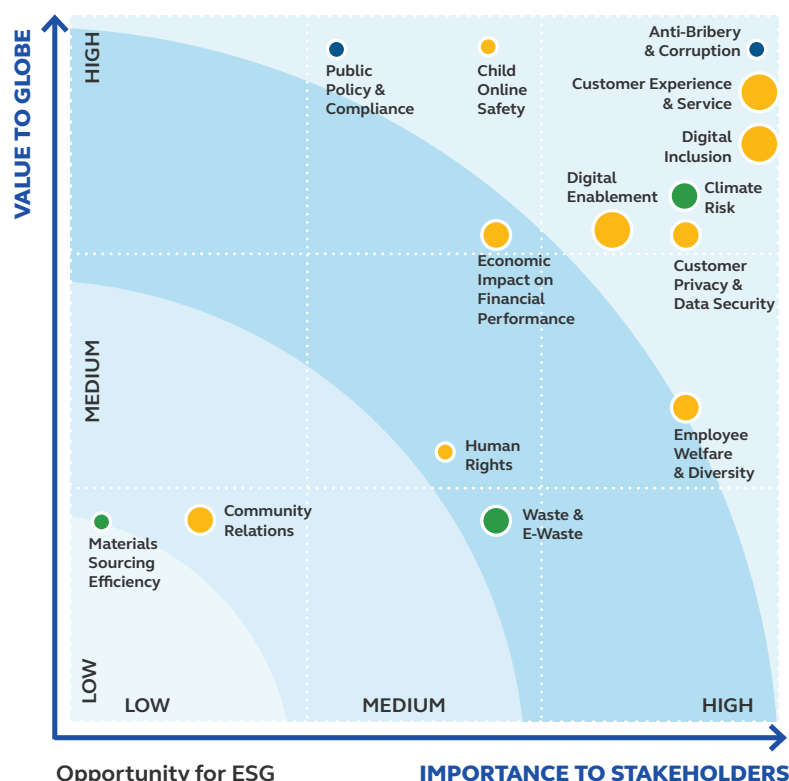
The pandemic has brought about fundamental shifts in how various sectors (such as Financial Services, Education, and Healthcare) behave. Globe recognizes the importance of harnessing its digital and connectivity capabilities in enabling these sectors.

### Child Online Safety

Online Safety emerged as a material issue for Globe as risks from technology abuse and misuse have recently increased with the pandemic season.

### Employee Welfare

The pandemic has accelerated the adoption of digitization and technology across workplaces, which presents an opportunity for Globe to innovate and enhance the new workplace environment.



Opportunity for ESG impact/value creation

LOW MEDIUM HIGH

- ENVIRONMENT
- SOCIAL
- GOVERNANCE

## Sustainability Reporting Frameworks Index

Material Topics	GRI Standards	SASB	TCFD	<IR>	SDGs	Page Number(s)
Anti-Bribery & Corruption	GRI 103-1 GRI 103-2 GRI 103-3 GRI 205-2			Corporate Governance	SDG 8 SDG 16	34-59
Customer Experience & Service	GRI 103-1 GRI 103-2 GRI 103-3	TC-TL-550a.2		Social & Relationship Capital	SDG 8 SDG 9	158-175
Digital Inclusion	GRI 103-1 GRI 103-2 GRI 103-3			Social & Relationship Capital	SDG 8 SDG 9	158-175
Climate Risk	GRI 103-1 GRI 103-2 GRI 103-3 GRI 201-2 GRI 302-1 GRI 305-1 GRI 305-2	TC-TL-130a.1	Governance Strategy Risk Management Metrics and Targets	Financial Capital Natural Capital	SDG 7 SDG 11 SDG 12 SDG 13 SDG 17	108-115 176-189
Digital Enablement	GRI 103-1 GRI 103-2 GRI 103-3			Intellectual Capital	SDG 4 SDG 8 SDG 9	128-139
Child Online Safety	GRI 103-1 GRI 103-2 GRI 103-3			Intellectual Capital	SDG 4 SDG 10	128-139
Public Policy & Compliance	GRI 103-1 GRI 103-2 GRI 103-3 GRI 415-1 GRI 307-1			Corporate Governance Materiality Manufactured Capital Social & Relationship Capital Natural Capital	SDG 8 SDG 9 SDG 16 SDG 17	34-59 94-95 156-175 176-189
Customer Privacy & Data Security	GRI 103-1 GRI 103-2 GRI 103-3 GRI 418-1	TC-TL-220a.1 TC-TL-220a.2 TC-TL-220a.3 TC-TL-220a.4 TC-TL-230a.1 TC-TL-220a.2		Intellectual Capital	SDG 8 SDG 9	128-139
Economic Impact on Financial Performance	GRI 103-1 GRI 103-2 GRI 103-3 GRI 201-2			Financial Capital	SDG 8 SDG 9 SDG 17	108-115
Employee Welfare & Diversity	GRI 103-1, GRI 103-2 GRI 103-3, GRI 401-1 GRI 401-2, GRI 401-3 GRI 403-1, GRI 403-2 GRI 403-3, GRI 403-4 GRI 403-5, GRI 403-8 GRI 403-9, GRI 403-10 GRI 404-1, GRI 404-3 GRI 406-1, GRI 407-1			Corporate Governance Human Capital	SDG 4 SDG 5 SDG 8 SDG 9	34-59 140-155
Human Rights	103-1 103-2 103-3			Human Capital	SDG 5 SDG 10	140-155
Waste & E-Waste	103-1 103-2 103-3 306-3			Natural Capital	SDG 12 SDG 13	176-189
Community Relations	103-1 103-2 103-3			Social & Relationship Capital	SDG 4 SDG 8 SDG 9 SDG 12	158-175
Materials Sourcing Efficiency	103-1 103-2 103-3 204-1			Social & Relationship Capital Natural Capital	SDG 12 SDG 13	156-175 176-189



# SUSTAINABILITY AT GLOBE

Globe's Sustainability practice is anchored on its Purpose that "in everything we do, we treat people right to create a Globe of Good."

The company is guided by sustainability principles in 3 areas:

First, Globe operates responsibly by aligning its ESG practices with Global ESG Frameworks which includes the UN Sustainable Development Goals and the UN Global Compact.

Second, Globe creates positive environmental and societal impact by addressing its material ESG issues aligned to the ICT sector.

And third, Globe advocates for ESG adoption by delivering on its sustainability commitments and engaging its stakeholders through proper disclosures aligned with Global Sustainability Reporting Standards.

The company also ensures that sustainability principles are integrated in the company's corporate balanced scorecard to help guide its different business teams in demonstrating the company's purpose.

Globe hopes to deliver impactful inclusive and sustainable development for all through the combination of innovation and power of collaboration among stakeholders. As the business continues to grow, the company strengthens its contribution to nation-building with an engaged and empowered workforce.



## REINFORCING COMMITMENT TO THE SDGs

The SDGs encompass a universal agenda for sustainable development requiring a multi-stakeholder participatory approach with localized action to drive grassroots level development. In relation to this, Globe has developed strategies to align its core business strategies towards enabling inclusive growth and development. Being a responsible global citizen, Globe considers it imperative to make substantial contributions towards the progress of these goals and national developmental priorities. The company has also joined hands with partners and

regulators in its endeavor to broaden its sphere of impact on societal progress and economic development, proving the company's commitment to making social investments in order to create positive social impact in areas such as health and education.

## SUSTAINABILITY COMMITMENTS AND AFFILIATIONS

### Signatory, United Nations Global Compact

- Globe has been a signatory to the United Nations Global Compact since 2019, in which the company is committed to implement universal sustainability principles on human rights, labor, environment, and anti-corruption (10 UNGC Principles).



### Signatory, United Nations Global Compact Statement from Business Leaders for Renewed Global Cooperation

- Joining with over 1,200 private companies from 100 countries, Globe supports the call of the United Nations Global Compact (UNGC) to address the various challenges the world is facing through an inclusive alliance among all stakeholders across different nations, sectors, and generations.



### Participant, #RaceToZero

- Through the Business Ambition for 1.5°C, Globe has committed to set science-based targets aligned with the 1.5°C trajectory of the Paris Agreement to achieve Net Zero GHG emissions by 2050. Spearheaded by the United Nations Framework Convention on Climate Change (UNFCCC) and COP26 Presidency and backed by the GSMA, this campaign is part of GSMA's bid to lower greenhouse gas (GHG) emissions to net zero no later than 2050 through the collective efforts of all mobile network operators around the world.



### Task Force on Climate-Related Financial Disclosure (TCFD)

- Globe formally expressed its support to the globally recognized Task Force on Climate-Related Financial disclosure (TCFD) together with more than 1,800 companies across 78 countries, as part of its commitment to mitigating the impact of climate change and abiding by its recommendations towards effective climate-related disclosures. This will also increase transparency on climate-related risks and opportunities within financial markets for the company.



### Committed, Science-Based Target initiative (SBTi)

Through its environmental advocacy, Globe became the first and only publicly-listed company in the Philippines listed by the Science-Based Target initiative (SBTi) committed to setting science-based targets in order to achieve the company's goal of halving its carbon emissions by 2030 and Net Zero GHG emissions by 2050.



**Together with our shareholders, we are part of a global community responsible in addressing global and local societal and environmental issues.**



## ESG RATINGS

### FTSE4Good Index: Member since 2016

- Globe proved its unwavering commitment to environmental, social, and governance (ESG) practices that are aligned with global benchmarks with its inclusion in the distinguished FTSE4GOOD Index Series for the sixth (6th) consecutive year. The index is administered by the Financial Times Stock Exchange-Russell Group (FTSE) which measures the performance of businesses around the world that demonstrate strong ESG practices.



FTSE4Good

### MSCI ESG Ratings Assessment: A Rating

- From the score of “BBB”, Globe obtained an MSCI ESG (Environmental, Social, and Corporate Governance) rating of A for 2021. MSCI ESG research provides MSCI ESG Ratings on global public and a few private companies on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers.



### Vigeo Eiris

- As of 2021, Globe ranked 46th on the top 100 Best Emerging Market Performers by V.E., part of Moody's ESG Solutions, for its dedication to attain a sustainable future

by implementing environmental, social, and governance (ESG) practices across its operations.

Globe ranked 4th out of 43 in the Telecommunications Emerging Market Sector, making it the only PH telco to make it to the list and one of the 12 telcos to enter the top 100 list.



### Carbon Disclosure Project: B Rating

- Globe continues to intensify its efforts to address climate change through various climate action activities, practices, and programs and have resulted in the company obtaining a higher B rating in 2021 from the CDP, which was a notch higher than its rating in 2020. Globe's 2021 rating is also higher than the Asia regional average of B-, and at par with the media, telecommunications, and data center sector average of B.



### Sustainalytics: Medium ESG Risk Ratings

- Globe was assessed by Sustainalytics to be at MEDIUM risk of experiencing material financial impacts from ESG factors and obtained an ESG Risk rating of 25.4 as of December 14, 2021. Globe's ESG Risk rating places it in the 84/228 of the Telecommunications industry assessed by Sustainalytics.



# KA-AKAY

#BrigadangAyalaKaakay is a concrete example of how Ayala companies come together for the Greater Good.

This 12-week food distribution program in select locations across Metro Manila targets over 10,000 families. Each family receives a weekly supply of rice, fresh vegetables, canned goods, and bread that will cover four square meals for a family of five. The food distribution is scheduled every week from November 2021 to February 2022.

Kaakay runs an inclusive eco-system of on-ground implementing partners like Virlanie Foundation, Caritas Manila, National Council for Social Development, and host barangays, while boosting the recovery and growth of local businesses by sourcing goods from rice farmers in Isabela (covering Regions 2 & 3), and vegetables from Benguet and CAR-based farmers. In addition, the bread included for food packs is produced fresh by a group of urban poor mothers who trained under TESDA's community-based bread-baking project through Virlanie Foundation.



**FERNANDO ZOBEL DE AYALA** "We are happy to be able to help in our own way, particularly those who lost their jobs during the pandemic. We thank our partners, suppliers, and beneficiaries for making Kaakay possible."

#AyalaForTheGreaterGood





**ERNEST CU** "Kaakay is a good program to alleviate hunger and provide livelihood opportunities. It's also great to expose our employees and executives to these kinds of programs so they are sensitized to the needs of the community, and continue to drive adoption of products that really serve these communities."



**PAOLO BORROMEO** "We are inspired by the stories of resilience we heard from our beneficiaries today. We are very happy that we were able to augment their needs through this program."



**RENE ALMENDRAS** "We hope to support breadwinners who now have less than P200 pesos a day to survive on, and they are forced to stretch that to support a family of five. We want to help them rebound by being their kaakay."



**BOBBY DY** "We are grateful as well for this opportunity to help our fellow Filipinos. As the economy rebounds and businesses bounce back this 2022, let's help everyone bounce back."



**RUEL MARANAN** "Kaakay provides us a wonderful opportunity to assist families through supplemental feeding. We hope we are able to help thousands of Filipino families in a practical and meaningful way."



**ART TAN** "It's easy to lose hope when one gets retrenched or loses a loved one during the pandemic. In these times, all we really need is a Kaakay, somebody to offer a hand and open opportunities."



**ERIC FRANCIA** "The stories of our beneficiaries affirm our decision to launch Kaakay. I am inspired by their resourcefulness and creativity, making use of available resources in the area to earn extra."



**TG LIMCAOCO** "Kaakay buys fresh vegetables and rice from local farmers in the provinces which directly goes to affected families in Metro Manila."





Last February 21, Globe President & CEO Ernest Cu and his team visited #BrigadangAyalakaakay beneficiaries at San Roque Parish in Mandaluyong.



Globe President & CEO Ernest Cu also visited the sari-sari stores of Globe prepaid load retailers Mary Magaling and Divina Montes. "Nagpapasalamat po ako sa Globe, lalo na iyong mga representatives nila na bumibista sa aking tindahan. Palagi silang nandiyan tuwing kailangan ko ng tulong sa loading business ko," Mary Magaling said.





From left to right: Globe Head of Strategy and PMO Cloyd Masaudling, Ayala Foundation Senior Director for Arts and Culture Mariles Gustillo, Ayala Foundation Planning and Resource Mobilization Consultant Marianne Quebral, Ayala Foundation Senior Director for Corporate Communications Cel Amores, Globe Area Sales Head Mon Pfeider, Globe Regional Sales Head Joseph Isla, Globe Cluster Sales Head Jasper Vallestro, Vice President for Globe Consumer Field Sales Operations Cleo Santos, Globe President and CEO Ernest Cu, Globe Group Corporate Communications Officer and Chief Sustainability Officer Yoly Crisanto, Executive Vice President for Globe Channel Management Bernie Llamzon, Globe Head of Sustainability and Social Responsibility Apple Evangelista, and Ayala Corporation Brand and Reputation Manager Rhys Buccat.



At a food distribution event in Mandaluyong last month, Globe President and CEO Ernest Cu expressed his gratitude and excitement at seeing the beneficiaries. He emphasized Globe's commitment to driving digital adoption by catering to the community's needs through their products and services.



Globe celebrates the women of Brgy. Barangka Ilaya, Mandaluyong for their strength and support for the community

# COVID-19 RESPONSE

## Demonstrating Compassion, Care, and Kindness in the Time of COVID-19

Globe extended its support to our Kababayans in one of the most challenging periods in Philippine history by prioritizing assistance to strategic sectors such as health and education, escalating assistance for basic services to communities, safety and well-being of Globe employees, their dependents, and partners who ensure the business continuity. This also included extending support to key sectors and communities by giving financial, technical, and in-kind assistance to help them rebound quicker from the pandemic and enable them to contribute to the country's overall economic recovery.

### ₱2.46 billion

Sums up the total COVID-19 support extended by the company through services and promos, community programs launched, in-kind and monetary donations, and fund-raising efforts rolled out (March 2020 - December 2021).

### ₱7.8 million

Raised funds in 2021 for COVID-related advocacies through Globe Rewards such as health sector support, hunger alleviation, distance learning, mental health, and child safety.

Internal fundraising through #OneGlobeVsCovid campaign.

Lifestyle activities, such as virtual indoor cycling classes, boxing, yoga, and pilates sessions were held by Globe Platinum in partnership with World Vision aimed to raise funds for student kits dedicated to more than 2,000 students in Baseco, Manila.

### ₱1 million Support for the *Ingat Angat Bakuna Lahat* Campaign.



Globe has spearheaded several donation drives that have helped organizations at the forefront of the global health crisis.



# ₱620,000,000

## GLOBE'S COVID-19 CONTRIBUTIONS IN 2021

Globe's RT-PCR testing laboratory (Globe Labs) for the workforce, with a capacity of more than 300 tests per day and can be increased to max. of 800 tests, if necessary.

Implemented precautionary measures to ensure a COVID-19-free workplace for all Globe offices nationwide (e.g., thermal scanning, deployment of hand sanitizers, floor sanitation, etc.)

Globe developed the G-Check mobile app that allowed the company to monitor the health status of its critical workforce, work-from-home employees, as well as those returning to the company premises.

Persons with disabilities, displaced workers, and out-of-school youth undergoing upskilling programs with the Digital Jobs PH program of DICT and Davao-based social enterprise, Virtualahan were provided an easier access to internet connectivity.

Implemented #BrigadangAyala program, in partnership with the Ayala Foundation, that focused on front liners support through WiFi kits, cash donation (funds from Globe Rewards and GCash) and smart TVs with loaded Globe WiFi.

## ₱1.8 million

Provided essential support packages to hospitals (UP-PGH, NCH, TMC).

Globe's COVID-19 responses and advisories will be updated through the website and social media channels.



Bagong Ilog Community Pantry in Pasig City was one of the community pantries supported by Globe in NCR

Migration of Globe At Home, Globe Business, and Globe myBusiness customers to paperless billing to minimize physical contact and ensure their safety.

Extension of bill payment due dates and ensured continuous service to customers despite of their unpaid bills and launched Globe Installment Payment Program to help ease the worries of the customers about bill payment.

# TYPHOON ODETTE RESPONSE AND RELIEF EFFORTS

On December 16, 2021, Super Typhoon Rai, locally known as Odette, made its first landfall and brought torrential rains and storm surges in the Palawan, Visayas and Mindanao regions. It destroyed 344,000 houses and damaged more than 1 million others, leaving a total of 408 fatalities and more than 1,200 injured persons. Through the spirit of *malasakit* (caring), customers were able to raise:

## ₱34,680,878.88

**₱2,002,257**  
Globe Rewards

**₱229,270**  
GOMO

**₱32,449,351.88**  
GCash

Through these donations, the Globe Group was able to provide critical aid to the families affected by Typhoon Odette.



### CARE FOR OUR CUSTOMERS

- Free AllNet SMS and Unli Calls for 1 day
- Extended payment due dates  
Bill rebates for eligible customers
- Free 1-month KonsultaMD Subscription
- Multiple Libreng Tawag and Libreng Charging (LTLC) stations made available across Visayas and Mindanao.
- Free M360 Plan 599 for Globe business customers.
- Re-seeded unused and expired load for Globe Business prepaid customers
- Financial Care Program to allow customers to avail of customized options to maintain their account depending on their financial situation.
- Provided bill rebates to minimize bill concerns
- Priority access to customer hotline and after-sales fast lane in order to promptly assist customers with their inquiries and concerns
- Maintained the free and unlimited GoWiFi services in select malls, airports, and government offices in affected areas



## CARE FOR OUR EMPLOYEES

- Released a total of ₱5.03 million calamity assistance for all affected employees and provided relief goods and food rations through partnership with PureGo and Ayala Group.
- Over ₱881,501 collected through the internal #AlagangGlobe donation drive to support fellow Ka-Globe across the country
- Provided temporary shelter for victims with severely damaged homes and offered home restoration support with interest-free company loans, Ayala Cooperative loan products, and Globe cooperative loan products.
- Allotted budgets and food provisions to support on-site duty personnel and employees in charge of network restoration.



Globe continues to support local communities as they build and recover. Relief efforts led by Globe and its partners organizations reached over 16,000 families in Palawan, Visayas and Mindanao.

The company also equipped LGUs in badly-hit areas with M360 messaging platform, providing a one-time package of free SMS blast services for 30 days.

## RESTORATION STATUS

**82.3%**

Network restoration  
in Visayas

**91.8%**

Network restoration  
in Mindanao

#StaySafePH  
#AlagangGlobe  
#OneGlobe

### #OneGlobe Typhoon Odette RESPONSE AND RELIEF EFFORTS

#### DONATE YOUR GLOBE REWARDS POINTS

Donate to partner organizations like GMA Kapuso Foundation, Rise Against Hunger Philippines, and Ayala Foundation Inc. through the new GlobeOne app.

#### DONATE USING GCASH

Donate any amount by scanning the GCashGivesBack QR Code or use Pay Bills #GCashGivesBack wallet & scan the QR code of your preferred disaster relief NGO.

#### GLOBE PREPAID

- FREE Allnet SMS & UNLI Calls for 1 Day
- FREE 1 month KonsultaMD subscription

#### GLOBE POSTPAID

- Extended Payment Due Dates

#### GLOBE AT HOME PREPAID WIFI

- FREE 5GB Data for 3 Days
- FREE 1 month KonsultaMD subscription

#### GLOBE AT HOME POSTPAID

- Extended Payment Due Dates
- Bill Rebate for eligible customers

#### TM

- FREE Allnet SMS & UNLI Calls for 1 Day
- FREE 1 month KonsultaMD subscription

Partner Organizations for Odette Response:



A background image of a wind turbine in a green field under a bright sky. Overlaid on the left side is a series of concentric, semi-transparent white and light blue curved lines that sweep across the page. The text '<IR> CAPITALS' is centered in a bold, orange font.

# **<IR> CAPITALS**







## FINANCIAL CAPITAL

“As the business environment becomes more complex and continues to evolve, maximizing opportunities, controlling costs, managing risks, and maintaining profitability have become even more challenging. The need is real to go beyond traditional mandates and continue to be more proactive in creating sustainable value. This enables the organization to obsess about the customer and serve all segments in accordance with their respective various experience metrics or ambitions, without sacrificing the company’s overall financial health.”

Rizza Maniego-Eala  
Chief Finance Officer,  
Treasurer and Chief Risk Officer





#### MATERIAL ISSUES

- Climate Risk
- Economic Impact on Financial Performance



#### STRATEGIC PRIORITIES

- Serve our New Customers as One Globe Group
- Enable the resurgence of business as One Globe Group
- Deliver the best possible data experience
- Drive long-term impact for nation



#### GOVERNANCE ENABLERS

- Executive Committee
- Finance Committee
- Audit and RPT Committee
- Financial Policy and Strategy
- Tax Strategy and Compliance
- Treasury Activities



#### KEY RISKS IDENTIFIED

- Financial Risk
- Fraud Risk
- Political and Socio-Economic Risk
- Regulatory Risk
- Revenue



#### STAKEHOLDERS IN FOCUS

- Shareholders
- Investors

## PERFORMANCE HIGHLIGHTS

**₱92.8 billion**

All-time high in CAPEX

**₱3.8 trillion**

GCash tripled its gross transaction value

**₱23.7 billion**

Achieved net income, aided by Mynt achieving FY positive EBITDA



#### ALIGNMENT WITH SDGs

- SDG 8 - Decent Work and Economic Growth
- SDG 9 - Industry, Innovation & Infrastructure
- SDG 17 - Partnerships for the Goals

## INTERACTION OF FINANCIAL CAPITAL WITH OTHER CAPITALS



## BOLSTERING GROWTH AND ACCELERATING DIGITAL ADOPTION

### IN THIS CHAPTER

- Megatrend
- Translating Strategy into Practice
- Economic impact and financial performance
- Accelerating digital solutions to deliver value
- Financial implications and other risks and opportunities due to climate change
- Road to 2022

### MEGATREND

According to a 2021 published report by the Cambridge University Press, the Philippines was among the fastest-growing economies in Asia in the past five years averaging within 6.5 GDP growth.<sup>1</sup> However, the global health crisis and other unforeseen natural disasters have halted the spur of the country's economic growth. A sequence of business shutdowns, supply chain collapses, and massive job reductions were triggered as the country faced these crises in the past year. The private sector was confronted with problems including threats to business continuity and survival. In a published report, World Bank and the National Economic Development Authority (NEDA) attested that with accelerated digital adoption seen as a key to economic recovery.<sup>2</sup>

Globe is committed to lead the digital revolution that can propel the country to economic resurgence. Majority of Globe's capital expenditures were used on data-related requirements for network expansion and rollout. With an innovative approach to opportunities, Globe emerged with stable financial performance with the reported sustained increase in revenue, EBITDA, and net income as of the 2021. Globe is optimistic to maintain a healthy financial growth in the coming year with continued investment in network expansion and configuration of strategic product platforms.



<sup>1</sup> Philippine private sector response, strategies, and state-business relations toward economic recovery and growth post-COVID-19 | Business and Politics | Cambridge Core

<sup>2</sup> Harnessing Digital Technologies Can Help Philippines Overcome Impact of Pandemic, Hasten Recovery (worldbank.org)

## TRANSLATING STRATEGY INTO PRACTICE

**\$300 million**

Mynt raised over \$300 million in funding with the investment round led by Warburg Pincus and Insight Partners, and Bow Wave Capital, one of Mynt's existing investors

**₱92.8 billion**

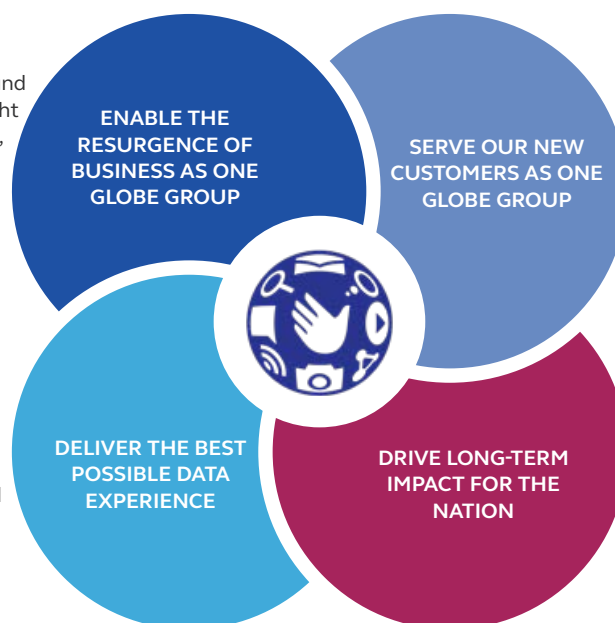
CAPEX spends with 86% for data-related requirements

**₱1 billion**

In just 6 months since launch, GLoan disbursements reached up to P1 billion

**₱1.2 billion**

AdSpark, the award-winning and largest locally based ad agency generated over ₱1.2 billion revenue in 2021

**₱151.5 billion**

Consolidated service revenues

**\$255 million**

Globe's corporate venture capital arm Kickstart Ventures now has \$255 million aggregate assets under management

**₱77.8 billion**

Mobile data revenues reached a record ₱77.8 billion or 7% higher than last year

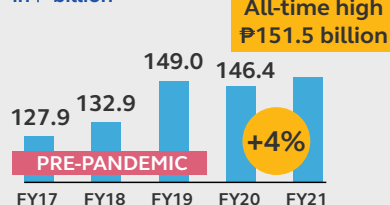
**₱14.2 billion**

Corporate Data revenues reached a record ₱14.2 billion

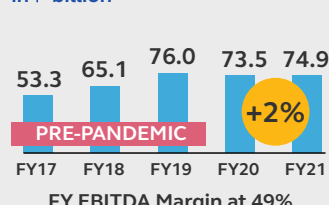
## ECONOMIC IMPACT &amp; FINANCIAL PERFORMANCE

## FY 2021 FINANCIAL PERFORMANCE

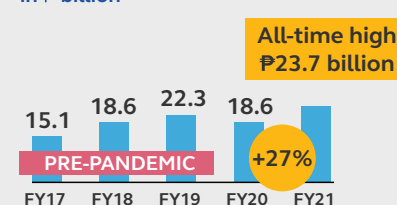
	FY 2021	FY 2020	YoY%	4Q 2021	3Q 2021	QoQ%
<b>Gross Service Revenues</b>	<b>151,514</b>	<b>146,388</b>	<b>4%</b>	<b>37,961</b>	<b>38,094</b>	<b>-</b>
OPEX in Subsidy	(76,592)	(72,876)	5%	(19,954)	(18,551)	8%
<b>EBITDA</b>	<b>74,922</b>	<b>73,512</b>	<b>2%</b>	<b>18,007</b>	<b>19,542</b>	<b>8%</b>
EBITDA Margin	49%	50%		47%	51%	
Depreciation	(41,133)	(35,412)	16%	(11,932)	(10,653)	12%
<b>EBIT</b>	<b>33,789</b>	<b>38,100</b>	<b>-11%</b>	<b>6,075</b>	<b>8,890</b>	<b>-32%</b>
Non-Op Charges	(4,749)	(10,961)	-57%	960	(2,339)	-141%
Provision for Tax	(5,316)	(8,517)	-38%	(1,270)	(1,631)	-22%
<b>Net Income</b>	<b>23,724</b>	<b>18,623</b>	<b>27%</b>	<b>5,765</b>	<b>4,921</b>	<b>17%</b>
<b>Core Net Income</b>	<b>21,246</b>	<b>19,523</b>	<b>9%</b>	<b>2,945</b>	<b>5,082</b>	<b>-42%</b>

**SERVICE REVENUE**  
in ₱ billion

Revenue performance driven by growth in data services

**EBITDA**  
in ₱ billion

Excluding impact of Odette, EBITDA would have been ₱76 billion, at 50% EBITDA margin

**NET INCOME**  
in ₱ billion

Excluding impact of Odette, NIAT would have been ₱25.4 billion, up 37% YoY

Globe has exhibited remarkable resilience amid the COVID-19 pandemic and natural disasters that compressed the country's economic performance. Consolidated service revenues reflected an all-time high record with 4% increase from ₱146.4 billion reported in 2020 to ₱151.5 billion in 2021. The upturn was triggered primarily by the growth in

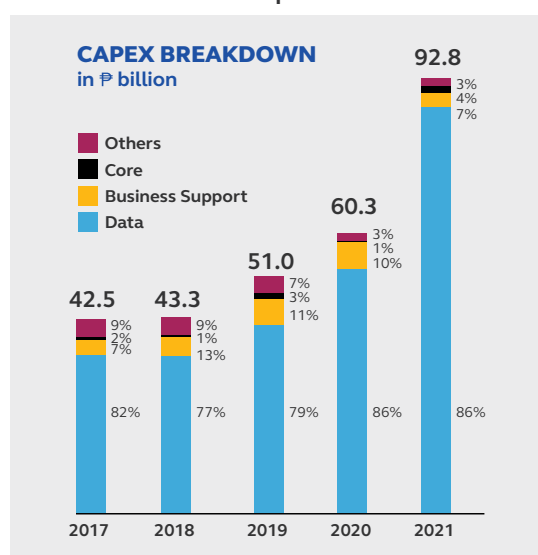
data service revenue from mobile, home broadband, and corporate data that made up 80% of total service revenues. The increase in data service revenues was due to intensified demand in internet connectivity for education, work, entertainment, and other online services.

#### Data-related revenues at record highs, accounting for 80% of total service revenues

	MOBILE VOICE	MOBILE SMS	MOBILE DATA	HOME BROADBAND	CORPORATE DATA	FIXED LINE VOICE	OTHERS
Revenue (in ₱ billion)	17.2	9.4	77.8	29.4	14.2	2.3	1.3
YoY Change	▼15%	▼16%	▲7%	▲10%	▲12%	▼13%	▲105%
QoQ Change	▼5%	▼7%	▲3%	▼11%	▲3%	▼5%	▲191%

**Data accounts for 80% of service revenues**

#### 2021 CAPEX spend at ₱92.8 billion with 86% for data-related requirements



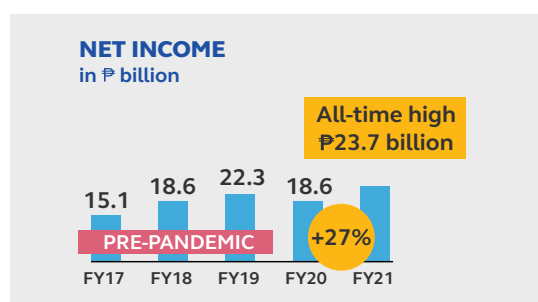
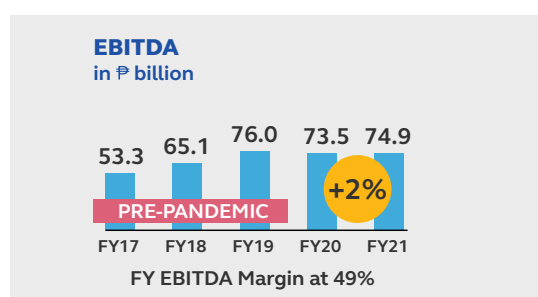
Mobile data revenues reflected 7% increase with the record ₱77.8 billion from last year's ₱72.4 billion. Due to amplified fiber rollout, Home Broadband business continued a double-digit growth with a 10% increase and marked a record-high of ₱29.4 billion. Similarly, Corporate Data business posed a 12% surge from ₱12.6 billion to ₱14.2 billion in 2020 largely credit to intensified growth in information and communication technology (ICT) and domestic services.

Total capital expenditure for the period stood at ₱92.8 billion which is 54% higher than last year's charges of ₱60.3 billion. 86% of the total capital expenditures was spent for data-related requirements to support the delivery of superior network performance to customers. These charges from aggressive network expansion coupled with the restoration costs for Typhoon Odette have significantly influenced the 5% increase in total operating expenses with subsidy posted at ₱76.6 billion.

With healthy topline figures, consolidated EBITDA improved by 2% from ₱73.5 billion to ₱74.9 billion despite the slight contraction to 49% margin coming from previous year rate. However, EBITDA margin would have remained at 50% if adjusted for the impact of Typhoon Odette on financial performance.

The consolidated net income likewise jumped by 27% or amounting to ₱23.7 billion fueled by the upward trend of EBITDA and lower non-operating expenses and taxes that offset the significant surge in depreciation charges.

Consolidated cash, cash equivalents and short-term investments was ₱24.2 billion at the end of the year. The consolidated net cash flows for operating activities amounted to ₱65.1 billion. Net cash used in investing activities amounting to ₱96.6 billion was 57% higher from 2020. Meanwhile, net cash provided by financing activities amounted to ₱36.1 billion in 2021, also higher compared to last year's ₱8.5 billion.





Despite higher debt incurred this year at ₱210.1 billion from ₱167.7 billion in 2020, the company finished the year with a gross debt to equity ratio on a consolidated basis at 1.84:1 that is still within the 3.0:1 debt to equity limit mandated under Globe Group's loan agreements.

Globe's consolidated assets as of end of the year add up to ₱458.5 billion which is higher from ₱339.8 billion last year. Total common cash dividend paid out for 2021 remained at ₱14.4 billion, while consolidated basic earnings per common share is at ₱173.18 at the end of the year.

#### Gearing: Debt level within covenant ratios

	FY 2021	FY 2020
Cash (in ₱ billion)	24.2	19.5
Gross Debt (in ₱ billion)	210.1	167.7
Gross Debt to Equity (Max of 3:1)	1.84x	2.02x
Net Debt to Equity	1.62x	1.79x
Gross Debt to Equity (Max of 3:5:1)	2.65x	2.42x
Net Debt to EBITDA	2.35x	2.14x
Debt Service Coverage Ratio (Min of 1.3x)	4.54x	3.31x

#### ACCELERATING DIGITAL SOLUTIONS TO DELIVER VALUE

### 917V<sup>ENTURES</sup>



Globe, through its corporate builder 917Ventures launched new portfolio companies that complement the company's vision to deliver best-in-class digital solutions that uplift the lives of the Filipinos.



## FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

Climate change continues to be a catastrophic risk on the global landscape. The Philippines has ranked 17th in the world as the most affected country from extreme weather events in the Global Climate Risk Index (CRI) 2021. Globe has identified climate-related risk as a priority for the business according to the company's 2021 annual risk refresh exercise and the annual sustainability materiality assessment.

Globe has identified and broadly classified climate linked risks into two (2) categories:

1. Physical risks - these are the risks that arise from climate change that impacts both vulnerable assets and operations, such as:
  - a. Increased intensity and frequency of typhoons, storm surges, and floods
  - b. Increased severity and duration of temperature changes (e.g., prolonged heat waves brought by the El Nino Phenomenon)
2. Transitional risks - these are the risks that arise as the company transitions towards a lower-carbon economy, such as:
  - a. Government policies and regulatory directives rolled out to accelerate corporate action on climate change, including lowering carbon footprint, taxation related to carbon emissions, among others.
  - b. Financial impact of adopting green technologies (including retrofitting and replacing existing assets), adopting government policies and regulatory directives related to climate change, among others.
  - c. Reputational risks arising from noncompliance with government policies and regulatory directives on climate change.

These climate linked risks, if left unmanaged, can result in:

1. Destruction, increased maintenance costs, and/or accelerated depreciation of vulnerable assets, with Globe's network and transmission infrastructure being the most vulnerable.
2. Revenue and opportunity losses as a result of telecommunication service disruptions brought about by severe typhoons, storm surges, and floods.

3. Increased capital and operational expenditures to restore telecommunication services to areas affected by severe typhoons, storm surges, and floods.
4. Increased capital and operational expenditures as a result of compliance with new Government policies and regulatory directives.
5. Higher capital expenditure requirements as the company adopts new and retrofits old infrastructure with innovative and greener solutions.
6. Reputational damage with key stakeholders (e.g., Customers, Investors, Government, among others) as a result of noncompliance with government policies and regulatory directives.
7. Failure to effectively manage operational disruptions brought about by severe typhoons, storm surges, and floods.

As testament to the company's commitment to proactively managing climate-related risks, Globe established a climate adaptation plan that focuses on identifying climate risks and fortifying the climate readiness of the company. The climate adaptation plan was anchored in Globe's Business Continuity Management to ensure the continuity of services and incorporate these plans into the implementation of the company's environmental management system. The Sustainability team reports to the Board Risk Oversight Committee (BROC) at least once a year to present the progress made towards environmental disclosures. This ensures that the company's efforts in managing climate risks are regularly monitored and updated as necessary.

## ROAD TO 2022

Service Revenue	Low single digit growth
EBITDA Margin	~50%
CAPEX	₱89 billion
Other Consideration	Increase in depreciation charges due to elevated level of CAPEX spending  Higher interest charges from additional debt

With the continuing adverse impact of pandemic due to new virus variants, Globe remains optimistic in preserving the current momentum as the economy rebounds. The 2022 CAPEX budget will still be standing at approximately ₱89 billion for keeping up the network expansion with particularly significant appropriations for fiber and 5G technologies rollout. Given the augmented capital expenditures, an upturn in depreciation and interest charges

from increased debt is projected to influence the financial performance in 2022.

The company believes that it can sustain its EBITDA margin at low 50s and secure increase in revenue by single digit with pertinent product platforms and network investments strategically in place to solidify position in the market.



## MANUFACTURED CAPITAL

“Our goal is to make high-speed, resilient and reliable connectivity accessed by all. We want families to connect more meaningfully wherever they are in the world; businesses to grow faster and create better opportunities; and the Philippines closer to being a digital nation to raise the Filipino’s quality of life.”

**Ernest Cu**  
President and CEO





## PERFORMANCE HIGHLIGHTS

**1,407 New Cell Sites Built**

**92.2% LTE Population Coverage**

**96.3% LTE Town Level Presence**

**3,733 Petabytes of mobile data traffic**

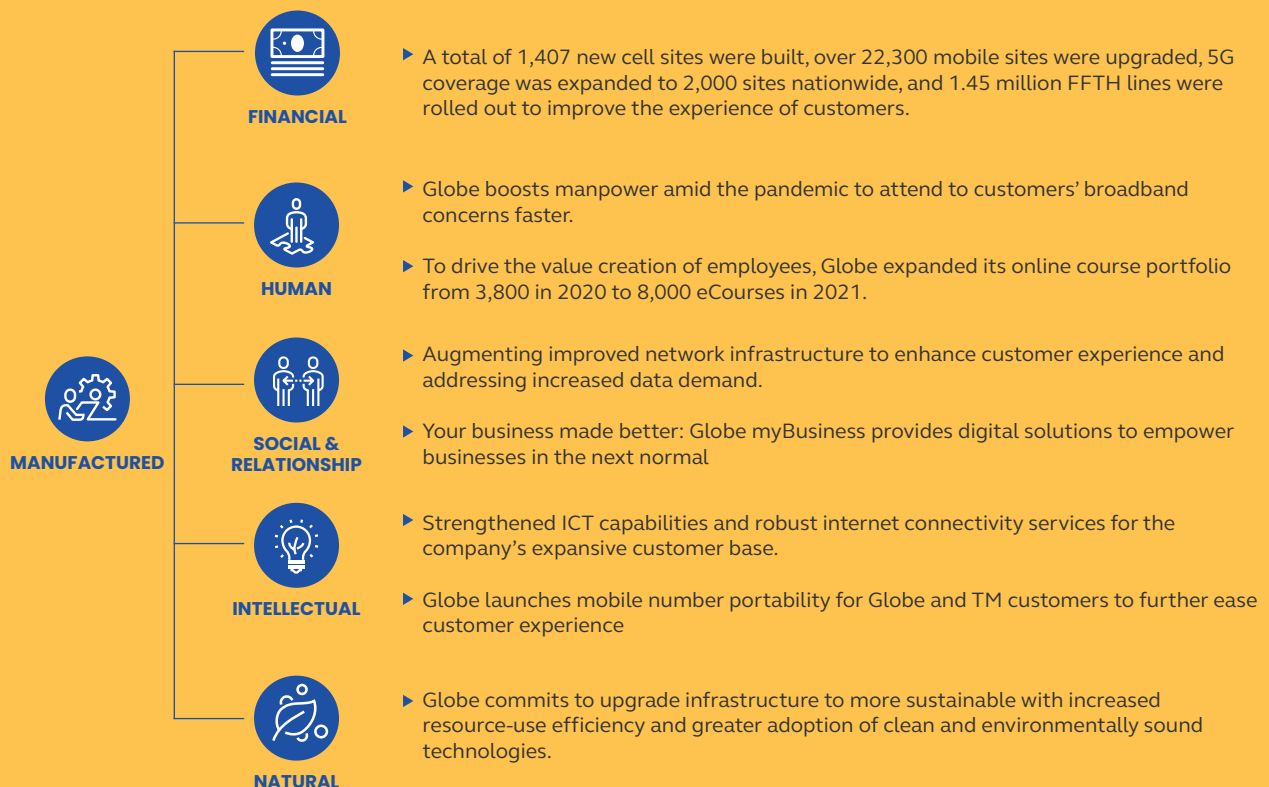
**Over 2,000 5G Sites nationwide which covers 96% of NCR and 84% of key VisMin cities**



**ALIGNMENT WITH SDGs**

- SDG 8 - Decent Work and Economic Growth
- SDG 9 - Industry, Innovation & Infrastructure
- SDG 11 - Sustainable Cities & Communities
- SDG 13 - Climate Action
- SDG 17 - Partnerships for the Goals

## INTERACTION OF MANUFACTURED CAPITAL WITH OTHER CAPITALS



## USHERING THE PHILIPPINE ECONOMY THROUGH THE NEXT DIGITAL REVOLUTION AS WE FUEL OUR COUNTRY'S RECOVERY

### IN THIS CHAPTER

- Megatrend
- Investments for long-term agility
- Improved Network Infrastructure for Long-term Success
- Increasing Accessibility to 5G Technology
- Creating Shared Value Through Technology Development
- Integrated Management System
- Business Continuity Management
- Road to 2022

### MEGATREND

Endeavoring to adapt to the growing digital ecosystem and sustain long term growth, Globe continuously capitalizes on synergies between value chain partners to strengthen ICT infrastructure, fast-track digitalization of business processes and upskill workforce. As the world increases its reliance on digital technologies in response to the COVID-19 lockdown, accelerating digital solutions become imperative to improve ease of doing business, create a more attractive destination for investment, and facilitate a more inclusive and sustainable economic growth.

According to the latest report of global internet speed monitor Ookla, the Philippines logged better Internet speeds, improving in both mobile and fixed broadband rankings as it sustained a steady climb in December 2021. The country rose nine places to 63 out of 178 in median fixed broadband connectivity, recording a median download speed of 50.26 Mbps, up from 46.44 in 2021. To date the Philippines ranks 89th out of 138 countries in terms of mobile speed. The development came amid a steadily growing demand for reliable Internet connectivity, with millions of Filipinos still working, studying, and streaming entertainment online as movement restrictions persist due to the COVID-19 pandemic.

Globe is fully committed to enabling Filipinos to adapt to the new normal and continues to fortify its network infrastructure to ensure resiliency in an unprecedented and

challenging environment. In support of the Department of Information and Communications Technology (DICT) in adopting the “Connect, Harness, Innovate and Protect” or CHIP conceptual framework to improve internet speed in the country, Globe continues to expand its investments in building connectivity through cell sites builds and augmenting the presence of Information Communication Technology (ICT) in more towns and municipalities. The company laid out a 3-pronged strategy to improve overall customer data experience.



**Fast-tracking the fiberization of Filipino homes nationwide to improve connectivity at home**



**Upgrading all Cell Sites to 4G/LTE for better data experience**



**Aggressive Cell Site builds to increase coverage**

## INVESTMENTS FOR LONG-TERM AGILITY

In FY 2021, restrictions imposed by the pandemic resulted in evolved customer needs. As schools, shops and hospitals transitioned to virtual modes, Globe tailored various solutions to meet these diverse customer needs. The company's capital investment on tower builds and upgrades to accelerate digitization have resulted in:

Globe's capital investment on tower builds and upgrades to accelerate digitization have resulted in:

- Rollout of 4G LTE nationwide
- Expanding 5G coverage nationally and internationally
- 73 in-building solutions (IBS) to provide high-quality indoor coverage

Activation of 5G IBS at:

- Ninoy Aquino International Airport (NAIA) Terminals 1, 3, and, 4, as well as the Newport Mall, Riverbank Mall, SM Mall of Asia Annex, office e-retail W City Center, Philippine Arena, and New Clark City Athletic Stadium
- House of Representatives complex, Legislative Library Building, Speaker Ramon V. Mitra Building, Marikina City Hall, MAAX, The Globe Tower, and 917Ventures office.

Globe also leverages digital innovation to keep pace with the dynamic and ever-changing customer needs' landscape. This unprecedented revolution redefined a "New customer" that Globe aimed to serve with frictionless digital journeys and touchpoints. Globe aspires to build lifetime relationships through complementing and enablement of the new customer's digital lifestyle.

## IMPROVED NETWORK INFRASTRUCTURE FOR LONG-TERM SUCCESS

**\$2.1 billion**  
Network CAPEX in 2021

### 4G/LTE

Increase capacity and optimize spectrum

### 5G

Expand coverage and enable new services

### FTTH

Modernize network with fiber and expand coverage

### NATIONAL BACKBONE

Fortify and expand fiber backbone network with capacity and resiliency

### INTERNATIONAL FACILITIES

Increase capacity and improve diversity of both CLS, IPOP and cable routes

Globe recognizes the efforts of the Anti-Red Tape Authority (ARTA) in further streamlining the permitting process for the construction of cell towers. The expanded ARTA joint memorandum circular revised the previously issued JMC 1 series of 2020, to harmonize it with the provisions of Bayanihan 2 Act. Aided by ARTA and Bayanihan 2 laws, Globe was able to secure 5,326 permits this year, despite the continuing pandemic. This enabled the company to implement its aggressive site builds and network upgrades to meet its customers' demands for enhanced data experience and faster internet speed.

**51%**

Improvement in download speed  
(Q4 2021 VS Q1 2021)

**24%**

Improvement in upload speed\*  
(Q4 2021 VS Q1 2021)

**18.51%**

Speed score\*  
As of Q4 2021  
(from 12.27 in Q1 2021)

**24%**

Consistency score\*  
As of Q4 2021  
(from 70.59 in Q1 2021)

Accelerating fiber roll out for increased take up of fiber:

Partenered with the Maguindanao Electric Cooperative (MAGELCO) to accelerate the rollout of fiber-to-the-home (FTTH) technology



Increased take up of FTTH lines of 208% with over 1.4 million FTTH lines



Continue building more cell sites as it modernized 377 sited to 4G LTE from the old 3G network



Provide more affordable electricity in typhoon-impacted Mindanao



At least a hundred new cell towers were also installed in South Visayas and Mindanao



New cell tower built in Metro Manila (340), North Luzon (230) and strategic towns and cities all over Pampanga (26)



## INCREASING ACCESSIBILITY TO 5G TECHNOLOGY

To enhance its digital solutions, Globe is committed to expand its 5G coverage. The company has rolled out its 5G technology internationally and has also become the only Philippine telco with the widest 5G coverage over the continent. Some of the key initiatives to enhance its 5G network coverage are highlighted below.

### KEY HIGHLIGHTS

96% actual vs target 93% target outdoor coverage achieved in the NCR

84% actual vs 80% target coverage coverage in the VisMin key cities areas

2.55% actual vs 31% target 5G device penetration

Detected over 1.62M million devices in network within the 1.59 PB of 5G data traffic logged

Globe's exceptional customer experience offered by its 5G technology has been recognized through several awards over the years. Some of its prominent awards include:



**BEST  
TIME TO  
BE WITH  
GLOBE**

**5G Global Impact Awardee (2021 Leader)**

**Best 5G Video Experience Awardee**

**5G Network of Choice**

**Leader in Network Consistency  
(Ookla Speedtest Intelligence)**

**Network of Choice for  
Mobile Network Data Usage**

**Topped the Netflix ISP Speed Index**

### Can 5G be energy sufficient?

Computation show that 5G power consumption per unit (W/Mbps) is smaller compared to that of 4G and 3G

### AWARD CATEGORIES

1. Ookla has conferred Globe based on consumer-initiated video test:
  - Best 5G Video Experience
  - Best Mobile Video Experience
  - Best ISP Video Experience
2. 5G Global Impact Award recognized improved network in mobile experience:
  - Download Speed
  - Upload Speed
  - Games & Video Experience

### INTERNATIONAL ROLL OUT

1. Updated 5G roaming services in more countries in Europe
2. Only Philippine telco with the widest 5G coverage
3. Established 5G roaming partnerships in Greece with Cosmote, in Slovakia through O2, and in Ireland through Vodafone
4. Customers can avail high-speed roaming services in the United Kingdom thorough Vodafone



## GLOBE 5G COVERAGE

### METRO MANILA

Caloocan  
Las Piñas  
Makati  
Malabon  
Mandaluyong  
Manila  
Marikina  
Muntinlupa  
Navotas  
Parañaque  
Pasay  
Pasig  
Pateros  
Quezon City  
San Juan  
Taguig

### RIZAL

Angono  
Antipolo  
Binangonan  
Cainta  
Cardona  
Morong  
Pililla  
Rodriguez  
San Mateo  
Tanay  
Teresa

### NORTH LUZON

Bulacan  
Pampanga

### SOUTH LUZON

Batangas  
Camarines Sur  
Cavite  
Laguna  
Oriental Mindoro  
Quezon

### VISAYAS

Aklan  
Cebu  
Iloilo  
Negros Occidental

### MINDANAO

Bukidnon  
Davao Del Sur  
Misamis Oriental  
South Cotabato  
Zamboanga Del Sur

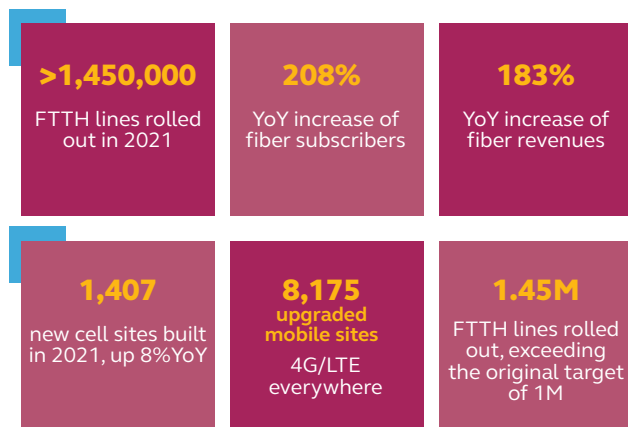


## CREATING SHARED VALUE THROUGH TECHNOLOGY DEVELOPMENT

Globe accelerated its Reset and Resurgence strategy in 2021 to win every Filipino's heart and strengthen the recovery of the Philippine economy through digital technology. The company's strategy focuses on effectively serving each and every customer, enabling the resurgence of business, expanding cell sites, leading sustainability practices and pushing the boundaries of innovation to enable the Filipino digital life.

With the increased momentum of digital adoption, the company effectively expanded mobile sites and increased outdoor coverage in NCR across 4G and 5G technology. Globe also encouraged customer migration from 3G to 4G technology in key towns, cities and baluarte areas. The company upgraded 377 sites to 4G LTE from the old 3G network, improving to 71 % from previous years 60.82%.

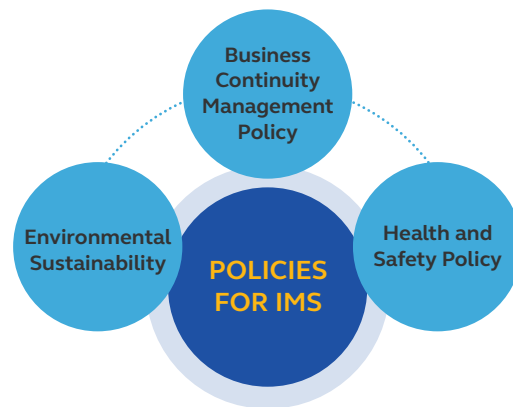
Key highlights of the company's performance are provided below.



## INTEGRATED MANAGEMENT SYSTEM

Globe has implemented an Integrated Management System (IMS), a standards-based architectural framework for delivering multimedia communications services such as voice, video and text messaging over IP networks for a cohesive and robust management system for all its operations. The company achieved an enterprise wide IMS certification in 2018 and has successfully retained its certificate this year.

Certification received through BSI Singapore	ISO 14001 - Environmental Management System	ISO 45001 - Occupational Health and Safety	ISO 22301 - Business Community
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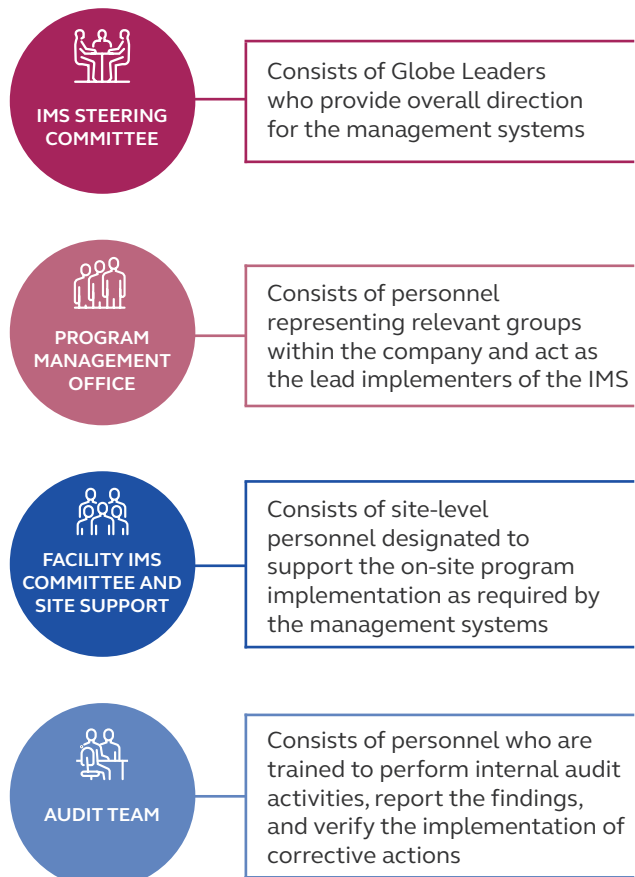


The company's management displays Leadership through its commitment to the implementation of the IMS which is guided by its policies.

These policies may be accessed at <https://www.globe.com.ph/about-us/corporate-governance/company-policies.html>

## BUSINESS CONTINUITY MANAGEMENT

The IMS Governance Structure clearly defines the organizational roles and responsibilities of the various stakeholders to facilitate effective management of the IMS.

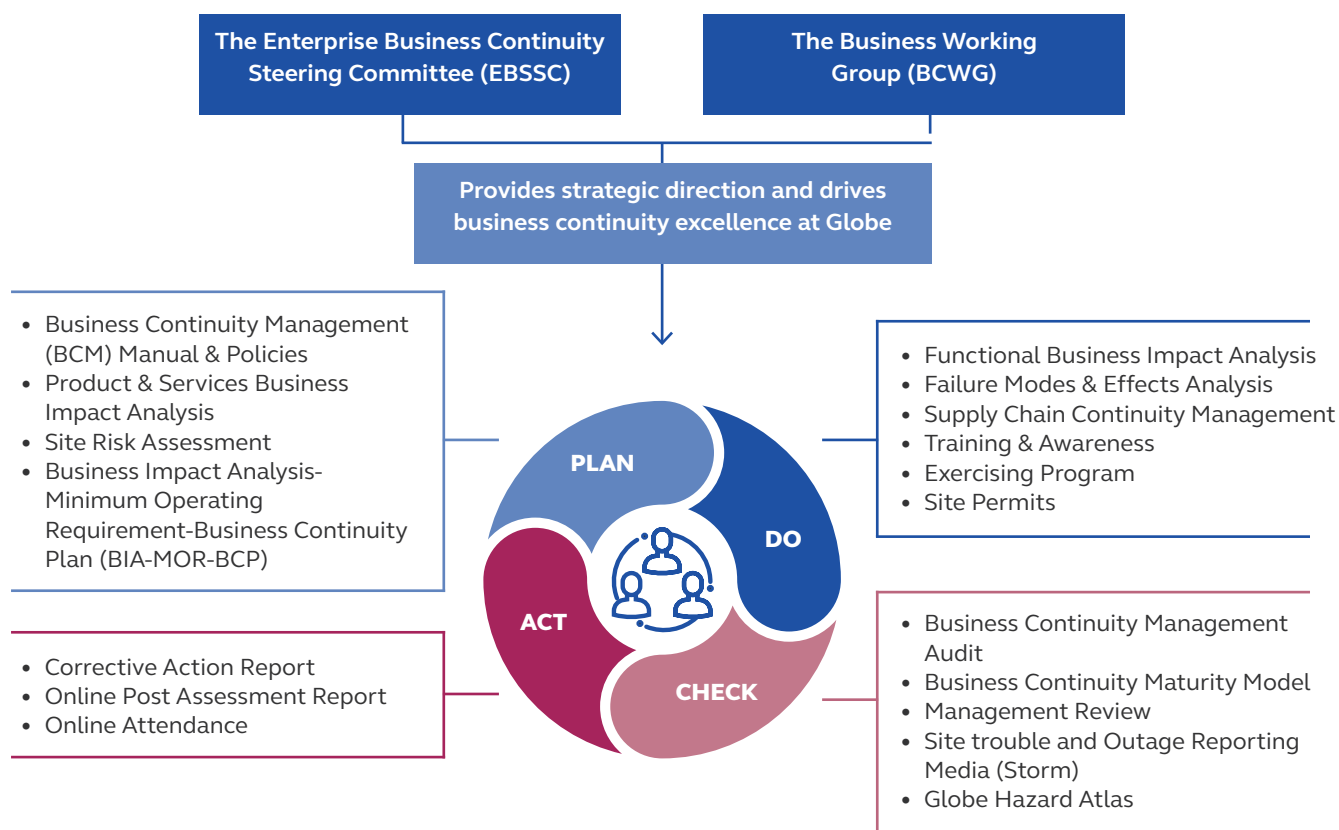


## IMS PROGRAMS

ENVIRONMENT MANAGEMENT	OCCUPATIONAL HEALTH & SAFETY
<ul style="list-style-type: none"> <li>Hazardous waste management to ensure responsible handling, storage and treatment of hazardous and non-hazardous waste</li> <li>Proactive approach to water management with a focus on the 3R principle of recharge, retention and reuse</li> <li>Energy and emission management through implementation of renewable energy solutions</li> </ul>	<ul style="list-style-type: none"> <li>Initiatives to ensure employee well-being and safety such as               <ul style="list-style-type: none"> <li>→ Fit to work clearance for employees returning to work</li> <li>→ Incident and accident investigation for workplace and motor vehicle accidents</li> </ul> </li> <li>Presence of a robust Health and Safety Policy</li> <li>Efficacious health and safety trainings</li> </ul>

BUSINESS CONTINUITY
<ul style="list-style-type: none"> <li>Robust initiatives to enhance employee capabilities to effectively respond and recover from disruptions</li> <li>Effective crisis response and preparedness, encouraging proactive monitoring of natural disasters by Globe's crisis response teams</li> </ul>



Globe effectively translates its BCMS framework into practice, to ensure continuity of services and reduce disruptions. The company has implemented a myriad of initiatives as provided below.

UNFORSEEN DISASTERS AND CRISIS RESPONSE	
<ul style="list-style-type: none"> <li>• Cell Site on Wheels (COW) and Tower on Wheels (TOW)</li> <li>• Cellular-on-a-Light Truck (COLT)</li> <li>• Network-in-a-box (NIB)</li> <li>• Deployable Mobile Command Center (MCC)</li> </ul>	<ul style="list-style-type: none"> <li>• Redesign and retrofitting of towers in compliance with National Structural Code of the Philippines</li> <li>• 92 Internal Advisories released based on proactive monitoring of looming disasters such as typhoons, earthquakes and volcanoes</li> <li>• Equipped key sites with relevant access</li> </ul>
GOVERNMENT SUPPORT	EMPLOYEE WELL-BEING
<ul style="list-style-type: none"> <li>• Released ₱1.46 Million SMS and Cells Broadcasts in 2021</li> <li>• Collaborated with the National Disaster Risk Reduction and Management Council (NDRRMC) to send out geo-tagged disaster-related SMS alerts and cell broadcasts</li> </ul>	<ul style="list-style-type: none"> <li>• Established requisite policies and procedures to ensure a safe and COVID-free workplace</li> <li>• ₱17.5M worth of PPEs distributed to employees in 2021</li> <li>• Monitored 8,049 tests from March to December 2021 through the Globe Lab RT-PCR Testing</li> <li>• Enabled 4,116 COVID-19 vaccines for Globe vendors and partners</li> </ul>

Globe has implemented its BCMS, aligned to the ISO 22301:2019 standard and follows the Plan, Do, Check, Act (PDCA) Framework, the company's framework for achieving business excellence. Additionally, Globe successfully achieved its ISO 22301 - Business Continuity Management recertification in 2021.

#### CASE STUDY

### 4G LTE Saved Tourism and Online Learning in Donsol, Sorsogon



With the prolonged implementation of COVID-19-induced travel bans, physical distancing, and quarantine protocols, the town of Donsol, Sorsogon is now facing serious challenges to livelihood and education, primarily the loss of revenues due to closure of eco-tourism businesses and difficulties in distance learning to name a few.

To help stimulate the recovery of the local economy and augment online learning, Globe leveraged technology to uplift the lives of the residents. From the old 3G network, Globe upgraded eight sites in Barangay Ogod, Poso Poblacion and Dancalan. The upgrade ushered in a new standard in mobile data, 4G LTE in Donsol which improved internet speed in the town by at least 300% compared to April 2020. By the end of 2021, Globe has already completed site upgrades in 23 locations all over the province.

With the latest technology, Globe customers in Donsol now have access to high-speed internet, clearer calls, and a stable mobile network. This shows Globe's commitment to provide the most relevant services and rewarding experiences, supported by a robust and reliable network where it matters.



## ROADMAP TO 2022

Globe will ensure continued improvement of program implementation to maintain the company's position as the 'network of choice' through continued delivery of critical products and services. Furthermore, the company aims to deliver in line with Globe's sustainability principles, and in compliance with legal and regulatory requirements. The company looks forward to successfully building 1.7k new LTE sites to improve LTE congestion nationwide. Globe also aims to expand and improve indoor coverage of 5G technology in 70 towns and key cities. The company aims to build 100% LTE in all sites and complete 324M program to improve LTE.

Globe has initiated a joint venture partnership with ST Telemedia Global Data Centers, an organization aligning with ESG aspirations and Ayala Corporation to enhance its performance across data centers as well as meet the demands of Filipinos and emerge as a leading digital solutions group. The partnership will be reflected through

KarmanEdge Inc., a subsidiary of Globe which will lead the data center business of the company.

Globe ensures to significantly improve use of NPS by driving the top 30% of SMD's NPS build priority and 100% shutdown of EUL switches and ADSL equipment. The company will also focus on increased serviceability to achieve 99.9% circuit availability through SIP and modernization.

To operationalize the Net Zero roadmap aligned with the science-based targets, Globe will leverage on government programs for renewable energy for its sites, expand the coverage of green network solutions, and seek emerging green technologies relevant to its operations. The company will also move to further green its supply chain by engaging vendors and suppliers to reduce their emissions and support Globe's sustainability ambitions.

# Bayaning Ka-Globe

Globe President and CEO Ernest together with other Globe leaders Martha, Issa, Beck, Robert, Patrick, Connie, and Peter visited Cebu to recognize the hard work, dedication, and care for our customers of VisMin teams during the pandemic and typhoon Odette. This is the first physical event in Cebu after the pandemic.









## INTELLECTUAL CAPITAL

“We are evolving as a digital solutions provider rather than just a telco. Our telco infrastructure helps us better understand our customers, provide them with best-in-class products and services, offer them data as currency, enable them to pay with their mobile phones, avail a “tingi” (sachet) load service. Understanding customer insights is the root of our life-enabling innovations.”

Bernie Llamzon  
EVP and Head of Channel Management





#### MATERIAL ISSUES

- Digital Enablement
- Child Online Safety
- Customer Privacy & Data Security



#### STRATEGIC PRIORITIES

- Serve our New Customers as One Globe Group
- Enable the Resurgence of Business as One Globe Group
- Drive long-term impact for the nation



#### GOVERNANCE ENABLERS

- Audit and Related Party Transactions Committee
- Executive Committee
- Finance Committee
- Board Risk Oversight Committee (BROC)
- Information Security and Data Privacy Division



#### KEY RISKS IDENTIFIED

- Competition Risk
- Customer Experience Risk
- Cybersecurity and Data Privacy Risk
- Digital Transformation Risk
- Fraud Risk
- Information and Communications
- Technology Risk
- Regulatory Risk
- Third Party Risk



#### STAKEHOLDERS IN FOCUS

- Shareholders and Investors
- Customers
- Partner, Vendors and Suppliers
- Government
- Community

## PERFORMANCE HIGHLIGHTS

**Invested \$80 million in Cybersecurity to prevent attacks and threats to IT infrastructure and secure customer private data**

**Successfully blocked over 1.15 billion scam and spam messages to further boost customer data protection amid increased online activity during pandemic**

**Strengthened commitment against Online Sexual Abuse and blocked 10,957 URLs/domain that showcased incidents of OSAEC**



#### ALIGNMENT WITH SDGs

- SDG 8 - Decent Work & Economic Growth
- SDG 9 - Industry, Innovation & Infrastructure
- SDG 11 - Sustainable Cities & Communities
- SDG 13 - Climate Action
- SDG 17 - Partnerships for the Goals

## INTERACTION OF INTELLECTUAL CAPITAL WITH OTHER CAPITALS



## STRENGTHENING DIGITAL ECOSYSTEM TO HELP BOOST ECONOMIC RECOVERY AND ENABLE FILIPINO DIGITAL LIFE

### IN THIS CHAPTER

- Megatrend
- Translating Strategy Into Practice
  - Cybersecurity and Data Privacy
  - Digital Enablement
  - IT Infrastructure Development
  - Digital Adoption and Innovation
- Strengthening IT systems to Serve Customer Better
  - Customer Privacy and Data Security
  - The One Globe Commitment
  - Globe's Privacy Policy
- Optimizing technology to drive workforce productivity and enhanced customer experience
- Delivering solutions for emerging needs of the New Customer
  - Empowering MSMEs through digital enablement
- Serving the New Customer as One Globe Group
- Leveraging emerging ICT opportunities
- Unlocking Operational Excellence
- Road to 2022

► “Protecting children’s rights and elimination of OSAEC has always been one of our main thrusts in advocating responsible online behaviour and wellness. Globe’s partnerships with international monitoring groups such as IWF is a sensible step to further our mission in protecting the future generation from OSAEC.”

**ATTY. FROILAN CASTELO**  
*General Counsel*

### MEGATREND

The expanded impact of COVID-19 has proposed significant challenges for businesses and individuals as they attempt to embrace remote working and online transactions as the new normal. As part of its efforts to unlock value beyond telco, Globe introduced the Globe Innoverse – a universe of non-stop innovation designed to serve the customers better despite economic uncertainties and to enable the lives of the Filipino people with its massive ecosystem of technologies. Through its high-growth portfolio companies, Globe has successfully transformed into a digital solutions provider and has expanded its services across fintech, healthcare, Ad-tech, e-commerce, entertainment, manpower, IT services, and venture capital.

Driven by the growing usage of digital platforms and devices during these unprecedented times, the total number of internet users in the Philippines were 73.91 million in January 2021 based on the Digital 2021 Global Overview Report published by We Are Social and Hootsuite. This encouraged companies to run their businesses online as they adapt to e-commerce and the digital economy. Globe has made it possible for businesses to efficiently operate by providing them with telco-powered solutions through a

host of capabilities using the Globe Labs APIs (Application Programming Interface). These include SMS, Voice, Charging, Location-Based, Sponsored Access and Invite APIs which equip them to overcome various challenges and ensure reliable connection for all the users.

By the end of June 2021, the Philippines reported 98,410 cyberattacks as per the statistics published by Statista Research Department. Even amid these challenges, Globe is committed to strengthening its measures around safeguarding customer data privacy. Through GCash, the company has been working closely with the NBI and other law enforcement agencies in the Philippines to achieve robust security measures through continuous threat and intelligence sharing.

Globe contributed to bolstering competitiveness of the Philippines by accelerating 5G adoption to aid the resurgence of businesses affected by the COVID-19 through digital transformation. The improved performance and enhanced efficiency of the 5G technology enabled frontier technologies such as Virtual Reality (VR), Augmented Reality (AR), Edge Computing and Artificial Intelligence (AI), among many others.

## TRANSLATING STRATEGY INTO PRACTICE

	STRATEGIES	INITIATIVES
<b>Cybersecurity and Data Privacy</b>	<p>Ramp up efforts to help the government put an end to online sexual abuse and exploitation of children (OSAEC) through strategic partnerships</p> <p>Educate the Youth, Learners, Teachers, and Parents on Online Safety through Globe's Digital Thumbprint Program</p>	<p>#MakeITSafePH</p> <p>Digital Thumbprint Program</p> <p>SaferKidsPH</p> <p>#PlayitRight</p> <p>Project Fermi</p>
<b>Digital Enablement</b>	<p>Empower the workforce and customers by providing access to digital tools and platforms to enhance information dissemination and systems support</p>	<p>Digital tools and platforms to fuel workforce agility and efficiency:</p> <ul style="list-style-type: none"> <li>• FraudO</li> <li>• iSCO,</li> <li>• KIA,</li> <li>• GCheck,</li> <li>• GAccess,</li> <li>• GTrace,</li> <li>• Gie (Globe)</li> <li>• Thea (Globe Platinum)</li> </ul>
<b>IT Infrastructure Development</b>	<p>Increase team velocity by automating processes resulting in the removal of handoffs and wait time</p> <p>Conceptualize, build and roll out tools for automated integration of web and mobile applications, platform for automated functional testing and continuous code quality</p> <p>Embed security practices and tools in every phase of any process to increase speed, quality and minimize risks</p>	<p>Digital Infrastructure Program (DIF)</p> <p>Improve TechGlobal Data Center's Customer Service</p> <p>Exclusivity Agreement with ST Telemedia Global Data Centers (STT GDC)</p> <p>Robotic Process Automation (RPA)</p> <p>Upgrades on Network Capabilities</p> <p>Operating Support Systems (OSS) and Billing Support Systems (BSS)</p>
<b>Digital Adoption and Innovation</b>	<p>Accelerate digital adoption with new capabilities in apps, digital channels and intelligent platforms</p> <p>Improve customer experience and resiliency with modernized systems</p> <p>Maximize use of new technologies to increase productivity and manage risks AI/ML, 5G and Intelligent Operations</p> <p>Proactively seek opportunities for change through joint innovation programs.</p>	<p>Accelerating business process automation with AppSheet</p> <p>Creating solutions through Cloud</p> <p>Citizen Development Program</p> <p>Leveraging opportunities with AI and Machine Learning (AI/ML)</p> <p>Partnership with Amazon Web Services (AWS)</p> <p>Automated Data Privacy Management Solution (ADPRIMAS)</p> <p>5G Hackathon</p>

## STRENGTHENING IT SYSTEMS TO SERVE CUSTOMER BETTER

Given the rise of digital adoption in the Philippines, Globe is committed to improve and develop its IT system for greater efficiency. Initially focusing on data center expansion and modernization of its platforms. Globe forged partnerships and collaborations to provide industries with the solutions they need to empower their business and their customers as part of the company's to enable the country's digital transformation.

### AUTOMATION ENABLEMENT



As part of Globe Business' dedication to technology enablement, a significant increase of Robotic Process Automation (RPA) robots by 350% is achieved. Rising to a total of 220 RPA robots on March 2021 compared to 70 RPA robots from last year, 2020.

In line with operational efficiency, the SAP Ariba Invoice Management was implemented to complete the automation of the purchase-to-pay process at Globe which eliminated the back office encoding of invoices for PO-based transactions. This allowed vendors to upload their own invoices in the SAP Ariba Network and automate workflow approval.

To enhance ease and efficiency of working, various applications and programs 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, for better decision making. Google MDM enabled efficient management of mobile devices and applications.

To keep pace with the digital transition, Globe aims to effectively adapt to rapid shifts in technology and volatile business environments through honing workforce skillsets and devising innovative business models. To achieve this, the company forged strong partnerships with leading companies like Amazon Web Services (AWS), Amdocs and Netcracker to co-create capabilities. Additionally, the company had to effectively execute large transformation initiatives such as the consolidation of Globe's managed system 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 towards an integrated IT organization.



To support sales and delivery operations for B2C and B2B customers, Globe has extended its contract for Netcracker Digital OSS and support services for excellence in operations.

As Globe embarks on its digital transformation journey and adopt to digital lead-to-cash automation, SDN/NDF adoption, integration and new technologies, Netcracker will continue to provide professional services, including Application Development, Release and Support activities while continuing to provide stability and reliability, which are essential to bringing superior and revenue-generating services to the market.



### AutoladMax (AMAX)

As of 2021, there are 993,000 AMAX retailers, distributors and partners nationwide.



### E-Billing System

785.88 tons of paper saved from 49.1 million customers with paperless billing through which replaces traditional paper billing statements with an electronic copy or eBill.

### Exclusivity Agreement with ST Telemedia Global Data Centers (STT GDC)

Globe recognizes that data center is one of the foundations of digital infrastructure. The company has signed an exclusivity agreement with ST Telemedia (STT GDC), one of the fastest-growing data center providers globally. This partnership will accelerate Globe's data center growth strategy and market share position in the Philippines and will help reinforce Globe's efforts to transition into a digital solutions group that provides connectivity and solutions services.

### Improve TechGlobal Data Center's Customer Service

Together with Third Pillar, Globe Business worked on helping Tech Global Data Center, Inc. to improve its system and digital transformation while helping them become the leading secure data center in the Philippines. Globe Business aims to continue adding more integrations as they help uplift businesses of all sizes.



## Customer Privacy and Data Security

To further strengthen Globe's commitment to ensuring safer online experience, the company has partnered with organizations that are dedicated to eliminating Online Sexual Abuse and Exploitation of Children (OSAEC) from the internet.



Globe also strengthened its advocacy for privacy awareness by joining hands with the National Privacy Commission (NPC) for the Kabataang Digital Program which aims to educate the youth about privacy and has also partnered with CANVAS to create a children's privacy book called "Safe Space: A Kid's Guide to Data Privacy" for the program. Globe actively supports the government in providing a safer internet experience through these initiatives:

### #MakeITSafePH Campaign

Promote online vigilance among the public and to protect the stakeholders from online hacking, identity theft, and other cybercrimes.

### Digital Thumbprint Program (DTP)

A learning program developed in partnership with Singtel and Optus, UNICEF, and SaferKidsPH which aims to empower Filipinos in protecting themselves online.

### SaferKidsPH

A UNICEF-led initiative that supports the government in observing Safer Internet Day by raising awareness on pressing and emerging OSAEC cases

### #PlayitRight

Fighting online piracy and protecting customer's online experiences in the fields of film, music, digital literacy, and education.

With the support of its partners, Globe has blocked:

**10,957**

URLs/domain that showcased incidents of OSAEC

**6**

Promoting illegal drugs

**1,405**

Phishing, gambling and pirated content.

Globe continues to heighten its anti-spam and anti-scams campaign:

Deactivated around 7,000 numbers linked to scammers

Successfully blocked 1.15 billion scam and spam messages so far during 2021

Blocked 2,000 unofficial social media accounts and phishing sites

Part of Globe's initiatives is the implementation of Project Fermi – an intelligent content filter which prevents the circulation of malicious, harmful and fraudulent content within the Globe network with the following main features:

1	Block URLs and domains from Globe's network, across wired and wireless.
2	Utilizes the URL blacklists from organizations such as the Internet Watch Foundation (IWF)
3	The capability to log subscriber usage on a per-Mobile Station International Subscriber Directory Number (MSISDN) level for OSAEC sites.



### Fraudster Awareness

Raising awareness to customers to avoid being victimized by fraudsters, such as SIM swap scam.

As a customer's partner in protecting privacy rights, Globe is committed to strengthening its measures to safeguard customer data from being compromised.



Globe started to simplify the Consumer Consent Statements which allow customers to understand their privacy rights and how their information is being handled



Customers are regularly updated of the latest threats through email notifications containing cybersecurity advisories to ensure that they are adequately informed of the vulnerabilities, and proactively address them, should they be impacted.

Globe also ensures that data security is top priority by using a vendor risk management platform to analyze and manage risk exposure from third-party vendors that offer services and IT products to Globe. A vendor risk assessment activity conducted by external auditors is implemented every other year to identify critical vendors and implement necessary controls.

Internally, Globe also requires that all Personal Identifiable Information (PII) processed by their projects and initiatives undergo a standard and automated **Privacy and Security Risk Assessment (PSRA)**. This aims to protect the organization's applications, infrastructure and data from identified risks.

## HOW GLOBE PROTECTS YOUR INFORMATION

Globe protect and secure customer information with appropriate safeguards to ensure confidentiality and privacy, prevent loss, theft, use for unauthorized purposes, and comply with the requirements of law.



A state-of-the-art Security Operations Center complete with a dedicated team that manages, monitors, and protects network and systems from potential risks to customer information under fully documented security incident management procedures.



Regular review of collection, storage, and processing practices including physical and electronic security measures to guard against unauthorized access to network and systems.



Contractually mandated confidentiality among authorized employees, contractors, and other third-parties who may have access to customer information.



Third-party risk assessment as well as minimum-security features against data leakage, unauthorized access or disclosure, and accountability.

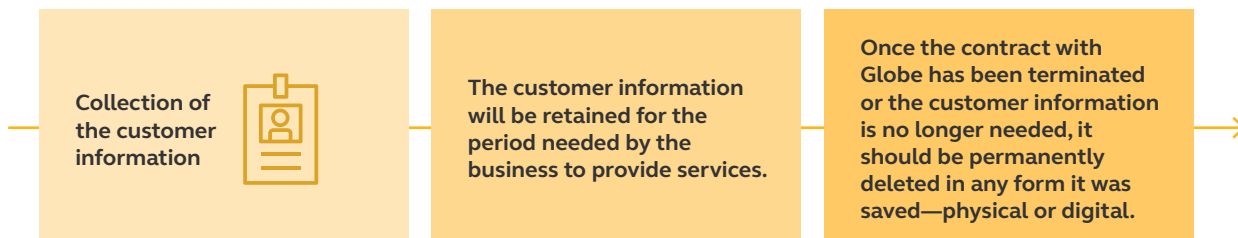


Access management across Globe employees, contractors, and other parties under a “need-to-know” standard.

Globe’s Privacy Impact Assessment assesses the lifecycle of the data in each project or initiative and the technology that will be used. Globe also equipped employees with foundational training on data privacy and information security and formulated training plans to sustain awareness and education.

**Globe does not disclose customer information unless there is lawful basis for doing so.**

## INFORMATION LIFECYCLE



Globe does not collect customer information for secondary purposes. In cases of breach, customers are notified within 72 hours upon knowledge of or reasonable belief by Globe. The notification will be based on the available information and should allow data subjects to take necessary precautions or measures to protect themselves against the possible effects of the breach.

**83**  
unique request for customer information from government or law enforcement agencies

As of 2021, there are:

1	Zero (0) substantiated complaints concerning breaches of data privacy and Zero (0) monetary losses associated with incidents relating to customer privacy
2	Zero (0) identified leaks, thefts, or losses of customer data.

**100%**  
compliance to government and law enforcement requests

For Call Data Record or SMS Data Record requests, requestors are asked to submit a set of requirements that will help validate their identity. Legal endorsement is needed for the extraction of the report to proceed.

### The One Globe Commitment

Globe respects the rights of its subsidiaries and affiliates (collectively, the Globe Group) to implement their respective privacy policies and practices. However, the Globe Group is one in its commitment to uphold the following GSMA (Group Special Mobile Association) Privacy Principles:

#### Openness, Transparency, and Notice

Globe is open and honest with customers and will ensure that they are timely informed of data privacy practices including the collection, access, sharing, and further use of customer information.

#### Purpose and Use

Globe limits the access, collection, sharing, disclosure, and further use of customer information to meet legitimate and/or legal purposes.

#### User Choice and Control

Globe gives its customer opportunities to exercise meaningful choice and control over their information.

#### Data Minimization and Retention

Globe will collect, access, and use only the minimum information necessary to meet legitimate business purposes and to deliver, provision, maintain, or develop products and services. Information will be kept for as long as necessary to fulfill the purpose for which it was collected or for legitimate business or legal purposes.

#### Respect User Rights

Globe customers are provided with information to help them easily exercise rights over the use of their information

#### Security

Customer information is protected using reasonable safeguards appropriate to the sensitivity of the data.

#### Education

Customers are provided with information about privacy and security issues and ways to manage and protect customer privacy.

#### Children

Globe ensures that the collection, access, and use of children's information is appropriate in all given circumstances and compatible with applicable laws.

#### Accountability and Enforcement

All responsible persons and/or entities is accountable for ensuring that these privacy principles are met.

### Globe's Privacy Policy

Globe is committed in providing wonderful customer experience and upholds the importance of protecting the customer information entrusted to them. This Privacy Policy consists of the information about how Globe collects, uses, and shares customer information. This also applies to all Globe brands, products, services that do not have their privacy policy or that link to this Privacy Policy. Globe may also update this Privacy Policy from time to time to reflect changes in the law and in the company's business practices. This Privacy Policy was last updated on January 13 2022. <https://www.globe.com.ph/privacy-policy.html#gref>

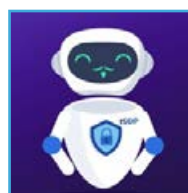
### OPTIMIZING TECHNOLOGY TO DRIVE WORKFORCE PRODUCTIVITY AND ENHANCED CUSTOMER EXPERIENCE

Globe utilizes innovative technology to empower the workforce and customers by providing access to digital tools and platforms to enhance information dissemination and systems support during the new normal.



#### FraudO

Fraud Online Wizard or FraudO is Globe's Workplace Chatbot designed to help protect Globe from Online Fraud. FraudO helps provide information to employees on how to protect Globe online against fraud. If employees encounter posts about free browsing techniques, unlimited internet offers or any other fraudulent activity online, they can report it to FraudO for investigation.



#### iSCO

ISDP Support Channel Operator is a chatbot that is dedicated to assisting employees with privacy and cybersecurity related concerns and requirements

Apart from regularly sending reminders on how to be responsible data managers and digital citizens, the bot also allows employees to report spam messages and brewing issues, request for mobile data wiping for lost or stolen devices and whitelisting of blocked domains.



#### KIA

KIA, otherwise known as the "Knowledge Information Assistant" is a Globe Workplace chatbot that assists employees in finding and understanding information about the company.

This includes details on common terms used within the organization, processes, directory of employees, and policies.



#### **GCheck**

GCheck is a self-assessment tool that determines if an employee is allowed to enter Globe premises for the day. Fit-to-work unlocks GAccess space features. Not fit-to-work locks GAccess space features and triggers HR COVID-19 team for support.



#### **GAccess**

GAccess is an app used to book and avail facility-related services once cleared by GCheck.



#### **GTrace**

GTrace is a companion app of GCheck. It is a bluetooth-based contact-tracing app and it does not consume data. It logs exposure and contact of users to Philippine Red Cross' contact tracing database. Red Cross then sends notification to HR COVID-19 team if a user has come in contact with a confirmed case. It's also a sister app of Red Cross' RC143.



#### **Gie of Globe**

Gie is Globe's digitally-savvy, millennial Filipina Facebook Messenger chatbot, and can help customers know their account details by sending her questions through Facebook Messenger. Now, customers don't need to call the hotline because Gie can also assist them with aftersales concerns like bill delivery and account modification.



#### **Thea of Globe Platinum**

Thea is Globe Platinum's Digital Assistant, providing assistance and concierge servicing to Globe Platinum customers who availed of ThePLATINUM Plans.

## **DELIVERING SOLUTIONS FOR EMERGING NEEDS OF THE NEW CUSTOMER**

As a leading full-service telecommunication company in the Philippines, Globe leveraged digital innovation to keep pace with emerging and dynamic customer needs. This unprecedented revolution redefined the "New customer" which Globe aims to serve with frictionless digital journeys and touchpoints. Globe aspired to build lifetime relationships through complementing and enablement of the new customer's digital lifestyle.

In 2021, restrictions imposed by the pandemic resulted in evolved customer needs. As schools, shops and hospitals transitioned to virtual modes, Globe tailored various solutions to meet these diverse customer needs.

### **Pay Bills, Buy Load, & Ask for Support**



#### **GlobeOne App**

For Postpaid Customers

Request for reconnection or upgrade plans



#### **New GlobeOne App**

For Globe Prepaid, TM, and Globe at Home Prepaid Wifi Customers

Avail of prepaid promos, buy load, track data usage, and redeem Rewards points



#### **Globe At Home App**

For Globe at Home Postpaid Customers

Book a technician visit, view and pay bills, upgrade plan, and buy volume boost



#### **Globe At Home Viber Communities**

Get helpful tips, updates on offers and maintenance activities



#### **Globe Digital Assistant via Facebook Messenger or Hotline**

Reach out to Globe Telecom's Official Facebook Messenger or Hotline 211 or (02)7-730-1000. Concerns raised will be attended within 24-48 hours.

### **Shop**



#### **GCash**

Shop for essentials, pay bills, buy load, and more



#### **Globe Shop**

Shop for your needs and conveniently pay via GCash



#### **Globe EasyHub Kiosks**

Shop, pay, and access information on how to request customer service support. EasyHub can be found in Ayala Malls Manila Bay, SM Manila, and Robinson's Place Bacolod City



Globe accelerated automating business processes, fostered digital collaboration and created powerful innovations and digital experiences.

Globe aims to spark a digital revolution that brings quality education, financial services, and healthcare to the Filipinos. Globe succeeded in:



#### Accelerating business process automation with AppSheet

Globe's adoption of AppSheet, an intelligent, no-code platform that enables teams and individuals to create workplace apps, helped accelerate the organization's digital transformation program.



#### Creating solutions through Cloud

Products such as AppSheet and Google Workspace are key to Globe's "zero back office" project. The aim is to eliminate all internal paper communications, for everything from expense approvals to gym reservations.



#### Citizenship Development Program

Empowering Globe employees to create automated business processes and address executional barriers using an easy-to-use platform



#### Leveraging opportunities with AI and machine learning

Globe also uses the features of Google Cloud to unlock the power of data through visualization, insights, and storytelling.



#### Strategic collaboration with Amazon Web Services (AWS)

The collaboration helps to digitally transform Philippine businesses through cloud technology and aims to build the next generation of cloud professionals in the country.



#### 5G Hackathon

Three-month competition to unlock Filipino innovators' potential and assist in bringing their ideas for high-impact and real-world application of 5G to life.

### Empowering MSMEs through digital enablement

#### Globe Business Upstart

To support the digital transformation journey of micro, small and medium enterprises (MSMEs), Globe offers a built-for-MSME portfolio of digital tools and services. One of the flagship offerings is its latest program called Globe Business Upstart which assists Globe's loyal MSME customers in achieving digital leadership, business enablement, and exclusive partnerships.

#### FEATURES

- **GearUp:** Prepare company leaders and employees to adapt and use company's innovations and digital solutions with free access to IT certifications, Employee Product Trainings, and MSME Masterclasses.
- **GainsUp:** Assist companies in their digitalization journeys with exclusive perks such as member gifts, free product trials, etc.
- **GuildUp:** Provides networking opportunities through events, referral program and access to new markets through co-branding campaigns which boost MSMEs brand awareness through sharing of best practices

#### BENEFITS

- P200 worth of Welcome Rewards, which can be used as GCash credits or vouchers from partner clients
- Participation in exclusive C Suite Networking events such as the Modern Tao Ke One-on-one Business consultation
- Free admission to Globe Business Academy Masterclasses featuring workshops on Design Thinking, Cybersecurity and Digital marketing
- Access to 917 G Summit aimed at aiding in future-proofing MSMEs business amid COVID-19

#### Automated Data Privacy Management Solution (ADPRIMAS)

Globe extends Automated Data Privacy Management Solution (ADPRIMAS) to MSMEs, organizations and businesses as an affordable solution with subscription-based pricing. It equips them with the right tools and training to protect themselves against data breaches, minimize negative impact to their business, and reinforce their compliance with the Data Privacy Act.

To know more about Globe Business' data proficiency product, visit <https://glbe.co/SignUpADPRIMAS> to book a free consultation with our account manager to get you started on your data privacy compliance.

## LEVERAGING EMERGING ICT OPPORTUNITIES

Information Communications and Technology industry is expected to observe a steep growth of approximately \$2 Billion by 2024 across the South-East Asian region. Furthermore, research suggests that cloud and cybersecurity will lead the growth in the Philippines market.

To realise growth in the emerging ICT market, Globe has been building strategic partnerships with businesses throughout their journey of digitization. A glimpse of the company's partnership across digital capabilities include cloud-based solutions, cybersecurity, IoT, business apps, big data services and connectivity.

Globe has further observed an overall growth of 43% in its ICT portfolio, driven by 79% growth in cloud solutions, 23% growth in cybersecurity services and 71% growth in business app solutions.

The increased investments and partnerships enhanced recognition of the company across organizations like Cascadeo for public cloud transformation, Third Pillar for leading CRM systems integrator and Yondu.

### BUSINESS APP



### BIG DATA



### IoT



### CYBERSECURITY



### CLOUD



### CONNECTIVITY



## UNLOCKING OPERATIONAL EXCELLENCE

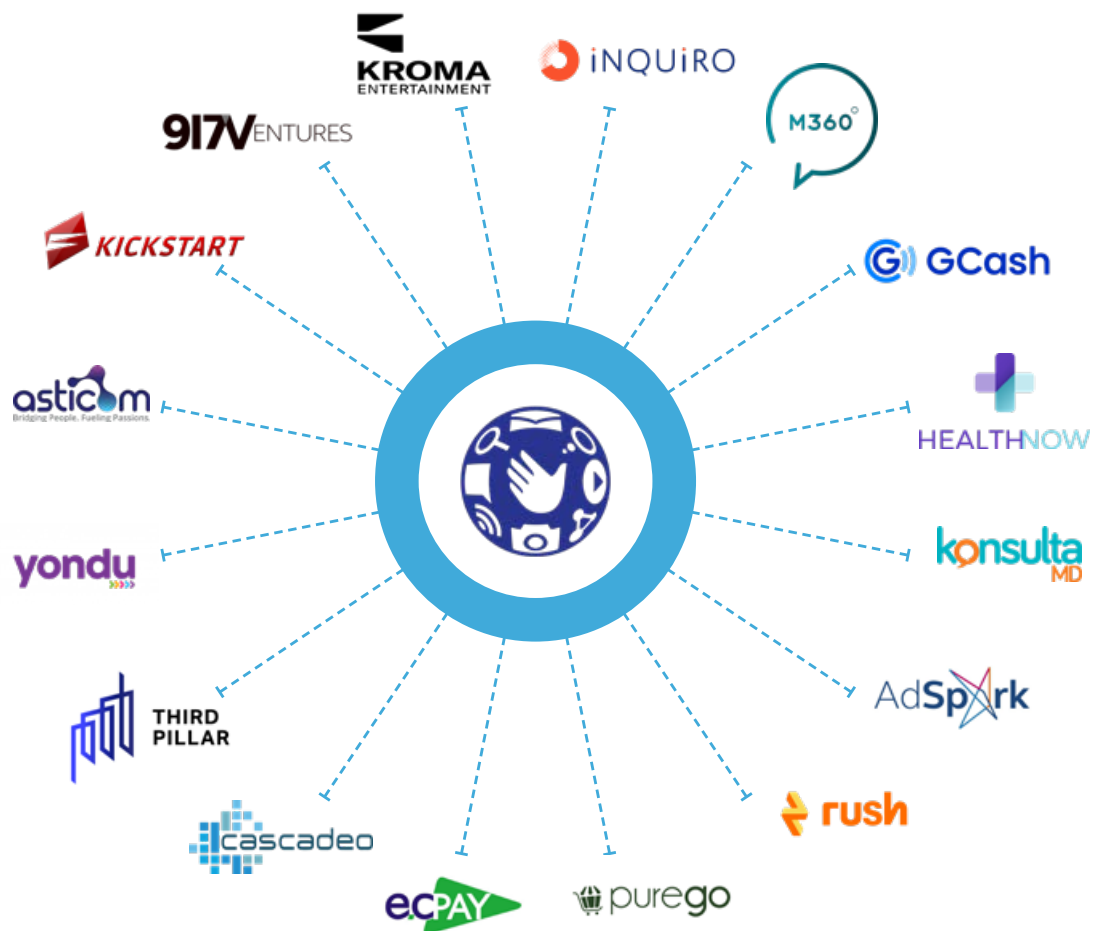
Globe's aggressive network expansion, site upgrades, and modernizations have resulted in further improvements on its call, SMS, and data services to customers resulting to a faster, better and reliable service. Globe has already activated and optimized its Voice Over LTE or VoLTE service in at least 25 provinces in the Philippines. Globe is committed to continuous process improvement and has standardized its operations through internationally recognized certifications to create and deliver products and services that are safe, reliable, efficient, and of high quality:

1	ISO 22301:2019 for Business Continuity Management System
2	ISO 45001:2018 for Occupational Health and Safety Management System
3	ISO 14001:2015 for Environmental Management System (EMS)
4	ISO 20000-1:2018 for Information Technology Service Management
6	ISO 9001:2015 for Quality Management System
7	ISO 27001:2013 for Information Security Management System
8	Payment Card Industry Data Security Standard (PCI DSS) for Data Security Standard

## SERVING THE NEW CUSTOMER AS ONE GLOBE GROUP

From a telco business, the Globe Group has chartered into different digital solutions businesses, using its substantial customer base, distribution capabilities, deep market knowledge, and synergies with its strategic partners. Globe has successfully transformed its telco business into a technology-based solutions provider and has extended its footprint across fintech, healthcare, entertainment, AdTech, e-commerce, manpower, IT services, and venture capital through its wholly-owned corporate venture builder 917Ventures.

## THE GLOBE GROUP



## CASE STUDY

### Globe: Activate VoWiFi/VoLTE for Better Mobile Experience



With the migration of people to the digital space, the need for reliable connectivity has never been greater. Globe's innovation in communication technology enabled customers to have access to clearer calls and seamless mobile coverage via—VoWiFi and VoLTE.

VoLTE (Voice Over Long-Term Evolution) allows customers to make voice calls through a stronger network (LTE) rather than 2G and 3G network, which results in clearer and uninterrupted calls. VoWiFi (Voice Over WiFi) compliments VoLTE as it equips customers to make calls in areas with poor signal quality to be routed over home WiFi network instead of a 2G/3G/LTE network. These two services work in tandem to address weak indoor signals.

Globe has started providing both these services to its postpaid customers since November 2020. Globe's commitment to provide solutions in addressing connectivity challenges enabled the company to fully activate VoLTE in all cities in Metro Manila and nearby provinces.

## CASE STUDY

## Globe myBusiness Provides Digital Solutions to Empower Businesses in the New Norm



Due to the pandemic, many businesses have suffered great losses and struggled to stay afloat, especially in the case of traditionally run businesses. Without the presence of digital processes, they were doubly challenged to stay active in a market overrun by competitors with an already established digitized processes and audience.

Globe myBusiness provided digital solutions that aimed to help build stronger and improved businesses. This not only included wide range of broadband and mobile plans, but also improving the network where business owners can rely on in the new norm of running businesses. Globe's 5G network boasts a more stable connection fit for video conferencing, which is useful for the current work-from-home setup. The network is also more reliable in terms of faster download and upload speed for smoother online collaboration and to conduct simultaneous data transfer with very minimal lag.

Given the devastating situation we are currently experiencing, Globe remains a reliable partner and trusted digital solutions provider for businesses across the country. The company continuously provided MSMEs with solutions that guarantee the best outcomes and create

## CASE STUDY

## Globe eLibrary Introduces Children to Data Privacy and Security



The internet has become a remarkable place for communication and information. As the World Wide Web has evolved over the years, online threats also evolved to attack computers and retrieve sensitive data from individuals. With the migration of students to online learning, children are now more vulnerable to cybercriminals. This prompted Globe eLibrary to include data privacy and security in its list of books.

As part of its ongoing efforts of promoting children's online security, Globe launched a book entitled Safe Space: A Kid's Guide to Data Privacy. The book aims to educate children about the importance of keeping personal data secure, how such information may be compromised, safety measures on how to avoid becoming a victim, and ways to address the concern if it happens.

Globe eLibrary was launched to help students get access to resource materials during the pandemic. It contains textbooks on core subjects as well as interactive videos that help supplement the classroom learning of students.



**ROADMAP TO 2022**

Globe envisions to support the country's efforts in building a digital economy backed by robust cybersecurity systems and modernized platforms and aims to develop its prowess in emerging customer needs such as digital education, cashless transactions, virtual entertainment among others, to bring world class digital experiences to Filipino households.

Globe will continue to focus on expanding its capabilities to further safeguard its telco and IT infrastructure enabling the company's workforce to securely work from home and providing customers a platform where they can exercise their rights to Data Privacy.



## HUMAN CAPITAL

“Our Circle of Happiness aims to empower a high performing workforce in Globe that is engaged, enabled, and energized. Just as we continuously practice our unique culture of collaboration and innovation, we strive to fulfill our role in society by enhancing diversity, equity, and inclusion in the workplace.”

Renato Jiao  
Chief Human Resource Officer



## PERFORMANCE HIGHLIGHTS

**Honored as Industry Champion of the Year and Asia's Best Workplace of the Year by the Asia Corporate Excellence & Sustainability Awards (ACES) 2021.**

**Globe held 16 wellness webinars and released 53 posts during Wellness Wednesdays, an initiative where Ka-Globe can talk about wellness in an online community.**

**MindNation and HopeChat (Virtual Consulting Platforms) were launched to prioritize employee's mental health. Additionally, various chatbots (such as DUDE and WANDA) were also developed to help employees adapt into new working style.**



**ALIGNMENT WITH SDGs**

- SDG 3 - Good Health & Well-being
- SDG 4 - Quality Education
- SDG 8 - Decent Work & Economic Growth
- SDG 9 - Industry, Innovation & Infrastructure
- SDG 17 - Partnerships for the Goals

## INTERACTION OF HUMAN CAPITAL WITH OTHER CAPITALS





## DRIVING ORGANIZATIONAL EXCELLENCE BY FOSTERING A HIGH-TRUST, HIGH-PERFORMANCE CULTURE

### IN THIS CHAPTER

- Megatrend
- Translating Strategy Into Practice
  - Employee Engagement
  - Learning & Development
  - Employee Well-Being
- A Glimpse of Globe's Workforce
- Engaged
  - Connecting with people at all levels
- Enabled
  - Enhancing workforce productivity through digital enablement
  - Augmenting employee learning & development
  - Reskilling future-proof workforce
- Energized
  - Focusing on employees' well-being
- Organizational Awards and Recognition
- Reinforcing Workplace Health and Safety
- Globe's Code of Conduct
- Safeguarding human rights and promoting fair business practices
- Road to 2022

### MEGATREND

In 2020, the employee attrition rate has increased from 1.31 percent to 2.27 percent in the Philippines according to the latest survey conducted by Filipino software service company Sprout Solutions.<sup>1</sup> The study shows the upswing was attributable to abrupt changes in the working setup, a lack of work-life balance, and uncertainty over the pandemic taking a toll on most employees especially on their mental health.

Since the introduction of the new normal, most of the workforce is spread out, making them feel isolated and anxious. Globe has provided many opportunities for its employees to stay motivated and connected by empowering digital communication, strengthening well-being programs, and bolstering community engagement initiatives. Recognizing the importance of mental and physical wellness, the company has partnered with various online platforms to provide free virtual checkups with professional healthcare providers.

Globe has extended all-around assistance to its employees by providing COVID-19 support packages and flexible employee benefits in response to the impact of the COVID-19 pandemic. These initiatives were centered on the company's belief in continuing to spin the Circle of Happiness—from employees to customers to shareholders.

For years, Globe has championed contemporary leadership strategy by solidifying focus in the company's core philosophy—The Globe Purpose, “In everything we do, we treat people right to do a Globe of Good”. Globe has continued to drive initiatives in promoting resilience through digital solutions and collaboration albeit the pandemic setbacks as part of the company's mission to do a Globe of Good.

<sup>1</sup> <https://filipinotimes.net/latest-news/2022/02/27/employee-attrition-rate-shot-up-in-2021-in-philippines-survey/>



## TRANSLATING STRATEGY INTO PRACTICE

	STRATEGIES	INITIATIVES
<b>Engage<sup>2</sup></b> Rational, emotional, and behavioral attachment to the company		
<b>Employee Engagement</b>	<p>Improve overall operational efficiency and service delivery through automation, policy changes, and process improvements.</p> <p>Focus on continuous improvements, consistently incorporate employee experience design benchmarked by global best practices and anticipate future requirements.</p> <p>Continuously engage Globe employees through relevant and impactful employee programs that will allow them to have various opportunities to reach their purpose and give back to the organization.</p>	<ul style="list-style-type: none"> <li>• The Good Vibes Club podcast</li> <li>• #WOWOL or Work Out Work Out Lang (“Just Exercising”) classes</li> <li>• Wanda platform</li> <li>• Internal organizational communications <ul style="list-style-type: none"> <li>→ Virtual Town Halls</li> <li>→ Social Media</li> <li>→ Direct E-mailers</li> </ul> </li> </ul>
<b>Enabled<sup>2</sup></b> Nothing gets in the way of getting the job done		
<b>Learning and Development</b>	<p>Digital Learning – Creating seamless learning experiences, promoting learning programs that enables employees to serve customers better and helping OneGlobe companies harness the power of L&amp;D.</p> <p>Competency Management – Supporting organization-wide competency-based capability building, driving operational efficiency &amp; strengthen big data reporting capability, enabling self-service with competency completion updates &amp; reports access, expanding the value of competency management, and building a competency management community of practice</p>	<ul style="list-style-type: none"> <li>• DANI (Device Anomaly Investigator) bot</li> <li>• WOW from Home program</li> <li>• Increased company-provided employee internet data</li> <li>• Frontliner’s Support and Meeting Etiquette</li> <li>• Engaging Conversation Hour (ECHO) training</li> <li>• Practiced everyday leadership through six (6) key behaviors in Globe’s employee’s performance and development strategy.</li> <li>• Globe University Academies</li> <li>• Built Globe University’s technological capabilities to provide Globe employees with competency-based learning pathway</li> </ul>
<b>Energized<sup>2</sup></b> Individual physical, interpersonal, and emotional well-being at work		
<b>Employee Well-Being</b>	<p>Boosting digitization efforts in providing support to monitor employee’s physical well-being</p> <p>Helping employees alleviate isolation and anxiety</p> <p>Focusing on eliminating meeting fatigue</p> <p>Providing an inclusive and flexible benefits program</p>	<ul style="list-style-type: none"> <li>• DUDE (Digital Usher for Disasters and Emergencies) bot</li> <li>• Mindnation platform</li> <li>• Hopechat platform</li> <li>• Virtual Psychologist platform</li> <li>• Volunteer time off benefits</li> <li>• Vacation Leave (VL) conversion promo benefits</li> <li>• Equal benefits to legal dependents of same-sex couples</li> <li>• MyChoice program</li> </ul>

<sup>2</sup> The 3E’s (Engaged, Enabled, and Energized) are based on Willis Towers Watson’s Sustainable Engagement Model for Top High Performing Global Companies

## A GLIMPSE OF GLOBE'S WORKFORCE

Globe has been extensively supporting employees' overall well-being and growth amid the COVID-19 pandemic with a conducive work environment that promotes employee retention and loyalty.



**Total Number of Permanent Employees**

BY GENDER	Male	Female	TOTAL
	4,542	3,743	8,285

BY AGE	Under 30	30 to 50	Over 50
	1,533	6,251	501

BY LEVEL	Rank and File	Middle Management	Senior Management
	5,543	2,146	596



**Total Number of New Hires**

BY GENDER	Male	Female	TOTAL
	123	80	203

BY AGE	Under 30	30 to 50	Over 50
	93	107	3

BY LEVEL	Rank and File	Middle Management	Senior Management
	140	56	7



**Total Employee Turnover**

Total Employee Turnover	227
Attrition Rate	11.0%
<b>By Type</b>	
Voluntary	223
Involuntary	4
<b>By Gender</b>	
Male	113
Female	114
<b>By Age</b>	
Under 30	76
30 to 50	147
Above 50	4
<b>By Level</b>	
Rank and File	144
Middle Management	76
Senior Management	7

As a strong advocate of gender equality and women empowerment, Globe underscores the importance of welcoming women leaders and celebrating their trailblazing contributions to the company.

Out of Globe's 8,488 workforce, 45% are women. Included in this number are half of Globe's key executives, proving that women are capable leaders and influencers whether at home or the workplace.

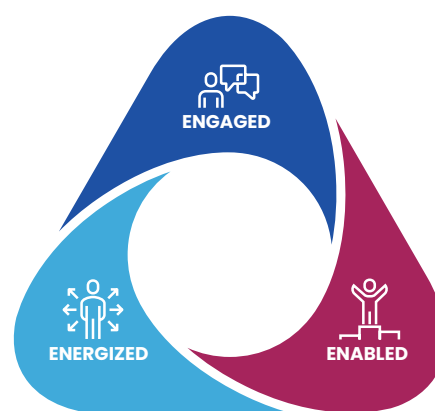


**Female Executives in Management Workforce**

Permanent	47%
Newly Hired	29%

## THE 3E's

Globe strives to be an employer of choice by adopting Willis Tower model of sustainable engagement describing the three (3) fundamental elements - extent of employees' effort committed in achieving work goals (engaged), supportive environment that promotes productivity in multiple ways (enabled), work experience that prioritizes physical, interpersonal, and emotional well-being (energized). Globe reincorporated these strategies within the organization to keep the high level of engagement with enablement and energy that brings improved and greater employee value performance.



## ENGAGED

**Rational, emotional, and behavioral attachment to the company**

The seismic shift to remote work left businesses scrambling to adapt to a new agile way of working. With the introduction of an online set-up, connecting and engaging with employees poses unprecedented challenges on the overall operational productivity.

Globe has developed venues to foster strategic and continued communication that builds belief, respect, and trust within the organization.

Based on Collab Index<sup>3</sup>, the company received 59.71 Globe Collab NPS collaboration self-rating showing that employees will likely recommend working with their group to other employees and 37.72 Globe Collab NPS rating from other groups concluding that only 4 out of 10 employees will recommend working with other groups. These metrics underline the effectiveness of Globe's within and across the organization.

### CONNECTING WITH PEOPLE AT ALL LEVELS

At Globe, active communication across the organization is cultivated by promoting employee engagement that can further bring forth synergies. The roll out of digital tools and platforms helped employees remain engaged and promotes effective communication within the organization. Different programs are introduced that go beyond work-related activities like physical activities with fitness coaches, podcasts, and online seminars. Through these breakthrough activities, employees are distracted minimizing the risk of job strain and isolation.



#### The Good Vibes Club

It is a podcast channel of Globe offering fun and informative content catering different demographics and needs of employees. There was eight (8) TGVC episodes in 2021, with the G-Day episode bringing in the highest number of unique viewers at 4,107.



#### #WOWOL or Work Out Work Out Lang ("Just Exercising")

Serves as virtual physical fitness classes held every end of day offering yoga, circuit, hip hop, and many more. The wellness routine averaged 48 attendees per session, including those tuning into Workplace.

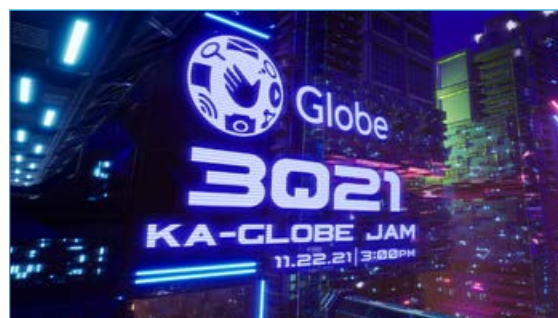


#### Wanda

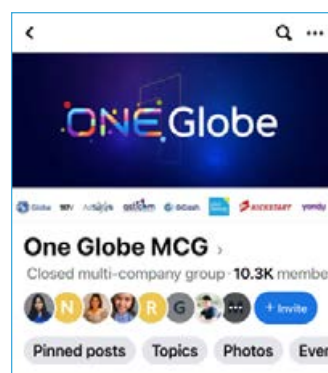
Known Wonderful Employee Recognition is Globe's friendly recognition fairy on Workplace Chat. WANDA is a chat-based platform for employees to give recognition, as well as track the recognitions they have given and received. As of December, it has collected almost 10,500 Thank Yous using Wanda from launch day of June 15, 2020

### KEEPING AN ACTIVE INTERNAL COMMUNICATION

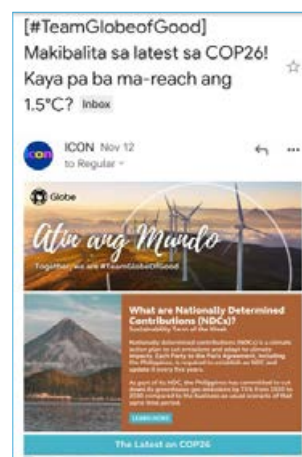
Senior leaders conduct touchpoints to share relevant updates to the organization through quarterly town hall meetings. To further cater networking and social activities, Globe comes up with an internal social media platform called Workplace where all employees are encouraged to instantly form connections and enjoy interactions. The company also frequently circulates trivial news and pivotal announcements in email to keep everyone well-informed and accordingly guided.



Quarterly Town Halls with Senior Management



Social Media Engagement



GlobeICON E-mailers

<sup>3</sup> Source: 2021 Collab Index with a response rate of 94% or 7,727 out of 8,242 employees, from February to March 2021

## ENABLED

### Nothing gets in the way of getting the job done!

The seismic shift to remote work left businesses scrambling to adapt to a new agile way of working. With the introduction of an online set-up, connecting and engaging with employees poses unprecedented challenges on the overall operational productivity.

Globe has developed venues to foster strategic and continued communication that builds belief, respect, and trust within the organization.

### ENHANCING WORKFORCE PRODUCTIVITY THROUGH DIGITAL ENABLEMENT

As Globe embraces new ways of working, the company has efficiently leveraged technology to improve productivity and efficiency. Various digital developments have been continuously empowered to surmount employees' concerns successfully. Globe has also offered discounts and initiatives like enhancing data speed to further support employee's needs while working remotely.



#### DANI – (Device Anomaly Investigator)

An internal worktool support bot that connects employees to the company's in-house IT Bar for trouble-shooting requests including network reconnection, software installation, communication tools upgrades, access to premium versions of worktools, and support for device issues.



#### Employee Virtual Assistant (EVA)

The revamped EVA is an AI-powered chatbot that assists Globe employees with all of their HR-related inquiries and concerns.



#### Ally Bot

An employee-focused bot that endorses concerns from employee relatives or friends to the specific Globe team who can provide solutions.



#### WOW from Home

Provides a wide suite of WFH offerings that gives employees discounted tools of work that they can purchase including office equipment, gadgets and supplies. These discounted products were also available for their family members. There was a total of 261 transactions for the run of the program.



#### Internet Data

Globe permanently updated employee's monthly data plan to 10GB to ensure that they can work well without facing connectivity issues.

Employees also received discounted rates for home broadband connections, and priority lanes for new connections.

### AUGMENTING LEARNING & DEVELOPMENT INITIATIVES

Globe believes that continuous learning is imperative for employees' personal and professional growth. The company is passionate in nurturing and empowering the talent pool through competency-based learning pathways and seamless learning experience.

Globe has instilled the practice of Everyday Leadership through six (6) key behaviors in the employee's performance and development strategy.



All Globe employees are required to undergo an annual performance review. Globe assessed their employees holistically by measuring their high-impact accomplishments and identifying the seven (7) leadership competencies demonstrated. In 2021, Globe integrated sustainability principles in its corporate balanced scorecard to help guide its different business teams in living out the company's purpose.





To promote healthy conversation at all management levels, Globe launched Engaging Conversation Hour (ECHO) which provides employees and leaders with a venue to have meaningful and regular 1:1 conversation. During ECHO, employees can share what they have accomplished in the last month, what goals they will focus on, and prioritize any support they need. By scheduling monthly ECHOs, leaders and employees can catch issues early on and help teams progress towards attaining goals and career development.

### RESKILLING FUTURE-PROOF WORKFORCE

With the acceleration of technological advancements, Globe endeavors to configure a future-proof workforce. In 2021, Globe funded more than ₱63 million for the learning and development of its over 8,000+ employees which included impactful programs allowing employees to shape their skills within or outside of their functional role creating continuous development through an immersive learning experience.



#### Average Training Hours per Employee Category

Employee Category	Average Training Hours	
	Male	Female
Senior Management	26	26
Middle Management	34	35
Rank and File	40	48

#### Globe University Academies

Extensive L&D Capability

Technical & Network  
Information Technology  
Sales & Marketing  
Essential Skills  
Leadership Development  
Sustainability  
Learning Innovations  
Digital Learning  
Competency Management

#### Globe University Learning Portfolio

Diverse Learning Resources

**198 Live Virtual Training Courses**  
Average of 45 runs per month

**120 Certified Line Trainers**  
Facilitating 104 unique courses

**8.3K Newton Licenses**  
Access to 8,000+ Unique eCourses  
Powered by LinkedIn Learning

**77 Globe U eCourses**  
Available On-Demand

**471 eBooks**  
Available in WorkDay

#### Data Driven Learner Enablement

Deliberate Capability Building

**600+ Competency-Based**  
Newton Learning Pathways

**1,362 Competency Models**  
94% of Total Roles in Globe

**6,400 Employees Assessed**  
77% of Total Employee Population  
Competency Assessment data serves as key basis of people IDP

**800+ Competencies**  
Globe Competency Library covers 15 Job Families & 1,453 roles

## HUMAN CAPITAL

Upon integrating Newton, the learning platform has expanded its online course portfolio from 3,800 in 2020 to 8,000 eCourses in 2021. It has achieved unprecedented digital learning adoption in a span of 10 months, higher than the full year of 2020 highlighting its continuous drive into value creation for all employees.

January to December 2021	2021 Total Globe 8,284	2020 Total Globe 8,332
Total Unique Employee who completed an e Course	8,152	7,366
% Reach	98%	88%
Total # of eCourses Completed	326,508	114,901
Average No. of eCourses Completed/Employee	40 courses/ user	16 courses/ user
Total Unique eCourses	5,601	2,225
Average Learning Hours per Employee	24 hrs/user	9 hrs/user

HIGHLIGHTS	
+11% Reach	Additional 786 employees completed courses through digital learning platforms indicate an increased habituation of digital learning as the main training delivery mode in Globe.
2.5X	Each Ka-Globe completed more courses in 2021 (Ave 40/pax) vs 2020 (Ave 16/pax), indicating a heightened level of interest in taking up eCourses on their own.
2.5X	Each Ka-Globe completed 2.5X more unique eCourses in 2021 (5.6K) vs 2020 (2.2K), which confirms that the breadth and diversity of our learning portfolio caters to varied needs
2.7X Learning Hours	Each Ka-Globe spent more time training via eCourses this year (ave 24 hrs) vs. last year (ave 9 hrs)

Newton 2.0 has transitioned employee learning into a more dynamic, advanced, and convenient experience. Globe University has ensured that employees equally receive readily accessible learning resources to develop employees' critical competencies and skills needed for work.

### Globe-Curated Learning Path with Highest Completion Rate (As of December 2021)

Learning Paths	Completers
1. Sustainability 101: Sustainability for a Globe of Good	6,088 73% of Globe
2. Sustainability 102: Sustainability in the Digital Age	2,926 35% of Globe
3. Globe Broadband and Wi-Fi technology Primer	1,798
4. Nurture Your Well-Being	706
5. 5G Primer by Globe 5G Supremacy	598

### DIGITAL LEARNING INITIATIVES BOLSTERED GLOBE-WIDE LEARNING CAMPAIGNS

#### Learning Campaigns: From microlearning to full Learning Paths

- Learning Doesn't Stop
- TBD Learning Break Series
- #StrengtheningYourCore Series
- Wellness Break

#### SUSTAINABILITY ACADEMY Globe-wide Campaign on Sustainability (a learning collaboration with Corp Comm)

- Sustainability 101 Learning Path: Sustainability for a Globe of Good
- Sustainability 102 Learning Path : Digital Thumbprint

#### ISDP InfoSec and Data Privacy Courses

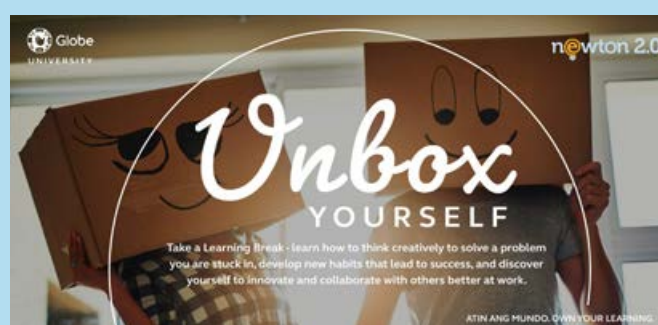
InfoSec: Cybersecurity Awareness

Data Privacy: Practical Privacy

#### Recognition of Top Learners and Top Learning Champions

- Digital Badge on Workplace (for Learning Path completers)
- Top Learners and Top Curators (Learning Champions)
- Rewards - products made by corporations with recognized sustainable practices (e.g. Malagos chocolates for top 100 completers of Sustainability 101)

Globe strongly believes that employees' professional success is anchored on their personal wellness which is why the company promotes programs on personal well-being as much as courses on professional upskilling.



## STRENGTHENING YOUR CORE SERIES

Competency-based Learning Paths



STRATEGIC THINKING



RESULTS-ORIENTED THINKING



RESULTS-ORIENTED THINKING



DECISION MAKING & CRITICAL THINKING



ANALYTICS/DATA ANALYSIS



PERSONAL EFFECTIVENESS



HUMAN-CENTERED DESIGN



INNOVATION



## ENERGIZED

Individual physical, interpersonal, and emotional well-being at work

### FOCUSING ON EMPLOYEE WELL-BEING

Globe continues to prioritize its employees' physical, social, and emotional well-being. The company mobilized digital advancement and HR initiatives in securing the physical and mental health of employees. It developed risk mitigation strategies that enabled employees to adapt in changing conditions brought about by the global health crisis.



#### Globe's Digital Usher for Disasters and Emergencies or (DUDE)

Serves as an official COVID-19 health monitor where employees may report symptoms and receive immediate assistance from a dedicated COVID-19 response team. DUDE has been welcomed by employees fondly due to its warm brand character. With its positive feedback, Globe further leveraged its functions becoming the single source for all COVID-19 linked communication. DUDE has gained attention from both international and local media as companies like The Bot Platform and Workplace by Facebook created features and case studies making DUDE as an example of how technology can care for employees during the pandemic.



#### Mindnation

It is an innovative mental health and well-being organization that has grown globally as a trusted partner for organizations and communities alike.



#### Hopechat

Allow employees to communicate with licensed psychologists available 24/7. With text-based messages, users were assured of privacy, safety, and confidentiality and were also given an opportunity to review and reflect on the discussion that took place. On average, 100 employees use Hopechat monthly for their mental health support.

#### Hopechat Highlights

- 97% satisfaction rate of users
- 98% said they are likely to recommend it to friends and family members and are willing to talk to a counselor again if the need arises
- 94% also felt safer talking to a psychologist virtually than to other counseling services
- 83% said they are now more confident in their ability to manage



#### Virtual Psychologist

It is an Australian-based set up supported by the Singtel Group which provides innovative mental health solutions for organizations wanting to take care of their employee wellbeing and workplace satisfaction.

#### Frontliner Support and Meeting Etiquette

For those employees working in the field, Globe provides them transportation, accommodations, PPE (mask, face shields, coveralls), vitamins, packed meals, premium allowances, etc. Offices are also stationed with alcogels and thermal scanners. To eliminate meeting fatigue, the company released a meeting etiquette guide for people to follow. The Thursday by the Desk policy is also implemented which disallowed meetings every Thursday morning.

#### Employee Benefits & Programs

The company has been consistently providing employee benefits including Group Life Insurance, Health Insurance Policy, Personal Accident Policy, Parental Leave, and Retirement Policy. Globe encourages and nurtures a strong performance-oriented culture by recognition and rewarding talents who create value for the organization through its Compensation Policy. On top of it is the Vacation Leave (VL) conversion promo. This is in consideration of their unused VL due to the travel restrictions of the lockdown and enables them to encash unused VL credits for a limited time. For the VL conversion, 1,052 Ka-Globe availed it in 2021, with 5.68 average days converted.



Through a digitized HR management system, employee benefits processes have been streamlined and advanced programs have been implemented including flexible benefit programs allowing employees to tailor-fit and choose the benefits they want. In addition to this, Globe has been continuously incorporating a policy extending similar benefits to dependents of its employees who come from the LGBTQ+ community.

To contribute to nation-building, the company is encouraging its employees to actively support community engagement programs through Volunteer Time-Off (VTO) program allowing employees to volunteer at least once a year in their chosen advocacy.





For 2021, Globe achieved 100% return rate of employees post availing parental leave which is a testament to Globe's commitment to valuing employee rights.

	Maternity Leave	Paternity Leave	Solo Parent
Employees entitled to Parental Leave	2,404	4,542	102
Employees that took parental leave in 2021	90	55	75
Employees who were due to return to work in the reporting period after parental leave ended	90	55	75
Employees who returned to work in the reporting period after parental leave ended	90	55	75
Employees who returned to work after parental leave ended that were employed 12 months after their return to work	90	55	75
<b>Return Rate</b>	<b>100%</b>		

## ORGANIZATIONAL AWARDS AND RECOGNITION

Globe continues to empower its employees by promoting effective communication among all levels. It has created a high-performing workplace where employees are engaged, enabled, and energized to create their best life throughout their stay at Globe.

# 88%

ORGANIZATIONAL HEALTH INDEX (OHI)

# 88%

PURPOSE SURVEY 2019  
INDICATOR: PERSONAL PURPOSE  
CONTRIBUTES TO GLOBE PURPOSE

# 93%

2020 SUSTAINABLE  
ENGAGEMENT INDEX SCORE



For the year 2021, Globe earned the distinction of being the only company in the history of ACES Awards to win the top workplace in Asia four (4) times extending its record from last year – a solid proof that Globe has been continuously demonstrating their commitment to keeping its employees thrive in 2021 while balancing a sustainable and healthy company outlook.



## REINFORCING WORKPLACE HEALTH AND SAFETY

Globe's resilient safety culture is underpinned by robust Occupational Health and Safety Management System (OHSMS) highlighting fundamentals of safe workplace such as leadership commitment, hazard and risk management, employer and employee engagement, resource provision, auditing and taking corrective and preventive actions. Guided by best practices, the company has received an enterprise-wide certification on ISO 45001 which is implemented under the Integrated Management System.

The company also complies with the Department of Labor and Employment (DOLE) Workplace through Republic Act No. 11058 otherwise known as "An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof" which serves as the regulatory compliance document on workplace safety together with its Implementing Rules and Regulations under DOLE Department Order 198-18.

### Republic Act No. 11058

An act strengthening compliance with occupational safety and health standards and providing penalties for violations

### ISO 45001: 2018 Certification

Occupational Health & Safety

## Occupational Health and Safety (OHS)

### Identifying work-related hazard and risk assessment

Globe uses Hazard Identification, Risk Assessment and Control (HIRAC) to identify all work-related hazards which are assessed for routine and non-routine job functions. The HIRAC process is undertaken by a trained and competent individual.

The hazard identification processes are reviewed on an annual basis to gauge the level of effectiveness of interventions employed to mitigate previously identified risks. Additionally, SHE (Safety, Health and Environmental) Committee, which employees are also a member of, discusses all relevant health and safety issues raised by the committee members and actions are put into place if necessary. Updates are presented in the following committee meeting to determine if the issues have been resolved or need further action. The company also follows DOLE rulings which empowers each employee to not just identify but also refuse to work in any condition that they deem unsafe. Globe's Integrated Management System Committee regularly reviews the workplace hazards and risk assessment of the company's activities to ensure the protection and welfare of its employees, workers and the general public

### Devising and implementing safety linked protocols and guidelines

In case of an accident or incident, this is reported to the Admin and Safety team. Investigation is conducted in a timely manner to determine the root cause and preventive control actions are implemented to prevent recurrence. The committee meetings are convened on a monthly-basis and discussions of safety protocols and systems undertaken through these sessions.

### OHS Audits

Globe conducts an annual internal audit to confirm that the practices on sites are aligned to the guidelines and protocols laid out by the company.

### OHS Certification and Training

#### Certificate

Globe maintains compliance with the local workplace health and safety regulations and has received enterprise-wide certification on ISO 45001:2018 which is implemented under integrated management system. This certification is applicable to all employees and covers all major facilities of the company including services rendered by external partners and contractors

#### Training

Employees are trained of respective hazards in the workplace. Training is dependent on job functions and related hazards. In 2021, Globe employees undertook a series of trainings to enhance awareness and skills on Occupational Health and Safety

- 12-Hour OSH Orientation for Safety Officer (SO1)
- 24-Hour Job Hazard Analysis & Safety Audit Course
- Emergency Preparedness & Response Training

### Incidents Involving Globe Employees and Direct Contractors

Type of Injury	2018	2019	2020	2021
Non Disabling Injury / Illness	103	87	27	0
Disabling Injury / Illness	0	0	0	0

## HEALTH & SAFETY POLICY

Globe cares for people, not only for its employees but also the communities surrounding its operations, as they are critical to the success of its business. Globe protects their rights and promotes 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.

## GLOBE'S CODE OF CONDUCT

Globe's Code of Conduct (CoC) reflects the company's Philosophy, Purpose and Provision. The code mandates all employees to the highest standards of accountability, performance, honesty, integrity, courtesy, and teamwork. As defined, the code specifically stated the standard protocol in resolution of any concerns on employee's performance or behavior.

## COMMITMENT TO RESPONSIBLE BUSINESS PRACTICES & HUMAN RIGHTS

We believe that commitment to responsible business practices and respect for Human Rights are important

components of our business operations, overall employee welfare and good corporate governance. We believe in fairness and integrity in dealing with customers, suppliers, vendors, partners, regulators, shareholders and all other stakeholders.

As a signatory to the UN Global Compact, we commit to support and uphold the 10 Principles on Human Rights, Labor, Environment and Anti-Corruption:

### Human Rights

#### (1) *Businesses should support and respect the protection of internationally proclaimed human rights;*

We shall support, respect, and ensure the protection of internationally-proclaimed human rights including the International Labour Organization (ILO) Conventions on Labour Standards<sup>4</sup>, ILO Declaration on Fundamental Principles and Rights at Work<sup>5</sup>, United Nations (UN) Universal Declaration of Human Rights<sup>6</sup>, Convention on the Elimination of All Forms of Discrimination against Women<sup>7</sup>, and the UN Convention on the Rights of the Child<sup>8</sup>. We shall create and maintain an environment that treats all employees with dignity and respect, and ensure a safe and healthy working condition in order to protect their physical and mental health.

#### (2) *and make sure that they are not complicit in human rights abuses.*

We shall ensure that we are not complicit in any human rights abuses. We shall not use any form of violence, sexual exploitation or abuse, either verbal or psychological harassment or any other form of abuse. We shall not tolerate any harsh or inhuman treatment, coercion, or corporal punishment of any kind.

### Labour

#### (3) *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;*

We shall encourage open communication and direct engagement between the management and employees. We shall recognize and respect the rights of employees to freely associate, organize, and bargain collectively in accordance with applicable laws. We shall respect the rights of employees to associate freely and communicate openly with management regarding working conditions without fear of harassment, intimidation, penalty, interference, or reprisal.

<sup>4</sup> International Labour Organization (ILO) Conventions on Labour Standards (<https://www.ilo.org/global/standards/introduction-to-international-labour-standards/conventions-and-recommendations/lang-en/index.htm>)

<sup>5</sup> International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and its Follow-up (<https://www.ilo.org/declaration/thedeclaration/textdeclaration/lang-en/index.htm>)

<sup>6</sup> United Nations (UN) Universal Declaration of Human Rights (<https://www.un.org/sites/un2.un.org/files/udhr.pdf>)

<sup>7</sup> Convention on the Elimination of All Forms of Discrimination against Women (<https://undocs.org/en/A/RES/34/180>)

<sup>8</sup> UN Convention on the Rights of the Child (<https://www.unicef.org/child-rights-convention/convention-text>)

**(4) *the elimination of all forms of forced and compulsory labour;***

We shall prohibit any forced, bonded, or indentured labor or involuntary labor. We shall prohibit all forms of slavery, servitude, forced labour, trafficking in persons (including orphanage trafficking of children), forced marriage, child labour, debt bondage, and other slavery-like practices (Modern Slavery) in our business operations and supply chains. All work, including overtime work, shall be voluntary and workers shall be free to leave upon reasonable notice. We shall not require workers to hand over government-issued identification, passports, or work permits as a condition of employment.

**(5) *the effective abolition of child labour;***

We shall unconditionally prohibit child labor and shall not employ children. We shall comply with applicable local child labor laws and employ only workers who meet the applicable minimum legal age requirement in line with national law. The term “child” shall refer to any person under the age of 18, or under the age for completing compulsory education, or under the minimum age of employment. We shall comply with all laws and regulations for apprenticeship programs supported by legal requirements. Apprentices under the age of 18 shall not perform hazardous work nor be exposed to hazardous conditions and may be restricted from night work with consideration given to educational needs.

**(6) *and the elimination of discrimination in respect of employment and occupation.***

We shall comply with applicable local laws concerning discrimination in hiring and in employment practices. We shall promote equal opportunity, advance gender balance, and shall not discriminate based on but not limited to race, color, age, gender, gender identity, sexual orientation, ethnicity, disability, religion, political affiliation, union membership, marital status, and social and economic status in hiring and in employment practices such as promotions, rewards and access to training and career development.

## Environment

**(7) Businesses should support a precautionary approach to environmental challenges;**

We shall promote environmental sustainability with the aim of minimizing the impact of our business operations to the environment while safeguarding the health and safety of the public. We shall demonstrate high standards of environmental management and stewardship in order to reduce our impact and that of our stakeholders.

**(8) *undertake initiatives to promote greater environmental responsibility;***

We shall comply with applicable local environmental laws, relevant standards and practices to the business. We shall implement an environmental management system in accordance with certified international standards including strict compliance to all applicable local environmental laws, permits and reporting requirements.

**(9) *and encourage the development and diffusion of environmentally friendly technologies.***

We shall 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 our products to attain decarbonization and circularity. We shall collaborate with government, businesses, international institutions, special interest groups, portfolio companies and other organizations to innovate products that will address climate change.

## Anti-Corruption

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

We shall adhere to the highest standards of integrity, accountability, transparency and good corporate governance. We shall strictly prohibit all forms of corruption, extortion, and embezzlement. We shall prohibit employees and their immediate family members from soliciting bribes, employment, kickback, bartering arrangement for goods or services and/or other incentives to entities they do business with in consideration of business or as an inducement for the award of business. We shall expect employees, officers, and directors to submit reports of improper activities related to corruption in all its forms.

We shall not take unfair advantage through manipulation, coercion, concealment, misrepresentation of material facts or any other unethical dealing. We shall not engage in collusion, price fixing, facilitation payments or other unfair or illegal trade practices.

We shall not use charitable contributions as a way of concealing a bribe. We shall not use company resources including funds or facilities to provide support for, or contribute to any political organization or candidate as Globe is apolitical.

We shall not accept any type of gift or any offer of hospitality beyond that of nominal value, including recreational trips to sporting or cultural events, theme parks or offers of holidays, transportation,



accommodation, or invitations to extravagant lunches or dinners. We shall refrain from accepting individual gifts or a combination of gifts, or providing any entertainment that would violate our employee Code of Conduct.

Our commitment to responsible business and human rights adopts the leading practices and principles of good corporate governance to deliver continuous value for our customers, employees, and stakeholders and is in accordance with the Code of Corporate Governance of the Securities and Exchange Commission.

To learn more about our commitment to good Corporate Governance, you may visit our website: <https://www.globe.com.ph/about-us/corporate-governance.html>

The Globe Code of Conduct may be accessed through: <https://www.globe.com.ph/content/dam/globe/brie/About-us/corporate-governance/documents/company-policies/Code-of-Conduct-2022-v2.pdf>

### SAFEGUARDING HUMAN RIGHTS AND PROMOTING FAIR BUSINESS PRACTICES

Since 2019, Globe has been a signatory of United Nations Global Compact (UNGC) as a manifestation of its committed participation in implementing sustainability principles. The company is strongly devoted in its pledge to prevent and eradicate any form of discrimination based on age, gender, marital status, personal beliefs, religion & spiritual practices, political affiliation, and sexual orientation. In support of the right to collective bargaining, nearly 3.30% of Globe's workforce is covered by collective bargaining agreements. Moreover, the company also upholds stringent criteria requirements in vendor management that considerably measure adherence to fair business practices like collective bargaining rights.



#### Collective Bargaining Agreement Employee Coverage

Collective Bargaining Agreement	2018	2019	2020	2021
Percentage of total permanent employees covered	4.3%	3.72%	3.26%	3.30%
Total permanent employees covered	331	299	272	273

Globe complies with RA 7610 or the Special Protection of Children Against Child Abuse, Exploitation, and Discrimination Act, and has full observance of the principles of the Human Rights Act and Child Labor Law. The company does not condone any violation of the rights of indigenous

people, nor promote operational activities that would pose hazardous risks or damages to children or young employees. To inculcate the values of human rights' protection in the workforce, employees are required to adhere to Globe's code of conduct which covers key human rights issues. In 2021, there have been no reported cases of human rights violations, discrimination, breach of indigenous people's rights, child labor or forced labor.

### ROAD TO 2022

With strategic competency management, Globe will focus on developing digital literacy and business-critical capabilities to completely harness the extensive workforce potential in executing the company's objectives. The company will continue incorporating transformative programs and learning modules to further build up technical enablement among its employees.

In line with its purpose to treat the people right, Globe will consistently showcase its commitment to maintain a differentiated work experience anchored from global best practices to its employees.



## SOCIAL & RELATIONSHIP CAPITAL

“We serve our customers with products and services that are solving problems for them in their everyday lives. We leverage technology to serve customers faster, better, and at scale, while serving grassroots communities by making our services accessible to all Filipinos, even in the most trying times”

Issa Guevarra-Cabreira  
Chief Commercial Officer



## PERFORMANCE HIGHLIGHTS

### GoLearn

Globe launched the unified company-wide platform aimed at helping the country achieve 21st century learning.

Equipped over 68,500 public school teachers and students nationwide since the onset of the pandemic.

600 fisherfolks enabled with real-time SMS weather alerts through ISDApp.



ALIGNMENT WITH SDGs

- SDG 3 - Good Health & Well-being
- SDG 4 - Quality Education
- SDG 8 - Decent Work & Economic Growth
- SDG 9 - Industry, Innovation & Infrastructure
- SDG 11 - Sustainable Cities & Communities
- SDG 12 - Responsible Consumption & Production
- SDG 13 - Climate Action
- SDG 14 - Life Below Water
- SDG 15 - Life on Land

## INTERACTION OF MANUFACTURED CAPITAL WITH OTHER CAPITALS



## EMPOWERING THE NEW FILIPINO CUSTOMER THROUGH DIGITAL ENABLEMENT

### IN THIS CHAPTER

- Megatrend
- Translating Strategy Into Practice
  - Customer Engagement
  - Supply Chain Management
  - Digital Learning
  - Community Development
- Elevating Customer Experience
  - Uplifting Filipino lives via #AlagangGlobe
  - Enriching the Customer Experience Through Enhanced Gaming and Content Provider Relationships
- Partnering for Growth: Supply Chain Engagement
  - Sustainable Supply Chain
- Enabling the Education Sector Through Digital Learning
- Standing by Partner Communities: Creating a Globe of Good
  - Anchoring Responsible Digital Transformation
  - Supporting Livelihood Development
  - Healthcare-focused Community Development
  - Fostering Community Engagement
- Road to 2022

► “When we say we’re building greater businesses, we define greatness in a holistic sense—that is, greater for us humans, greater for our stakeholders, greater for everyone.”

**ERNEST L. CU**  
President and CEO

► “We nurture customer relationship through innovations that show our compassion and care. Throughout the customer journey with Globe, we do our best to provide the most relevant services and rewarding experiences, supported by a robust and reliable network where it matters.”

**REBECCA ECLIPSE**  
Chief Customer Experience Officer and Head, Strategy Management

### MEGATREND

Based on a case study by the Asian Development Bank Institute (ADBI)<sup>1</sup>, the COVID-19 pandemic has seriously impacted poverty and inequality in the country. Providing much-needed assistance to the people, particularly the poorest and most vulnerable, was important to mitigate the health, social and economic impacts caused by the pandemic. Globe, in the spirit of bayanihan, is committed to help alleviate the impacts of COVID-19 on people, government, and businesses by harnessing digital technologies.

According to the Asian Development Bank (ADB)<sup>2</sup>, the Asia Pacific’s post-pandemic recovery can be spearheaded by digital technologies that promote inclusive and sustainable development. A published report by the World Bank and

National Economic and Development Authority (NEDA)<sup>3</sup> even further emphasized the relevance of rapid adoption of digital technologies not just on the economic recovery but also in the achievement of the country’s long-term aspirations to become a poverty-free middle-class society.

Digital transformation will aid Filipinos in nurturing resiliency and allow growth opportunities both locally and globally. Expansion of digital infrastructure and configuration of impactful technologies are imperative and prioritized by the government and telecommunications industry. As a result of fostering digital empowerment, the government has actively appraised regulatory policies that could significantly support and encourage digitalization programs.

<sup>1</sup> Gudmalin, C., Calina, L.P., Balbosa, J., Mangahas, J., & Samoza, M.A. (2021). Protecting the Poor and Vulnerable against the Pandemic. No. 2021-3 (September). <https://www.adbi.org/sites/default/files/publication/736446/adbi-cs2021-03.pdf>

<sup>2</sup> Asian Development Bank News Release 2021, Leveraging Digital Technologies Key to Asia’s COVID-19 Recovery — ADB. Retrieved from <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/796871601650398190/philippines-digital-economy-report-2020-a-better-normal-under-covid-19-digitalizing-the-philippine-economy-now>

<sup>3</sup> The World Bank Press Release 2020, Harnessing Digital Technologies Can Help Philippines Overcome Impact of Pandemic, Hasten Recovery. Retrieved from <https://www.worldbank.org/en/news/press-release/2020/10/05/harnessing-digital-technologies-can-help-philippines-overcome-impact-of-pandemic-hasten-recovery>



Globe has been a bellwether of excellence in the digital space. The company focuses on treating people with respect and standing by them during distressed times to create a Globe of Good. As asserted by Ms. Maria Yolanda C. Crisanto, Globe's Chief Sustainability Officer, "Companies that are more mature in the digital space are winning the future because digital transformation has become a life essential. But it is digital transformation with compassion for humanity that will create more value moving forward." Committed to its radical compassionate leadership, Globe has actively addressed and supported the pandemic response, online safety, livelihood, and educational needs of its kababayans. The next echelon of the company's mission is to attract New Filipino Customers, Globe pursues to explore greater possibilities in order to cater to changing customer needs.

For financial services, GCash has made financial transactions easier for millions of users and continues to bridge the gaps between the banked and unbanked sectors. 917 ventures leveraged the long-standing partnership of Globe and Puregold by launching the PureGo app. This platform enabled users to experience a convenient same-day delivery grocery shopping. As for the healthcare services, Globe made it possible for Filipinos to have access to licensed medical professionals anytime and anywhere through the use of KonsultaMD. AC Health and Globe's 917Ventures developed an all-in-one health app, called HealthNow, empowering Filipinos to easily access healthcare services such as telemedicine services, medicine deliveries, and urgent care hotlines. With the continuous expansion of Globe 5G in the country, the company introduced even newer products and more affordable offers to customers.

## TRANSLATING STRATEGY INTO PRACTICE

	STRATEGIES	INITIATIVES
<b>CUSTOMER ENGAGEMENT</b>	<p>Deepening engagement through nurturing customer loyalty and serving the changing needs of customers.</p> <p>Seek growth through expansion of new business development programs and strategic partnerships.</p> <p>Become a future-proof digital solutions provider by bringing in new technologies, platforms, and experiences.</p>	<p><b>AlagangGlobe</b></p> <ul style="list-style-type: none"> <li>• Globe One app</li> <li>• Globe At Home app</li> <li>• Hotline Digital Assistant</li> <li>• Globe's official social media channels</li> <li>• Ally bot</li> <li>• #AlagangGlobeFrontline for customer service</li> <li>• Sagot Kita Program</li> <li>• Transactional Net Promoter Score</li> <li>• EasyHub kiosks</li> <li>• Double down on conglomerate and ecosystem play through exclusive partnerships with:             <ul style="list-style-type: none"> <li>- Discovery+</li> <li>- Vivamax</li> <li>- Crunchyroll</li> <li>- SoundCloud</li> </ul> </li> <li>• Enhanced gaming experience and new opportunities for gamers and enthusiasts:             <ul style="list-style-type: none"> <li>- RiotGo Launch</li> <li>- GLegends Cup</li> <li>- Foodpanda x VALORANT collaboration</li> <li>- Exclusive partnerships with:                 <ul style="list-style-type: none"> <li>a. CS:GO Stockholm Major</li> <li>b. GG Unite</li> <li>c. World Championships for Valorant and LOL-Wild</li> </ul> </li> </ul> </li> <li>• Enabling the Gig Economy:             <ul style="list-style-type: none"> <li>- VIBER Home Prepaid WiFi Earn@Home Chat</li> <li>- VIBER Home Prepaid WiFi Earn@Home Viber Stickers</li> <li>- Tiktok Food</li> <li>- Google x Home Prepaid WiFi Negosyo Caravan</li> </ul> </li> <li>• Leveraging strategic partnerships:             <ul style="list-style-type: none"> <li>- HBO GO</li> <li>- Netflix Trese Campaign</li> </ul> </li> <li>• Expansion of portfolio beyond entertainment:             <ul style="list-style-type: none"> <li>- Free GINSURE for Mobile and broadband subscribers</li> <li>- Viber x FoodPH</li> <li>- REBEL Reinvention Challenge</li> <li>- Pray.com</li> <li>- OneGlobe Education campaigns</li> </ul> </li> </ul>

	STRATEGIES	INITIATIVES
		<ul style="list-style-type: none"> <li>• Build and strengthen collaboration with Partners to expand entertainment offers and experiences to support subcultures:               <ul style="list-style-type: none"> <li>- iQiyi</li> <li>- WeTV</li> <li>- Upstream K-Filmfest</li> <li>- Netflix Tentpole campaigns for DOTA</li> </ul> </li> <li>• Supporting the creator economy:               <ul style="list-style-type: none"> <li>- Supporting Twitch through ambassador programs</li> <li>- Tiktok Treats</li> </ul> </li> <li>• Enriching customer experiences virtually:               <ul style="list-style-type: none"> <li>- Marvel Virtual Run</li> <li>- Rebel workout sessions</li> <li>- Ayala Museum Online Tour</li> </ul> </li> <li>• Proving 5G adoption through innovative contents:               <ul style="list-style-type: none"> <li>- Niantic</li> <li>- Tiktok 5G Filters</li> </ul> </li> <li>• Customer journey improvements:               <ul style="list-style-type: none"> <li>- Launch of HBO Go SSO</li> </ul> </li> </ul>
COMMUNITY DEVELOPMENT	Providing various form of assistance to help jumpstart livelihood, employment, and mitigate hunger for the marginalized Filipinos during the pandemic.	<ul style="list-style-type: none"> <li>• Donations through Globe Rewards and GCash to support various advocacies</li> <li>• Livable Cities Labs Initiative</li> <li>• Providing platforms for start-ups</li> <li>• Improving Digital Quality of Life in the Philippines</li> <li>• Safe Recovery Campaign</li> <li>• Globe Loading business</li> <li>• GCash App</li> <li>• Saludo SME's Camapign</li> <li>• Globe 5G Hackathon</li> <li>• HealthNow App</li> <li>• KonsultaMD</li> <li>• Free medical coverage to Globe mobile subscribers</li> <li>• COVIDShield Program</li> <li>• #PlantHappinessPH Campaign</li> <li>• LGU support (text alerts and announcements)</li> <li>• 15 NGOs charitable institutions, and foundations in Globe Rewards program roster</li> <li>• PureGo App</li> <li>• KonekTayo WiFi</li> <li>• Community Development Programs</li> <li>• Taal and Odette disaster relief operations</li> <li>• ISDApp</li> <li>• Virtualahan Program</li> <li>• Walang Iwanan Alliance</li> </ul>

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Globe's Overall Transactional NPS is the highest ever in 6 years.

This represents how Globe delivered the best quality experience and created impact across the journey and customer touchpoints.

## ELEVATING CUSTOMER EXPERIENCE

Globe believes that creating and maintaining key relationships with stakeholders will solidify the company's value creation capability. Globe has prioritized the needs and expectations of its customers, suppliers and community which are further reflected in the company's overall vision and operations. The company continuously takes measures to gauge stakeholder sentiments to forge meaningful and robust relationships based on mutual understanding and growth. For such reasons, Globe has devised a comprehensive PULSE strategy to fuel customer delight, supplier engagement, and community development.

<b>PREPARE</b>	Prepare market analysis to identify key areas of strengthening stakeholder relationships.
<b>URGE</b>	Urge customers, suppliers, and communities to engage and share their thoughts with the company.
<b>LEARN</b>	Learn about the growth potential and future thrust areas through relevant stakeholder dialogue.
<b>SYNCHRONIZE</b>	Appraise the company's strategies and services with inputs received from stakeholders.
<b>EMBED</b>	Embed learnings and understanding in every business facet.

### Alagang Globe

Globe aspires to make customers feel genuine care and compassion and deliver exceptional customer experience through #AlagangGlobe.

**Caring at Scale.** Globe enhanced customer experience through the following channels:

- **GlobeOne** – a mobile app that allow users to monitor their accounts, track usage, request for service modification and pay bills.
- **Globe At Home Apps** – allows users to track and boost their Globe At Home Postpaid and/or Prepaid WiFi accounts (e.g., account details, data usage, load balance, adding data to existing account or plan)
- **Hotline Digital Assistant** – 24/7 customer service platform that allows customers to raise their concerns via the Globe One app and social media.
- **Ally Bot** – through this bot, all ka-Globe were able to obtain relevant information and helped in endorsing concerns they received from friends or family members to the appropriate team who can provide resolution.

**Community-based servicing.** Globe supports and nurtures communities with a variety of interventions catering to its current and emerging needs. Taking care of Globe frontliners (#AlagangGlobeFrontline) the company provided better and continuous care for the customers.



#### EasyHub

Elevating customer experience through a one-stop-shop for all of Globe's essential products and services, making customers' transactions not only more convenient but also seamless and highly immersive.

#### CUSTOMER CARE

We provide care that you can always count on.



#### CUSTOMER EMPOWERMENT THROUGH DIGITAL

We enable you to do more by going digital.



#### CUSTOMER PROTECTION

We deliver a safe experience and protect you from threats.



#### CUSTOMER DELIGHTER & ENGAGEMENT

We engage you with relevant rewards.



#### CONNECTIVITY & BEYOND

We keep you connected with a network that keeps getting better.



#### CUSTOMER RECOVERY

We make it up to you when we fail to deliver on our promises.



#### Sagot Kita (I Got You)

Enabled employees with the training and knowledge to resolve their families and friends' network concerns. Globe At Home amplifies #SagotKitaMa by giving access to fun ideas and activities for families to celebrate Mother's Day and give all moms the rest and relaxation they deserve. Exclusive contents from the World At Home portal includes the Learn Room (variety of restaurant-inspired recipes) and the Earn Room (selection of gift ideas for mom after answering a short quiz).

## ENRICHING THE CUSTOMER EXPERIENCE THROUGH ENHANCED GAMING AND CONTENT PROVIDER RELATIONSHIPS

Globe's partnership with gaming and content providers enabled the company to empower its customers by giving the power of choice.

Globe has doubled down on conglomerate and ecosystem play through exclusive partnerships with:		
	<p>A streaming service that provides subscribers unlimited access to the greatest in real-life entertainment, including but not limited to TLC, Asian Food Network, HGTV, Food network, Investigation Discovery, Discovery Channel, and Animal Planet.</p>	<p>Globe has secured an exclusive partnership with Discovery+. The subscription costs ₱99 for a year for Postpaid and Platinum subscribers and free Globe at Home Prepaid WiFi (HS999) subscribers, and 2-in-1 new subscribers.</p> <p>Discovery+ had the highest redemption (1,400) among all Postpaid-exclusive flash deals during GDay promo.</p>
	<p>World's largest anime library that includes over hundreds of titles from past seasons to new episodes fresh from Japan, as well as the contents that are critically acclaimed as Crunchyroll Originals.</p>	<p>To get full access to new shows and episodes, users can subscribe to Crunchyroll via GlobeOne app or by registering any Go+ promo: Go+99, Go+129, Go+149, Go+250 or Go+400.</p> <p>Subscription for Soundcloud needs to have an active and existing Go promo registration and add GoLISTEN10 booster via GlobeOne app. Through this promo, customers can find new music faster with modified playlist, explore music charts and connect directly with fellow artists and fans.</p>
	<p>Music discovery platform with over hundreds of millions of tracks from emerging creators to global superstars.</p>	<p>Subscription for Soundcloud needs to have an active and existing Go promo registration and add GoLISTEN10 booster via GlobeOne app. Through this promo, customers can find new music faster with modified playlist, explore music charts and connect directly with fellow artists and fans.</p>
	<p>A one-stop entertainment hub where Filipino movie fans can access the biggest library of Pinoy films, TV series, documentaries, music specials and Vivamax Originals.</p>	<p>Users can access content from Vivamax with easy in-app purchases on Google Play via Globe and may avail subscription via Globe Direct Carrier Billing.</p>



**Globe enhanced the gaming experience and new opportunities for gamers and enthusiasts:**

**RiotGo Launch**

Globe provided access to RiotGO gaming bundles, featuring Wild Rift in-game items with data-free gameplay.

Globe had a total media reach of 5.4 million and public relations value of ₱1.9 million.


**GLegends Cup**

Amateur tournament for Mobile Legends: Bang Bang (MLBB) that is exclusive to Globe subscribers.

Tournament Finals successfully streamed with 800,000 views.


**Foodpanda x VALORANT collaboration**

Globe, in partnership with FoodPanda, launched a three (3) - day campaign in giving-out free vouchers timed with a VALORANT sale.

Reached 1.7 million impressions.


**CS:GO Stockholm Major**

Official telco sponsor of Philippine broadcast of CounterStrike: Globe Offensive's Stockholm Major via Globe At Home.

Reached total views of 611,000 which is 166% higher versus the target.


**GG Unite**

Globe became the first telco sponsor of a Pokemon Unite open tournament.

Reached 10.2 million impressions and 1.7 millions views.


**World Championships for Valorant and LOL-Wild**

Globe as the official telco partner to sponsor for Riot World Championships.

Reached 7.6 million impressions and 1 million unique viewers.

**Globe also enabled the Gig Economy:**

**VIBER Home Prepaid WiFi Earn@Home Chat**

Globe launched a mother's day theme promotion for FoodPH mom sellers and invited members to join Neri Naig-Miranda as she took over the Home Prepaid WiFi community chat.

An increase of 41% in community membership


**VIBER Home Prepaid WiFi Earn@Home Sticker**



Globe has raffled off negosyo starter packages worth P5,000 and NEW LTE-Advanced Globe At Home Prepaid WiFi Modem when EARN@HOME VIBER STICKERS are used.

Additional 89% community membership




 <p><b>TikTok Food</b></p>	<p>Encouraged individuals to set up their own Food business on TikTok through a series of Livestream</p>	<p>Peak live viewers of 1,500+ and engagements of 2,100+</p>
 <p><b>Google x Home Prepaid WiFi Negosyo Caravan</b></p>	<p>A program that aims to support small businesses grow through digital tools such as Google My Business and Primer app, which includes access to industry and business experts.</p>	<p>Reached more than 30,000 MSMEs nationwide through virtual events and partnerships.</p>
<b>Globe leveraged on strategic partnerships to establish brand equity:</b>		
	<p>HBO GO is a streaming service that allows HBO TV / HBO GO subscribers to enjoy thousands of hours of exciting content over various devices accessible anytime and anywhere.</p> <p>Last September, “On The Job ” series was introduced as an HBO Asia Original series. All episodes are completed and readily accessible for Globe users upon subscription.</p> <p>To further customer journey improvements, the company launched the first ever Single Sign-On (SSO) partner of Globe GlobeOne redemption for mobile customers.</p>	<p>HBO GO SSO boosted 6,000 registered users in 2 weeks peaking at 1,000 per day during the Justice League premiere. Additionally, Average Traffic Per User (ATPU) increased by half percent, averaging 1.40GB to 2.11GB per subscriber.</p>
 <p><b>Netflix Trese Campaign</b></p>	<p>Globe empowered campaign partnership such as Trese exclusively available on Netflix. Trese is an animated show based on the Filipino comic series.</p> <p>To commemorate the success of the series, Globe Platinum released “The Art Behind Netflix’s Trese”, a hardbound compilation of creative artworks based on the Netflix series.</p>	<p>As the series became a blockbuster, different activities were executed including Claim Our World contest, Poppin’ Quiz Night, Endsate Episode. The Quiz Night live has reached 2,300 viewers.</p>
<b>Globe supported the Filipino’s digital lifestyle through expansion of the company’s portfolio beyond entertainment:</b>		
 <p><b>Ginsure</b></p>	<p>A service in the GCash app that provided customers access to more affordable Singlife insurance products.</p>	<p>Provided free Glnsure to mobile and broadband subscribers.</p>
 <p><b>Viber x FoodPH</b></p>	<p>FoodPH is a directory in Viber used to order food in the chat app and orders can be paid through QR codes that are generated via GCash.</p>	<p>An increase of 41% community memberships.</p>

	<p>A Livestream session launched by Globe to promote reinvention among customers aided by digital technology.</p>	<p>A livestream session that included two (2) - week challenges with over 12,000 workouts completed, 650 app downloads, and in-app impressions that reached over 350,000.</p>
	<p>Globe enabled customers to make prayer a part of daily lives by offering a Pray Plus Subscription and can be accessed by creating a Pray.com app.</p>	<p>Globe became the first telco to market Pray in the Philippines with exclusive three (3) - month free subscription to all Ka-Globe from November to December 2021.</p>
	<p>Globe Content Business Group launched an online learning portal featuring eight partners.</p>	<ol style="list-style-type: none"> <li>1. Da Vinci Kids</li> <li>2. Edukasyon.ph</li> <li>3. Shaw Academy</li> <li>4. Canva</li> <li>5. Skillshare</li> <li>6. Webnovel</li> <li>7. Ayala Museum</li> <li>8. Wattpad.</li> </ol>
<p><b>Globe also aimed to build and strengthen collaboration with partners to expand entertainment offers and experiences in support for subcultures such as Korean, Boy's Love (BL), Anime, and Asian content:</b></p>		
	<p>A streaming platform for premium drama series, movies, variety shows, and anime with local languages and subtitles.</p>	<p>Globe became the first Philippine telco partner to launch iQiyi with 6.9 million of total impressions.</p>
	<p>A streaming platform where users can browse from a wide selection of quality content in full HD with multiple languages subtitles to choose from.</p>	<p>Globe became the first Philippine telco partner to launch WeTV with 775,000 of total impressions.</p>
	<p>Upstream is a streaming platform where users can have access to digital contents online such as movies and shows through the use of digital devices.</p>	<p>Launched Upstream K-Filmfest GoExperience for customers which includes one (1) movie ticket for K-Filmfest, 3GB data, and ₱100 worth of Foodpanda voucher for only ₱190.</p>
	<p>Globe partnered with Netflix series DOTA: Dragon's Blood for the campaign #Reinvent your passion for all things DOTA.</p>	<p>The exclusive marketing partnership has received 3% lift in NSR, increased 0.89% daily average DB traffic and seen an upright trend of 5.94% daily average registrations growth.</p>



## Globe also showed support for the creator economy:

 <p><b>Supporting Twitch through ambassador programs</b></p>	<p>Globe launched a mother's day theme promotion for FoodPH mom sellers and invited members to join Neri Naig-Miranda as she took over the Home Prepaid WiFi community chat.</p>	<p>An increase of 41% in community membership</p>
 <p><b>TikTok Treats</b></p>	<p>Users can earn points on TikTok and get free data packs from Globe</p>	<p>Initial results of 21,000 claims and 9,000 availers</p>

## Globe aimed to enrich customer experiences virtually:

 <p><b>Marvel Virtual Run</b></p>	<p>First Marvel-themed fun run that lets individuals participate in races that can be completed anytime, anywhere through Globe Rewards introduced last 2021.</p>	<p>Provided free slots on GRewards, discounted race kits across mobile and broadband. It resulted in 2.7k registrations, 74% activation rate (1.4k subscribers) for Flashdeal GRewards and garnered 1.7k viewers on livestream event.</p>
 <p><b>REBEL workout sessions</b></p>	<p>GOMO commemorates its first anniversary with a lineup of all-digital activities including REBEL where users get to train with fitness coaches for dance and high-intensity interval training (HIIT).</p>	<p>Over 12,000 workouts completed.</p>
 <p><b>Virtual Ayala Online Tour</b></p>	<p>Globe has partnered with Ayala Museum in rolling out a digital experience of virtual exhibits featuring noteworthy local artists, virtual workshops, field trips of all ages, and various catalogs of downloadables and knowledgeable resources.</p>	<p>Globe is the first telco in the Philippines to promote an interactive virtual tour.</p>

## Globe proved the company's 5G Adoption through innovative contents:

 <p><b>Niantic</b></p>	<p>Globe revolutionized 5G by partnering with Niantic, a software development giant's newest gaming innovation. The AR gaming is a 5G killer app setting an ideal performance for high bandwidth, low latency, and massive simultaneous device connectivity, delivering experiences.</p>
 <p><b>TikTok 5G filters</b></p>	<p>Powered by Globe's 5G-enabled network, Globe and TikTok have created the first-ever real-time collaborative AR effect. The #PaintYourChristmas is an immersive, easy-to-use AR drawing experience allowing two users to be creative in a shared experience and create a one-of-a-kind video.</p>



## PARTNERING FOR GROWTH: SUPPLY CHAIN ENGAGEMENT

Globe believes that the best outcomes for the economy can be generated through collaboration, mutual support, and a vision for a shared future. Globe fosters an inclusive and growth-oriented approach in its processes and engagements with suppliers, vendors, and other associates, and this is achieved by the company's partnership only with suppliers and vendors who share the company's values rooted in sustainability and inclusive growth.

Globe implements a Responsible Supply Chain Strategy that ensures the continuous improvement and alignment of its supply chain with the core corporate values:

### 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, unlock positive societal impact and enable a digital nation. In this light, the company's programs must:

- Mitigate environmental and social risks and impacts in 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, the company expects its suppliers to comply with the minimum standards of Globe's Supplier Code of Ethics. Furthermore, the company encourages its suppliers, and their suppliers, to develop and implement their own sustainability programs.

The strategy comprises of three (3) key facets:

- a) **Supplier Code of Ethics (SCOE).** Globe's strategy is under the aegis of the SCOE and guides the overall management of the supply chain, covering a wide range of aspects in terms of economic, social, and environmental dimensions of sustainability. Below are the guidelines for practices covered by Globe's SCOE:
- Labor - compliance with applicable local and international labor laws and standards
  - Health and Safety - compliance with the applicable laws, regulations, and standards on Occupational Safety and Health

- Environment - compliance with applicable environmental laws, regulations, standards, and to implement sustainability principles in operations
- Governance and Ethics - uphold the highest standards of integrity and good governance in all aspects of the business

- b) **Embedding Sustainability in Supplier Contracts.** This ensures the strict adherence of suppliers with Globe's practices and standards on ethics and sustainability. In line with partner accreditation, Globe's suppliers are encouraged to acknowledge the SCOE or to commit to comply with their respective Codes of Conduct in order to support the economic, social, and governance aspects of sustainability that the company practices.
- Sustainable Power Purchasing Program – Incorporating sustainability in the technical evaluation criteria for Retail Electricity Suppliers (RES).
- c) **Vendor Monitoring System.** This enabled the company to evaluate the regular performance of suppliers' commitment to sustainability covering the areas of Quality, Service, and Delivery. Qualified suppliers are encouraged to develop action plans on specific areas for improvement.



#### Inclusive Partner Engagement

100% of suppliers underwent accreditation prior to official onboarding and enrollment to the company's procurement system. Globe extended its benefits and initiatives to its ecosystem of partners.



#### Promote Local Sourcing

To contribute towards nation-building and stimulate economic growth in a sustainable manner, Globe promoted local sourcing by having 84.6% of Philippine-based suppliers or vendors whose main operations are in the country in 2021. 52% of Globe's overall procurement budget was spent upon the Company's local sources.



#### Responsible Supply Chain Management

For the entire supply chain to embrace sustainable practices and embed the company's core values, vendors, suppliers, and partners were also encouraged to develop and implement their own sustainability programs.

## ENABLING THE EDUCATION SECTOR THROUGH DIGITAL LEARNING

The pandemic wreaked havoc which forced the learning institutions nationwide to switch to online learning. In light of the same, Globe eased the transition of the education sector by providing access to connectivity and other relevant services.

Globe further launched the GoLearn Program with the aim of unifying platforms and product offerings to support the country's learning ecosystem and further bridge the digital divide among Filipino learners and educators.

This program advocating inclusive education is championed by One Globe Group: Globe Enterprise, Globe Small and Medium Enterprise, Globe At Home, and Globe Prepaid.

Brief insights to GoLearn's commitment to education are provided below:

**Global Filipino Schools** aimed to transform selected public schools into centers of ICT excellence:

- Institutional Partnership with DepEd since 2012
- Presence of GFS in all 17 regions
- 218 public schools connected (connectivity, ICT equipment, teacher training, infrastructure support)
- 13,000 teachers enabled with 21st Century Teaching Methodologies
- 340,000 students equipped with Digital Skills
- K-12 Curriculum Integration of the Digital Thumbprint Program

**Global Filipino Teachers** aimed to support teachers' professional development through webinar series:

- Digital Learning Webinar Series
- Early Language Literacy Webinar Series
- Mental Wellness Webinar Series
- Parents' Role in Distance Learning (upcoming)
- Accredited by the DepEd National Educators Academy of the Philippines
- Webinars hosted by 11 School District Offices (SDO)

5,000 prepaid WiFi and pocket WiFi were provided to teachers.

Completed webinars for development in collaboration with the DepEd-NEAP.

Delivered TAYO Naman! (Tulong, Alaga, Yakap at Oras para sa mga Tagapagtaguyod ng Edukasyon), mental health and psychosocial program dedicated for all education advocates.

"The Ayala Group gives its full support to Globe's GoLearn program as it provides enabling solutions that propel the education sector to progressive digital learning."

**JAIME AUGUSTO ZOBEL DE AYALA**  
Chairman of Ayala Corporation

"It is our commitment in Globe to work with the whole education sector to bring forth everyone's aspiration for better education, ensuring that learning never stops for all, wherever they are, regardless of their status. This is the heart of GoLearn - Globe's unified initiative to bring together products, programs, services, and solutions that will empower the whole learning ecosystem."

**KD DIZON**  
Head of Small, Medium Business Group

**Globe IT Academy** aimed to make STEM learning accessible to all learners across various levels of education:

- Nurturing love for STEM in primary and secondary education by establishing Globe Maker Lab and Innovation Hub in partnership with the Mano Amiga Academy  
→Teacher training + after school modules for underprivileged students  
→STEM activities focusing on Engineering, Electronics, Coding, and Robotics.
- Deepening STEM learning in tertiary education by co-creating a Technopreneurship 101 Module with DLSU  
→Teacher training to 10 DLS Universities and SHS schools  
→Key learning principles include Business and Social Innovation  
→Emphasis on mobile technology including 5G use cases

Below are the key learning platforms with free or zero-rated data access:

- DepEd Learning Management System
- DepEd Commons
- PHL CHED Connect
- TESDA Online Program
- Globe eLibrary

Brief insights to Globe's initiative towards empowering the learning ecosystem:



#### Brightspace LMS

Digital learning platform used by learning institutions to maintain continuous communication and collaboration amongst teachers and students; empowers teachers to create engaging lessons as well as tracking students' progress.



#### Providing avenues for training, connectivity, learning tools, and materials to the education sector

Launched a professional development training for teachers focusing on early language literacy to effectively help young students develop their communication skills through blended learning.



Equipped over **68,500** public school teachers and students nationwide since the onset of the pandemic.



Globe's loyal subscribers contributed **PHP 700,000** through **GCash and Globe Rewards points**, which was been donated to Ayala Foundation for the provision of connecting teachers and students from partner schools nationwide.

#### "Support a School" Program (in collaboration with Teach for the Philippines)

Globe Business donated broadband modems and prepaid cards to help teachers deal with the challenges of digital learning:

- 200 Home Prepaid WiFi modems & 128 Globe MyFi modems to nine (9) schools across the country
- 200 Globe Prepaid Cards to 315 public school teachers and students

#### Digital Thumbprint Program

Promoting online safety and security among children and the youth and delivered the ambassadorship to 1,209 new ambassadors across various teachers, parents, staff, and professionals.

#### Kabataang Digital

Promoting age-appropriate support for children and raise awareness regarding children's privacy rights, risks, and possible harm when using information and communication technology led by the National Privacy Commission.

#### Globe eLibrary

A platform that promotes learning continuity for students, educators, and parents, offering a wide selection of learning materials and can be accessed free of data charges by all active Globe customers.

#### Campus Link

Globe's Education solution enabled Notre Dame of Kidapawan to adapt and adjust to the challenges of new norm learning.

#### GoLearn

The unified, company-wide platform that promotes continuous learning and further bridges the digital gaps in the education landscape in the country via access to connectivity solutions, learning platforms, and solutions.

Globe, in collaboration with AMDOCS, donated Globe At Home Prepaid WiFi units to 130 public school teachers to address the lack of affordable high-speed data connectivity.

#### STANDING BY PARTNER COMMUNITIES: CREATING A GLOBE OF GOOD

##### Anchoring Responsible Digital Transformation

##### Livable Cities Labs: Empowering communities through Technology

Knowledge sharing on innovations on digital technology in light of the pandemic.

Globe highlights the roles of infrastructure and innovation as crucial drivers of economic growth and development, providing platforms for start-ups to learn and accelerate growth

Network expansion and accelerated rollout of 5G continues to improve the Digital Quality of Life in the Philippines.

## Supporting Livelihood Development

**Safe Recovery Campaign**

Provided help to the hospitality industry, particularly those belonging to SMEs, in recovering through digital solutions and best-in-class connectivity.

**Globe Loading Business**

Globe recognizes the role of women in the society and provided assistance to small business owners through loading business.

**GCash**

Promoting cashless payment option to tricycle drivers and vendors for a faster and more secured transaction.

**Globe 5G Hackathon**

Empowering startup founders to bring their ideas to life through digital enablement

**Saludo SMEs' campaign**

Aims to recognize the contribution of MSMEs to sustainable economic development and supporting MSMEs in the digital transformation

## Healthcare-focused Community Development

**15,000 to 20,000 online transactions****HealthNow**

Offering medical consultations and online purchasing of medicines to help decongest hospitals.

**1 million members****KonsultaMD**

Providing affordable healthcare services to Filipinos to a low price, enabling Filipinos to consult a doctor anytime and anywhere.



**Free medical coverage** to Home Prepaid WiFi and postpaid broadband customers

**COVIDShield**

Through HealthNow, launched COVID-19 vaccination program of the Ayala Group and its partners in support of the country's fight against COVID-19.



Launched donation feature on Globe rewards and encouraging customers to donate their Globe Rewards to provide support to the front liners, COVID-19 patients, and indigent families.

**#PlantHappinessPH**

Globe's mental health campaign that supports and raises awareness on mental health and well-being of Filipinos.

## Fostering Community Engagement



**Helped LGUs in sending out official text alerts** and announcements, allowing constituents to be informed and alerted with their vaccination schedule.

**PureGo App**

In partnership with PureGold, Globe extended its support to over 250 community pantries nationwide.

**Deployed KonekTayo WiFi**

in over 100 National Housing Authority resettlement sites nationwide to address the struggle of underprivileged families to cope with digitalization.

**Timely Weather Alerts as Part of Disaster Preparedness**

Access to real-time SMS weather alerts for 600 fishermen from Sariaya, Quezon and Dingalan, Aurora through ISDApp.

**Supporting Communities Disaster Response**

Activation of Taal and Odette, disaster relief operations, providing Libreng Tawag, Charging, and WiFi, relief as well as free data access to websites of the Phivolcs and NDRRMC.



**15 NGOs, charitable institutions, and foundations in Globe Rewards** program roster, making it quick and easy for Globe and TM subscribers to provide support to worthwhile causes.

**Providing Access to Livelihood for Disaster Recovery**

Globe's Community Development Program benefited 280 retailers from communities devastated by Typhoons Rolly and Ulysses.



## Customer Channels



## AUTHORIZED PARTNERS

7-Eleven  
Abenson  
Automatic Centre  
BDO  
BPI  
Cellzone  
Coins.ph  
ECPay  
Gate  
Grab  
Home Along  
Lazada  
Lawson  
Load Central  
MemoXpress  
Metro Gaisano  
PayMaya  
Puregold  
Puremart  
Robinsons Department Store  
Shopee  
Silicon Valley  
SM  
Tech 101  
Techbox



## STORES

## Plans and Offers

- Postpaid Plan Renewal
- Postpaid Applications (Mobile and Broadband)\*\*\*
- myBusiness Applications (Mobile and Broadband)
- Prepaid Products (Call Cards, AutoLoadMax, Handset, SIM, Home Prepaid WiFi, Xtreme Prepaid WiFi, MyFi, myBusiness Home Prepaid WiFi) and Digital Connectors
- Reactivation of Terminated Accounts\*\*\*
- Device Pick-up

## After-sales

- Change of Ownership (Mobile and Broadband)\*\*\*
- Change SIM (Postpaid and Prepaid)\*\*\*
- Handset/Device Return and Replacement\*\*\*
- Reconnection of Accounts and Unbarring Requests

## Others

- Bills Payment
- GCash Cash-in

\*\*\*requires additional requirements to prepare and bring before going to the Globe Store



## MOBILE APPS &amp; SOCIAL MEDIA

## Messenger

Chat with us anytime about your account-related inquiry or concern, we're here to support you!

## Facebook

@globeiph

For 24/7 online support, our team is just a chat away.

## Twitter

@talk2GLOBE is ready to give you a hand anytime, anywhere.

## TM App

I-monitor ang iyong load at mag-register sa favorite TM offers. Pwede ring mag-redeem ng rewards!

## Globe Digital Assistant

To report issues, dial 211 using your Globe mobile, 808 using TM, or 027730-1000 using landline for FREE.

## Globe At Home App

Manage your Globe At Home and Home Prepaid WiFi accounts on-the-go.

## VIBER COMMUNITIES



## Globe At Home is now on Viber Community!

We've opened up a new channel for you so you can stay on top of your Globe AT Home account. Join us now to get the latest updates.

## Join Globe At Home Postpaid Viber Community

## Step 1

Download the Viberapp on Google Play or App Store and open the app.



## Step 2

Search for "Globe At Home Postpaid" or "Globe At Home Prepaid Wifi" or scan the QR code.



## Step 3

Click Join and check the verification badge to ensure that you're joining the official Globe At Home Viber Community



## Step 4

All set! You're now a member of our official Viber community





## ONLINE & DIGITAL

### MOBILE APPS

#### New GlobeOne

All-New GlobeOne Digital companion for all your mobile needs  
<https://glbe.co/NewGlobeONE>

#### GlobeOne

Monitor your Globe Postpaid and Prepaid's data allowance, view and pay your bills, reload, subscribe to promos, and more.  
[glbe.co/GlobeOne](https://glbe.co/GlobeOne)

#### Globe At Home

Check your Globe at Home's data allocation, troubleshoot connection issues, subscribe to Volume Boost, and many others.  
[glbe.co/GAHapp](https://glbe.co/GAHapp)

#### TM

Keep track of your TM account's data usage, check your balance, register to promos, and more.  
<https://onelink.to/tm-app>

#### Globe Rewards

Check your rewards points and redeem rewards.  
[glbe.co/GRewardsApp](https://glbe.co/GRewardsApp)

#### GCash

Send money, pay utility bills, buy load, and many others.  
[go.gcash.com/app](https://go.gcash.com/app)

### WEBSITES

#### Online Shop

Apply for postpaid and broadband accounts, order gadgets and accessories, shop for apparel, and more.  
[shop.globe.com.ph](https://shop.globe.com.ph)

#### Online Bills Payment

Pay your Globe Postpaid and Globe at Home bills using debit/credit cards and GCash.  
 Consumer: <https://www.globe.com.ph/paybill>  
 Corporate: <https://www.globe.com.ph/paybillcorp.html>

#### G Community

Get tips and answers from fellow Globe customers.  
<https://www.globe.com.ph/community.html>

#### Online Plan Renewal

Renew your plan's contract  
<https://www.globe.com.ph/shop/plan-renewal.html>

#### TM

<https://www.tmtambayan.ph/>

#### Globe myBusiness

[www.globe.com.ph/business/sme.html](https://www.globe.com.ph/business/sme.html)

#### Globe Business

[www.globe.com.ph/business/enterprise.html](https://www.globe.com.ph/business/enterprise.html)

#### GCash

[www.gcash.com](https://www.gcash.com)

#### KonsultaMD

[www.konsulta.md](https://www.konsulta.md)

#### Globe LABS

[www.globelabs.com.ph](https://www.globelabs.com.ph)

### SOCIAL MEDIA ACCOUNTS

#### Globe

Facebook: [facebook.com/globeph](https://facebook.com/globeph)  
 Twitter: @enjoyGLOBE  
 Instagram: [enjoyglobe](https://www.instagram.com/enjoyglobe)  
 YouTube: [globeph](https://www.youtube.com/globeph)  
 LinkedIn: [Globe Telecom](https://www.linkedin.com/company/globe-telecom)  
 Viber Community for Prepaid 5G: <https://glbe.co/VC>

#### Globe At Home

Online application: [bb.globe.com.ph/fso-customer/](https://bb.globe.com.ph/fso-customer/)  
 Facebook: <https://www.facebook.com/globeathome>  
 Viber Community for GAH Prepaid: <https://glbe.co/GAHPrepaid>  
 Viber Community for GAH Postpaid: <https://glbe.co/GAHPostpaid>

#### Localized Viber Communities:

GLOBE AT HOME - WESTGROVE ([glbe.co/ViberWestgrove](https://glbe.co/ViberWestgrove))  
 GLOBE AT HOME - CEBU ([glbe.co/GAHCebu](https://glbe.co/GAHCebu))  
 GLOBE AT HOME - LEGAZPI ([glbe.co/GAHLgazpi](https://glbe.co/GAHLgazpi))  
 GLOBE AT HOME - VALENZUELA ([glbe.co/ViberValenzuela](https://glbe.co/ViberValenzuela))

GLOBE AT HOME - NAGA ([glbe.co/ViberNAGA](https://glbe.co/ViberNAGA))

GLOBE AT HOME - CAVITE ([glbe.co/GAHCavite](https://glbe.co/GAHCavite))

#### TM Tambayan

Facebook: [facebook.com/TMtambayan](https://facebook.com/TMtambayan)  
 Twitter: @tmtambayan  
 Instagram: <https://www.instagram.com/tmtambayan>

#### Globe Business

Facebook: [facebook.com/globebusiness](https://facebook.com/globebusiness)  
 Twitter: @Globe\_Business  
 YouTube (MSMEs): [youtube.com/GlobemyBusiness](https://www.youtube.com/GlobemyBusiness)  
 YouTube (Enterprise): [youtube.com/user/GlobeBusinessEG](https://www.youtube.com/user/GlobeBusinessEG)  
 LinkedIn: [Globe Business](https://www.linkedin.com/company/globe-business)  
 Messenger: <https://www.messenger.com/t/98531356317/>  
 Instagram: @globebusiness

#### 0917 Lifestyle

Facebook: <https://www.facebook.com/0917LifestylePH/>  
 Instagram: @0917  
 Globe Online Shop  
 Facebook: [facebook.com/globechatshop](https://facebook.com/globechatshop)

#### Talk2GLOBE

Twitter: @talk2GLOBE

#### Thea of Globe Platinum

Facebook: [facebook.com/TheaOfGlobePlatinum/](https://facebook.com/TheaOfGlobePlatinum/)  
 Ernest Cu  
 Facebook: [facebook.com/ernestlcu](https://facebook.com/ernestlcu)

#### Globe ICON

Facebook: [facebook.com/globeicon](https://facebook.com/globeicon)  
 Twitter: @globeicon  
 Instagram: [globe\\_icon](https://www.instagram.com/globe_icon)

#### Globe Bridging Communities

Facebook: [facebook.com/globebridgingcom](https://facebook.com/globebridgingcom)  
 Instagram: [globe\\_bridging\\_communities](https://www.instagram.com/globe_bridging_communities)  
 Twitter: @GlobeBridgeCom

#### GoWiFi

Facebook: [facebook.com/GoWiFiPH](https://facebook.com/GoWiFiPH)  
 Twitter: @GOWiFiPH  
 Instagram: [gowifiph](https://www.instagram.com/gowifiph)  
 YouTube: [GoWiFiPH](https://www.youtube.com/GoWiFiPH)

#### Globe LABS

Facebook: [facebook.com/globelabs](https://facebook.com/globelabs)  
 Twitter: @globelabs  
 YouTube: [Globe Labs](https://www.youtube.com/GlobeLabs)  
 LinkedIn: [Globe Labs](https://www.linkedin.com/company/globe-labs)

#### Globe Poppin'

Facebook: [facebook.com/poppin.globe](https://facebook.com/poppin.globe)  
 Twitter: @poppin\_globe  
 Instagram: [poppin.globe](https://www.instagram.com/poppin.globe)

#### Globe Parental Guidance

Facebook Group: [facebook.com/groups/globeparentalguidance](https://facebook.com/groups/globeparentalguidance)  
 Instagram: [globeparentalguidance](https://www.instagram.com/globeparentalguidance)

#### Globe Kmmunity PH

Facebook Group: [http://glbe.co/KmmunityPH](https://glbe.co/KmmunityPH)  
 Twitter: @KmmunityPH  
 YouTube: [Kmmunity PH](https://www.youtube.com/KmmunityPH)  
 Viber: [Kmmunity PH](https://www.viber.com/KmmunityPH)

## CASE STUDY

## Globe Telecom Develops a 360-Degree Customer View Using AWS



Being referred to as one of the Philippines' largest telecommunications providers, Globe constantly pursues to be not only as a reliable network provider, but also as a Filipino digital lifestyle enabler. In order for the company to achieve all of this, Globe ensured to keep the company's services relevant to the customers.

Globe visions to build customer trust by delivering services that serve the customer's preferences. With the support from AWS Consulting Partner, TheDataTeam, Globe established a customer data platform, known as the Unified User Profile (UUP). TheDataTeam's Cadenz Profiles (Cadenz) solution—which was deployed on AWS—laid the foundation for the development of UUP. This platform envisions the company to have a better understanding on how customers use the company's services in order to deliver new product offerings and improved services in relation to changes in customer behavior.

With the use of UUP, Globe is capable to support its partner merchants and brands through micro-segmentation of customers and insight offering for a better target customer reach. Globe ensures to embed this platform across its operations in order to empower the organization in delivering meaningful experiences for the customers. With the constant evolution on how Globe serves its customers, this proves that customers are the heart of everything the company does.

### ROAD TO 2022

Globe ensures to continue the acceleration of 5G adoption through wider coverage, more affordable devices, further exploration of consumer and B2B use cases together with the completion of customers to 4G/LTE and 5G network for better network experience. The company aims to create new business development programs to enable new consumer and market behaviors and to secure access to the needs and wants of the future through strengthening and forming of strategic partnerships and core offerings to continuously empower the customers and enhance business value.

Furthermore, Globe will also focus on the aggressive expansion of Viber Communities to more areas and strategic locations, as well as increasing the presence in the digital

economy to be the super app of choice through automation and integration of GlobeOne, Globe Rewards, and Globe At Home into one super app. The company also looks forward to continuing programs relating to Fraud and Security Initiatives and WFH Enablement for BPO Partners.

As a digital solutions provider, the Globe Group will continuously harness and unlock the value of digital technologies to deliver seamless and consistent customer experience to the Filipinos backed by superior network performance.





## NATURAL CAPITAL

“Globe strongly believes in promoting a sustainable lifestyle, encouraging resource efficiency and prevention of environmental degradation. To further strengthen the company’s global sustainability commitments, Globe became the first Philippine company listed by the Science Based Target Initiative (SBTi) to commit to setting science-based targets and achieve Net Zero emissions by 2050. Moreover, we continue to invest in clean energy and move the needle on our country’s participation in the Paris Agreement to reduce carbon emissions by 75% in 2030.”

Maria Yolanda Crisanto,  
Chief Sustainability Officer and SVP for Corporate Communications





## PERFORMANCE HIGHLIGHTS

**Globe's Board Risk Oversight Committee (BROC) charter was updated to include Environment, Social, Governance (ESG) risk oversight, which includes climate-related risks.**

**Committed to support the Task Force on Climate-Related Financial Disclosure (TCFD)**

**First Philippine publicly-listed company committed to set science based targets through the Science Based Target Initiative (SBTi)**

## SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT WITH SDGs

- SDG 9 - Industry, Innovation, & Infrastructure
- SDG 11 - Sustainable Cities & Communities
- SDG 12 - Responsible Consumption & Production
- SDG 13 - Climate Action
- SDG 14 - Life Below Water
- SDG 15 - Life on Land

## INTERACTION OF MANUFACTURED CAPITAL WITH OTHER CAPITALS





## SAFEGUARDING OUR ENVIRONMENT, DRIVING PURPOSE-DRIVEN CLIMATE ACTION

### IN THIS CHAPTER

- Megatrend
- Climate Risk Management: Aligning with the TCFD Disclosure Recommendations
- Climate Action Strategy: Net Zero Pathway
- Carbon Emission Management
  - Scope 1 Emissions
  - Scope 2 Emissions
- Climate Advocacy
- Operationalizing Carbon Reduction
  - Environmental Management System
  - Waste Management
  - Energy Management
  - Water Management
- The road ahead

### MEGATREND: CLIMATE CHANGE

Climate change is observed as a severe risk for businesses and individuals across nations. Based on the Intergovernmental Panel on Climate Change (IPCC) Report, rapid changes are observed in the climate scenario across regions. Although strong and sustained reductions in emissions would limit climate change, it could still take 20-30 years to see global temperatures stabilize. Comprehending the current situation, organizations across the world are taking initiatives to limit global warming to 1.5 degrees Celsius, compared to pre-industrial levels, to achieve a climate neutral world by mid-century. Additionally, COP26 made countries step up and announce major green targets and initiatives. The Philippine government is also advocating science-based multi-sector action that will help the country sustainably deal with climate change and the continuing onslaught of novel coronavirus disease 2019 (COVID-19) pandemic.

#### Globe's response to Climate Change

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 amongst others.

► “We recognize the threat of climate-related risks to the business and have oversight in the development and adoption of Globe's strategic objectives, frameworks, and mitigation plans to address these.”

#### SAW PHAIK HWA

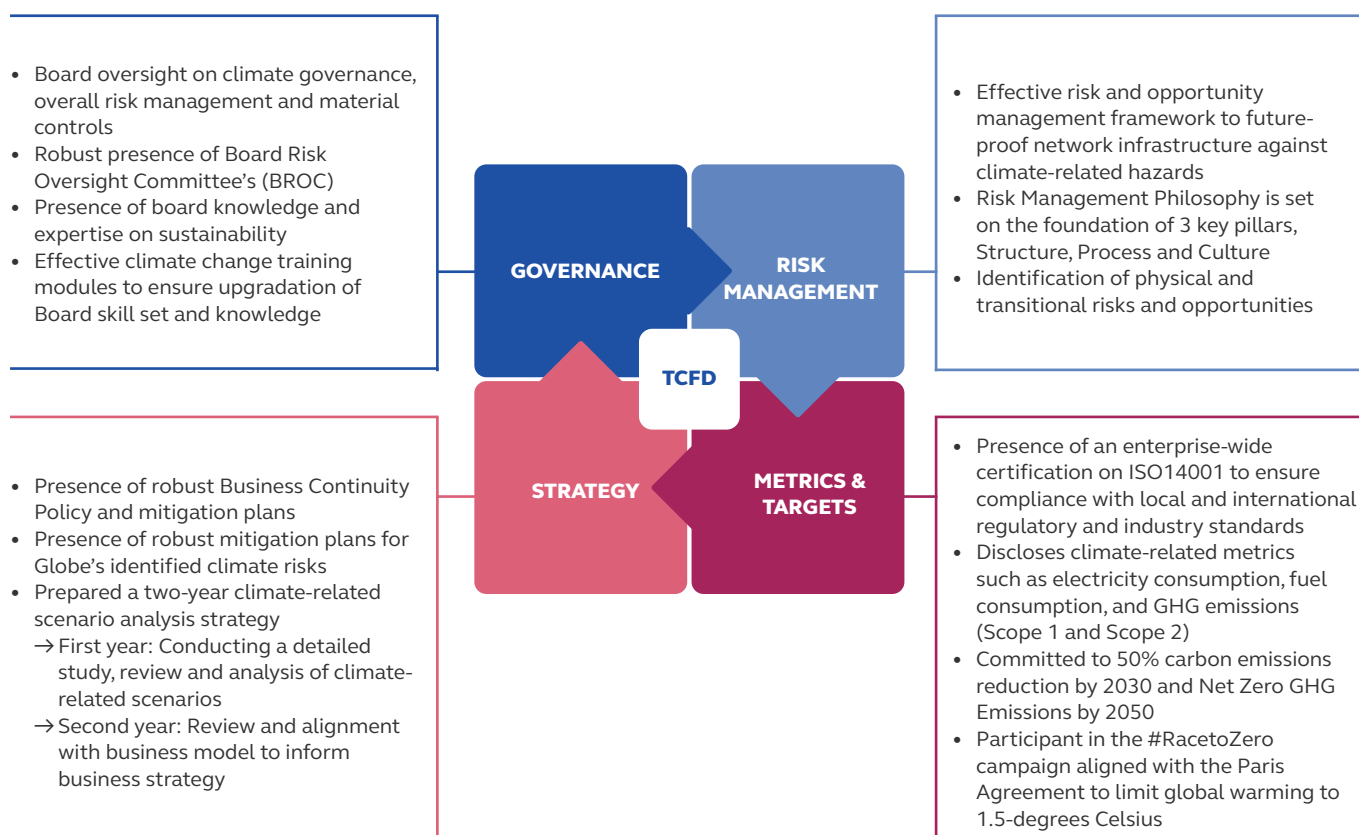
*Chairman of the Board Risk Oversight Committee (BROC)*

To combat these risks, Globe has actively enhanced its climate change strategy, adaptation, and mitigation measures. The company has adopted the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to understand its climate-related risks and opportunities and enhance Globe's strategy to mitigate the same. Globe's management along with its Board Risk Oversight Committee monitors identified climate associated risks and opportunities, while effectively undertaking strong mitigation measures. The company also ensures zero incidences of major non-compliances with environmental laws & regulations. Any environmental non-compliances related to administrative matters (no permits or no submitted reports) are addressed accordingly.

Globe continues to accelerate the pace of climate change adaptation and mitigation through various awareness initiatives. Encouraging the involvement of the larger community, Globe invited Filipinos to join the fight against climate change on Earth Day 2021. The company also partnered with World Wide Fund for Nature (WWF)

Philippines to develop an innovative digital platform that remains dedicated towards environmental education for students, the youth, teachers, and the general public. The web-based and mobile application also has an environmental footprint calculator and calendar among a myriad of interactive content.

### CLIMATE RISK MANAGEMENT: ALIGNING WITH THE TCFD DISCLOSURE RECOMMENDATIONS



### Governance

In 2021, the Board Risk Oversight Committee (BROC) updated its charter to include oversight on Environment, Social, and Governance (ESG) risks, including climate-related risks and opportunity. The BROC recognized the need to identify, analyze, and assess key risk exposures and its impact on Globe's strategic and business objectives, as well as the formulation of an effective risk management strategy.

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. In terms of climate-related risk management, 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. This includes exposures related to Environment, Social, and Governance (ESG) risks, as well as climate-related risks and opportunities.

With guidance provided by the BOD and sub-committees, 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 Executive Officer**

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

- 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) enables the CEO in fulfilling his role in RM. 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 Senior Management, BOD and its sub-committees, and other Stakeholders, provide 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.

### **Chief Sustainability Officer**

The Chief Sustainability Officer (CSO) enables the CEO in fulfilling his role in Climate Risk Management. The CSO:

- Ensures that ESG-related concerns and initiatives are communicated between the management and the Board through the President and CEO and through the Board Risk Oversight Committee (BROC), a body that enables Globe's strategy for ESG and corporate governance.

- Leads the development of the company's annual integrated report and reviews the environmental and social aspects of the report.
- Facilitates knowledge transfer of trends and developments in ESG
- Ensures opportunities are maximized within the organization

### **Strategy**

Globe is focused on identifying or assessing climate-related risks to identify the vulnerability of the company to threats caused by extreme weather disturbances, natural calamities, fire, and other similar climate-related events. These risks can negatively impact the revenue and the company's reputation affecting the quality and continued delivery of Globe's services that are highly dependent on its network/IT infrastructure and a well-functioning workforce.

With this, Globe undertook a Climate Scenario Analysis study in partnership with Aon UK with the following objectives:

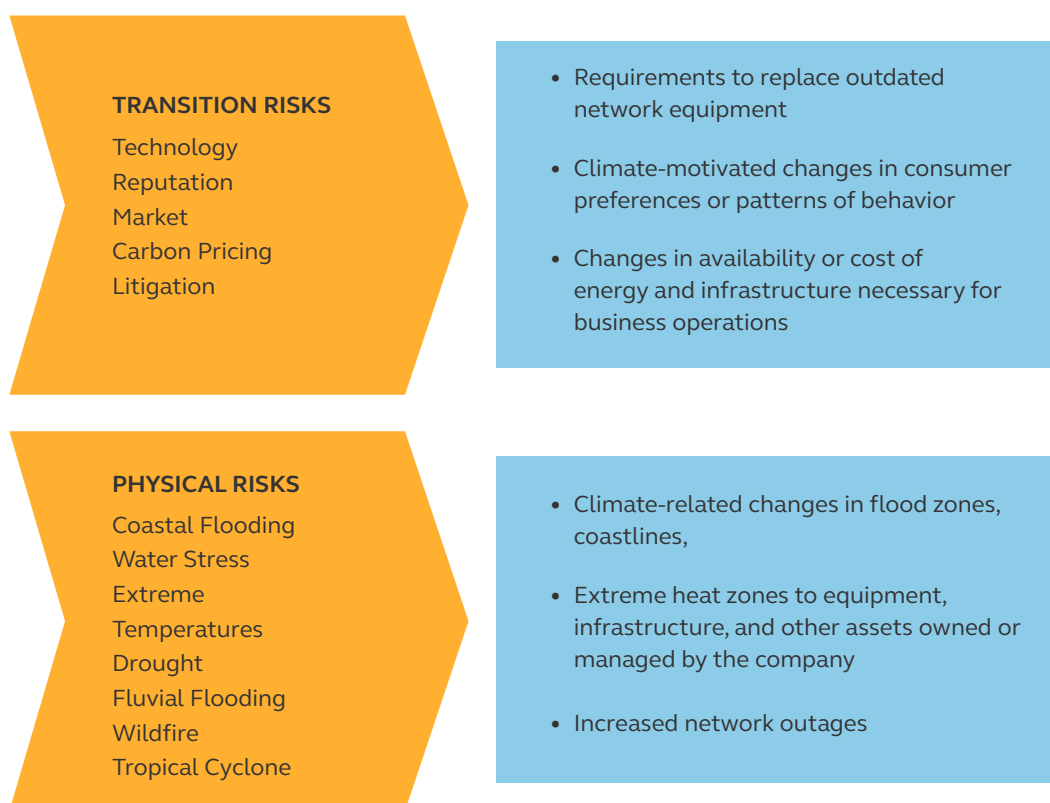
- Identify long-term (decadal) climate-related risks and opportunities,
- Assess the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.
- Increase long-term resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

The study considered high value facilities consisting of corporate offices, network facilities, and data centers while also considering their geographical locations. Facility-level carbon emissions were also used as an additional metric for the study.

Two climate change scenarios, Representative Concentration Pathway (RCP) 8.5 and 4.5, were used to model the climate-related risks. RCP 8.5 considers the business as usual scenario with no efforts on carbon emission reduction. On the other hand, RCP 4.5 considers a more conscious effort on emissions reduction across all sectors aligned with the Paris Agreement's 2°C pathway.

Results of the study indicated that within the scope of facilities, highest Physical Risks were due to Coastal Flooding, Water Stress, and Extreme Temperatures. In terms of Transition Risk, Technology, Reputation, and Market risks were the main drivers.





## RISK MANAGEMENT

Globe undertakes a detailed annual risk refresh exercise and a regular sustainability materiality assessment, and both identified Climate Risk as a top priority. Globe continues to implement Business Continuity Management initiatives to ensure the resilience of the company's critical assets, and IT and Network infrastructure. Globe ensures its approach to climate-related risk assessment considers both operational and strategic level impact as this supports the company's efforts to improve resilience and limit business disruption.

Globe's climate adaptation plan focuses on identifying climate risks and fortifying the climate readiness of the company. A dedicated climate risk assessment encompassing a quantitative approach has been developed to gain a holistic understanding of climate risks to the business. In parallel, the company has been working towards building resilience into its network and supporting infrastructure through implementation of appropriate measures.

In addition to the company's extensive internal processes, Globe uses several external sources for considering potential climate-related risk and opportunity, these include:

1. Globally recognised reporting frameworks that support tracking of climate action initiatives
2. Publicly available climate change publications and data that are both specific to the telecommunications sector and those that relate to appropriately aligned sectors

3. TCFD disclosure guidance document
4. Internally identified climate-related risk and opportunities
5. CDP reports from the telecommunications sector

Central to Globe's risk management strategy is the company's goal to increase awareness and understanding of climate-related risks and opportunities both within, and external to the company, resulting in more effective risk and opportunity management and more informed strategic planning.

Globe proactively addresses external stakeholder's requirements for climate-related risk and opportunity information as the company considers transparency to be of critical importance.

## CLIMATE ACTION STRATEGY: NET ZERO PATHWAY

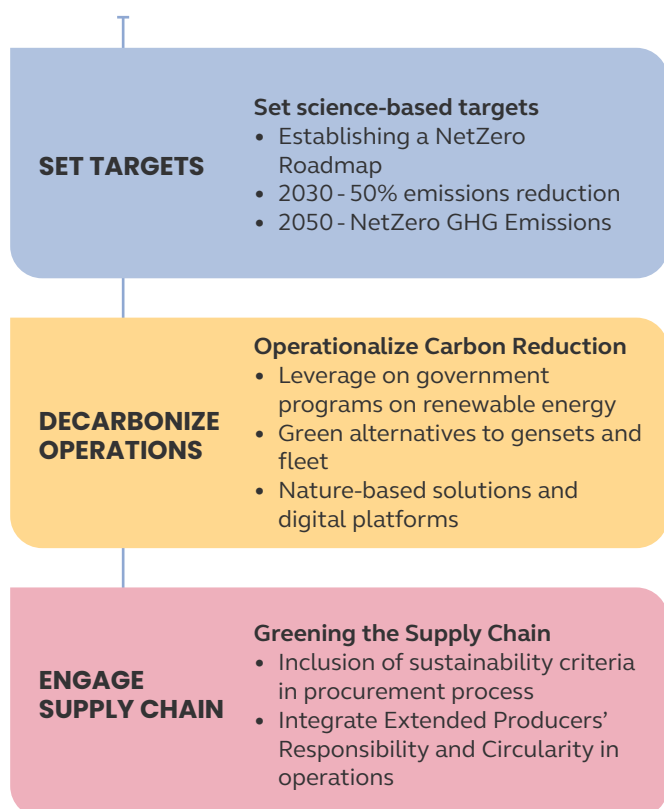
In 2021, Globe committed to set science-based targets through the Science Based Target Initiative (SBTi) and became the first Publicly Listed Company in the Philippines to commit to SBTi and joined as a participant in the Race to Zero Campaign. These commitments cover both Globe's short-term (2030) and long-term (2050) targets and are subject for review and approval by June 2023, aligned with the 1.5°C global warming scenario of the Paris Agreement.

- Globe's interim climate action targets
  - 4.2% Linear Annual Carbon Reduction Rate
  - 50% carbon reduction by 2030 and
  - Net Zero GHG Emissions by 2050

To operationalize Globe's Climate Ambitions, the company invested in technical experts to help build its Climate Action Roadmap.

- Aon UK** - to assist in a comprehensive assessment of climate change on the company's facilities through a Climate Scenario Analysis study
- DNV Synergi Life** - to automating ESG data collection for real-time monitoring and enhanced data accuracy
- South Pole** - a global expert in Climate and Net Zero strategies to develop its Net Zero roadmap

## Journey Towards Net Zero GHG Emissions by 2050



## CARBON EMISSION MANAGEMENT

Tracking and managing greenhouse gas (GHG) emissions from operations is an integral part of Globe's decarbonization strategy. Globe has been accounting for its GHG emissions in accordance with the GHG Protocol and as aligned with the SBTi requirements.

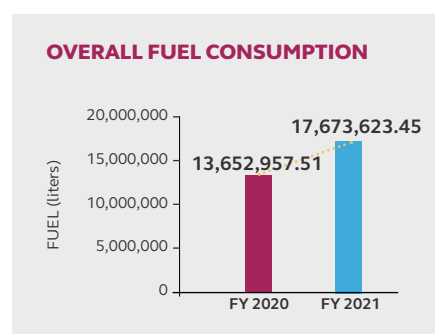
### Scope 1 Emissions

The company's Scope 1 emissions, or direct emissions that it emits from its operations, come from fuel consumption of its facility generator sets and fleet vehicles.

In 2021, Globe's increase in fuel consumption from generators can be attributed to the increase in sites and the use of generator sets during prolonged power outages due to typhoons. The increase in fuel consumption from fleet vehicles can be attributed to the ease of mobility restrictions, enabling field personnel to conduct more regular operations.

Fuel consumption from generators (in Liters)	FY 2019	FY 2020	FY 2021
Diesel	9,134,663.56	11,653,519.83	15,429,139.50
Gasoline	70,721.59	51,394.35	56,986.34

Fuel consumption from fleet (in Liters)	FY 2019	FY 2020	FY 2021
Diesel	1,729,880.31	1,266,376.01	1,395,464.37
Gasoline	2,973,395.71	681,667.32	792,033.24



In 2021, Globe's Scope 1 emissions increased in part due to prolonged commercial power outages caused by strong typhoons, such as Typhoon Odette, requiring cell sites and other key facilities to rely on diesel-powered generator sets to maintain continuity of its operations.

To manage the increase in overall fuel consumption, Globe deployed over 1,100 green solutions in 2021, increasing the total number of Green Solutions deployed in its cell sites to over 8,500. These solutions are more environmentally friendly alternatives which use cleaner fuel with lower emissions, consume less diesel fuel, and provide energy-efficient heat removal.

Lithium-ion batteries aim to replace lead-acid batteries used in powering cell sites

Free cooling systems (FCS) to reduce power consumption of air conditioning systems at field sites

DC generators and DC-hybrid generators to reduce fuel consumption and provide a more cost-efficient solution for open field sites

Fuel Cell Systems as an alternative to traditional diesel generator sets and produces less emissions by using Methanol and DI (Deionized) Water Blend as fuel

## Scope 2 Emissions

Energy efficiency is an integral part of Globe's network transformation and climate action strategy. As a responsible organization, the company constantly endeavors to design its systems in an energy efficient manner to benefit both, its business, and the environment. Additionally, Globe has adopted network modernization, through which it can replace legacy and end-of-useful-life equipment with those that have a better capacity-to-power consumption ratio. Insights into the company's energy performance has been provided below.

In 2021, Globe's increase in electricity consumption can be attributed to the increase in total number of operational sites by around 1,400 and the ease of mobility restrictions

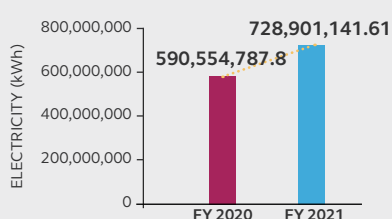
across the country. This enabled corporate offices and other facilities to accommodate employees who opted to voluntarily return to the office a couple of days a way.

Its Scope 2 or indirect emissions come from energy and power requirements of its facilities and cell sites nationwide. To manage this emission, Globe has shifted 13 of its high energy utilization sites to Renewable Energy such as its headquarters and several other corporate facilities and data centers through Power Purchase Agreements (PPA) with Retail Electricity Suppliers (RES). This was made possible through the Department of Energy's Retail Competition and Open Access (RCOA) program which allows company facilities with monthly average peak demand of 500 KW and above to choose their electricity supplier.

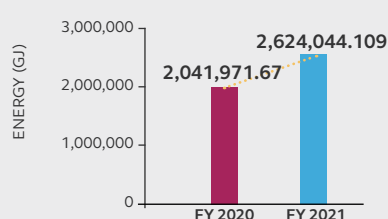
Electricity consumption (in kWh)	FY 2019	FY 2020	FY 2021
Electricity consumption	602,550,201.76	590,554,787.77	728,901,141.61

Energy consumption within the organization (in GJ)	FY 2019	FY 2020	FY 2021
Energy consumed by technical facilities	1,679,055.94	1,835,617.16	2,330,518.959
Energy consumed by corporate facilities	490,124.79	206,354.51	293,525.15
Net energy consumption	2,169,180.73	2,041,971.67	2,624,044.109

### ELECTRICITY CONSUMPTION



### ENERGY CONSUMPTION

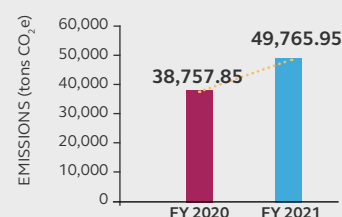
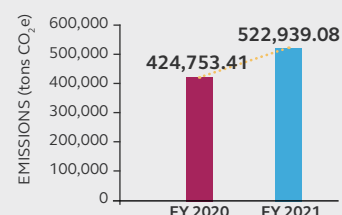


In 2021, Globe's Scope 2 emissions increased in part due to the continued growth of the company's number of cell sites and equipment, requiring greater energy requirement for its operations.

Table: Summary of GHG Emissions (Scope 1, scope 2) in tCO<sub>2</sub>e

	FY 2019	FY 2020	FY 2021
<b>Scope 1 emission</b>			
Stationary Combustion	24,741.09	31,474.66	41,646.86
tCO <sub>2</sub>	24,609.52	31,307.31	41,425.43
tCH <sub>4</sub>	69.78	88.75	117.43
tN <sub>2</sub> O	61.80	78.61	104.01
Mobile Combustion	14,621.84	7,283.14	8,119.09
tCO <sub>2</sub>	11,385.17	4,938.21	5,534.46
tCH <sub>4</sub>	5.56	1.33	1.54
tN <sub>2</sub> O	3,231.11	2,343.60	2,583.09
<b>Scope 2 emissions</b>			
Location-Based	435,073.80	409,798.02	457,302.66
Market-based (via Renewable Energy Power Purchase Agreements)	0	14,995.38	65,636.42
<b>Total emissions</b>	<b>471,647.96</b>	<b>463,511.26</b>	<b>572,502.12</b>

The breakdown of Scope 1 and Scope 2 emissions greenhouse gases are those relevant to Globe's operations. Data disclosure for Hydrofluorocarbons (HFC) will begin in 2022. Perfluorocarbons (PFC), Sulphur Hexafluoride (SF<sub>6</sub>), and Nitrogen Trifluoride (NF<sub>3</sub>) are not relevant to the company's operations.

**SCOPE 1 EMISSIONS****SCOPE 2 EMISSIONS****CLIMATE ADVOCACY**

Globe has extended its green initiatives to its stakeholders in support of its Climate Action targets. Globe encouraged its consumers to enhance use of mobile devices and facilitated increased access to healthcare, education, food as well as entertainment services. This not only helps the company reduce its emissions generated by consumers, but also creates a positive impact on the environment. Globe continued to encourage its stakeholders to contribute to its environmental conservation efforts by providing donations and undertaking a myriad of climate action measures.

**a. Supply Chain Management**

Globe's Supplier Code of Ethics encourages partners to commit to support the economic, social, and governance

aspects of sustainability that the company practices. Furthermore, Globe has introduced a sustainability criteria, which forms 32.5% of the overall evaluation criteria, as part of its Sustainable Power Purchasing Program through Power Purchase Agreements. Part of the criteria includes the capability of the electricity supplier to provide the company with internationally-recognized Verified Emission Reduction (VER) certificates to ensuring that emissions from the electricity consumption have been accounted as carbon offset.

Within the operations, equipment that is about to reach its end-of-useful-life (EUL) are assessed and endorsed for replacement according to the technical evaluation criteria to ensure that existing equipment is replaced with more advanced and energy efficient equipment.

**SUPPLIER CODE OF ETHICS (SCOE)****Labor**

Compliance with applicable local and international labor law standards

**Environment**

Compliance with applicable environmental laws, regulations, standards, and to implement sustainability principles in operations

**Health and Safety**

Compliance with the applicable laws, regulations, and standards on Occupational Safety and Health

**Governance and Ethics**

Uphold the highest standards of integrity and good governance in all aspects of the business



## b. E-Waste Zero

E-Waste Zero is Globe's electronic waste recovery and recycling program. For 2021, a total of more than 163,000 kilograms of e-waste, both from Globe's operations and external donations, were collected, responsibly disposed and recycled collected and disposed through DENR-accredited Treatment, Storage, and Disposal (TSD) facilities. This brings the total e-waste responsibly disposed and recycled to more than 1.6 million kilograms since the program started in 2014.

In 2021, Globe partnered with the United Nations Industrial Development Organization (UNIDO) and the Department of Environment and Natural Resources (DENR), Ecowaste Coalition and Brgy. Dampalit in Malabon City to establish a new community-based Treatment, Storage, and Disposal (TSD) facility. This community-based TSD aims to help local informal e-waste pickers properly handle and dismantle e-waste to protect them from environmental and health hazards.

## c. Climate Education

Camp Kalikasan is an online digital resource center where the public can learn how to combat climate change and empower students, teachers, and individuals with knowledge and steps to supporting climate action.

Camp Kalikasan is dedicated to environmental education for students, the youth, teachers, and the general public. It features multimedia content such as animated videos, films, stories, digital modules, quizzes, puzzles, and games designed for students and the youth.

The web-based platform includes credible resource materials to help teachers integrate environmental topics into their subjects. It contains practical and relevant tips and actionable steps towards eco-friendly living, while a citizen portal featuring a carbon footprint calculator will be released by 2022.

## d. Nature-based Solutions

Nature-based solutions create carbon sinks and enable climate-resilient partner communities. This also offers cost-effective solutions in combating the negative effects of climate change. Globe, has been committed to supporting reforestation and conservation efforts through its partnership with Hineleban Foundation, the Mead Foundation, and Zoological Society of London (ZSL). These partnerships have resulted in the protection and conservation of 159 hectares of forest land and mangrove areas.

## e. GForest

With the increased presence of and reliance on Digital Finance, GCash, Globe's virtual wallet enables its customers to contribute to environmental conservation through a green feature in the app called GCash forest. This feature enables customers to collect green energy earned from cashless transactions and employ this to plant virtual trees which have real-life counterparts.

As of December 19, 2021, a total of 1,060,000 trees have been planted virtually by GForest users, 1 million of which have been converted to actual trees planted in various locations in the count



**Reforestation and CO2 reduction**  
In partnership with Hineleban Foundation, Globe raised P15.65 million to cover 156 hectares of reforestation sites in Bukidnon and Lanao del Sur.

Globe engaged in a 5-year partnership with The Mead Foundation since 2019 to undertake permanent reforestation activities in 3 hectares of upland areas in Iba, Zambales.

Globe inked a five-year agreement with ZSL Philippines to protect and rehabilitate a target total of 2.7 hectares of local mangrove forests in Iloilo, of which 0.3 hectares have been planted with mangrove seedlings in 2021.

#### f. E-Billing and eSIM

Apart from effective waste management initiatives, Globe encourages e-billing to help its customers adopt greener practices and hence reduce paper consumption. As of 2021, 99% of Globe customers have adopted e-billing schemes.

Globe also encourages customers with capable devices to adopt eSIM cards to reduce plastic consumption from physical SIM cards.

### ENVIRONMENTAL MANAGEMENT

#### Environmental Management System

Globe's implements an environmental management system wherein its policies for environmental sustainability are aligned with ISO 14001 or the international standard for Environmental Management. This includes the company's commitment to legal and regulatory compliance, continual improvement of environmental performance, and open communication to all its stakeholders.

These policies set the framework for the management system where the setting of objectives, targets and programs are based. These are also communicated and implemented to all facilities to encourage and train its employees and business partners to help in reducing the company's environmental impacts.

#### Waste Management

Waste production leads to serious environmental pollution and degradation. The minimization of waste not only protects the environment around us, but also ensures positive economic benefits. Globe's approach to waste management is inclusive of waste minimization at source, effective waste segregation, and the safe disposal of waste. The company is committed to responsible disposal as per all applicable regulatory norms, leading to better and safer ecosystems. Insights into the company's waste management initiatives have been further provided below.

### MANAGING WASTE EFFECTIVELY

#### GLOBE'S E-WASTE ZERO PROGRAM

Globe has set up over 120 collection points nationwide for the proper disposal of E-waste

The program aims to promote the benefits of responsible e-waste recycling

#### RECYCLING FACILITIES

Globe partnered with DENR and UNIDO to set up a new recycling facility in Malabon City

It represents the country's second community e-waste Treatment, Storage, and Disposal (TSD) facility

#### WAG SA SINGLE USE PLASTIC (WasSUP)

Globe's corporate sustainability program that advocates a zero waste lifestyle

The program aims to educate Globe employees on the avoidance of single-use plastics and responsible waste disposal

#### E-WASTE AWARENESS

In partnership with National Housing Authority (NHA), Globe completed online safety and e-waste management program orientation of 339 homeowners in Luzon

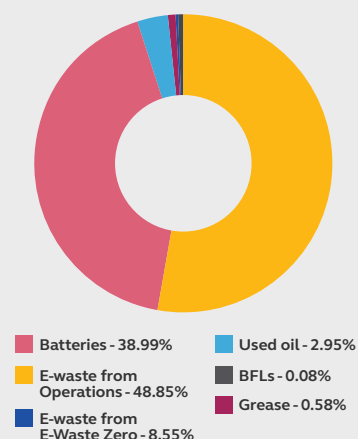
Extended sustainability programs to the NHA Homeowners Associations (HOAs) in 24 different cities and municipalities

Globe complies with the requirements of the Republic Act No. 9003, otherwise known as the Solid Waste Management Act of 2000. This act requires proper segregation and disposal of solid waste generated through the local waste management service provider. The company also adheres to the regulatory requirements of Republic Act No. 6969 otherwise known as Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990. Globe ensures

responsible management of hazardous waste produced across the company's sites through the appointment of Pollution Control Officers and the availability of hazardous waste storage areas at all its facilities to temporarily store the Hazardous waste and dispose of it later through the DENR-EMB accredited partner. Brief insight into Globe's waste management performance has been provided below.

Hazardous waste	Quantity disposed (in tons)		
Waste category	FY 2019	FY 2020	FY 2021
Used Lead Acid Batteries	448.27	78.85	111.07
E-waste			
E-waste from Operations	302.83	274.85	139.17
E-waste from E-Waste Zero	40.44	9.41	24.35
Used oil	1.34	5.45	8.41
Grease waste	0.90	0.00	1.65
Busted fluorescent lamps	1.15	0.00	0.23
Non-hazardous waste	Quantity disposed (in tons)		
Recyclable	17.97	6.75	5.08
Residual	153.58	85.50	81.03

#### HAZARDOUS WASTE DISPOSED FY 2021



Apart from the hazardous waste generated and disposed of, Globe's facilities also disposed 86.11 MT of recyclable and residual Non-Hazardous waste, with a reduction of 6.6% as compared to previous year. In FY 2021, Globe has disposed 5.08 MT of non-hazardous waste through recycling facilities whereas 81.03 was sent to the landfill. In terms of hazardous waste, 284.88 MT was sent to DENR-accredited hazardous waste management facilities for treatment and disposal.

#### Energy Management System

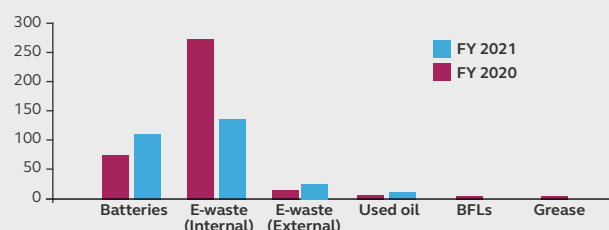
In 2021, Globe aligned with ISO 50001 - Energy Management System (EnMS) to ensure that the implementation of its energy management program achieves optimum energy efficiency, responsible energy procurement, and maximized equipment utilization. The Energy Management System implementation is slated for a certification audit in 2022.

This is also in compliance with the Department of Energy (DOE) Republic Act No. 11285, otherwise known as the Energy Efficiency and Conservation Act. Globe has also appointed Certified Energy Managers (CEM) and Certified Energy Conservation Officers (CECO) to support the compliance requirements such as the submission of the Energy Enterprise Report, Annual Energy Utilization Report (AEUR) and Annual Energy Efficiency and Conservation Report (AEECR).

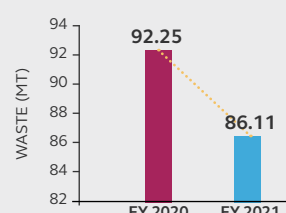
The EnMS is governed by representatives from relevant departments as managing heads in the implementation program. A Corporate Energy Manager is responsible for overseeing compliance with RA 11285 and ensures that department-level Energy Officers and facility-level Energy Leads provide accurate energy data monitoring and tracking for progress reporting purposes.

An energy audit is also conducted to identify opportunities for improvement at a facility level to ensure that energy efficiency targets are accomplished. Opportunities include upgrading current equipment or installing new equipment to improve energy efficiency within the operations.

#### HAZARDOUS WASTE DISPOSED (MT)



#### NON-Hz WASTE (MT)



In 2021, e-waste disposal was reduced due to increased lifespan of existing equipment and no major network equipment change-out. In terms of non-hazardous waste, the continued quarantine limited the operational capacities of offices resulting to a continued reduction in waste generated.

The implementation of the energy management system supports the company's commitment to set science-based targets and achieve Net Zero GHG emissions by 2050 as part of the Race to Zero campaign by the United Nations Framework Convention on Climate Change (UNFCCC).

### Energy Profile

Globe's top energy consuming facilities include 23 corporate offices and core sites, wherein 17 of these consume more than 4 Million kWh per year. These facilities contribute to 23.5 % of the total annual energy consumption of the company.

Facility Location	Site Classification	Area (sqm)	2021 Annual KWHR	SEC kwhr/sqm
<b>NCR</b>				
Makati	Core Site	2,940.00	29,274,953.40	9,957.47
Makati	Core Site	6,300.00	24,277,283.10	3,853.54
Mandaluyong	Corporate Office	19,523.00	11,431,416.00	585.54
Taguig	Corporate Office	46,406.00	5,917,223.24	127.51
San Juan	Core Site	1,240.00	5,401,522.20	4,356.07
Mandaluyong	Core Site	5,947.00	5,588,685.92	939.75
Quezon City	Core Site	1,590.00	4,925,355.44	3,097.71
Quezon City	Core Site	10,992.00	4,599,368.93	418.43
Quezon City	Core Site	2,300.00	4,058,817.91	1,764.70
Mandaluyong	Core Site	5,947.00	4,972,438.00	836.13
Quezon City	Core Site	10,992.00	4,801,023.00	436.77
Quezon City	Core Site	1,590.00	4,732,313.00	2,976.30
Quezon City	Core Site	2,300.00	4,080,416.00	1,774.09
<b>SOUTH LUZON</b>				
Cavite	Core Site	12,000.00	7,505,000.40	625.42
Cavite	Core Site	1,559.88	6,714,485.89	4,304.49
Batangas	Core Site	1,590.00	3,535,000.00	2,223.27
Cavite	Core Site	1,500.00	3,411,710.00	2,274.47
Cavite	Core Site	3,600.00	3,315,691.00	921.03
<b>NORTH LUZON</b>				
Tarlac	Core Site	1,980.00	7,444,576.00	3,759.89
Nueva Ecija	Core Site	1,206.00	3,175,469.00	2,633.06
Cagayan	Core Site	1,206.00	1,552,565.00	1,287.37
<b>VISAYAS</b>				
Cebu	Core Site	2,809.00	11,431,416.00	4,069.57
Cebu	Core Site	900	2,354,784.00	2,616.43
<b>MINDANAO</b>				
CDO	Core Site	1,386.00	3,906,035.00	2,818.21
Davao	Core Site	1,052.00	2,970,240.00	2,823.42
Lanao Del Norte	Core Site	2,839.00	1,421,934.00	500.86

### LEED Gold Certified Headquarters

The Globe Tower was built with LEED certification (Leadership in Energy and Environmental Design) that complies with Green Building construction and operational requirements prescribed within the LEED rating systems as created and maintained by the U.S. Green Building Council (USGBC). It achieved its LEED Gold Certification in 2016.

Since 2019, TGT has been running on 100% Renewable Energy through Power Purchase Agreements bundled with Gold Standard Verified Emission Reduction (VER) Certificates as proof of the carbon emission offset.

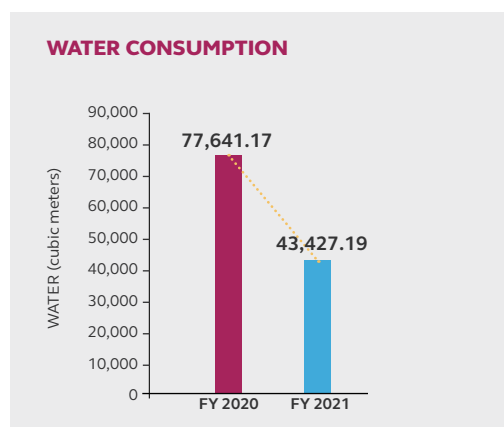
Some of its Energy Efficient Features include

- Cold Air Recovery - Use of cold restroom exhaust air to cool down the induced fresh air
- Variable Speed Controllers - Intelligent demand-driven motor controls for all water pumps and Air Handling Unit
- 360-degree windows - Day lighting helps illuminate the workplace with less energy requirement
- LED lights: environment friendly and less energy-consuming lights
- Motion sensors: energy-saving lights at restrooms and back of the house rooms. Restroom faucets, urinals and water closets has sensors too





It also has a rainwater Collection and Recycling System. The collection of rainwater and waste water from aircon condensate and chiller cooling towers are being recycled through water treatment before distributing to all restroom water closets and urinals of the building.



### Water Management

Water stress is recognized as an imminent environmental risk with catastrophic implications on human life and ecosystems. In this regard, Globe focuses on effective Recharge, Retention and Re-use of water across its facilities. This 3R approach ensures efficient and optimal utilization of water by minimizing leakage and wastage. Globe facilities management also releases advisories to its occupants on various water conservation activities to actively remind them of proper water management in the workplace.

The company also has been reusing non-potable water in restrooms and garden maintenance. Globe undertakes rainwater harvesting and water reuse in its head office and averages 240 cubic meter of water reused per month. Across key facilities, waste water from cooling towers and air handling unit condensate is also reused. In 2021, Globe's water consumption reduced to 43,427.19 cubic meters in part due to continued work from home arrangements for majority of the office-based workforce.

### THE ROAD AHEAD

Globe aims to upgrade the company's infrastructure and retrofit its industries to make them sustainable with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies by 2030.

- Explore alternative technologies to generator sets as back-up power for Globe facilities to address its Scope 1 emissions
- Fully implement an environmental management system to address its Scope 2 emissions. Implementation will enhance energy efficiency through equipment upgrades, intelligent-technology integration, and transition into renewable energy as its primary source of electricity
- Establish a baseline for the 15 categories under Scope 3 emissions and develop a strategy to involve its supply chain in reducing carbon emissions

With its commitment to set science-based targets aligned with the 1.5-degree Celsius levels, Globe aims to secure approval of its science-based targets with SBTi by 2023, and enhance its roadmap to achieve Net Zero GHG Emissions by 2050.



# **STATUTORY REPORTS**



## GRI INDEX

GRI Standard	Disclosure Title	Report Reference	Page Number	Omissions
General Disclosures				
Organization Profile				
GRI 102: General Disclosures 2016	GRI 102-1 Name of the organization	About Globe Telecom, Inc.	06-07	
	GRI 102-2 Activities, brands, products, and services	About Globe Telecom, Inc.	06-07	
	GRI 102-3 Location of headquarters	About Globe Telecom, Inc.	06-07	
	GRI 102-4 Location of operations	Globe Value Map	10-13	
	GRI 102-5 Ownership and legal form	About Globe Telecom, Inc.	06-07	
	GRI 102-6 Markets served	Globe Value Map	10-13	
	GRI 102-7 Scale of the organization	Globe Value Map	10-13	
	GRI 102-8 Information on employees and other workers	Human Capital	140-155	
	GRI 102-9 Supply chain	About Globe Telecom, Inc. Social & Relationship Capital	06-07, 169	
	GRI 102-11 Precautionary principle or approach	Risk Management	72-81	
	GRI 102-12 External initiatives	About this Report	02-03	
	GRI 102-13 Membership of associations	Sustainability at Globe	96-97	
	GRI 102-14 Statement from senior decision-maker	Message from the Chairman	26-29	
	GRI 102-15 Key impacts, risks, and opportunities	Risk Management	72-81	
	GRI 102-16 Values, principles, standards, and norms of behavior	About Globe Telecom, Inc.	06-07	
	GRI 102-17 Mechanisms for advice and concerns about ethics	Corporate Governance	34-59	
	GRI 102-18 Governance structure	Corporate Governance	34-59	
	GRI 102-40 List of stakeholder groups	Stakeholder Engagement	92-93	
	GRI 102-41 Collective bargaining agreements	Human Capital	142-157	
	GRI 102-42 Identifying and selecting stakeholders	Stakeholder Engagement	92-93	
	GRI 102-43 Approach to stakeholder engagement	Stakeholder Engagement	92-93	
	GRI 102-44 Key topics and concerns raised	Stakeholder Engagement	92-93	
	GRI 102-45 Entities included in the consolidated financial statements	Conglomerate Map	08	
	GRI 102-46 Defining report content and topic Boundaries	About this Report	02-03	
	GRI 102-47 List of material topics	About this Report	02-03	
	GRI 102-48 Restatements of information	About this Report	02-03	
	GRI 102-49 Changes in reporting	About this Report	02-03	
	GRI 102-50 Reporting period	About this Report	02-03	
	GRI 102-51 Date of most recent report	About this Report	02-03	
	GRI 102-52 Reporting cycle	About this Report	02-03	



GRI Standard	Disclosure Title	Report Reference	Page Number	Omissions
	GRI 102-53 Contact point for questions regarding the report	About this Report	02-03	
	GRI 102-54 Claims of reporting in accordance with the GRI Standards	About this Report	02-03	
	GRI 102-55 GRI context index	GRI Index	358-361	
	GRI 102-56 External assurance	Independent Assurance Statement	192-195	
Topic Specific Disclosures				
Economic Impact on Financial Performance Climate Risk				
GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Financial Capital	108-115	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 201: Economic Performance 2016	GRI 201-2 Financial implications and other risks and opportunities due to climate change			
GRI 302: Energy 2016	GRI 302-1 Energy consumption within the organization	Natural Capital	176-189	
GRI 305: Emissions 2016	GRI 305-1 Direct (Scope 1) GHG emissions			
	GRI 305-2 Energy indirect (Scope 2) GHG emissions			
Material Sourcing Efficiency				
GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Natural Capital and Social & Relationship Capital	176-189, 156-175	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 204: Procurement Practices 2016	GRI 204-1 Proportion of spending on local suppliers	Social & Relationship Capital	169	
Waste & E-Waste				
GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Natural Capital	176-189	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 306: Waste 2020	GRI 306-3 Waste generated			
Public Policy & Compliance				
GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Corporate Governance, Materiality and Manufactured Capital	34-59, 94-95, 116-124	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 415: Public Policy 2016	GRI 415-1 Political contributions			Not Applicable: We do not give direct or indirect political or in-kind contributions

GRI Standard	Disclosure Title	Report Reference	Page Number	Omissions
GRI 307: Environmental Compliance 2016	GRI 307-1 Non-compliance with environmental laws and regulations	Natural Capital	176-189	
Customer Privacy & Data Security Child Online Safety Digital Enablement				
GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Intellectual Capital	128-139	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 418: Customer Privacy 2016	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data			
Employee Welfare & Diversity				
GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Human Capital	140-155	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 401: Employment 2016	GRI 401-1 New employee hires and employee turnover			
	GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees			
	GRI 401-3 Parental leave			
GRI 403: Occupational Health & Safety 2018	GRI 403-1 Occupational health and safety management system			
	GRI 403-2 Hazard identification, risk assessment, and incident investigation			
	GRI 403-3 Occupational health services			
	GRI 403-4 Worker participation, consultation, and communication on occupational health and safety			
	GRI 403-5 Worker training on occupational health and safety			
	GRI 403-8 Workers covered by an occupational health and safety management system			
	GRI 403-9 Work-related injuries			
	GRI 403-10 Work-related ill-health			
GRI 404: Training and Education 2016	GRI 404-1 Average hours of training per year per employee			
	GRI 404-3 Percentage of employees receiving regular performance and career development reviews			
GRI 406: Non Discrimination 2016	GRI 406-1 Incidents of discrimination and corrective actions taken	Human Capital	140-155	
GRI 407: Freedom of Association and Collective Bargaining 2016	GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			

GRI Standard	Disclosure Title	Report Reference	Page Number	Omissions
Human Rights				
GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Human Capital	140-155	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
Customer Experience & Service Digital Inclusion				
GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Social & Relationship Capital	162-168	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
Non-GRI	Customer Experience & Service			
Non-GRI	Digital Inclusion			
Community Relations				
GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Social & Relationship Capital	158-175	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
Anti-Bribery & Corruption				
GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Corporate Governance	34-59	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 205: Anti-corruption 2016	GRI 205-2 Communication and training about anti-corruption policies and procedures			

## SASB INDEX

SASB Code	Metrics	Report Reference	Page Number
Activity Metrics			
TC-TL-000.A	Number of wireless subscribers	Globe Value Map	10
TC-TL-000.B	Number of wireline subscribers		
TC-TL-000.C	Number of broadband subscribers		
TC-TL-000.D	Network traffic	Manufactured Capital	116-124
Sustainability Disclosure Topics			
Environmental Footprints of Operations			
TC-TL-130a.1	(1) Total energy consumed, (2) percentage grip electricity, (3) percentage renewable	Natural Capital	176-189
Data Privacy			
TC-TL-220a.1	Description of policies and practices relat-ing to behavioral advertising and customer privacy	Intellectual Capital	128-139
TC-TL-220a.2	Number of customers whose information is used for secondary purposes		
TC-TL-220a.3	Total amount of monetary losses as a re-sult of legal proceedings associated with customer privacy		
TC-TL-220a.4	(1) Number of law enforcement requests for customer information, (2) number of customers whose information was re-quested, (3) percentage resulting in disclo-sure		
Data Security			
TC-TL-230a.1	(1) Number of data breaches. (2) percent-age involving personally identifiable infor-mation (PII), (3) number of customers af-fected	Intellectual Capital	128-139
TC-TL-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards		
Product End-of-Life Management			
TC-TL-440a.1	(1) Materials recovered through take back programs, percentage of recovered materi-als that were (2) reused, (3) recycled, and (4) landfilled	Natural Capital	176-189
Competitive Behavior & Open Internet			
TC-TL-520a.1	Total amount of monetary losses as a re-sult of legal proceedings associated with anti-competitive behavior regulations	Intellectual Capital	128-139
TC-TL-520a.2	Average actual sustained download speed of (1) owned and commercially-associated content and (2) non-associated content		



## THE TEN PRINCIPLES OF THE UN GLOBAL COMPACT INDEX

Global Compact Principle	Report Reference	Page Number
<b>Human Rights</b>		
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.  Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	Chairman's Message	26-29
	President's Message	30-33
	Corporate Governance	34-59
	Sustainability At Globe	96-97
	Human Capital	140-155
<b>Labor</b>		
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 labor.  Principle 5: The effective abolition of child labor; and  Principle 6: The elimination of discrimination in respect of employment and occupation.	Chairman's Message	26-29
	President's Message	30-33
	Corporate Governance	34-59
	Sustainability At Globe	96-97
	Human Capital	140-155
<b>Environment</b>		
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	Chairman's Message	26-29
	President's Message	30-33
	Risk Management	72-81
	Materiality – Climate Risk	94-95
	Sustainability At Globe	96-97
	Typhoon Odette Response	104-105
	Financial Capital	108-115
	Natural Capital	176-189
	Manufactured Capital	116-127
<b>Anti-Corruption</b>		
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	Chairman's Message	26-29
	President's Message	30-33
	Corporate Governance	34-59
	Sustainability At Globe	96-97
	Materiality – Anti-Bribery & Corruption and Public Policy & Compliance	94-95
	Human Capital	140-155

## TCFD INDEX

KPIs	Description	Report Reference	Page Number
<b>General Disclosures</b>			
<b>Governance</b>			
TCFD	Disclose the role of the board of the organization in overseeing climate-related issues.	Natural Capital	176-189
	Disclose the role of management in assessing and managing climate-related issues		
<b>Strategy</b>			
TCFD	Climate-related risks and opportunities the organization has identified over the short, medium, and long term	Natural Capital	176-189
	Impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning		
	Resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario		
<b>Risk Management</b>			
TCFD	The organization's processes for identifying and assessing climate-related risks.	Natural Capital	176-189
	The organization's processes for managing climate-related risks.		
	Any processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.		
<b>Metrics and Targets</b>			
TCFD	Metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Natural Capital	176-189
	Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks		
	The targets used by the organization to manage climate-related risks and opportunities and performance against targets.		



## INDEPENDENT ASSURANCE STATEMENT

### Introduction

DNV AS Philippine Branch ('DNV') has been commissioned by the management of Globe Telecom, Inc ('Globe', 'the Client' or 'the Company', Securities and Exchange Commission Identification Number: PW00001177) to undertake an independent assurance of the sustainability / non-financial disclosures in Globe Telecom, Inc's 2021 Integrated Report ('the Report') in its printed format for the year ended 31 December 2021. The intended users of this Assurance Statement are the management of the Company.

We performed a limited level of assurance using DNV'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 and the Sustainability Accounting Standards Board's ('SASB's') industry-specific Standards. The verification engagement was carried out from December 2021 to March 2022.

### Scope and Boundary of Assurance

The scope of assurance included a review of sustainability related disclosures and performance data from Globe Telecom, Inc's operations in the Philippines.

Our assurance engagement included limited level of verification of sustainability performance disclosures for the identified material topics of Globe Telecom, Inc as detailed under the section 'Materiality Assessment Process' in the Report i.e., covering entities over which Globe Telecom, Inc has operational control or has seconded employees in operations. Our verification applies a  $\pm 5\%$  uncertainty threshold towards errors and omissions for the performance data brought out in the Report.

### Responsibilities of the Management of Globe Telecom, Inc and of the Assurance Provider

The Company's management has sole responsibility for the integrity of the Report and this responsibility includes designing, implementing and maintaining internal controls over collection, analysis, aggregation and preparation of data, fair presentation of the information, ensuring that data is free from material misstatement and maintaining the integrity of their website under digital domain. The Board has complete oversight and is responsible for the Company's sustainability reporting. Globe Telecom, Inc has stated that this Report has been prepared based references from various sources including, the Guiding Principles and Content Elements of the International <IR> Framework (the "<IR> Framework"), general disclosures and selected topic-specific disclosures related to identified material topics from the GRI Standards, SASBs industry-specific Standards, TCFD, UNGC principles, SDGs, ACGS, etc.

In performing our assurance work, DNV's responsibility is solely towards the Management of Globe Telecom, Inc in accordance with terms of reference agreed, however this assurance statement represents our independent opinion and is intended to inform the outcome of the assurance to the Company's stakeholders. DNV's responsibility is to form an independent conclusion. In doing so, we carried out the sampling procedures required for the evidence for a limited level of assurance based on VeriSustain i.e., DNV is responsible for planning and performing the engagement to obtain assurance about whether the selected information is free from material misstatement and meets the disclosure requirements.

### Basis of our Opinion

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion as part of the assurance engagement. We adopted a risk-based approach, i.e., we concentrated our verification efforts on the issues of high material relevance to Globe Telecom, Inc and its key stakeholders. A team of sustainability assurance specialists reviewed non-financial disclosures related to the Head Office, and select samples of consolidated annual numbers, based on DNV's sampling plan. Due to the COVID-19 pandemic and associated travel restrictions, we undertook remote audits in line with DNV's remote assessment methodology as site visits were not possible. We undertook the following activities:

<sup>1</sup> The VeriSustain protocol is available on [www.dnv.com](http://www.dnv.com)

\* Assurance Engagements other than Audits or Reviews of Historical Financial Information.



- Review of the non-financial sustainability-related disclosures in this Report;
- Review of approaches to materiality determination and review of outcomes of stakeholder engagement; DNV 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 framework adopted by Globe Telecom, Inc.;
- Interviews with select members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support generic disclosures. 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;
- Performed desk review of selected sustainability parameters for sampled entities, and discussed findings and resolved with the Corporate Sustainability Team;
- Carried out remote assessment on their head office, select branches to review the processes and systems for preparing site level sustainability data and implementation of sustainability strategy;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritized based on 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.

#### Opinion and Observations

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that Globe Telecom, Inc.'s 2021 Integrated Report does not properly describe the non-financial performance of identified material topics based on the Guiding Principles and Content Elements of the International <IR> Framework ("<IR> Framework"). Without affecting our assurance opinion, we also provide the following observations against the principles of VeriSustain:

#### Stakeholder Inclusiveness

*The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.*

Globe considers expectations, needs, and aspirations of stakeholders at the core of its purpose. The Report has brought out engagement with key stakeholders (e.g., Shareholders & Investors, Employees, Customers, Community, Partner Vendors and Suppliers, Government, Media, etc.) namely engagement modes, frequency of engagement, concerns raised and Globe's responses to the key concerns through various initiatives to address them.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Stakeholder Inclusiveness.

#### Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders.

The report details Globe's material ESG issues identification process viz conducting review exercises against global frameworks on sustainable development, ESG Standards to align with the company's economic, environment, and social impacts.

Globe has disclosed that its materiality review exercise is guided by three main inputs, namely in determining their priority. To start with they identify the value creation capability for each material issue, benchmark against industry specific ESG and finally validated by engaging with concerned stakeholders.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.





## **Responsiveness**

*The extent to which an organization responds to stakeholder issues.*

The Report brings out the Company's responses to identified material topics, key challenges faced and significant issues including risks which have arisen during the reporting period through disclosures on Governance, Business Review, strategic responses to key stakeholders' concerns, to deliver shared values. Further the Report also brings out its non-financial performance related to its material topics through selected GRI Topic Specific Standards and SASB industry-specific Standards as Performance Indices. The Report may further strengthen on this Principle in future reporting periods by bringing out the long- and medium-term targets towards value creation related to its identified material topics.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

## **Reliability**

*The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.*

The majority of the performance disclosures verified through offsite verification, i.e., at the Head Office and sampled sites, 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, however our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems. 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.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

## **Completeness**

*How much of all the information that has been identified as material to the organization and its stakeholders is reported.*

The Report discloses the Company's non-financial disclosures based on the <IR> Framework and performance during the reporting period 2021 related to its material issues using appropriate GRI Topic Specific Standards and SASB disclosures, for the identified boundary of operations and covers the Company's approaches to value creation during the reporting period.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness.

## **Neutrality**

*The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.*

The Report presents disclosures related to the Company's performance, challenges and concerns of stakeholders during the reporting period in a neutral, consistent and balanced manner, applying adequate consideration to not unduly influence stakeholders' opinion made based on the reported data and information.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

## **Limitations**

DNV'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, are true, and is 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. The engagement excludes the sustainability management, performance, and reporting practices of Globe Telecom, Inc's suppliers, contractors, and any third parties mentioned in the Report. The Company's position statements, the



statements for the management approach, and case studies and examples are excluded from the scope of our work. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements<sup>#</sup>, 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.

The procedures performed in a limited assurance engagement vary in nature 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.

### Statement of Competence and Independence

DNV 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 Code of Conduct<sup>2</sup> during the assurance engagement and maintain independence wherever required by relevant ethical requirements.



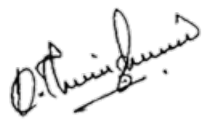
This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward internal stakeholders interviewed during the assurance process.

DNV has provided assurance to Ayala Corporation, Ayala Land Inc., AREIT, AC Energy Corporation, Manila Water Company Inc., and Globe Telecom, Inc. In our opinion, there is no conflict of interest in the assurance engagement provided to the business units of Ayala Group. DNV did not provide any services to Globe Telecom, Inc in 2021 that could compromise the independence or impartiality of our work.

### Purpose and Restriction on Distribution and Use

This report, including our conclusion has been prepared solely for the Company in accordance with the agreement between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report.

### For and on behalf of DNV AS Philippine Branch

 <b>N Sathishkumar</b> Lead Verifier Head, Sustainability Services (SEA) DNV Business Assurance Singapore Pte. Ltd.	 <b>Percy Lakdawalla</b> Regional Manager - Asia Pacific Supply Chain and Product Assurance DNV Business Assurance Singapore Pte. Ltd.	 <b>Thamizharasi Kaliaperumal</b> Assurance Reviewer Sustainability Services DNV Business Assurance India Private Limited
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12 April 2022, Manila, The Philippines.

DNV AS Philippine Branch is part of DNV, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. [www.dnv.com](http://www.dnv.com)

<sup>2</sup> The DNV Code of Conduct is available from the DNV website ([www.dnv.com](http://www.dnv.com))  
# 28 February 2022



 **Globe Telecom, Inc.**  
The Globe Tower  
32nd Street corner 7th Avenue,  
Bonifacio Global City,  
Taguig, Philippines 1634

 +632.7972000

 [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 31, 2022, Taguig City.



**MARISALVE CIOCON-CO**

Senior Vice President – Law and Compliance,  
Chief Compliance Officer and Assistant Corporate Secretary

Countersigned by:



**ERNEST L. CU**

President and Chief Executive Officer



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 [www.globe.com.ph](http://www.globe.com.ph)

**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 31, 2022, Taguig City.

A handwritten signature in black ink, appearing to read "Renato M. Jiao".

**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 2021**

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; e) compliance with relevant legal, regulatory and corporate governance requirements; and f) 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.

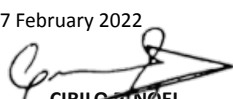
For 2021, the Committee reports:

- 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, Isla Lipana & Co./PwC Philippines (IL/PwC), 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 discussed and agreed with IL/PwC the overall scope of, and focus areas for, 2021 statutory audit plan, approved the same and reviewed 2021 audit performance; and discussed IL/PwC's responses and actions to address areas for improvement.
- We reviewed and discussed the reports of IL/PwC on the 2021 financial statements (FS), quality of subscriber receivables and the related allowance for doubtful accounts, CAPEX build ramp-up, modification of short-term lease of cell site leases, impairment of fixed assets due to Network Modernization and Typhoon Odette, goodwill, provisions and contingencies, impact of CREATE bill and key financial ratios. No material control weaknesses were noted.
- We reviewed and discussed the results of 2021 quarterly unaudited financial statements and the audited annual financial statements of Globe Telecom, Inc. and subsidiaries (Globe Group) for the year ended 31 December 2021, including the key audit matter, highlights of Management's Discussion and Analysis of financial condition and the results of operations with IL/PwC, the CFO, and the CAE.
- We discussed the results and reports of Internal Audit 2021 reviews resulting from completion of the approved annual work plan, key contributions in regular audits, continuous monitoring, advisory engagements in various Globe projects, status of implementation of audit recommendations and progress of IA's digital journey. 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 Internal Audit (IA) function ensuring compliance with International Standards for the Professional Practice of Internal Auditing and progress key metrics providing value to the Company. We reviewed and approved the CAE's proposed 2022 IA annual work plan and concluded that IA's resources are allocated to review high-risk areas and support critical projects.
- We reviewed and approved the services rendered by IL/PwC 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 discussed with the Human Resources Group Head updates on Globe Whistleblower reports.
- 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 and approved 2021 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 2021, 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 2021 for filing with the SEC. We also recommend the re-appointment of IL/PwC as the Globe Group's external/independent auditor for 2022, for ratification at the Annual Shareholders' Meeting in April 2022.

We confirm that the Company's internal controls and compliance systems are adequate and effective in all material respects.

08 February 2022

  
**CIRILO P. NOEL**  
Chairman

  
**SAW PHAIK HWA**  
Member

  
**REX MA. A. MENDOZA**  
Member

  
**ROMEO L. BERNARDO**  
Member



## Report of the Board Risk Oversight Committee to the Board of Directors

The Board Risk Oversight Committee (BROC) was established 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 line with the Board Risk Oversight Committee Charter, we confirm that for 2021, we have fulfilled our risk governance responsibilities to the Board by:

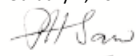
- Maintaining and managing an effective, efficient and integrated risk management process in Globe.
- Ensuring a sound organizational structure with an effective Enterprise Risk Management (ERM) framework and function in place
- Performing Identification, analysis and assessment of key exposures, its impact to strategic business objectives and formulation of risk management strategies.
- Clearly defining the risk-taking authority, ownership, accountability and proper segregation of duties
- Continuously developing a risk-aware culture that is pervasive throughout Globe - ensuring transparency in reporting of risks.

The Committee reports that for 2021:

- The BROC is composed of four (4) members, three (3) of which including the Chairwoman are independent directors.
- A total of Four (4) Quarterly meetings were held for the year. Due to travel restrictions brought about by the COVID-19 pandemic, all BROC meetings were conducted virtually (via Zoom).
- All meetings met the necessary requirement for quorum before proceeding.
- Globe's Chief Risk Officer (CRO), the Chief Audit Executive (CAE), members of Top Management and shareholder representatives from both Singtel and Ayala Corporation were also present in all meetings.
- 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 2021, we met four times, in February, May, August and the last meeting was on November 8th.
- The following key matters were discussed during the meetings:
  - We reviewed and approved Globe's Top Enterprise-wide Risks for this year, including the risk mitigation strategies and key risk indicators identified by management for monitoring, monitored said risks throughout the year on a quarterly basis placing high focus on the top seven (7) risks identified, namely:
 

■ Network Quality & Customer Experience	■ Talent & Succession
■ Political & Regulatory Uncertainties	■ Business Disruption: COVID+
■ Financial Sustainability	■ Cybersecurity & Data Privacy
■ Competition	
  - We discussed and reviewed the following matters as related to the top risks, key operational risk areas, and key emerging risks, namely:
    - Updates on Globe's Business Continuity Management Program focused on our pandemic response and delivery of the Government's requirements during disasters. (Head of Risk Management Office)
    - State of Globe's Network Quality and the initiatives for 2021. (Network Technical Group)
    - Updates on 5G Rollouts delivering better customer experience and an overview of the Satellite Internet Technology and its potential as complementary services to the existing Broadband and Mobile services. (Network Technical Group)
    - Globe's adoption of Task force on Climate related Financial Disclosures (TCFD) and an overview on the climate risk landscape, an overview on the adoption of the TCFD Framework, and approval from the committee to include in its risk oversight role the management of Globe's Environmental, Social, and Governance (ESG) risks. (Head of Sustainability and Social Responsibility)
    - Overview and management of risks as we support the Government's vision to improve internet services in the country. (Corporate and Legal Services Group)
    - Overview and management of Competition Risk (Head of Consumer Mobile Group)
    - Post briefing on the 6th SONA, and ways forward in supporting the Government. (Corporate and Legal Services Group)
    - Updates on Globe's Cybersecurity and Data Privacy program. (Chief Information Security Officer)
    - Updates on Globe's Fraud Risk Management Program (Enterprise Fraud Risk Management Head)
    - Overview on ISG's Transformation Programs aimed to address several risk areas. (Chief Information Officer)
    - Analysis of the effects of the pandemic on Subscriber Loyalty and Churn.
    - Briefing on the implementation of Mobile Number Portability (MNP) (Head of Commercial Strategy, Operations, and Marketing Services Hub)
    - Briefing on Globe's Race to Zero Pathway and related ESG Targets to be tracked, Globe's initiatives to combat Online Sexual Abuse and Exploitation of Children (OSAEC) (Head of Sustainability and Social Responsibility)
    - Updates on Globe's Talent programs, including addressing talent attrition, development of talent and succession lines, and updates on the COVID-19 response program for employees. (Chief Human Resources Officer)

February 7, 2022.

  
SAW PHAIK HWA  
Chairwoman

  
CIRILO P. NOEL  
Member

  
REX M. A. MENDOZA  
Member

  
ROMEO L. BERNARDO  
Member



# Certificate of Registration

BUSINESS CONTINUITY MANAGEMENT SYSTEM - ISO 22301:2019

This is to certify that:

Globe Telecom, Inc.  
The Globe Tower  
32nd Street corner 7th Avenue  
Bonifacio Global City, Taguig  
Philippines

Holds Certificate Number:

BCMS 580506

and operates a Business Continuity Management System which complies with the requirements of ISO 22301:2019 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.**

For and on behalf of BSI:

Andrew Launn, EMEA Systems Certification Director

Original Registration Date: 2012-02-02

Latest Revision Date: 2021-06-22

Effective Date: 2021-06-22

Expiry Date: 2024-02-01



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.





# 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 Number:

**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

Effective Date: 2021-07-05

Latest Revision Date: 2021-07-29

Expiry Date: 2024-07-04

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A Member of the BSI Group of Companies.





# 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 Number:

**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: 2021-07-29

Effective Date: 2021-07-05

Expiry Date: 2024-07-04

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A Member of the BSI Group of Companies.







# Certificate of Registration

QUALITY MANAGEMENT SYSTEM - ISO 9001:2015

This is to certify that:

Globe Telecom, Inc.  
Innovate Communications, Inc.  
Globe Data Center  
2275 Chino Roces Extension  
Makati City  
Philippines

Holds Certificate Number:

**FS 753082**

and operates a Quality Management System which complies with the requirements of ISO 9001:2015 for the following scope:

Operation of an Internet Data Center

For and on behalf of BSI:

Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2016-12-22

Latest Revision Date: 2021-09-27

Effective Date: 2021-12-13

Expiry Date: 2024-12-12

Page: 1 of 3



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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.



# Certificate of Registration

QUALITY MANAGEMENT SYSTEM - ISO 9001:2015

This is to certify that:

Globe Telecom, Inc.  
Globe Broadband Customer Field Services  
Quality Assurance Operations  
and Technical Support  
32nd Street corner 7th Avenue,  
Bonifacio Global City  
Taguig City, Metro Manila  
1635  
Philippines

Holds Certificate Number:

**FS 754931**

and operates a Quality Management System which complies with the requirements of ISO 9001:2015 for the following scope:

Provision of Broadband Customer Field Services - Quality Assurance Operations and Technical Support

For and on behalf of BSI:

Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2021-11-03

Latest Revision Date: 2021-11-03

Effective Date: 2021-11-03

Expiry Date: 2024-11-02



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Further clarifications regarding the scope of this certificate and the applicability of ISO 9001:2015 requirements may be obtained by consulting the organization.

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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.



# Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2013

This is to certify that:

Globe Telecom, Inc.  
Innovate Communications, Inc.  
Globe Data Center  
2275 Chino Roces Extension,  
Makati City,  
Philippines

Holds Certificate Number:

**IS 753085**

and operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2013 for the following scope:

The Management of Information Security in the Operation of an Internet Data Center. This is in accordance with the GDC Statement of Applicability, Reference no. REF-G043 Rev 8 dated 13 Aug 2021.

For and on behalf of BSI:

Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2009-02-02

Latest Revision Date: 2021-09-21

Effective Date: 2021-09-23

Expiry Date: 2024-09-22

Page: 1 of 3



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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.



# Certificate of Registration

IT SERVICE MANAGEMENT SYSTEM - ISO/IEC 20000-1:2018

This is to certify that:

Globe Telecom, Inc.  
Innovate Communications, Inc.  
Globe Data Center  
2275 Chino Roces Extension  
Makati City  
Philippines

Holds Certificate Number:

**ITMS 753093**

and operates an IT Service Management System which complies with the requirements of ISO/IEC 20000-1:2018 for the following scope:

The provision of operation services of Internet Data Center

For and on behalf of BSI:

Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2021-10-11

Latest Revision Date: 2021-10-11

Effective Date: 2021-10-11

Expiry Date: 2024-10-10

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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.

# COVER SHEET

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(Company's Full Name)

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(Business Address: No. Street City / Town / Province)

ROSEMARIE MANIEGO-EALA

Contact Person

7797-2000

Company Telephone Number

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FORM TYPE

04      26  
Month      Day  
Annual Meeting

Month Day  
Annual Meeting

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Secondary License Type, if Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. Of Stockholders

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Domestic

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Foreign	
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### Total Amount of Borrowings

To be accomplished by SEC Personnel concerned

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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. **February 28, 2022**  
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, 2021)
<b>COMMON SHARES</b>	133,619,207
<b>TOTAL DEBT (in Millions of Pesos)</b>	210,054

Indicate the item numbers reported herein : **Please refer to attached**

**Re: Globe Telecom, Inc. and Subsidiaries FY 2021 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.

Date : **28 February 2022**

**GLOBE TELECOM, INC.**

Registrant

DocuSigned by:

**ROSEMARIE MANIEGU-EALA**

Chief Finance Officer

28 February 2022

**Securities and Exchange Commission**

Attn.: Mr. Vicente Graciano Felizmenio, Jr.  
Director – Markets & Securities Regulation Department  
G/F Secretariat Building  
PICC Complex, Roxas Boulevard  
Pasay City, 1307

**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 (ICDD)  
29/F BDO Equitable Tower  
8751 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, 2021 and 2020, 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, 2021, 2020, and 2019, and a summary of significant accounting policies and other explanatory information.

Thank you.

Very truly yours,

DocuSigned by:  
  
7499A1D5F72C4A8  
**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, 2021, and 2020 and for each of the three years in the period ended December 31, 2021, 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.

Isla Lipana & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2021 and 2020; and Navarro Amper & Co., the independent auditors appointed by the stockholders for the year ended December 31, 2019, have audited the consolidated financial statements of the Globe Group in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

  
**ERNEST L. CU**  
 President and Chief Executive Officer

Signed this 8<sup>th</sup> day of February 2022

SUBSCRIBED AND SWORN to before me this FEB 09 2022 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
Ernest L. Cu	P6866832B	May 25, 2021	May 24, 2031

Doc. No. : **427**  
 Page No. : **87**  
 Book No. : **IV**  
 Series of 2022,

  
**NINA MIKAELA S. SARMIENTO**  
 Notary Public for Taguig City  
 Appt. No. 79 (2019-2020)  
 Valid until 30 June 2022  
 PTR No. A-5412230/1-25-22/Taguig  
 IBP Lifetime No. 010713  
 Roll of Attorneys No. 60958  
 28<sup>th</sup> Floor The Globe Tower  
 Bonifacio Global City Taguig

**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, 2021, and 2020 and for each of the three years in the period ended December 31, 2021, 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.

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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.

Isla Lipana & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2021 and 2020; and Navarro Amper & Co., the independent auditors appointed by the stockholders for the year ended December 31, 2019, have audited the consolidated financial statements of the Globe Group in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



**ROSEMARIE MANIEGO-EALA**  
Chief Finance Officer and Treasurer

Signed this 15<sup>th</sup> day of December 2021

SUBSCRIBED AND SWORN to before me this DEC 15 2021 at MAKATI 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
Rosemarie Maniego-Eala	P6763585A	April 13, 2018	April 12, 2028

Doc. No. : 47  
 Page No. : 11  
 Book No. : 197  
 Series of : 2021

**ATTY RUBEN T.M. RAMIREZ**  
 Notary Public for Makati City  
 Until December 31, 2021  
 Star Centrum Condominium Brgy. Bel Air, Makati City  
 IBP OR No. 142536 Jan 4, 2021  
 ROL No. 28947/MC1-F VI # 0020240  
 PTR No. MKT 8533046/Jan 4, 2021  
 Appointment No. AT 158.



### STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

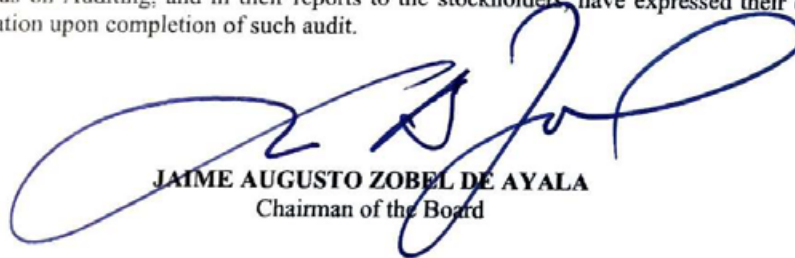
The management of Globe Telecom, Inc. and Subsidiaries ("Globe Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at December 31, 2021, and 2020 and for each of the three years in the period ended December 31, 2021, 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.

Isla Lipana & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2021 and 2020; and Navarro Amper & Co., the independent auditors appointed by the stockholders for the year ended December 31, 2019, have audited the consolidated financial statements of the Globe Group in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.



**JAIME AUGUSTO ZOBEL DE AYALA**  
Chairman of the Board

Signed this 8<sup>th</sup> day of February 2022

SUBSCRIBED AND SWORN to before me this FEB 09 2022 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	P9640299A	November 21, 2018	November 20, 2028

Doc. No. ; 428  
 Page No. ; 87  
 Book No. ; IV  
 Series of 2022.

*Maiminto*  
**NINA MIKAELA S. SARMIENTO**  
 Notary Public for Taguig City  
 Appt. No. 79 (2019-2020)  
 Valid until 30 June 2022  
 PTR No. A-5412230/1-25-22/Taguig  
 IBP Lifetime No. 010713  
 Roll of Attorneys No. 60958  
 28<sup>th</sup> Floor The Globe Tower  
 Bonifacio Global City Taguig





## **Independent Auditor's Report**

To the Board of Directors and Shareholders of  
**Globe Telecom, Inc.**  
The Globe Tower, 32nd Street corner 7th Avenue  
Bonifacio Global City, Taguig City

### ***Our Opinion***

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Globe Telecom, Inc. and its subsidiaries (together, the "Group") as at December 31, 2021 and 2020, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

### ***What we have audited***

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2021 and 2020;
- the consolidated statements of total comprehensive income for the years ended December 31, 2021 and 2020;
- the consolidated statements of changes in equity for the years ended December 31, 2021 and 2020;
- the consolidated statements of cash flows for the years ended December 31, 2021 and 2020; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

### ***Basis for Opinion***

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the 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.

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Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Globe Telecom, Inc.  
Page 2

### ***Our Audit Approach***

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

### ***Key Audit Matter***

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.

Key audit matter identified in our audit is revenue recognition.

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b>Revenue recognition</b> Refer to notes 2.15 and 33 to the consolidated financial statements.</p> <p>Revenue recognition requires audit attention primarily due to the significant volume of transactions processed through various systems which heavily relies on automated processes and controls from account activation, recording of usage, billing and ultimate revenue recognition. In particular, the Group's revenue streams include a significant amount of postpaid service revenues which are billed under various cycles, hence, timing of revenue recognition requires significant audit attention.</p>	<p>We addressed the matter by understanding the Group's revenue recognition policies in accordance with PFRS 15, <i>Revenue from Contracts with Customers</i>, and the related business processes and information technology (IT) environment. We also evaluated the design and operating effectiveness of the controls surrounding the relevant IT systems, as well as the related application controls over the capture and recording of the revenue transactions. We involved our IT specialists to test the automated controls and the interface controls between IT systems and applications.</p>

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Globe Telecom, Inc.  
Page 3

Key Audit Matter	How our audit addressed the Key Audit Matter
	<p>In particular, to ensure that postpaid revenues are recognized in proper period, we performed a combination of controls and substantive testing approach as follows:</p> <ul style="list-style-type: none"> <li>• We tested the design and operating effectiveness of key controls over charging, billing and recording of revenue transactions.</li> <li>• We tested the reliability of key system-generated reports and reconciliations which serve as basis for accruing unbilled postpaid revenue at the end of reporting period.</li> <li>• We performed substantive audit procedures over unbilled revenue, which include independent recalculation of accrued revenue per subscriber on a sampling basis.</li> </ul>

### **Other Matter**

The consolidated financial statements of the Group as at and for the year ended December 31, 2019 was audited by another auditor whose report dated February 3, 2020 expressed an unqualified opinion on those consolidated financial statements.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Globe Telecom, Inc.  
Page 4

***Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 ability of the Group 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 or to cease operations of the Group, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Globe Telecom, Inc.  
Page 5

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 ability of each entity within the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





Isla Lipana & Co.

Independent Auditor's Report  
To the Board of Directors and Shareholders of  
Globe Telecom, Inc.  
Page 6

The engagement partner on the audit resulting in this independent auditor's report is  
Roderick M. Danao.

**Isla Lipana & Co.**

Roderick M. Danao  
Partner  
CPA Cert. No. 88453  
P.T.R. No. 0011280, issued on January 6, 2022, Makati City  
SEC A.N. (individual) as general auditors 1585-AR-2, Category A; effective until October 14, 2022  
SEC A.N. (firm) as general auditors 0142-SEC, Category A;  
valid to audit 2020 to 2024 financial statements  
TIN 152-015-078  
BIR A.N. 08-000745-042-2020, issued on December 14, 2020; effective until December 13, 2023  
BOA/PRC Reg. No. 0142, effective until January 21, 2023

Makati City  
February 8, 2022



## Isla Lipana & Co.

Statement Required by Rule 68  
Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of  
**Globe Telecom, Inc.**  
The Globe Tower, 32nd Street corner 7th Avenue  
Bonifacio Global City, Taguig City

We have audited the consolidated financial statements of Globe Telecom, Inc. (the “Parent Company”) as at and for the year ended December 31, 2021, on which we have rendered the attached report dated February 8, 2022.

In compliance with SRC Rule 68 and based on the certification received from the Parent Company’s corporate secretary and the results of our work done, the Parent Company has eight hundred and eighty-four (884) shareholders owning one hundred (100) or more shares each as at December 31, 2021.

### **Isla Lipana & Co.**

Roderick M. Danao  
Partner  
CPA Cert. No. 88453  
P.T.R. No. 0011280, issued on January 6, 2022, Makati City  
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valid to audit 2020 to 2024 financial statements  
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Makati City  
February 8, 2022

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## Isla Lipana & Co.

### Statement Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of  
**Globe Telecom, Inc.**  
The Globe Tower, 32nd Street corner 7th Avenue  
Bonifacio Global City, Taguig City

We have audited the consolidated financial statements of Globe Telecom, Inc. (the “Parent Company”) and its subsidiaries as at and for the year ended December 31, 2021, on which we have rendered the attached report dated February 8, 2022. The supplementary information shown in the *Reconciliation of Parent Company’s Retained Earnings Available for Dividend Declaration and Map of Relationships of the Companies within the Group*, as additional components required by Rule 68 of the SRC, and Schedules A, B, C, D, E, F, and G, as required by the SRC, are presented for purposes of filing with the Securities and Exchange Commission and are not required parts of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Rule 68 of the SRC.

### **Isla Lipana & Co.**

Roderick M. Danao  
Partner  
CPA Cert. No. 88453  
P.T.R. No. 0011280, issued on January 6, 2022, Makati City  
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Makati City  
February 8, 2022

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## Isla Lipana & Co.

### Statement Required by Rule 68 Securities Regulation Code (SRC)

To the Board of Directors and Shareholders of  
**Globe Telecom, Inc.**  
The Globe Tower, 32nd Street corner 7th Avenue  
Bonifacio Global City, Taguig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Globe Telecom, Inc. as at and for the year ended December 31, 2021, and have issued our report thereon dated February 8, 2022. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The *Supplementary Schedule on Financial Soundness Indicators*, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised SRC Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the consolidated financial statements as at and for the year ended December 31, 2021 and no material exceptions were noted.

### Isla Lipana & Co.

Roderick M. Danao  
Partner  
CPA Cert. No. 88453  
P.T.R. No. 0011280, issued on January 6, 2022, Makati City  
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# GLOBE TELECOM, INC. AND SUBSIDIARIES

Consolidated Financial Statements  
December 31, 2021, 2020 and 2019





## **GLOBE TELECOM, INC. AND SUBSIDIARIES** **CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		December 31	
	Notes	2021	2020
<i>(In Thousand Pesos)</i>			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	<b>₱24,239,195</b>	₱19,508,114
Trade receivables – net	6	<b>16,696,542</b>	20,145,484
Contract assets and deferred contract costs – net	7	<b>8,646,147</b>	6,956,159
Inventories and supplies – net	9	<b>4,045,049</b>	5,988,899
Derivative assets – current	8	<b>262,805</b>	2,014
Prepayments and other current assets	10	<b>13,956,867</b>	11,497,195
		<b>67,846,605</b>	64,097,865
<b>Noncurrent Assets</b>			
Property and equipment – net	11	<b>270,747,147</b>	190,292,393
Intangible assets and goodwill – net	12	<b>20,761,388</b>	17,052,913
Right of use assets – net	13	<b>19,687,012</b>	4,300,835
Investments in associates and joint ventures	15	<b>42,569,217</b>	35,706,460
Deferred income tax assets – net	29	<b>2,033,968</b>	2,556,059
Derivative assets – net of current portion	8	<b>2,769,472</b>	56,510
Deferred contract costs – net of current portion	7	<b>695,522</b>	356,657
Other noncurrent assets	10	<b>31,349,516</b>	25,360,145
		<b>390,613,242</b>	275,681,972
<b>TOTAL ASSETS</b>		<b>₱458,459,847</b>	₱339,779,837
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Trade payables and accrued expenses	16	<b>₱84,576,156</b>	₱56,377,186
Contract liabilities and deferred revenues – current	7	<b>8,410,954</b>	9,033,697
Loans payable – current	18	<b>16,018,505</b>	8,521,424
Derivative liabilities – current	8	<b>1,114,610</b>	1,056,816
Lease liabilities – current	13	<b>3,664,344</b>	999,200
Provisions	17	<b>2,768,719</b>	2,784,521
Income tax payable	29	<b>973,719</b>	1,502,194
		<b>117,527,007</b>	80,275,038
<b>Noncurrent Liabilities</b>			
Loans payable – net of current portion	18	<b>194,035,062</b>	156,270,726
Contract liabilities – net of current portion	7	<b>73,503</b>	227,923
Deferred income tax liabilities – net	29	<b>6,062,606</b>	5,056,340
Derivative liabilities – net of current portion	8	<b>111,909</b>	1,882,967
Lease liabilities – non current	13	<b>16,215,004</b>	3,525,472
Pension liability	28	<b>5,043,691</b>	5,647,387
Other long-term liabilities	19	<b>4,995,199</b>	4,089,514
		<b>226,536,974</b>	176,700,329
<b>Total Liabilities</b>		<b>344,063,981</b>	256,975,367
<b>Equity</b>			
Capital Stock	21	<b>8,473,535</b>	8,464,211
Additional paid in capital	21	<b>37,226,626</b>	37,001,626
Cost of share-based payments	28	<b>843,826</b>	638,323
Capital securities	21.3	<b>29,977,845</b>	-
Other reserves	21.8	<b>(2,195,128)</b>	(4,219,590)
Treasury shares	21.4	<b>(10,000,000)</b>	-
Retained earnings	21.7	<b>49,775,474</b>	40,682,494
Equity attributable to equity holders of the Parent		<b>114,102,178</b>	82,567,064
Non-controlling interest		<b>293,688</b>	237,406
<b>Total Equity</b>		<b>114,395,866</b>	82,804,470
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>₱458,459,847</b>	₱339,779,837

See accompanying Notes to Consolidated Financial Statements.

## GLOBE TELECOM, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME

		For the Years Ended December 31		
	Notes	2021	2020	2019
(In Thousand Pesos, Except Per Share Figures)				
<b>REVENUES</b>				
Service revenues		<b>₱151,513,592</b>	₱146,388,134	₱149,009,963
Nonservice revenues		<b>16,233,625</b>	14,131,408	17,650,374
	33	<b>167,747,217</b>	160,519,542	166,660,337
<b>INCOME (LOSSES)</b>				
Equity share in net income (losses) of associates and joint ventures	15	<b>881,535</b>	(2,367,440)	(2,554,782)
Interest income	22	<b>149,508</b>	194,938	500,437
Gain on disposal of property and equipment – net		<b>152,565</b>	33,244	43,012
Other income – net	23	<b>4,656,647</b>	3,817,211	1,047,007
		<b>5,840,255</b>	1,677,953	(964,326)
<b>COSTS AND EXPENSES</b>				
General, selling and administrative expenses	24	<b>69,852,068</b>	64,913,355	64,471,409
Depreciation and amortization	25	<b>41,132,992</b>	35,412,038	34,143,541
Cost of inventories sold	9	<b>18,072,557</b>	16,406,196	18,554,814
Interconnect costs	34	<b>1,182,381</b>	1,007,234	3,982,873
Financing costs	26	<b>8,740,763</b>	7,111,410	6,802,861
Impairment and other losses	27	<b>5,566,939</b>	10,207,599	4,913,137
		<b>144,547,700</b>	135,057,832	132,868,635
<b>INCOME BEFORE INCOME TAX</b>		<b>29,039,772</b>	27,139,663	32,827,376
<b>PROVISIONS FOR INCOME TAX</b>				
Current		<b>4,903,568</b>	8,139,602	8,488,595
Deferred		<b>412,347</b>	377,016	2,055,024
	29	<b>5,315,915</b>	8,516,618	10,543,619
<b>NET INCOME</b>		<b>23,723,857</b>	18,623,045	22,283,757
<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>1,188,210</b>	(725,684)	(1,213,355)
Exchange differences arising from translations of foreign investments		<b>31,416</b>	(3,385)	(106,988)
	21.8	<b>1,219,626</b>	(729,069)	(1,320,343)
<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>378,610</b>	1,362	440,349
Remeasurement gain (loss) on defined benefit plan		<b>600,124</b>	(1,817,274)	(1,373,043)
	21.8	<b>978,734</b>	(1,815,912)	(932,694)
<b>TOTAL OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>2,198,360</b>	(2,544,981)	(2,253,037)
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>₱25,922,217</b>	₱16,078,064	₱20,030,720

*(Forward)*

# **GLOBE TELECOM, INC. AND SUBSIDIARIES** **CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME**

		<b>For the Years Ended December 31</b>		
	<b>Notes</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<i>(In Thousand Pesos, Except Per Share Figures)</i>				
<b>Total net income attributable to:</b>				
Equity holders of the Parent		<b>₱23,652,811</b>	₱18,578,322	₱22,269,340
Non-controlling interest		<b>71,046</b>	44,723	14,417
		<b>23,723,857</b>	18,623,045	22,283,757
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Parent		<b>25,853,338</b>	16,033,341	20,016,303
Non-controlling interest		<b>68,879</b>	44,723	14,417
		<b>₱25,922,217</b>	₱16,078,064	₱20,030,720
<b>Earnings Per Share</b>				
Basic	30	<b>₱173.18</b>	₱135.04	₱162.96
Diluted	30	<b>₱172.25</b>	₱134.40	₱162.20
Cash dividends declared per common share	21.5	<b>₱108.00</b>	₱107.99	₱91.00

*See accompanying Notes to Consolidated Financial Statements.*



## **GLOBE TELECOM, INC. AND SUBSIDIARIES** **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the Year Ended December 31, 2021											
	Notes	Capital Stock (Note 21.2)	Additional Paid-in Capital	Cost of Share-Based Payments	Capital Securities (Note 21.3)	Other Reserves (Note 21.8)	Retained Earnings	Treasury Shares (Note 21.4)	Total Equity Attributable to Parent	Non- controlling Interest	Total
(In Thousand Pesos)											
As of January 1, 2021		₱8,464,211	₱37,001,626	₱638,323	₱-	(₱4,219,590)	₱40,682,494	₱-	₱82,567,064	₱237,406	₱82,804,470
Total comprehensive income for the period		-	-	-	-	2,200,527	23,652,811	-	25,853,338	68,879	25,922,217
Dividends on:	21.5										
Common Stock		-	-	-	-	-	(14,425,839)	-	(14,425,839)	-	(14,425,839)
Preferred Stock - voting		-	-	-	-	-	(50,027)	-	(50,027)	-	(50,027)
Preferred Stock – non-voting		-	-	-	-	-	(260,030)	-	(260,030)	-	(260,030)
Share-based compensation	28	-	-	439,827	-	-	-	-	439,827	-	439,827
Issue of shares under share-based compensation plan	21.2	9,324	225,000	(234,324)	-	-	-	-	-	-	-
Issuance of capital securities		-	-	-	29,977,845	-	-	-	29,977,845	-	29,977,845
Reclassification of fair value gain on investment in equity securities at FVOCI	21.8	-	-	-	-	(176,065)	176,065	-	-	-	-
Redemption of preference share		-	-	-	-	-	-	(10,000,000)	(10,000,000)	-	(10,000,000)
Dividends declared by subsidiary attributable to NCI		-	-	-	-	-	-	-	-	(20,582)	(20,582)
Non-controlling interest arising from business combination	14	-	-	-	-	-	-	-	-	8,874	8,874
Non-controlling interest adjustment arising from increase in ownership share		-	-	-	-	-	-	-	-	(889)	(889)
As of December 31, 2021		₱8,473,535	₱37,226,626	₱843,826	₱29,977,845	(₱2,195,128)	₱49,775,474	(₱10,000,000)	₱114,102,178	₱293,688	₱114,395,866

*(Forward)*



# **GLOBE TELECOM, INC. AND SUBSIDIARIES** **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the Year Ended December 31, 2020									
	Notes	Capital Stock (Note 21.2)	Additional Paid-in Capital	Share-Based Payments	Cost of Reserves (Note 21.8)	Other Retained Earnings	Total Equity Attributable to Parent	Non-controlling Interest	Total
<i>(In Thousand Pesos)</i>									
As of January 1, 2020		₱8,452,995	₱36,808,776	₱447,656	(₱1,766,610)	₱37,169,604	₱81,112,421	₱134,576	₱81,246,997
Total comprehensive income for the period	21.5	-	-	-	(2,544,981)	18,578,322	16,033,341	44,723	16,078,064
Dividends on:									
Common Stock		-	-	-	-	(14,403,344)	(14,403,344)	-	(14,403,344)
Preferred Stock - voting		-	-	-	-	(50,027)	(50,027)	-	(50,027)
Preferred Stock – non-voting		-	-	-	-	(520,060)	(520,060)	-	(520,060)
Share-based compensation	28	-	-	394,733	-	-	394,733	-	394,733
Issue of shares under share-based compensation plan	21.2	11,216	192,850	(204,066)	-	-	-	-	-
Reclassification of fair value gain on investment in equity securities at FVOCI	21.8	-	-	-	92,001	(92,001)	-	-	-
Non-controlling interest arising from business combination	14	-	-	-	-	-	-	58,107	58,107
As of December 31, 2020		₱8,464,211	₱37,001,626	₱638,323	(₱4,219,590)	₱40,682,494	₱82,567,064	₱237,406	₱82,804,470

*(Forward)*





# **GLOBE TELECOM, INC. AND SUBSIDIARIES** **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

For the Year Ended December 31, 2019										
Notes	Capital Stock (Note 21.2)	Additional Paid-in Capital	Share-Based Payments	Cost of	Reserves (Note 21.6)	Other	Retained Earnings	Total Equity Attributable to Parent	Non-controlling Interest	Total
<i>(In Thousand Pesos)</i>										
As of January 1, 2019, as previously stated	₱8,445,238	₱36,528,251	₱417,345	₱561,103	₱27,167,398	₱73,119,335	₱24,172	₱73,143,507		
Adjustment on initial application of PFRS 16, net of tax	3.2	-	-	-	-	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:	21.3									
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	28	-	-	325,160	-	-	-	325,160		
Exercise of stock options	21.2	499	11,354	(4,300)	-	-	-	7,553		
Issue of shares under share-based compensation plan										
Forfeiture of stock option	21.2	7,258	269,171	(276,429)	-	-	-	-		
Reclassification of accumulated share in an associate's other comprehensive income				(14,120)	-	9,884	-	(4,236)		
Reclassification of fair value gain on investment in equity securities at FVOCI	21.6	-	-	-	1,101	(1,101)	-	-		
Minority buyout from subsidiary										
Non-controlling interest arising from business combination	14	-	-	-	-	-	-	-		
As of December 31, 2019		₱8,452,995	₱36,808,776	₱447,656	(1,766,610)	₱37,169,604	₱134,576	₱81,112,421		
See accompanying Notes to Consolidated Financial Statements.										

## **GLOBE TELECOM, INC. AND SUBSIDIARIES** **CONSOLIDATED STATEMENTS OF CASH FLOWS**

		For the Years Ended December 31		
	Notes	2021	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<i>(In Thousand Pesos)</i>		
Income before income tax		<b>₱29,039,772</b>	₱27,139,663	₱32,827,376
Adjustments for:				
Depreciation and amortization	25	<b>41,132,992</b>	35,412,038	34,143,541
Impairment and other losses	27	<b>5,566,939</b>	10,207,599	4,913,137
Financing cost	26	<b>8,740,763</b>	7,111,410	6,802,861
Equity share in net (income) losses of associates and joint ventures	15	<b>(881,535)</b>	2,367,440	2,554,782
Gain on deemed sale of investment in Mynt	15	<b>(4,344,037)</b>	(2,042,441)	-
Foreign exchange losses (gains) – net	23	<b>3,656,218</b>	(1,690,842)	(848,394)
(Gain) loss on derivative instruments	23	<b>(3,214,633)</b>	1,579,746	809,540
Pension expense	28	<b>1,172,467</b>	898,536	1,121,653
Share-based compensation	28	<b>439,827</b>	394,733	325,160
Gain on debt renegotiation	23	-	(343,122)	-
Interest income	22	<b>(149,508)</b>	(194,938)	(500,437)
Gain on settlement and remeasurement of ARO	19, 23	<b>(74,433)</b>	(34,845)	(5,769)
Gain on disposal of property and equipment		<b>(152,565)</b>	(33,244)	(43,012)
Gain on sale of investment in associate	15, 23	-	-	(240,000)
Operating income before working capital changes		<b>80,932,267</b>	80,771,733	81,860,438
Changes in operating assets and liabilities:				
Decrease (Increase) in:				
Trade receivables – net		<b>(103,992)</b>	(4,949,952)	(2,424,629)
Inventories and supplies		<b>1,441,224</b>	(1,560,116)	(572,350)
Contract assets		<b>(2,028,853)</b>	1,316,067	158,341
Prepayments and other current assets		<b>(2,161,170)</b>	15,611,495	(5,301,967)
Other noncurrent assets		<b>(26,000)</b>	(21,339,684)	(258,528)
Increase (Decrease) in:				
Trade payables and accrued expenses		<b>(6,061,786)</b>	2,600,560	6,715,399
Other long-term liabilities		<b>(343,493)</b>	(1,441,720)	(741,332)
Contract liabilities and deferred revenues		<b>(777,163)</b>	446,948	697,416
Cash generated from operations		<b>70,871,034</b>	71,455,331	80,132,788
Income taxes paid		<b>(5,730,531)</b>	(6,295,333)	(6,090,569)
Net cash flows from operating activities		<b>65,140,503</b>	65,159,998	74,042,219
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to:				
Property and equipment		<b>(92,750,679)</b>	(60,268,935)	(50,975,224)
Investment in joint ventures	15	<b>(1,591,856)</b>	(1,532,500)	(3,305,000)
Intangible assets	12	<b>(57,661)</b>	(32,586)	(48,532)
Release of loans receivable from related parties	10	<b>(2,547,935)</b>	-	-
Collections of loans receivable from related party		<b>70,000</b>	358,620	70,000
Net cash outflow from acquisition of subsidiaries, net of cash acquired	14	-	(385,181)	(1,563,649)
Interest received		<b>136,152</b>	193,249	544,739
Proceeds from sale of property and equipment		<b>179,998</b>	93,154	101,463
Dividends received		-	-	21,368
Proceeds from sale of investment in equity securities		-	-	124,056
Net cash flows used in investing activities		<b>(96,561,981)</b>	(61,574,179)	(55,030,779)

*(Forward)*

## GLOBE TELECOM, INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the Years Ended December 31		
	Notes	2021	2020	2019
		(In Thousand Pesos)		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from borrowings:				
Long-term	18	<b>P50,733,809</b>	P43,998,820	<b>P5,000,000</b>
Short-term	18	<b>41,894,040</b>	18,440,000	-
Repayments of borrowings:				
Long-term	18	<b>(8,009,757)</b>	(12,928,496)	(16,745,816)
Short-term	18	<b>(42,258,800)</b>	(17,740,000)	(300,000)
Payments of dividends to stockholders:	21.5			
Common		<b>(14,425,839)</b>	(14,403,344)	(12,118,071)
Preferred		<b>(570,087)</b>	(570,087)	(570,087)
Redemption of non-voting preference share	21.4	<b>(10,000,000)</b>	-	-
Issuance of capital securities	21.3	<b>29,977,845</b>		
Exercise of stock options		-	-	7,553
Payments of lease liabilities	13	<b>(3,566,395)</b>	(1,536,853)	(1,298,341)
Interest paid		<b>(7,692,594)</b>	(6,770,877)	(7,232,591)
Dividend paid by subsidiary attributable to NCI		<b>(20,582)</b>	-	-
Net cash provided by (used in) financing activities		<b>36,061,640</b>	8,489,163	(33,257,353)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>4,640,162</b>	12,074,982	(14,245,913)
<b>NET FOREIGN EXCHANGE DIFFERENCE ON CASH AND CASH EQUIVALENTS</b>		<b>90,919</b>	(864,960)	(682,381)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>		<b>19,508,114</b>	8,298,092	23,226,386
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	5	<b>P24,239,195</b>	P19,508,114	<b>P8,298,092</b>

See accompanying Notes to Consolidated Financial Statements.



## GLOBE TELECOM, INC. AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1 Corporate Information

##### 1.1 *Globe Telecom, Inc.*

Globe Telecom, Inc. (hereafter referred to as "Globe Telecom" or the "Parent Company") is a stock corporation organized under the laws of the Philippines on January 16, 1935, and enfranchised under Republic Act (RA) No. 7229 and its related laws to render any and all types of domestic and international telecommunications services. Globe Telecom is one of the leading providers of digital wireless communications services in the Philippines under the Globe Postpaid and Prepaid, and Touch Mobile (TM). Globe provides digital mobile communication and internet-on-the-go services nationwide using a fully digital network based on the Global System for Mobile Communication (GSM), 3G, HSPA+, 4G, LTE and 5G technologies. It provides voice, SMS, data and value-added services to its mobile subscribers. It also offers domestic and international long distance communication services or carrier services. Globe Telecom's head office is located at The Globe Tower, 32nd Street corner 7th Avenue, Bonifacio Global City, Taguig, Metropolitan Manila, Philippines. Globe Telecom is listed in the Philippine Stock Exchange (PSE) and has been included in the PSE composite index since September 17, 2001. Major stockholders of Globe Telecom include Ayala Corporation (AC), Singapore Telecom International Pte Ltd. (Singtel) and Asiacom Philippines, Inc. None of these companies exercise control over Globe Telecom.

##### 1.2 *Innove Communications, Inc. (Innove)*

Globe Telecom owns 100% of Innove, a stock corporation organized under the laws of the Philippines and enfranchised under RA No. 11151 and its related laws to render any and all types of domestic and international telecommunications services. Innove holds a license to provide digital wireless communication services in the Philippines. Innove also has a license to establish, install, operate and maintain a nationwide local exchange carrier (LEC) service, particularly integrated local telephone service with public payphone facilities and public calling stations, and to render and provide international and domestic carrier and leased line services.

On November 2, 2015, Innove and Techzone Philippines incorporated TechGlobal Data Center, Inc. (TechGlobal), a joint venture company formed for the purpose of operating and managing all kinds of data centers, and providing information technology-enabled, knowledge-based and computer-enabled support services. Innove and Techzone hold ownership interest of 49% and 51%, respectively. TechGlobal started commercial operations in August 2017.

##### 1.3 *GTI Business Holdings, Inc. (GTI) and Subsidiaries*

Globe Telecom owns 100% of GTI. GTI was incorporated and registered under the laws of the Philippines, on November 25, 2008, as a holding company.

##### 1.4 *GTI Corporation (GTIC)*

In July 2009, GTI incorporated a wholly owned subsidiary, GTIC, a company organized under the General Corporation Law of the United States of America, State of Delaware as a wireless and data communication services provider.



### *1.5 Globe Telecom HK Limited (GTHK)*

In December 2011, GTI incorporated a wholly owned subsidiary, GTHK, a limited company organized under the Companies Ordinance of Hong Kong as a marketing and distribution company. On March 17, 2015, GTHK applied for a services-based operator license (SBO) with the Office of the Communications Authority in Hong Kong (OFCA) which was subsequently approved on May 7, 2015. As of June 1, 2020, the SBO was cancelled and surrendered to the OFCA and GTHK has been winding its operations. GTHK was previously engaged in the marketing and selling of telecommunication products and services in the international market, except the United States of America and the Philippines, under a distributor arrangement.

### *1.6 Globetel European Limited (GTEU)*

On May 10, 2013, GTI incorporated a wholly owned subsidiary, GTEU as holding company for the operating companies of the Globe Group located in the United Kingdom, Spain and Italy.

### *1.7 Globetel Singapore Pte. Ltd. (GTSG)*

On November 12, 2014, GTI incorporated GTSG, a wholly owned subsidiary, for the purpose of offering full range of international data services in Singapore under a facilities-based operations license (FBO) with Infocomm Media and Development Authority (IMDA) in Singapore which was granted on January 7, 2015.

### *1.8 Third Pillar Business Applications, Inc. (TPBAI) and Subsidiaries*

On August 17, 2020, GTI entered into a Share Purchase Agreement for the acquisition of 67% of TPBAI. TPBAI, a corporation organized under the laws of the Philippines, is engaged in systems integration, license reselling, and data management services. TPBAI owns 100% of Third Pillar Global Delivery Center Inc. (TPGDC), a corporation engaged in software implementation and maintenance services and the outsourcing arm of TPBAI.

On January 1, 2022, TPBAI incorporated Third Pillar Asia Pacific Pte. Ltd. (TPAPPL), a wholly owned subsidiary organized under the laws of Singapore, as part of TPBAI's expansion to Asia Pacific.

### *1.9 CaelumPacific Corp.(CaelumPacific) and Subsidiaries*

On July 30, 2020, GTI incorporated CaelumPacific, a wholly owned subsidiary organized under the laws of the Philippines for the purpose of providing technical consulting and IT related services.

On July 31, 2020, Caelum US Holdings Inc. (Caelum US), a wholly owned subsidiary of CaelumPacific, was incorporated under the laws of the state of Delaware as holding company.

On August 3, 2020, Caelum Northwest Corp. (Caelum Northwest), a wholly owned subsidiary of Caelum US, was incorporated under the laws of the state of Washington for the purpose of customized cloud software development and providing cloud consulting services.

On November 3, 2020, the definitive agreements between Caelum Group and Cascadeo have been signed and executed following the completion of all relevant conditions relating to the sale of assets of Cascadeo in the Philippines and the US. Cascadeo is a group of companies in the Philippines and US which offers cloud-native consulting and managed services capabilities for enterprises and small and medium business customers. The asset purchase agreement entered into by Caelum Group and Cascadeo entities also mandated a holding company established by the sellers in 16.67% of CaelumPacific's capital, effectively reducing GTIBH's ownership to 83.33%. On May 30, 2021, the Board of Directors approved GTIBH's additional capital infusion amounting to \$500,000, effectively increasing GTIBH's ownership to 85%





#### *1.10 KarmanEdge Inc. (KarmanEdge)*

On October 15, 2021, GTI incorporated KarmanEdge Inc. as a wholly owned subsidiary in the Philippines for the purpose of installing, building, owning, operating, maintaining and managing data centers and other related infrastructure, information technology equipment and facilities.

As of December 31, 2021, KarmanEdge has yet to commence commercial operations.

#### *1.11 Kickstart Ventures, Inc. (Kickstart) and Subsidiaries*

On March 28, 2012, Globe Telecom incorporated Kickstart, a stock corporation organized under the laws of the Philippines and formed primarily for the purpose of investing in individual, corporate, or start-up businesses, and to do research, technology development and commercializing of new business ventures.

In February 2014, Kickstart acquired 40% equity interest in Flipside Publishing Services, Inc. (FPSI). Since Kickstart was able to demonstrate control over FPSI despite having less than 50% ownership interest, FPSI was assessed to be a subsidiary of Kickstart and is included in the consolidation of Globe Group. FPSI is engaged in acquiring publishing rights to produce, publish, market, and sell printed and electronic books (e-books) and other electronic documents and content for international and domestic sales. FPSI ceased operations in July 2016. FPSI remains a dormant company as of reporting date.

In February 2020, Kickstart registered three Cayman Islands exempted companies with limited liabilities, namely (1) Kickstart Capital Co. Ltd. (KCCL), a wholly owned subsidiary of Kickstart; (2) AG Active Associated I, Limited (AAL), a wholly owned subsidiary of KCCL; and, (3) Kickstart Ventures Co. Ltd. (KVCL), a 65% owned subsidiary of KCCL. These entities were formed as a platform for the management of third party venture capital investment funds.

#### *1.12 Asticom Technology, Inc. (Asticom) and Subsidiaries*

On June 3, 2014, Globe Telecom acquired 100% of Asticom, a corporation primarily engaged in providing business process and shared service support, as well as IT system integration and consultancy services.

On August 20, 2020, Asticom incorporated its wholly owned subsidiary, Asti Business Services, Inc. (ABSI). ABSI was incorporated to leverage Asticom's business growth, particularly its full-BPO services offering.

On January 26, 2021, Asticom incorporated its wholly owned subsidiary, Fiber Infrastructure and Network Services Inc. (FINSI). FINSI was incorporated to provide end-to-end services and industry-specific solutions to telecommunications and telecommunications-related companies. On March 2021, FINSI started its commercial operation.

On April 12, 2021, Asticom incorporated its wholly owned subsidiary, BRAD Warehouse and Logistics Services Inc. (BRAD). BRAD was incorporated to engage in the business of transporting, shipping, receiving, storing and managing products and services using technology platforms for third-party providers.

On November 29, 2021, ABSI acquired 100% of HCX., a full-fledged systems integration company offering human capital, customer relationship management and digital solutions to its clients.



### *1.13 Globe Capital Venture Holdings Inc. (GCVHI) and Subsidiaries*

On June 29, 2015, Globe Telecom incorporated its wholly owned subsidiary, GCVHI as an investing and holding company primarily engaged in purchasing, subscribing, owning, holding, assigning real and personal property, shares of stock and other securities. In August 2019, GCVHI was rebranded to "917 Ventures" to house Globe Telecom's non-telco incubated products.

On October 13, 2015, GCVHI incorporated its wholly owned subsidiary Adspark Holdings, Inc. (AHI), a holding company established for the acquisition of additional investment in Globe Telecom's non-core business. AHI holds 100% of Adspark Inc. (AI), an advertising company. AI holds 100% of Socialytics Inc. (Socialytics), a social media marketing firm. On September 1, 2021, AHI acquired 100% of Techgroowers, Inc., a company engaged in data- and software-related services through the utilization of telecommunications facilities.

On February 4, 2020, GCVHI incorporated 917Ventures, Inc. as a holding company for GCVHI's business incubators.

### *1.14 Bayan Telecommunications Inc. (BTI) and Subsidiaries*

Globe owns 99% of BTI, a stock corporation organized under the laws of the Philippines and enfranchised under RA No. 11503 and its related laws to render domestic and international telecommunications services. BTI is a facilities-based provider of data services and fixed-line telecommunications.

BTI's subsidiaries are: Radio Communications of the Philippines, Inc. (RCPI), Telecoms Infrastructure Corp. of the Philippines (Telicphil), Sky Internet, Incorporated (Sky Internet), GlobeTel Japan (formerly BTI Global Communications Japan, Inc.), and NDTN Land, Inc. (NLI), (herein collectively referred to as "BTI Group").

### *1.15 TaoDharma Inc. (Tao)*

Globe Telecom owns 67% of Tao, an entity incorporated and registered under the laws of the Philippines. Tao operates and maintains retail stores in strategic locations within the Philippines that sells telecommunications or internet-related services, and devices, gadgets and accessories.

### *1.16 GTowers Inc (GTowers)*

On August 17, 2018, GTowers was incorporated as a wholly owned subsidiary of Globe Telecom. GTowers is still under pre-operating stage as of reporting date.

### *1.17 Yondu, Inc. and a Subsidiary*

Globe Telecom owns 100% of Yondu an entity engaged in the development and creation of wireless products and services accessible through mobile devices or other forms of communication devices. It also provides internet and mobile value-added services, information technology and technical services including software development and related services. Yondu is registered with the Department of Transportation and Communication (DOTC) as a content provider.

Yondu holds 100% of Rocket Search, Inc. (formerly Yondu Software Labs, Inc.), a company primarily engaged in providing information technology (IT) products and services and engaged in IT placement services.



### *1.18 Electronic Commerce Payments, Inc. (ECPay)*

On October 25, 2019, Globe Telecom acquired 77% ownership of ECPay. ECPay is primarily engaged in the business of providing IT and e-commerce solutions, including, but not limited to, prepaid phone and internet products, bills payments and others.

## **2 Summary of Significant Accounting Policies**

### *2.1 Basis of Preparation and Presentation*

The consolidated financial statements of Globe Telecom, Inc. and its subsidiaries, collectively referred to as the "Globe Group", have been prepared under the historical cost convention method, except for:

- certain financial instruments carried at fair value;
- certain financial instruments and lease liabilities carried at amortized cost;
- inventories carried at net realizable value;
- investments in associates and joint ventures in which equity method of accounting is applied; and,
- retirement benefit obligation measured at the present value of the defined benefit obligation net of the fair value of the plan assets.

The consolidated financial statements of the Globe Group are presented in Philippine Peso (₱), which is Globe Telecom's functional currency, and rounded to the nearest thousands, except when otherwise indicated.

On February 8, 2022, the BOD approved and authorized the release of the consolidated financial statements of Globe Telecom, Inc. and its subsidiaries as of December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021.

### *2.2 Statement of Compliance*

The consolidated financial statements of the Globe Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), which includes all applicable PFRS, Philippine Accounting Standards (PAS), and Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), Philippine Interpretations Committee (PIC), and Standing Interpretations Committee (SIC) as approved by the Financial Reporting Standards Council (FRSC) and the Board of Accountancy, and adopted by the Securities and Exchange Commission (SEC).

### 2.3 Composition of the Group

The accompanying 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	
			2021	2020
Innove	Philippines	Wireline voice and data communication services	<b>100%</b>	100%
GTI	Philippines	Holding company	<b>100%</b>	100%
GTIC	United States	Wireless and data communication services	<b>100%</b>	100%
GTHK	Hong Kong	Marketing and distribution company	<b>100%</b>	100%
GTSG	Singapore	Wireless and data communication services	<b>100%</b>	100%
GTEU	United Kingdom	Holding company	<b>100%</b>	100%
TPBAI	Philippines	Data management services	<b>67%</b>	67%
TPGDC	Philippines	Support and shared services provider	<b>100%</b>	100%
TPAPPL <sup>4</sup>	Singapore	Data management services	<b>100%</b>	-
CaelumPacific	Philippines	Technical consulting and IT related services	<b>85%</b>	100%
Caelum US	United States	Holding company	<b>100%</b>	100%
Caelum Northwest	United States	Cloud software development and consulting services	<b>100%</b>	100%
KarmanEdge <sup>2</sup>	Philippines	Data center management	<b>100%</b>	-
KVI	Philippines	Venture capital company	<b>100%</b>	100%
FPSI <sup>1</sup>	Philippines	E-book solutions	<b>40%</b>	40%
KCCL	Cayman Islands	Management of capital investment funds	<b>100%</b>	100%
KVCL	Cayman Islands	Management of capital investment funds	<b>65%</b>	65%
AAAL	Cayman Islands	Management of capital investment funds	<b>100%</b>	100%
Asticom	Philippines	Support and shared services provider	<b>100%</b>	100%
ABSI	Philippines	Support and shared services provider	<b>100%</b>	100%
HCX <sup>3</sup>	Philippines	Human capital management services	<b>100%</b>	-
FINSI <sup>2</sup>	Philippines	Support and industry specific solutions	<b>100%</b>	-
BRAD <sup>2</sup>	Philippines	Warehouse and logistics	<b>100%</b>	-
GCVHI	Philippines	Holding Company	<b>100%</b>	100%
917V	Philippines	Venture capital company	<b>100%</b>	100%
AHI	Philippines	Holding company	<b>100%</b>	100%
AI	Philippines	Advertising company	<b>100%</b>	100%
Socialytics	Philippines	Advertising company	<b>100%</b>	100%
Techgroowers <sup>3</sup>	Philippines	Data and software related services	<b>100%</b>	-
BTI	Philippines	Wireline voice and data communication services	<b>99%</b>	99%
RCPI	Philippines	Wireline communication services	<b>91%</b>	91%
Telicphil <sup>1</sup>	Philippines	Telco equipment administration and maintenance	<b>58%</b>	58%
Sky Internet	Philippines	Data communication services	<b>100%</b>	100%
GlobeTel Japan	Japan	Wireless and data communication services	<b>100%</b>	100%
NLI	Philippines	Land holding company	<b>70%</b>	70%
Tao	Philippines	Distribution company	<b>67%</b>	67%
GTowers Inc.	Philippines	Tower company	<b>100%</b>	100%
Yondu	Philippines	Information technology and software development	<b>100%</b>	100%
Rocket Search	Philippines	Information technology and software development	<b>100%</b>	100%
EC Pay	Philippines	Information technology and electronic services	<b>77%</b>	77%

<sup>1</sup> Ceased operations

<sup>2</sup> Incorporated in 2021

<sup>3</sup> Consolidated in 2021

<sup>4</sup> Incorporated in 2022

## *2.4 Business Combination and Goodwill*

Acquisitions of businesses are accounted for using the purchase method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Globe Group, liabilities incurred by the Globe Group to the former owners of the acquiree and the equity interest issued by the Globe Group in exchange for control of the acquiree. Acquisition related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with PAS 12, Income Taxes and PAS 19, Employee Benefits, respectively;
- liabilities and equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangement of the Globe Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with PFRS 2, Share-based Payment, at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with PFRS 5, Non-current assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in the consolidated profit or loss as bargain purchase gain.

Goodwill is not amortized but is reviewed for impairment at least annually. For purposes of impairment testing, goodwill is allocated to each of the Globe Group's cash-generating units that are expected to benefit from the synergies of the combination. In certain circumstances where it is not possible to complete the initial allocation of the goodwill to a CGU or group of CGUs for impairment purposes before the end of the annual period in which the combination is effected, the goodwill (or part of it) is left unallocated for that period. Goodwill must then be allocated before the end of the first annual period beginning after the acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another PFRS.

When the consideration transferred by the Globe Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional



information obtained during the measurement period (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the changes in fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with PFRS 9, Financial Instruments, or PAS 37, Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Globe Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amount arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Globe Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

#### *2.4.1 Consolidation procedures*

The assets, liabilities, income and expense of subsidiaries are consolidated from the date on which control is transferred to the Parent Company and ceases to be consolidated from the date on which control is transferred out of the Parent Company.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company as well as accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Globe Group's accounting policies.

All significant intercompany balances and transactions, including intercompany profits and losses, were eliminated in full during consolidation.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Globe Group's foreign operations are translated into Philippine Peso using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising from the translation, if any, are recognized in other comprehensive income and accumulated in other equity reserves.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity reserves in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

#### *2.4.2 Determination of control*

The Parent Company controls an investee if and only if the Parent Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Parent Company's voting rights and potential voting rights.

The Globe Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

#### *2.4.3 Non-controlling interest*

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Globe Group. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly-owned and are presented in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position, separately from the equity attributable to the Parent Company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having deficit balance.

#### *2.4.4 Changes in ownership without loss of control*

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amounts of the Globe Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the equity holders of the Parent Company.

#### *2.4.5 Changes in ownership with loss of control*

If the Globe Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resulting gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

## 2.5 *Financial Instruments*

### 2.5.1 *Initial Recognition*

Financial instruments are recognized in the Globe Group's consolidated statements of financial position when the Globe Group becomes a party to the contractual provisions of the instrument.

Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the trade date, i.e., the date that the Globe Group commits to purchase or sell the asset.

Financial instruments are recognized initially at fair value. Transaction costs are included in the initial measurement of the Group's financial instruments, except for financial instruments classified at fair value through profit or loss (FVPL).

### 2.5.2 *Classification and Subsequent Measurement of Financial Assets*

The Globe Group classifies its financial assets into the following categories: financial assets at FVPL, financial assets at amortized cost and financial assets at fair value through other comprehensive income (FVOCI).

#### 2.5.2.1 *Financial assets at FVPL*

The Globe Group classifies the following investments as financial assets at FVPL:

- investments in equity securities unless irrevocably elected at initial recognition to be measured at FVOCI;
- investments in debt instruments held within a business model whose objective is to sell prior to maturity or has contractual terms that does not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, unless designated as effective hedging instruments under a cash flow hedge;
- investments that contain embedded derivatives; and
- investment in debt instruments designated as financial assets at FVPL at initial recognition.

Financial assets at FVPL are carried at fair value at the end of each reporting period with any resultant gain or loss recognized in profit or loss.

Financial assets classified under this category are disclosed in [Note 32.1](#).

#### 2.5.2.2 *Financial assets at amortized cost*

Investments in debt instrument, loans, trade and other receivables that are held within a business model whose objective is to collect the contractual cash flows and has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are classified as financial assets at amortized cost, unless the asset is designated at FVPL under the fair value option.

Subsequent to initial recognition, financial assets classified under this category are measured at amortized cost using effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is not material.

Financial assets classified under this category are disclosed in [Note 32.1](#).

### *2.5.2.3 Financial assets at fair value through other comprehensive income*

The Globe Group classifies the following investments as financial assets at FVOCI:

- Investments in debt instrument that is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, unless the asset is designated at FVPL under the fair value option;
- Investments in equity securities irrevocably elected to be measured at FVOCI; and
- Derivative designated as effective hedging instruments under cash flow hedges.

Financial assets at FVOCI are carried at fair value at the end of each reporting period. Changes in the carrying amount financial assets at FVOCI arising from movements in fair value are recognized in other comprehensive income and accumulated in other equity reserves. When the investment is disposed of, the cumulative gain or loss previously accumulated in equity reserves is reclassified directly to retained earnings.

Financial assets classified under this category are disclosed in [Notes 32.1](#).

### *2.5.3 Impairment of Financial Assets at amortized cost*

The Globe Group assesses at end of the reporting date whether a financial asset or group of financial assets is impaired.

The Globe Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost, loans, trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Globe Group applies the simplified ECL approach and always recognizes lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the characteristics of the product and payment behavior of the subscriber at the reporting date.

For all other financial instruments, the Globe Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Globe Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Globe Group measures ECL on an individual basis, or on a collective basis for portfolios of receivables that share similar economic risk characteristics.

### *Significant increase in credit risk*

In assessing whether the credit risk on non-trade receivables has increased significantly since initial recognition, the Globe Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Globe Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information. The forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Despite the foregoing, the Globe Group assumes that the credit risk on non-trade receivables has not increased significantly since initial recognition if the instrument is determined to have low credit risk at the reporting date. The Globe Group considers a financial asset to have low credit risk when the counterparty has a strong financial position and there is no past due amounts. An instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Globe Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.



### *Definition of default*

For subscribers receivable and contract assets, the Globe Group considers that default has occurred when the subscriber has been permanently disconnected.

For all other receivables, The Globe Group considers the following as constituting an event of default as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Globe Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Globe Group considers that default has occurred when a financial asset is more than 90 days past due unless the Globe Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

### *Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

### *Write-off policy*

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, (e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the Group has effectively exhausted all collection efforts). Financial assets written off may still be subject to enforcement activities under the Globe Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

### *Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, this is represented by the assets' gross carrying amount at the reporting date.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Globe Group in accordance with the contract and all the cash flows that the Globe Group expects to receive, discounted at the original effective interest rate.

If the Globe Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Globe Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets such as trade receivables and contract assets for which simplified approach was used.

The Globe Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

#### *2.5.4 Classification of financial liabilities and equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument.

##### *2.5.4.1 Classification and Subsequent Measurement of Financial liabilities*

The Globe Group further classifies its financial liabilities into financial liabilities at FVPL and financial liabilities at amortized cost. The classification depends on the nature and purpose of the financial liability and is determined at the time of initial recognition.

###### *2.5.4.1.1 Financial liabilities at FVPL*

This category consists of financial liabilities that were designated by management as FVPL on initial recognition and derivative financial liabilities not designated as effective hedging instruments under cash flow hedges.

Financial liabilities at FVPL are carried in the consolidated statements of financial position at fair value, with changes in fair value recognized in profit or loss.

Financial liabilities classified under this category are disclosed in [Note 32](#).

###### *2.5.4.1.2 Financial liabilities at amortized cost*

Loans, trade and other payables which are not designated as financial liabilities at FVPL are classified as financial liabilities at amortized cost. Financial liabilities classified under this category are subsequently measured at amortized cost using the effective rate method. Financial liabilities classified under this category is disclosed in [Note 32](#).

###### *2.5.4.1.3 Equity instruments*

###### *Capital Stock*

Capital stock is recognized as issued when the stock is paid for or subscribed under a binding subscription agreement and is measured at par value. The transaction costs incurred as a necessary part of completing an equity transaction are accounted for as part of that transaction and are deducted from additional paid-in capital, net of related income tax benefits.

###### *Additional Paid-in Capital*

Additional paid-in capital includes any premium received in excess of par value on the issuance of capital stock.



### *Capital Securities*

Capital Securities are perpetual securities in respect of which there is no fixed redemption date and the redemption is at the option of the Globe Group. The Globe Group also has the sole and absolute discretion to defer payment of any or all of the distribution.

The proceeds received from the issuance of the securities are credited to capital securities account under the equity section of the consolidated statements of financial position. Incremental costs directly attributable to the issuance of capital securities are recognized as a deduction from equity, net of tax.

### *Treasury Shares*

Own equity instruments which are reacquired are carried at cost and deducted from equity. No gain or loss is recognized on the purchase, sale, reissuance or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued and to retained earnings for the remaining balance.

### *Retained Earnings*

Retained earnings represent accumulated profit attributable to equity holders of the Parent Company after deducting dividends declared. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions.

#### *2.5.5 Derivative Instruments*

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedge of an identified risk and qualifies for hedge accounting treatment. The objective of hedge accounting is to match the impact of the hedged item and the hedging instrument in the consolidated profit or loss. To qualify for hedge accounting, the hedging relationship must comply with requirements such as the designation of the derivative as a hedge of an identified risk exposure, hedge documentation, probability of occurrence of the forecasted transaction in a cash flow hedge, assessment (both prospective and retrospective bases) and measurement of hedge effectiveness, and reliability of the measurement bases of the derivative instruments.

Upon inception of the hedge, the Globe Group documents the relationship between the hedging instrument and the hedged item, its risk management objective and strategy for undertaking various hedge transactions, and the details of the hedging instrument and the hedged item. The Globe Group also documents its hedge effectiveness assessment methodology, both at the hedge inception and on an ongoing basis, as to whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Hedge effectiveness is likewise measured, with any ineffectiveness being reported immediately in the consolidated profit or loss.

#### *2.5.5.1 Types of Hedges*

The Globe Group designates derivatives which qualify as accounting hedges as either:

- a hedge of the fair value of a recognized fixed rate asset, liability or unrecognized firm commitment (fair value hedge); or
- a hedge of the cash flow variability of recognized floating rate asset and liability or forecasted sales transaction (cash flow hedge).

#### *Fair Value Hedges*

Fair value hedges are hedges of the exposure to variability in the fair value of recognized assets, liabilities or unrecognized firm commitments. The gain or loss on a derivative instrument designated as a fair value hedge, as well as the offsetting loss or gain on the hedged item attributable to the hedged risk, are recognized in the consolidated profit or loss in the same accounting period. Hedge effectiveness is determined based on the hedge ratio of the fair value changes of the hedging instrument and the underlying hedged item. When the hedge ceases to be highly effective, hedge accounting is discontinued.

#### *Cash Flow Hedges*

A cash flow hedge is a hedge of the exposure to variability in future cash flows related to a recognized asset, liability or a forecasted sales transaction. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognized in other comprehensive income and accumulated in other equity reserves. Any hedge ineffectiveness is immediately recognized in the consolidated profit or loss.

If the hedged cash flow results in the recognition of a nonfinancial asset or liability, gains and losses previously recognized in other comprehensive income are transferred from equity and included in the initial measurement of the cost or carrying value of the asset or liability. Otherwise, for all other cash flow hedges, gains and losses initially recognized in equity are transferred to consolidated profit or loss in the same period or periods during which the hedged forecasted transaction or recognized asset or liability affect earnings.

Hedge accounting is discontinued prospectively when the hedge ceases to be highly effective. When hedge accounting is discontinued, the cumulative gains or losses on the hedging instrument that has been recognized in OCI is retained in other equity reserves until the hedged transaction impacts consolidated profit or loss. When the forecasted transaction is no longer expected to occur, any net cumulative gains or losses previously recognized in other equity reserves is immediately reclassified in the consolidated profit or loss.

#### *2.5.6 Other Derivative Instruments Not Accounted for as Accounting Hedges*

Certain freestanding derivative instruments that provide economic hedges under the Globe Group's policies either do not qualify for hedge accounting or are not designated as accounting hedges. Changes in the fair values of derivative instruments not designated as hedges are recognized immediately in the consolidated profit or loss.

#### *2.5.7 Offsetting*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

## *2.5.8 Derecognition of Financial Instruments*

### *2.5.8.1 Financial Asset*

The Globe Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when the Globe Group transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Globe Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Globe Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Globe Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Globe Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable are recognized in the consolidated profit or loss.

### *2.5.8.2 Financial Liability*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. On derecognition of financial liabilities, the difference between the carrying amount of the financial liability derecognized and the sum of consideration paid and payable is recognized in the consolidated profit or loss.

#### *Modification of Debt Terms in a Financial Liability*

A modification of debt terms may include changes to stated interest rate for the remaining original life of the debt, maturity date or dates, currency denomination, and face amount of the debt, among others.

A substantial modification of the terms in a financial liability is accounted for as an extinguishment of the original liability and recognition of a new liability.

When the modification of debt terms in a financial liability is not substantial, the revised cash flows as a result of the modification should be discounted at the date of the modification at the original effective interest rate. The difference between the carrying amount of the liability immediately before the modification and the sum of the present value of the cash flows of the modified liability discounted at the original EIR should be recognized in profit or loss as a modification gain or loss.

A modification is deemed to be substantial if the net present value of the cash flows under the modified terms, including any fees paid or received, is at least 10 per cent different from the net present value of the remaining cash flows of the liability prior to the modification, both discounted at the original effective interest rate of the liability prior to the modification.

## *2.6 Inventories*

Inventories are initially measured at cost. Subsequently, inventories are stated at the lower of cost and net realizable value. The costs of inventories are calculated using the moving average method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

When the net realizable value of the inventories is lower than the cost, the Globe Group provides for an allowance for the decline in the value of the inventory and recognizes the write-down as an expense in the consolidated profit or loss. The amount of any reversal of any write-down of



inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized.

### *2.7 Prepayments*

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the consolidated statement of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one year. Otherwise, prepayments are classified as non-current assets.

### *2.8 Value Added Tax (VAT)*

Input VAT is recognized when the Globe Group purchases goods or services from a VAT registered supplier or vendor.

### *2.9 Property and Equipment*

Property and equipment are initially measured at cost. The cost of an item of property and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the future costs of dismantling and removing the item and restoring the site on which it is located.

The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Major spare parts and stand-by equipment qualify as property and equipment when the Globe Group expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property and equipment, they are accounted for as property and equipment.

At the end of each reporting period, items of property and equipment are carried at cost less any subsequent accumulated depreciation and impairment losses.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Globe Group. All other subsequent expenditures are recognized as expenses in the period in which those are incurred.

Depreciation is computed on the straight-line method based on the estimated useful lives (EUL) of the assets as follows:

	Years
Telecommunications equipment:	
Tower	20
Switch	7-10
Outside plant, cellsite structures and improvements	10-20
Distribution dropwires and other wireline asset	2-10
Cellular equipment and others	3-10
Buildings	20-25
Cable systems	5-20
Office equipment	3-7
Transportation equipment	3-5

Leasehold improvements are amortized over the shorter of their EUL of 5 years or the corresponding lease terms.

The EUL of property and equipment are reviewed annually based on expected asset utilization or expected future technological developments and market behavior including shift in subscribers' requirements.

Assets in the course of construction are carried at cost, less any recognized impairment loss. These are transferred to the related property and equipment account when the construction or installation and the related activities necessary to prepare the property and equipment for their intended use are complete, and the property and equipment are ready for service. Depreciation of these assets, on the same basis as other property and equipment, commences at the time the assets are ready for their intended use.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated profit or loss.

## 2.10 Intangible Assets

### *Intangible assets acquired separately*

Intangible assets with finite useful lives that are acquired separately are initially recognized at cost. Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their EUL. The EUL and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

### *Internally-generated intangible assets*

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following conditions have been demonstrated:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;

- intention to complete the intangible asset and use or sell it;
- ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in the consolidated profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

#### *Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination and recognized separately from goodwill are recognized initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortization of intangible asset is computed based on the EUL of the assets below:

	Years
Software	3-10
Spectrum and franchise	10
Customer contracts	4
Merchant networks	4-21

#### *Derecognition of Intangible assets*

Intangible assets are derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated profit or loss.

#### *2.11 Investments in Associate and Joint Venture*

An associate is an entity over which the Globe Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those investees.

A joint venture (JV) is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

Investments in associate or JV are measured initially at cost. Subsequent to initial recognition, the Globe Group's investments in its associate and JV are accounted for using the equity method. Under the equity method, the investments in an associate and JV are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Globe Group's share in net assets of the associate and JV, less any allowance for impairment losses. The consolidated profit or loss includes the Globe Group's share in the results of operations of its associate or JV. Any change in OCI of those investees is presented as part of the Globe Group's OCI. In addition, where there has been a change recognized directly in the equity of the associate or JV, the Globe Group recognizes its share of any changes and presents this, when applicable, directly in equity.

When the share of losses recognized under the equity method has reduced the investment to zero, the Globe Group shall discontinue recognizing its share of further losses and apply it to other interests that, in substance, form part of the Globe Group's net investment in the associate or JV. If the associate or JV subsequently reports profits, the Globe Group will resume recognizing its share of those profits only after its share of the profits equal the share in losses not recognized.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Globe Group.

The Globe Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Globe Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Globe Group measures the retained interest at fair value at that date and the fair value is regarded as its new carrying amount. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is recognized in the consolidated profit or loss. In addition, the Globe Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Globe Group reduces its ownership interest in an associate or a joint venture but the Globe Group continues to use the equity method, the Globe Group derecognizes the portion of the carrying amount of the investment that was disposed of. The difference between the amount of investment derecognized and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

The Globe Group's interest in an associate or a joint venture may also be reduced other than by an actual disposal. Such a reduction in interest, which is commonly referred to as a deemed disposal, may arise for a number of reasons, including:

- the investor does not take up its full allocation in a rights issue by the associate or joint venture;
- the associate or joint venture declares scrip dividends which are not taken up by the investor so that its proportional interest is diminished;
- another party exercises its options or warrants issued by the associate or joint venture; or
- the associate or joint venture issues shares to third parties.

The Globe Group accounts for a deemed disposal on the same basis as a regular disposal. Any resulting gain or loss on deemed disposal is recognized in the consolidated profit or loss.

## *2.12 Impairment of Nonfinancial Assets*

At the end of each reporting period, the Globe Group assesses whether there is any indication that any of its tangible and intangible assets with finite useful lives may have suffered an

impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

At the time of impairment testing a cash-generating unit to which goodwill has been allocated, there may be an indication of an impairment of an asset within the unit containing the goodwill. In such circumstances, the asset is tested for impairment first, and an impairment loss is recognized for that asset before testing for impairment the cash-generating unit containing the goodwill.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized as an expense. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognized in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. A reversal of an impairment loss is recognized as income. Impairment losses relating to goodwill cannot be reversed in future periods.

### *2.13 Provisions*

Provisions are recognized when the Globe Group has a present obligation, either legal or constructive, as a result of a past event and it is probable that the Globe Group will be required to settle the obligation through an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.



Provisions are reviewed at end of each reporting period and adjusted to reflect the current best estimate.

If it is no longer probable that a transfer of economic benefits will be required to settle the obligation, the provision should be reversed.

#### *2.13.1 Asset Retirement Obligation (ARO)*

The net present value of legal obligations associated with the retirement of an item of property and equipment that resulted from the acquisition, construction or development and the normal operation of property and equipment is recognized in the period in which it is incurred. The retirement obligation is initially measured at the present value of the estimated future dismantlement or restoration cost using current market borrowing rates. Subsequently, the discount is amortized as interest expense.

#### *Changes in Existing Decommissioning, Restoration and Similar Liabilities*

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, are accounted as follows:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period, except that the amount deducted from the cost of the asset must not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in the consolidated profit or loss; and
- if the adjustment results in an addition to the cost of an asset, the entity should consider whether this may indicate that the new carrying amount of the asset may not be fully recoverable. If so, the asset should be tested for impairment.

#### *2.14 Contingent liabilities and contingent assets*

Contingent liabilities and assets are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Globe Group.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are disclosed only if an inflow of economic benefits is probable. Contingent assets are recognized only in an inflow of economic benefits is virtually certain.

#### *2.15 Revenue Recognition*

Revenue is measured based on the consideration specified in an arrangement with the customer, net of any amounts collected on behalf of third parties. The Globe Group recognizes revenue upon transfer of control of a product or service to a customer.

In arrangements where another party is involved in providing the services, the Globe Group assesses whether the nature of its promise in the arrangement is to provide the specified services itself or to arrange for those services to be provided by the other party. If the promise in an arrangement is to provide the services itself, the Globe Group recognizes the service revenue at gross amount of consideration, with the amount remitted to the other party being recognized as expense. However, if the promise is to simply arrange for those services to be provided by the other party, the Globe Group recognizes service revenues equivalent only to the extent of fees or commission to which it expects to be entitled in exchange for arranging



the services.

The Globe Group recognizes revenues from the following sources:

- Mobile services provided to subscribers at prepaid or postpaid arrangements such as Short Messaging Services (SMS), voice, data communication, and other value added services (Note 2.15.1);
- Wireline services provided to subscribers under subscription arrangements such as, voice, corporate communication, and home broadband internet (Note 2.15.1);
- Inbound traffic originating from other telecommunications providers that terminates at Globe Group's network (Note 2.15.2);
- Inbound roaming due from foreign carriers (Note 2.15.3);
- Postpaid wireless communication services bundled with sale of handsets and other devices (Note 2.15.4);
- Postpaid wireline communication services bundled with equipment installation services (Note 2.15.5);
- Leases, interests and management fees (Note 2.15.7).

#### *2.15.1 Mobile and wireline services*

Monthly service fees from mobile and wireline services under postpaid subscriptions are recognized as service revenues throughout the subscription period.

Proceeds from over-the-air reloading channels and sale of prepaid cards are initially recognized as deferred revenues. These are eventually credited to service revenues upon actual usage of load value. Any unused remaining load value after the prescribed validity period are immediately recognized as service revenue.

Subscription to promotional offer of SMS, voice, data communication, broadband internet, and other services, are recognized as service revenue over the promotional period.

#### *2.15.2 Inbound traffic*

Inbound traffic originating from other telecommunications providers that terminates at the Globe Group's network are recognized as service revenues in the period the inbound traffic occurred based on agreed rates with the other telecommunication providers.

#### *2.15.3 Inbound roaming services*

Service revenues from foreign carriers for inbound roaming transactions at the Globe Group's network are recognized in the period the inbound roaming connection is provided.

#### *2.15.4 Postpaid mobile services and sale of mobile handsets and other devices*

The Globe Group provides postpaid wireless communication services which are bundled with sale of mobile handsets and other devices. The postpaid wireless communication services and the sale of devices are considered two separate performance obligations which are capable of being distinct and separately identifiable. The Globe Group allocates the contract consideration between the two performance obligations based on their corresponding relative stand-alone selling prices (SSP). The stand-alone selling prices are determined based on the expected cost plus margin or adjusted market approach. The amount allocated to the postpaid wireless communication service is recognized as service revenue over the period of subscription. Any amount allocated to the sale of device is immediately recognized as non-service revenue upon delivery of the item. Contract assets are recognized for the unbilled portion of the consideration allocated to the sale of devices which are subsequently reduced as the monthly service fees are billed to the subscribers.

#### *2.15.5 Postpaid subscription to wireline services and equipment installation services*

The Globe Group provides equipment installation services which are bundled with postpaid wireline services. The promise to install the equipment is not considered as a distinct service from the postpaid wireline service since the subscriber may not be able to benefit from the installation services without the availability of the postpaid wireline services. Accordingly, the two services are deemed as one performance obligation.

Service revenues from the equipment installation and postpaid wireline services are recognized over time throughout the period of subscription. Outright payments received from the installation services are initially recognized as contract liabilities and subsequently credited to service revenues over the period of subscription.

#### *2.15.6 Globe Rewards*

The Globe Group operates Globe Rewards Program through which subscribers accumulate points upon purchase of certain products and services. The Globe Rewards points may be redeemed in the form of mobile promos, bill rebates, gadgets and gift certificates, or use the earned points as cash at partner stores. The promise to provide free products and rebates to the subscribers give rise to a performance obligation that is distinct and separately identifiable. Accordingly, the Globe Group allocates a portion of the transaction price from its service revenues to Globe Rewards points awarded to subscribers based on its relative stand-alone selling price and the estimated number of points that will be eventually redeemed. The stand-alone selling price per point is estimated based on the discount or free products to be given when the points are redeemed by the subscriber. Amounts allocated to Globe Rewards points are initially recognized as deferred revenues and subsequently credited as service revenues either upon redemption of points or upon expiration.

#### *2.15.7 Other income*

##### *2.15.7.1 Interest*

Interest income is recognized as it accrues using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the net carrying amount on initial recognition.

##### *2.15.7.2 Lease*

Lease income from operating lease is recognized on a straight-line basis over the lease term.

##### *2.15.7.3 Management fees*

Management fee is recognized when services are provided.

#### *2.15.8 Deferred contract costs*

Costs to obtain contracts with customers that would not have been incurred if the contracts were not obtained are recognized as deferred contract costs. Deferred contract costs are subsequently recognized as expense on a straight-line basis over the contract period.

Costs to obtain contracts with customers that would have been incurred irrespective of whether the contract were obtained are immediately recognized as expense.

Costs incurred to fulfill a contract are capitalized as deferred contract costs if all of the following conditions are met:

- The costs relate directly to a contract or to an anticipated contract that the Globe Group can specifically identify;
- The costs generate or enhance resources of the Globe Group that will be used in satisfying performance obligation in the future; and
- The costs are expected to be recovered.

## *2.16 Expense recognition*

Expenses are recognized in the consolidated profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Expenses are recognized in the consolidated profit or loss on the basis of: (i) a direct association between the costs incurred and the earning of specific items of income; (ii) systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or (iii) immediately when an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the consolidated statements of financial position as an asset.

Expenses in the consolidated statements of comprehensive income are presented using the nature of expense method.

## *2.17 Staff Costs*

### *2.17.1 Short-term benefits*

The Globe Group recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. A liability is also recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Globe Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

### *2.17.2 Post Employment benefits*

The Globe Group has a funded non-contributory defined benefit retirement plan. For the defined benefit retirement plan, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statements of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Past service cost is recognized in the consolidated profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)
- Net interest expense or income
- Remeasurement

The Globe Group presents service cost and interest in the consolidated profit or loss in the line item pension costs and finance cost, respectively. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

Plan assets are assets held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Globe Group, nor can they be paid directly to the Globe Group. Fair value of plan assets is based on market price information.

### *2.18 Share-based Payment Transactions*

The cost of equity-settled transactions with employees and directors is measured by reference to the fair value at the date at which they are granted. In valuing equity-settled transactions, vesting conditions, including performance conditions, other than market conditions (conditions linked to share prices), shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Instead, vesting conditions are taken into account in estimating the number of equity instruments that will vest.

The cost of equity-settled transactions is recognized in the consolidated profit or loss, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the management of the Globe Group at that date, based on the best available estimate of the number of equity instruments, will ultimately vest. Costs of exercised awards plus the corresponding strike amount are reclassified to the appropriate capital accounts.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any increase in the value of the transaction as a result of the modification, measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share (EPS).

### *2.19 Borrowing Costs*

Borrowing costs are capitalized if these are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities for the asset's intended use are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are ready for their intended use. Borrowing costs include interest charges and other related financing charges incurred in connection with the borrowing of funds, as well as exchange differences arising from foreign currency borrowings used to finance these projects to the extent that they are regarded as an



adjustment to interest costs.

Other borrowing costs are recognized as expense in the period in which these are incurred.

## *2.20 Leases*

### *2.20.1 Globe Group as Lessee*

The Globe Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

#### *Short-term leases and leases of low value assets*

For short-term leases and leases of low value assets, the Globe Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

In identifying the lease term, the Globe Group takes into account the non-cancellable period for which it has the right to use the underlying asset, together with all of the following:

- the periods covered by an enforceable option to extend the lease (if the Globe Group is reasonably certain to exercise that option); and
- the periods covered by an enforceable option to terminate the lease (if the Globe Group is reasonably certain not to exercise that option).

The lease terms in arrangements wherein both the lessor and the lessee has the right to terminate the lease without incurring significant amount of penalty are excluded as part of the non-cancellable period of the lease.

#### *Lease Liabilities*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Globe Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Globe Group remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Globe Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that:

- Is within the control of the Globe Group; and
- Affects whether the Globe Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

The Globe Group revises the lease term if there is a change in the non-cancellable period of a lease.

### *Right of Use Assets*

The right of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right of use assets are presented as a separate line in the consolidated statement of financial position.

The Globe Group applies its accounting policy on impairment of non-financial assets in determining whether a right of use asset is impaired and in accounting for any identified impairment loss.

### *2.21 Foreign Currency Transactions*

Transactions in currencies other than functional currency of the entities included in the Globe Group are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities that are denominated in currencies other than the functional currencies of the entities in the Globe Group are retranslated at the rates prevailing at the end of the reporting period. Gains and losses arising on retranslation are included in the consolidated profit or loss for the year. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

## *2.22 Income Tax*

Income tax expense represents the sum of the current tax expense and deferred tax.

### *2.22.1 Current Income Tax*

The current tax expense is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

### *2.22.2 Deferred Income Tax*

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current tax and deferred tax for the year are recognized in the consolidated profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## *2.23 EPS*

Basic EPS is computed by dividing net income attributable to common stock by the weighted average number of common shares outstanding, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period.

Diluted EPS is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period, after giving retroactive effect for any stock dividends, stock splits or reverse stock splits during the period, and

adjusted for the effect of dilutive options and dilutive convertible preferred shares. Outstanding stock options will have a dilutive effect under the treasury stock method only when the average market price of the underlying common share during the period exceeds the exercise price of the option. If the required dividends to be declared on convertible preferred shares divided by the number of equivalent common shares, assuming such shares are converted, would decrease the basic EPS, then such convertible preferred shares would be deemed dilutive. Where the effect of the assumed conversion of the preferred shares and the exercise of all outstanding options have anti-dilutive effect, basic and diluted EPS are stated at the same amount.

#### *2.24 Fair Value Measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Globe Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Globe Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Globe Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above (see [Note 32.3](#)).

#### *2.25 Operating Segment*

The Globe Group's major operating business units are the basis upon which the Globe Group reports its primary segment information. The Globe Group's business segments consist of: (1) mobile communication services and (2) wireline communication services.

All operating segments' operating results are reviewed regularly by the Group's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and

assess its performance, and for which discrete financial information is available. The Globe Group generally accounts for intersegment revenues and expenses at agreed transfer prices.

## *2.26 Events after the Reporting Period*

Any post period-end event up to the date of approval of the BOD of the consolidated financial statements that provides additional information about the Globe Group's position at the end of reporting period (adjusting event) is reflected in the consolidated financial statements. Any post period-end event that is not an adjusting event is disclosed in the consolidated financial statements when material.

## **3 Adoption of New Standards, Amendments to Standards and Interpretations**

The accounting policies adopted in the preparation and presentation of the consolidated financial statements are consistent with prior years, except for the effects of the adoption of new and revised accounting standards set out below.

### *3.1 Adoption of New and Revised Standards Effective January 1, 2021*

In the current year, the Globe Group has applied a number of amendments to PFRS and Interpretations issued by IASB that are effective for the annual period that begins on January 1, 2021. The adoption has not had any material impact on the disclosures or on the amounts reported in the consolidated financial statements.

#### *3.1.1 Amendments to PFRS 9, PAS 39 and PFRS 7 Interest Benchmark Reform*

In the prior year, the Globe Group adopted the *Phase 1 Amendments to PFRS 9/PAS 39 and PFRS 7 Interest Rate Benchmark Reform*. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform.

In the current year, the Globe Group adopted the *Phase 2 Amendments to PFRS 9, PAS 39, PFRS 7 Interest Rate Benchmark Reform, PFRS 4 and PFRS 16*. Adopting these amendments enables the Globe Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates (also referred to as 'risk free rates' or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

Both the Phase 1 and Phase 2 amendments are relevant to the Globe Group because it applies cash flow hedges where IBOR-linked derivatives are designated as a cash flow hedges of IBOR-linked bank borrowings.

The Globe Group shall continue to apply the Phase 1 amendments to PFRS 9/PAS 39 until the uncertainty arising from the interest rate benchmark reform with respect to the timing and the amount of the underlying cash flows to which the Globe Group is exposed ends. The Globe Group expects this uncertainty will continue until the Globe Group's contracts that reference IBORs are amended to specify the date on which the interest rate benchmark will be replaced and the basis for the cash flows of the alternative benchmark rate are determined including any fixed spread.

As a result of the Phase 2 amendments, the Globe Group shall update the hedge documentation without discontinuing the hedging relationship when changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform. The Globe Group shall also change the basis for determining the contractual cash flows prospectively by revising the effective interest rate when the contractual terms of the Globe Group's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the



new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change. If additional changes are made, which are not directly related to the reform, the applicable requirements of PFRS 9 are applied to the other changes.

### 3.2 Adoption of PFRS 16, Leases Effective January 1, 2019

The Globe Group adopted PFRS 16, Leases, when it became effective on January 1, 2019.

The adoption of PFRS 16 resulted in the recognition of right of use asset and lease liabilities in the consolidated statement of financial position for all lease transactions except for short term leases and leases of low value assets. The lease liabilities were measured using the present value of future lease payments of the non-cancellable periods of the lease, discounted using the Globe Group's incremental borrowing rate at transition date. The right of use assets at transition date were measured at an amount equal to the lease liability, adjusted by the prepaid rentals relating to those leases that remained outstanding in the consolidated statement of financial position immediately before the date of initial application.

In adopting PFRS 16, the Globe Group used the modified retrospective approach wherein the cumulative effect of the initial application of the standards were recognized at January 1, 2019, and the comparative periods were not restated. The following table shows the individual line items affected by the adjustments from the adoption of PFRS 16. Accounts not affected by the new standards are excluded in the presentation.

	December 31, 2018	Effect of PFRS 16	January 1, 2019
<b>ASSETS</b>			
	<i>(In Thousand Pesos)</i>		
Prepayments and other current assets	₱16,254,796	(₱39,915)	₱16,214,881
Right of use – net	-	3,483,205	3,483,205
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Other long-term liabilities	5,367,209	(481,115)	4,886,094
Deferred income tax liabilities – net	3,918,493	144,146	4,062,639
Lease liabilities	-	3,443,290	3,443,290
<b>Equity</b>			
Retained earnings	27,167,398	336,464	27,503,862
Non-controlling interest	24,172	505	24,677

### 3.3 New and Revised Standards Not Yet Effective

At the date of authorization of these consolidated financial statements, the Globe Group has not applied the following new and revised PFRS that have been issued but are not yet effective. The Globe Group anticipates that the application of these new and revised standards will not have a material impact on the Globe Group's consolidated financial statements in future periods.

#### 3.3.1 Amendments to PAS 1: Classification of Liabilities as Current or Non-current

Amendments to paragraphs 69 to 76 of PAS 1 were issued to specify the requirements for classifying liabilities as current or non-current. The amendments clarify the following:

- the definition of right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and

- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively.

### *3.3.2 Reference to the Conceptual Framework – Amendments to PFRS 3*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of PFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the amendments clarified the existing guidance in PFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

### *3.3.3 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to PAS 16*

The amendments prohibit entities to deduct from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

### *3.3.4 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to PAS 37*

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022.

### *3.3.5 PFRS 9 Financial Instruments – Fees in 10% Test for Derecognition of Financial Liabilities*

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted.

### *3.3.6 Amendments to PAS 1 Presentation of Financial Statements and PFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies*

The amendments change the requirements in PAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in PAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to PFRS Practice Statement 2 do not contain an effective date or transition requirements.

### *3.3.7 Amendments to PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates*

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after January 1, 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

### *3.3.8 Amendments to PAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. Following the amendments to PAS

12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in PAS 12.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

#### **4 Management's Significant Accounting Judgments and Use of Estimates and Assumptions**

The preparation of the consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such judgments, estimates and assumptions.

Judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *4.1 Critical Accounting Judgments*

###### *4.1.1 Contract Assets on Bundled Products*

The Globe Group provides wireless communication services to subscribers which are bundled with handset sales. Based on the Globe Group's assessment, the performance obligations from the wireless communication services and the sale of handsets are both capable of being distinct and separately identifiable. Accordingly, the Globe Group allocates the total contract consideration to the two performance obligations based on their corresponding relative SSP. Contract asset is recognized for any unbilled amount allocated to the revenue from handset sales.

###### *4.1.2 Contract Liabilities on Installation Services*

The Globe Group provides equipment installation services bundled together with wireline communication services. Based on the Globe Group's assessment, the installation services are not distinct from the wireline communication services and thus, deemed as one performance obligation. Accordingly, revenues from the installation and wireline communication services are recognized over time throughout the period of the subscription contract.

###### *4.1.3 Deferred Contract Costs*

The Globe Group incurs certain commissions and installation costs in relation to the service provided to its subscribers. Based on the Globe Group's assessment, these costs are incremental in obtaining and fulfilling its performance obligations. Accordingly, the Globe Group recognizes deferred contracts costs which are amortized as expense throughout the period of the subscription contract.

###### *4.1.4 Determination of SSP in arrangements with multiple performance obligations*

In revenue arrangements involving multiple performance obligations, the transaction price is allocated to each separate performance obligation based on the relative SSP of the goods or services being provided to the customer. The best evidence of SSP is the price an entity charges for that good or service when the entity sells it separately in similar circumstances to similar

customers. However, goods or services are not always sold separately. In such case, the SSP needs to be estimated or derived by other means.

The Globe Group maximized the use of all available observable inputs and applied the expected cost plus margin or adjusted market approach as the estimation method in determining the SSP of the goods and services in arrangements with multiple performance obligations.

#### *4.1.5 Determination of Whether the Globe Group is Acting as a Principal or an Agent*

The Globe Group offers a full range of value-added services (VAS) such as mobile commerce services, and content streaming and downloading, among others wherein another party is involved in providing such services. In such case, the Globe Group assesses each arrangement and determines whether the nature of its promise is to provide the specified services itself or to arrange for those services to be provided by the other party.

If the promise in an arrangement is to provide the services itself, the Globe Group recognizes the service revenue at gross amount of consideration. Otherwise, the Globe Group recognizes service revenues equivalent only to the extent of fees or commission to which it expects to be entitled in exchange for arranging the services.

### *4.2 Key Estimation Uncertainties*

#### *4.2.1 ECL Impairment on Subscribers Receivables and Contract Assets*

When measuring ECL the Globe Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

An increase in ECL rates on subscribers receivables and contract assets would increase the loss allowance recognized in the consolidated profit or loss.

Impairment loss recognized using ECL in 2021 and 2020 on subscribers receivable amounted to ₱3,424.54 million and ₱4,998.56 million (see [Note 6](#)), and contract assets amounted to ₱346.97 million and ₱500.67 million, respectively (see [Notes 7.1.1](#) and [27](#)).

#### *4.2.2 Inventory Obsolescence and Market Decline*

The Globe Group, in determining the NRV, considers any adjustment necessary for obsolescence which is generally provided for nonmoving items after a certain period. The Globe Group adjusts the cost of inventory to the recoverable value at a level considered adequate to reflect market decline in the value of the recorded inventories. The Globe Group reviews the classification of the inventories and generally provides adjustments for recoverable values of new, actively sold and slow-moving inventories by reference to prevailing values of the same inventories in the market.

The amount and timing of recorded expenses for any period would differ if different estimates were utilized. An increase in allowance for inventory obsolescence and market decline would decrease the profit for the period, and decrease current assets.

Inventory obsolescence and market decline in 2021, 2020 and 2019 amounted to ₱502.63 million,



₱284.79 million and ₱713.72 million, respectively (see [Notes 9](#) and [27](#)).

Inventories and supplies, net of allowances, amounted to ₱4,045.05 million and ₱5,988.90 million as of December 31, 2021 and 2020, respectively (see [Note 9](#)).

#### 4.2.3 EUL of Property and Equipment, Intangible Assets and Right of Use Assets

The useful life of each of the item of property and equipment, intangible assets and right of use assets with finite useful lives is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets and expected asset utilization based on future technological developments and market behavior.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of property and equipment, intangible assets and right of use assets would increase the recorded depreciation and amortization expense and decrease noncurrent assets.

The table below presents the carrying values of the Globe Group's property and equipment, intangible assets and right of use assets with finite useful lives as of December 31, 2021 and 2020:

	Notes	2021	2020
		<i>(In Thousand Pesos)</i>	
Property and equipment - net	11	<b>₱207,494,365</b>	₱157,593,032
Intangible assets - net	12	<b>17,469,787</b>	13,717,995
Right of use assets – net	13	<b>19,687,012</b>	4,300,835
		<b>₱244,651,164</b>	₱175,611,862

#### 4.2.4 Impairment of Non-financial Assets Other Than Goodwill

The Globe Group performs an impairment review when certain impairment indicators are present.

Determining the recoverable amounts of non-financial assets requires the Globe Group to make estimates and assumptions on the cash flows expected to be generated from those assets. While the Globe Group believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable values and may lead to impairment charges. Any resulting impairment loss could have a material adverse impact on the financial position and results of operations.

The table below presents the carrying values of the Globe Group's non-financial assets as of December 31, 2021 and 2020:

	Notes	2021	2020
		<i>(In Thousand Pesos)</i>	
Property and equipment - net	11	<b>₱270,747,147</b>	₱190,292,393
Investments in associates and joint ventures	15	<b>42,569,217</b>	35,706,460
Intangible assets - net (excluding Goodwill)	12	<b>17,654,021</b>	13,902,229
Right of use assets – net	13	<b>19,687,012</b>	4,300,835
		<b>₱350,657,397</b>	₱244,201,917

Impairment loss recognized on property and equipment amounted to ₱1,155.69 million, ₱4,149.34 million and ₱59.16 million in 2021, 2020 and 2019, respectively (see [Note 27](#)).

#### *4.2.5 Impairment of Goodwill*

The Globe Group's impairment test for goodwill is based on value in use calculations that use a discounted cash flow model. The cash flows of the CGU are derived from the business plan for the next five years and do not include restructuring activities that the Globe Group is not yet committed to or significant future investments that will enhance the asset base of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. As of December 31, 2021 and 2020, the carrying value of goodwill amounted to ₱3,107.37 million and ₱3,150.68 million, respectively (see [Note 12](#)).

No impairment loss on goodwill was recognized in 2021, 2020 and 2019.

#### *4.2.6 Deferred Income Tax Assets*

The carrying amounts of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred income tax assets to be utilized.

As of December 31, 2021 and 2020, the combined gross deferred tax assets of the Globe Group amounted to ₱9,801.38 million and ₱11,392.67 million, respectively (see [Note 29](#)).

#### *4.2.7 Pension Benefits*

The determination of the retirement obligation cost and retirement benefits is dependent on the selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions include among others, discount rates and rates of compensation increase. Actual results that differ from the assumptions are charged to other comprehensive income and therefore, generally affect the equity and recorded obligation. While the Globe Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the pension and other retirement obligations.

The net pension liability as of December 31, 2021 and 2020 amounted to ₱5,043.69 million and ₱5,647.39 million, respectively (see [Note 28.1](#)).

#### *4.2.8 Provisions and Contingencies*

The Globe Group is currently involved in various legal proceedings and disputes in the ordinary course of business. The estimate of the probable costs for the resolution of these claims has been developed in consultation with internal and external counsel handling the Globe Group's defense in these matters and is based upon an analysis of potential results. The Globe Group believes that sufficient provision has been recognized in the consolidated statements of financial position in relation to these proceedings. It is possible, however, that future financial performance could be materially affected by changes in the estimates or in the strategies relating to these proceedings.

The Globe Group's provisions as of December 31, 2021 and 2020 amounted to ₱2,768.72 million and ₱2,784.52 million, respectively (see [Note 17](#)).

## 5 Cash and Cash Equivalents

Cash equivalents are short term highly liquid investments with insignificant risk of changes in value. The cash and cash equivalents account consists of the following as of December 31:

	2021	2020
	<i>(In Thousand Pesos)</i>	
Cash on hand and in banks	<b>₱12,319,019</b>	₱8,040,660
Short-term money market placements	<b>11,920,176</b>	11,467,454
	<b>₱24,239,195</b>	<b>₱19,508,114</b>

Cash in banks earn interest at respective bank deposit rates.

Interest income from cash and cash equivalents are as follows (see [Note 22](#)):

	2021	2020	2019
	<i>(In Thousand Pesos)</i>		
Short-term money market placements	<b>₱13,810</b>	₱125,597	₱440,402
Cash on hand and in banks	<b>5,946</b>	19,408	17,158
	<b>₱19,756</b>	<b>₱145,005</b>	<b>₱457,560</b>

The ranges of interest rates of the above placements are as follows:

	2021	2020	2019
Placements:			
PHP	<b>0.001% to 1.65%</b>	0.01% to 3.5%	0.175% to 7.15%
USD	<b>0.001% to 0.40%</b>	0.0010% to 1.75%	0.50% to 3.00%

## 6 Trade receivables - net

This account consists of receivables from:

	Notes	2021	2020
		<i>(In Thousand Pesos)</i>	
Subscribers		<b>₱22,323,973</b>	₱24,385,535
Traffic settlements - net	32.2, 34.1	<b>1,425,695</b>	1,336,205
Dealers		<b>326,662</b>	222,689
Others		<b>3,339,624</b>	4,730,579
		<b>27,415,954</b>	30,675,008
Less allowance for impairment losses:			
Subscribers		<b>9,674,895</b>	9,588,598
Traffic settlements and others		<b>1,044,517</b>	940,926
		<b>10,719,412</b>	10,529,524
		<b>₱16,696,542</b>	<b>₱20,145,484</b>

Trade receivables are noninterest-bearing and are generally due within 30 to 60 days.

Subscriber receivables arise from wireless and wireline voice, data communications and broadband internet services provided by the Globe Group under postpaid arrangements.

Traffic settlement receivables are presented net of traffic settlement payables from the same carrier (see [Notes 32.2](#) and [34.1](#)).

Others include trade receivables of non-telco subsidiaries and receivables from credit card companies.

The following is a reconciliation of the changes in the allowance for impairment losses for trade receivables as of December 31:

	Consumer	Key Corporate Accounts	Other Corporations and SME	Traffic Settlements and Others	Total
<i>(In Thousand Pesos)</i>					
<b>2021</b>					
December 31, 2020	<b>₱6,142,752</b>	<b>₱2,787,598</b>	<b>₱658,248</b>	<b>₱940,926</b>	<b>₱10,529,524</b>
Charges for the period ( <a href="#">Note 27</a> )	<b>2,945,997</b>	<b>186,925</b>	<b>291,622</b>	<b>120,451</b>	<b>3,544,995</b>
Recoveries and write-offs – net	<b>(3,281,098)</b>	<b>(108,017)</b>	<b>50,868</b>	<b>(16,860)</b>	<b>(3,355,107)</b>
December 31, 2021	<b>₱5,807,651</b>	<b>₱2,866,506</b>	<b>₱1,000,738</b>	<b>₱1,044,517</b>	<b>₱10,719,412</b>
<b>2020</b>					
December 31, 2019	<b>₱4,239,820</b>	<b>₱3,530,940</b>	<b>₱847,344</b>	<b>₱799,377</b>	<b>₱9,417,481</b>
Charges for the period ( <a href="#">Note 27</a> )	<b>3,661,204</b>	<b>846,862</b>	<b>490,489</b>	<b>68,585</b>	<b>5,067,140</b>
Recoveries and write-offs – net	<b>(1,758,272)</b>	<b>(1,590,204)</b>	<b>(679,585)</b>	<b>72,964</b>	<b>(3,955,097)</b>
December 31, 2020	<b>₱6,142,752</b>	<b>₱2,787,598</b>	<b>₱658,248</b>	<b>₱940,926</b>	<b>₱10,529,524</b>

The Globe Group recognized higher amount of impairment loss in 2020 due to the increase in lower quality receivables brought about by the pandemic and quarantine.

## 7 Contracts with Customers

### 7.1 Contract Assets and Deferred Contract Costs – net

The following table provides the components of contract assets and deferred contract costs as of December 31:

	2021	2020
<i>(In Thousand Pesos)</i>		
Contract assets	<b>₱6,245,711</b>	<b>₱5,397,829</b>
Deferred contract costs	<b>3,095,958</b>	<b>1,914,987</b>
	<b>9,341,669</b>	<b>7,312,816</b>
Less current portion	<b>8,646,147</b>	<b>6,956,159</b>
Noncurrent portion of deferred contract costs	<b>₱695,522</b>	<b>₱356,657</b>

### 7.1.1 Contract Assets

The following table provides information about contract assets with customers:

	Note	2021	2020
<i>(In Thousand Pesos)</i>			
<b>Contract assets</b>			
Balance at beginning of the year		<b>₱6,037,542</b>	₱7,961,272
Additions during the year		<b>7,592,051</b>	6,380,831
Billed to subscribers during the year		<b>(6,397,202)</b>	(7,528,123)
Write-off		<b>(699,861)</b>	(776,438)
Balance at end of year		<b>₱6,532,530</b>	₱6,037,542
<b>Allowance for impairment loss</b>			
Balance at beginning of the year		<b>(639,713)</b>	(915,478)
Impairment loss	27	<b>(346,967)</b>	(500,673)
Write-off		<b>699,861</b>	776,438
Balance at end of year		<b>(286,819)</b>	(639,713)
<b>Contract assets - net</b>		<b>₱6,245,711</b>	₱5,397,829

The Globe Group provides wireless communication services to subscribers which are bundled with sale of handsets and other devices. The Globe Group allocates the revenue based on the SSP of each performance obligation. Contract assets are recognized for the unbilled portion of revenue allocated to the sale of handset and other devices which will be reduced as the monthly service fees are billed to the subscribers.

### 7.1.2 Deferred Contract Costs

Deferred contract costs pertain to incremental costs incurred in the effort to obtain and fulfill the contract with subscribers. Details are as follows:

	2021	2020
<i>(In Thousand Pesos)</i>		
<b>Cost to obtain contracts with customers:</b>		
Commissions	<b>₱1,352,849</b>	₱1,183,944
<b>Cost to fulfill contracts with customers</b>		
Installation costs	<b>1,743,109</b>	731,043
	<b>₱3,095,958</b>	₱1,914,987

Deferred contract costs are capitalized and subsequently amortized on a straight-line basis over the term of the subscription contract. Movements in the deferred contract costs for the period are as follows:

	2021	2020
<i>(In Thousand Pesos)</i>		
Balance at beginning of the year	<b>₱1,914,987</b>	₱1,583,088
Amounts capitalized during the period	<b>3,962,290</b>	2,456,135
Amounts recognized as expense	<b>(2,781,319)</b>	(2,124,236)
Balance at the end of the year	<b>₱3,095,958</b>	₱1,914,987



## 7.2 Contract Liabilities and Other Deferred Revenues

The following table provides information about the contract liabilities and other deferred revenues:

	2021	2020
	<i>(In Thousand Pesos)</i>	
Deferred revenue from wireless subscribers under prepaid arrangements	<b>₱4,129,752</b>	₱4,487,825
Advance monthly service fees	<b>3,238,640</b>	2,889,286
Deferred revenue rewards	<b>763,400</b>	1,301,155
Contract liability from wireline services	<b>313,552</b>	315,631
Others	<b>39,113</b>	267,723
	<b>8,484,457</b>	9,261,620
Less current portion	<b>8,410,954</b>	9,033,697
Non current portion	<b>₱73,503</b>	₱227,923

The following table shows the roll forward analysis of contract liabilities from wireline services:

	2021	2020
	<i>(In Thousand Pesos)</i>	
<b>Contract liabilities</b>		
Balance at beginning of the year	<b>₱315,631</b>	₱291,288
Additions during the year	<b>487,997</b>	465,179
Recognized as revenue during the year	<b>(490,076)</b>	(440,836)
Balance at end of year	<b>₱313,552</b>	₱315,631

Deferred revenues from wireless subscribers under prepaid arrangements are recognized as revenues upon actual usage of airtime value, consumption of prepaid subscription fees or upon expiration of the unused load value.

Advance monthly service fees represent advance collections from postpaid subscribers.

Deferred revenue rewards represent unredeemed customer award credit under customer loyalty program.

Deferred revenues from wireless subscribers under prepaid arrangements, deferred revenue rewards and advance monthly service fees are recognized as revenues within 12 months.

Contract liability from wireline services represents collected upfront fees for equipment installation for which revenues are recognized over the subscription period.

## 8 Derivative Financial Instruments

The table below sets out information about the Globe Group's derivative financial instruments and the related fair values as of December 31:

### 2021

	USD Notional Amount	PHP Notional Amount	Derivative Assets	Derivative Liabilities
<i>(In Thousands)</i>				
<b>Derivative instruments designated as hedges</b>				
<i>Cash flow hedges</i>				
Cross currency swaps	\$299,350	P -	P490,213	P605,188
Principal only swaps	752,500	-	2,342,749	493,878
Interest rate swaps	32,500	-	-	14,050
<b>Derivative instruments not designated as hedges</b>				
<i>Freestanding</i>				
Deliverable forwards	443,700	-	199,315	113,403
			P3,032,277	P1,226,519
Less current portion			262,805	1,114,610
Non current portion			P2,769,472	P111,909

### 2020

	USD Notional Amount	PHP Notional Amount	Derivative Assets	Derivative Liabilities
<i>(In Thousands)</i>				
<b>Derivative instruments designated as hedges</b>				
<i>Cash flow hedges</i>				
Cross currency swaps	\$302,900	P -	P-	P1,892,708
Principal only swaps	660,000	-	58,524	945,975
Interest rate swaps	40,000	-	-	53,720
<b>Derivative instruments not designated as hedges</b>				
<i>Freestanding</i>				
Nondeliverable forwards	20,000	-	-	47,380
			P58,524	P2,939,783
Less current portion			2,014	1,056,816
Non current portion			P56,510	P1,882,967

The subsequent sections will discuss the Globe Group's derivative financial instruments according to the type of financial risk being managed and the details of derivative financial instruments that are categorized into those accounted for as hedges and those that are not designated as hedges.

#### 8.1 Derivative Instruments Accounted for as Hedges

The following sections discuss in detail the derivative instruments accounted for as cash flow hedges.

- *Currency Swaps and Cross Currency Swaps*

The Globe Group entered into cross currency swap contracts and principal only swaps contract to hedge the foreign exchange and interest rate risk on dollar loans. The cross currency swaps have a notional amount of USD299.35 million and USD 302.90 million as of December 31, 2021 and 2020, respectively. Principal only swaps have a notional amount of USD752.50 million and USD660.00 million as of December 31, 2021 and 2020, respectively. The fair values of the currency swaps as of December 31, 2021 and 2020 amounted to net asset of ₱1,733.90 million and net liability of ₱2,780.16 million, respectively, of which ₱208.69 million and ₱952.52 million (net of tax), respectively is included in "Other reserves" in the equity section of the consolidated statements of financial position (see [Note 21.8](#)).

- *Interest Rate Swaps*

As of December 31, 2021 and 2020, the Globe Group has USD32.50 million and USD40.00 million in notional amount of USD interest rate swap that have been designated as cash flow hedge of interest rate risk from USD loans. The interest rate swap effectively fixed the benchmark rate of the hedged USD loan at 2.5% over the duration of the agreement, which involves quarterly payment intervals up to April 2022 and October 2022.

As of December 31, 2021 and 2020, the fair value of the outstanding swap amounted to a net liability of ₱14.05 million and ₱53.72 million, respectively, of which ₱10.60 million and ₱37.60 million (net of tax), respectively, is included in "Other reserves" in the equity section of the consolidated statements of financial position (see [Note 21.8](#)).

Swap costs arising from both cross currency and interest rate swaps recognized as financing cost amounted to ₱1,422.74 million, ₱742.06 million, and ₱366.95 million in 2021, 2020 and 2019, respectively (see [Note 26](#)).

## 8.2 *Freestanding Derivatives*

Freestanding derivatives that are not designated as hedges consist of currency forwards entered into by the Globe Group. Fair value changes on these instruments are accounted for directly in consolidated profit or loss.

As of December 31, 2021 and 2020, the Globe Group has USD443.70 million deliverable and USD20.00 million non-deliverable currency forward contracts not designated as hedges, respectively.

## 8.3 *Hedge Effectiveness Results*

As of December 31, 2021 and 2020, the effective fair value changes on the Globe Group's cash flow hedges that were deferred in equity amounted to gain of ₱198.09 million and loss of ₱990.12 million, net of tax, respectively (see [Note 21.8](#)). Derivatives designated as cash flow hedges for the years ended December 31, 2021, 2020 and 2019 are fully effective with a hedge ratio of 1:1. Accordingly, no hedge ineffectiveness was recognized in the consolidated profit or loss.

The distinction of the results of hedge accounting into "Effective" or "Ineffective" represent designations based on PFRS 9 and are not necessarily reflective of the economic effectiveness of the instruments.

#### 8.4 Fair Value Changes on Derivatives

The net movements in fair value changes of all derivative instruments are as follows:

	2021	2020
	<i>(In Thousand Pesos)</i>	
At beginning of year	<b>(P2,881,258)</b>	(P411,361)
Net changes in fair value of derivatives:		
Designated as cash flow hedges (Note 21.8)	<b>3,130,910</b>	(3,234,275)
Not designated as cash flow hedges	<b>339,565</b>	(124,221)
	<b>589,217</b>	(3,769,857)
Fair value of settled instruments	<b>1,216,541</b>	888,599
At end of period	<b>P1,805,758</b>	(P2,881,258)

Details of amounts reclassified from cash flow hedge reserve to profit or loss in relation to hedge accounting transactions are shown below.

	Notes	2021	2020	2019
		<i>(In Thousand Pesos)</i>		
Gain (loss) on derivative instruments – net		<b>P2,875,068</b>	(P1,455,525)	(P735,670)
Swap costs	26	<b>(1,422,735)</b>	(742,059)	(366,952)
	21.8	<b>P1,452,333</b>	(P2,197,584)	(P1,102,622)

## 9 Inventories and Supplies - net

This account consists of:

	2021	2020
	<i>(In Thousand Pesos)</i>	
Handsets, devices and accessories	<b>₱1,756,056</b>	₱2,033,064
Supplies	<b>1,102,035</b>	967,839
Broadband device	<b>562,109</b>	1,478,618
Modem and accessories	<b>438,391</b>	1,267,286
SIM cards and SIM packs	<b>136,070</b>	161,909
Call cards and others	<b>50,388</b>	80,183
	<b>₱4,045,049</b>	₱5,988,899

Breakdown of cost of inventories recognized as expense are as follows:

	Note	2021	2020	2019
		<i>(In Thousand Pesos)</i>		
Cost of inventories sold		<b>₱18,072,557</b>	₱16,406,196	₱18,554,814
Repairs and maintenance		<b>2,695,892</b>	5,883,827	2,276,257
Inventory obsolescence	27	<b>502,627</b>	284,788	713,717
		<b>₱21,271,076</b>	₱22,574,811	₱21,544,788

Cost of inventories sold consists of:

	2021	2020	2019
	<i>(In Thousand Pesos)</i>		
Handsets, devices and accessories	<b>₱14,981,788</b>	₱11,271,066	₱16,212,378
Broadband device	<b>1,658,903</b>	4,129,544	1,458,295
SIM cards and SIM packs	<b>379,689</b>	393,342	529,248
Modems and accessories	<b>176,996</b>	200,382	116,026
Supplies	<b>5,136</b>	3,120	14,269
Call cards and others	<b>870,045</b>	408,742	224,598
	<b>₱18,072,557</b>	₱16,406,196	₱18,554,814



## 10 Prepayment and Other Assets

This account consists of:

	Notes	2021	2020
<i>(In Thousand Pesos)</i>			
Advance payments to suppliers and contractors	34.2	<b>₱24,923,927</b>	₱21,447,121
Input VAT – net		<b>4,024,683</b>	3,292,287
Prepayments		<b>3,900,470</b>	3,341,508
Investments in debt and equity securities		<b>2,974,208</b>	2,541,271
Loans receivable from related parties	20	<b>2,955,935</b>	478,000
Security deposits		<b>1,420,490</b>	1,347,216
Creditable withholding tax		<b>1,411,436</b>	1,140,735
Non-trade receivables – net		<b>1,405,722</b>	1,564,304
Others		<b>2,289,512</b>	1,704,898
		<b>45,306,383</b>	36,857,340
Less current portion		<b>13,956,867</b>	11,497,195
Non current portion		<b>₱31,349,516</b>	₱25,360,145

The “Prepayments” account includes prepaid insurance, rent, maintenance, and licenses fees among others.

Others include investment properties with carrying amount of ₱8.10 million and ₱14.36 million as of December 31, 2021 and 2020, respectively. Investment properties consist of building and improvements which are held to earn rentals. Depreciation and amortization of investment properties amounted to ₱5.38 million, ₱5.56 million and ₱5.60 million in 2021, 2020 and 2019, respectively. (see [Note 25](#)).

Fair value gain (loss) from investment in equity securities recognized in consolidated OCI amounted to ₱409.19 million, (₱56.69 million) and ₱188.49 million in 2021, 2020 and 2019, respectively. (see [Note 21.8](#)).

Non-trade receivables – net consists of:

	Note	2021	2020
<i>(In Thousand Pesos)</i>			
Due from related parties	20	<b>₱333,477</b>	₱395,984
Advances to employees		<b>179,137</b>	168,116
Others		<b>983,123</b>	1,090,219
		<b>1,495,737</b>	1,654,319
Allowance for impairment loss		<b>(90,015)</b>	(90,015)
		<b>₱1,405,722</b>	₱1,564,304

Impairment loss related to non-trade receivable amounted to nil, ₱1.12 million and nil in 2021, 2020 and 2019, respectively (see [Note 27](#)).



## 11 Property and Equipment – net

The rollforward analysis of this account follows:

**2021**

	Telecommunication Equipment	Buildings, Land and Leasehold Improvement	Cable System	Office Equipment	Transportation Equipment	Assets Under Construction	Total
<i>(In Thousand Pesos)</i>							
<b>Cost</b>							
At January 1	P329,189,537	P68,997,599	P26,686,661	P16,796,336	P3,309,383	P33,275,659	P478,255,175
Additions	4,885,377	24,695	287,355	341,635	593,697	117,282,686	123,415,445
Retirements/disposals	(326,533)	(24,723)	-	(140,541)	(124,277)	(53,893)	(669,967)
Reclassifications (Note 12)	60,706,551	14,979,282	329,359	1,172,467	58,737	(86,728,825)	(9,482,429)
ARO Remeasurements	767,602	-	-	-	-	-	767,602
At December 31	395,222,534	83,976,853	27,303,375	18,169,897	3,837,540	63,775,627	592,285,826
<b>Accumulated Depreciation and Amortization</b>							
At January 1	213,105,737	33,625,069	18,386,522	14,685,500	2,251,238	-	282,054,066
Depreciation and amortization (Note 25)	26,155,975	3,395,334	1,005,591	1,297,026	467,130	-	32,321,056
Retirements/disposals	(297,073)	(23,802)	-	(134,490)	(121,754)	-	(577,119)
Reclassification	115,658	(39,140)	-	(81,391)	4,873	-	-
ARO Remeasurements	741,684	-	-	-	-	-	741,684
At December 31	239,821,981	36,957,461	19,392,113	15,766,645	2,601,487	-	314,539,687
<b>Accumulated Impairment Losses</b>							
At January 1	5,307,117	25,173	-	128	-	576,298	5,908,716
Impairment loss (Note 27)	1,014,189	138,278	-	3,224	-	-	1,155,691
Write-off	(11,962)	-	-	-	-	(53,453)	(65,415)
At December 31	6,309,344	163,451	-	3,352	-	522,845	6,998,992
<b>Carrying amount at December 31</b>	<b>P149,091,209</b>	<b>P46,855,941</b>	<b>P7,911,262</b>	<b>P2,399,900</b>	<b>P1,236,053</b>	<b>P63,252,782</b>	<b>P270,747,147</b>



2020

	Telecommunication Equipment	Buildings, Land and Leasehold Improvement	Cable System	Office Equipment	Transportation Equipment	Assets Under Construction	Total
<i>(In Thousand Pesos)</i>							
<b>Cost</b>							
At January 1	₱303,175,287	₱65,145,442	₱26,662,138	₱16,741,736	₱3,184,871	₱25,417,091	₱440,326,565
Additions	756,561	15,325	-	250,364	397,047	45,516,714	46,936,011
Acquired on acquisition of a subsidiary (Note 14)	-	3,138	-	3,835	-	-	6,973
Retirements/disposals	(447,346)	(4,702)	(958)	(1,243,776)	(353,596)	(35,686)	(2,086,064)
Reclassifications (Note 12)	25,763,236	3,838,396	25,481	1,044,177	81,061	(37,622,460)	(6,870,109)
ARO Remeasurements	(58,201)	-	-	-	-	-	(58,201)
At December 31	329,189,537	68,997,599	26,686,661	16,796,336	3,309,383	33,275,659	478,255,175
<b>Accumulated Depreciation and Amortization</b>							
At January 1	191,534,721	30,361,677	17,289,445	14,546,211	2,139,220	-	255,871,274
Acquired on acquisition of a subsidiary (Note 14)	-	1,752	-	2,183	-	-	3,935
Depreciation and amortization (Note 25)	22,500,907	3,060,720	989,548	1,236,935	407,045	-	28,195,155
Retirements/disposals	(418,851)	(4,043)	(958)	(1,225,505)	(344,490)	-	(1,993,847)
Reclassification	(488,589)	204,963	108,487	125,676	49,463	-	-
ARO Remeasurements	(22,451)	-	-	-	-	-	(22,451)
At December 31	213,105,737	33,625,069	18,386,522	14,685,500	2,251,238	-	282,054,066
<b>Accumulated Impairment Losses</b>							
At January 1	1,219,011	15,313	-	-	-	558,439	1,792,763
Impairment loss (Note 27)	4,088,106	9,860	-	128	-	51,243	4,149,337
Write-off	-	-	-	-	-	(33,384)	(33,384)
At December 31	5,307,117	25,173	-	128	-	576,298	5,908,716
Carrying amount at December 31	₱110,776,683	₱35,347,357	₱8,300,139	₱2,110,708	₱1,058,145	₱32,699,361	₱190,292,393

Assets under construction include intangible components of a network system which are reclassified to depreciable intangible assets only when assets become available for use (see [Note 12](#)).

Investments in cable systems include the cost of the Globe Group's ownership share in the capacity of certain cable systems under a joint venture or a consortium or private cable set-up and indefeasible rights of use (IRUs) of circuits in various cable systems. It also includes the cost of cable landing station and transmission facilities where the Globe Group is the landing party.

The Globe Group uses its borrowed funds to finance self-constructed property and equipment. Borrowing costs incurred relating to these qualifying assets were included in the cost of property and equipment using 4.12% and 4.36% capitalization rates in 2021 and 2020, respectively. The Globe Group's total capitalized borrowing costs amounted to ₱1,640.44 million and ₱1,279.97 million in 2021 and 2020, respectively (see [Note 18](#)).

In 2020, the Globe Group recognized full impairment loss on telecommunications equipment amounting to ₱4,088.11 million in relation to the modernization of network facilities. The network modernization includes the replacement of existing fixed line broadband facilities with fiber technology and change out of 3G equipment to give way for 5G deployment and 4G/LTE capacity expansion (see [Note 27](#)).

In 2021, the Globe Group recognized ₱1,014.19 million impairment loss on telecommunications equipment damaged by super typhoon Odette that hit southeastern Philippines in December 2021 (see [Note 27](#)).

The reconciliation of total additions to property and equipment and actual cash flows from acquisition of property and equipment are shown below:

	2021	2020	2019
	<i>(In Thousand Pesos)</i>		
Additions to property and equipment	<b>₱123,415,445</b>	₱46,936,011	₱45,750,906
Effect of movements in liabilities and prepayments	<b>(28,568,249)</b>	14,647,764	6,514,835
Capitalized ARO ( <a href="#">Note 19</a> )	<b>(456,077)</b>	(34,875)	(38,997)
Capitalized interest ( <a href="#">Note 18</a> )	<b>(1,640,440)</b>	(1,279,965)	(1,251,520)
Cash flows from acquisition of property and equipment	<b>₱92,750,679</b>	₱60,268,935	₱50,975,224

## 12 Intangible Assets and Goodwill - net

The rollforward analysis of this account follows:

### 2021

	Application Software and Licenses	Goodwill	Other Intangible Assets	Total Intangible Assets and Goodwill
<i>(In Thousand Pesos)</i>				
<b>Cost</b>				
At January 1	₱47,415,455	₱3,150,684	₱3,276,846	₱53,842,985
Additions	57,661	-	-	57,661
Retirements/disposals	(880)	-	-	(880)
Reclassifications (Note 11)	9,482,429	-	-	9,482,429
Adjustment (Note 14.2)	23,700	(43,317)	19,886	269
At December 31	56,978,365	3,107,367	3,296,732	63,382,464
<b>Accumulated Amortization</b>				
At January 1	35,338,170	-	1,451,902	36,790,072
Amortization (Note 25)	5,605,732	-	226,152	5,831,884
Retirement/disposal	(880)	-	-	(880)
At December 31	40,943,022	-	1,678,054	42,621,076
<b>Carrying Amount at December 31</b>	<b>₱16,035,343</b>	<b>₱3,107,367</b>	<b>₱1,618,678</b>	<b>₱20,761,388</b>

### 2020

	Application Software and Licenses	Goodwill	Other Intangible Assets	Total Intangible Assets and Goodwill
<i>(In Thousand Pesos)</i>				
<b>Cost</b>				
At January 1	₱40,991,234	₱2,899,319	₱2,627,365	₱46,517,918
Additions	32,586	-	-	32,586
Acquired on acquisition of a subsidiary (Note 14)	-	251,365	196,441	447,806
Retirements/disposals	(25,434)	-	-	(25,434)
Reclassifications (Note 11)	6,417,069	-	453,040	6,870,109
At December 31	47,415,455	3,150,684	3,276,846	53,842,985
<b>Accumulated Amortization</b>				
At January 1	29,739,945	-	1,224,876	30,964,821
Amortization (Note 25)	5,622,586	-	227,026	5,849,612
Retirement/disposal	(24,361)	-	-	(24,361)
At December 31	35,338,170	-	1,451,902	36,790,072
<b>Carrying Amount at December 31</b>	<b>₱12,077,285</b>	<b>₱3,150,684</b>	<b>₱1,824,944</b>	<b>₱17,052,913</b>



### *Application software licenses and other intangible assets*

Other intangible assets consist of customer contracts, franchise, spectrum and merchant networks. As of December 31, 2021 and 2020, there was no indication that the application software licenses and other intangible assets are impaired.

### *Goodwill*

The Globe Group's goodwill were recognized from acquisition of subsidiaries. Details of the Globe Group's goodwill are as follows:

	2021	2020	2019
	<i>(In Thousand Pesos)</i>		
BTI	<b>₱1,140,248</b>	₱1,140,248	₱1,140,248
EC Pay	<b>1,218,548</b>	1,218,548	1,218,548
Yondu	<b>540,523</b>	540,523	540,523
Caelum	<b>154,614</b>	197,931	-
Third Pillar Group	<b>53,434</b>	53,434	-
	<b>₱3,107,367</b>	₱3,150,684	₱2,899,319

### *BTI, EC Pay and Yondu*

The Globe Group conducts its annual impairment test of goodwill in the third fiscal quarter of each year.

For impairment testing purposes, the Globe Group allocated the carrying amount of goodwill arising from the acquisition of BTI, EC Pay and Yondu to CGU of mobile communications services. The recoverable amount of the CGU is determined based on value in use calculations using cash flow projections from business plans covering a five-year period. Based on the Goodwill impairment testing performed in the third fiscal quarter of 2021, the recoverable amount of mobile communications services CGU was substantially in excess of its carrying amount.

### *Caelum and Third Pillar Group*

On March 26, 2021, the management completed the assessment of the fair values of the net assets of Caelum which resulted in a downward adjustment to goodwill amounting to ₱43.32 million (See [Note 14.2](#)).

For impairment testing purposes, the Globe Group has allocated the carrying amount of goodwill arising from the acquisition of Third Pillar Group and Caelum to each individual acquiree company's CGU. The recoverable amount of the CGU is determined based on value in use calculations using cash flow projections from business plans covering a five-year period. Based on the Goodwill impairment testing performed in the fourth fiscal quarter of 2021, the recoverable amount of Caelum and Third Pillar Group CGUs are in excess of their carrying amounts.

### *Sensitivity Analysis*

The Globe Group has determined that the recoverable amount calculations are most sensitive to changes in assumptions on cash flow projections, discount rate, and growth rate. The pre-tax discount rate applied to cash flow projections was 8% and cash flows beyond the five-year period were extrapolated using the average terminal growth rate for telecommunication industry of 2.50%.

The Globe Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount of the CGU. Management believes that

any reasonably possible change in the key assumptions on which the recoverable amount of the CGU is based would not result in impairment loss due to the substantial headroom.

### 13 Lease Commitments

#### 13.1 Right of use assets – net

The rollforward analysis of this account follows:

#### 2021

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased lines	Total
<b>Cost</b> <i>(In Thousand Pesos)</i>						
At January 1	₱4,800,797	₱1,079,189	₱671,067	₱261,510	₱2,666	₱6,815,229
Additions	2,956,410	395,508	408,772	60,452	-	3,821,142
Reassessment of lease terms	14,547,453	-	-	-	-	14,547,453
Pre-terminations	(9,242)	(1,139)	-	-	-	(10,381)
At December 31	22,295,418	1,473,558	1,079,839	321,962	2,666	25,173,443
<b>Accumulated Depreciation</b>						
At January 1	1,205,466	710,607	415,100	180,739	2,482	2,514,394
Depreciation (Note 25)	2,281,647	383,008	231,715	78,120	184	2,974,674
Pre-terminations	(1,894)	(743)	-	-	-	(2,637)
At December 31	3,485,219	1,092,872	646,815	258,859	2,666	5,486,431
<b>Carrying Amount at December 31</b>	<b>₱18,810,199</b>	<b>₱380,686</b>	<b>₱433,024</b>	<b>₱63,103</b>	<b>₱-</b>	<b>₱19,687,012</b>

#### 2020

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased lines	Total
<b>Cost</b> <i>(In Thousand Pesos)</i>						
At January 1	₱2,889,165	₱936,483	₱671,067	₱226,082	₱2,666	₱4,725,463
Additions	1,912,744	160,135	-	36,015	-	2,108,894
Pre-terminations	(1,112)	(17,429)	-	(587)	-	(19,128)
At December 31	4,800,797	1,079,189	671,067	261,510	2,666	6,815,229
<b>Accumulated Depreciation</b>						
At January 1	543,048	339,566	196,849	78,273	1,447	1,159,183
Depreciation (Note 25)	662,618	377,131	218,251	102,681	1,035	1,361,716
Pre-terminations	(200)	(6,090)	-	(215)	-	(6,505)
At December 31	1,205,466	710,607	415,100	180,739	2,482	2,514,394
<b>Carrying Amount at December 31</b>	<b>₱3,595,331</b>	<b>₱368,582</b>	<b>₱255,967</b>	<b>₱80,771</b>	<b>₱184</b>	<b>₱4,300,835</b>

In 2021, the lease terms of certain network sites were revised as a result of the change in the non-cancellable periods of those leases.

### 13.2 Lease liabilities

The following table provides the lease liabilities in relation to leased assets:

	2021	2020
	<i>(In Thousand Pesos)</i>	
Network sites	<b>₱19,039,104</b>	₱3,780,215
Transportation Equipment	<b>347,678</b>	381,968
Corporate Office	<b>423,384</b>	274,396
Stores	<b>69,182</b>	87,855
Leased lines	-	238
	<b>19,879,348</b>	4,524,672
Less current portion	<b>3,664,344</b>	999,200
Non current portion	<b>₱16,215,004</b>	₱3,525,472

The rollforward analysis of this account follows:

#### 2021

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased lines	Total
	<i>(In Thousand Pesos)</i>					
At January 1	₱3,780,215	₱381,968	₱274,396	₱87,855	₱238	₱4,524,672
Additions	2,956,410	395,508	408,772	60,452	-	3,821,142
Reassessment of lease terms	14,547,453	-	-	-	-	14,547,453
Interests (Note 26)	520,481	22,499	12,649	5,132	3	560,764
Payments	(2,757,584)	(451,880)	(272,433)	(84,257)	(241)	(3,566,395)
Pre-terminations	(7,871)	(417)	-	-	-	(8,288)
<b>At December 31</b>	<b>₱19,039,104</b>	<b>₱347,678</b>	<b>₱423,384</b>	<b>₱69,182</b>	<b>₱-</b>	<b>₱19,879,348</b>

#### 2020

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased lines	Total
	<i>(In Thousand Pesos)</i>					
At January 1	₱2,408,958	₱610,316	₱489,194	₱153,843	₱1,306	₱3,663,617
Additions	1,912,744	160,135	-	36,015	-	2,108,894
Interests (Note 26)	231,145	36,652	26,191	7,915	49	301,952
Payments	(771,681)	(413,525)	(240,989)	(109,541)	(1,117)	(1,536,853)
Pre-terminations	(951)	(11,610)	-	(377)	-	(12,938)
<b>At December 31</b>	<b>₱3,780,215</b>	<b>₱381,968</b>	<b>₱274,396</b>	<b>₱87,855</b>	<b>₱238</b>	<b>₱4,524,672</b>

The table below presents the maturity profile of the Globe Group's lease liabilities using undiscounted cash flows of future lease payments.

## 2021

	1 year	More than 1 year but not more than 5 years	More than 5 years	Total
<i>(In Thousand Pesos)</i>				
Network Sites	<b>₱3,825,810</b>	<b>₱11,181,324</b>	<b>₱7,272,247</b>	<b>₱22,279,381</b>
Transportation equipment	<b>251,153</b>	<b>106,678</b>	-	<b>357,831</b>
Corporate office	<b>260,152</b>	<b>176,784</b>	<b>246</b>	<b>437,182</b>
Stores	<b>34,658</b>	<b>35,596</b>	<b>7,297</b>	<b>77,551</b>
Leased lines	-	-	-	-
	<b>₱4,371,773</b>	<b>₱11,500,382</b>	<b>₱7,279,790</b>	<b>₱23,151,945</b>

## 2020

	1 year	More than 1 year but not more than 5 years	More than 5 years	Total
<i>(In Thousand Pesos)</i>				
Network Sites	<b>₱726,556</b>	<b>₱2,494,751</b>	<b>₱1,518,394</b>	<b>₱4,739,701</b>
Transportation equipment	<b>277,897</b>	<b>121,870</b>	-	<b>399,767</b>
Corporate office	<b>195,829</b>	<b>96,041</b>	<b>375</b>	<b>292,245</b>
Stores	<b>53,682</b>	<b>35,573</b>	<b>9,268</b>	<b>98,523</b>
Leased lines	<b>211</b>	-	-	<b>211</b>
	<b>₱1,254,175</b>	<b>₱2,748,235</b>	<b>₱1,528,037</b>	<b>₱5,530,447</b>

### 13.3 Short-term Leases and Leases of Low Value Assets

Short-term leases and leases of low-value assets charged as operating expenses in the consolidated profit or loss amounted to ₱4,274.33 million, ₱6,208.75 million and ₱5,793.30 million as of December 31, 2021, 2020 and 2019, respectively (see [Note 24](#)).

## 14 Business Combinations

### 14.1 Investment in Third Pillar Business Applications Inc. and a Subsidiary (Third Pillar Group)

On August 17, 2020, Globe Telecom through GTI Business Holdings, Inc. acquired 67% of equity interest in Third Pillar Business Applications Inc. for a total amount of ₱171.58 million. Third Pillar is the Philippines' largest Gold Partner of Salesforce, a CRM solutions provider. Third Pillar has been instrumental in the growth of Salesforce in the Philippines, with a client roster which includes the country's largest companies. It is also the exclusive local partner and reseller of Syniti (formerly BackOffice Associates), a US-based company that has been solving the world's most complex data challenges for over 20 years. TPBAI previously owns 11% of TPGDC, a domestic corporation engaged in software implementation and maintenance services and the outsourcing arm of TPBAI. GTI's acquisition of TPBAI also mandated TPBAI's acquisition of the remaining 89% ownership interest of TPGDC making TPBAI a sole owner TPGDC.

Globe's acquisition of Third Pillar Group forms part of Globe's strategy to be the trusted advisor of enterprise customers in the Information and Communications Technology space by way of introduction and implementation of efficient, reliable and leading-edge technologies.

Details of the fair values upon acquisition of Third Pillar Group in 2020 as follows:

	Amount recognized on acquisition
<i>(In Thousand Pesos)</i>	
<b>ASSETS</b>	
Current assets	₱103,790
Property and equipment (Note 11)	3,038
Other noncurrent assets	9,364
	116,192
<b>LIABILITIES</b>	
Current Liabilities	73,521
Noncurrent Liabilities	3,840
	77,361
<b>Total net assets at fair value</b>	<b>₱38,831</b>
<b>Intangible assets arising on acquisition (Note 12)</b>	
Supplier relationship	₱184,234
Customer relationship	12,207
	196,441
<b>Deferred tax liabilities (Note 29)</b>	<b>(58,932)</b>
<b>Net assets acquired and liabilities assumed</b>	<b>₱176,340</b>
Purchase consideration transferred	₱171,582
Net assets acquired and liabilities assumed	(176,340)
Non-controlling interest measured at fair value	58,192
<b>Goodwill arising on acquisition (Note 12)</b>	<b>₱53,434</b>



Net cash outflow from the acquisition is as follows (in thousand pesos):

Total purchase consideration	(P171,582)
Cash and cash equivalents acquired from Third Pillar	12,200
<b>Net cash outflow on acquisition</b>	<b>(P159,382)</b>

#### 14.2 Investment in Cascadeo

On April 16, 2020, Globe Telecom, through GTI Business Holdings, Inc., entered into an agreement to acquire substantially all of the assets of US-based Cloud Consulting Companies, Cascadeo Corporation and Cascadeo Partners, and Philippine subsidiary Cascadeo, Inc. (collectively referred to as Cascadeo) for \$4M. Globe shall incorporate new entities through which the acquisition will be made. As part of the transaction, Globe, along with Cascadeo, will make follow up investments into the entities for growth capital to fund the company's expansion strategies.

Cascadeo is a Premier Partner of Amazon Web Services and Google Cloud and is also an expert in Microsoft Azure, with Cloud Centers of Excellence in both the US and the Philippines. With the completion of the investment, Globe—one of the largest cloud users in the country—now has the highest level of professional and managed service capabilities for multi-cloud operations. This guarantees businesses that Globe holds extensive experience and knowledge in designing, architecting, building, migrating, and managing workloads and applications on the Cloud.

On November 3, 2020, all the definitive agreements relating to the transaction have been signed and executed, and all closing conditions have been met.

In 2020, the initial accounting for the asset acquisition of Cascadeo has only been provisionally determined pending the finalization of necessary market valuations and determined based on management's best estimate of the likely values. As allowed under the relevant standard, the Globe Group will recognize any adjustment to those provisional values as an adjustment to goodwill upon determining the final fair values of identifiable assets and liabilities within 12 months from the acquisition date.

On March 26, 2021, the management completed the assessment of the fair values of the net assets of Cascadeo. The provisional and final fair values of the identifiable assets of Cascadeo as at the date of acquisition are shown in the following table:

	Provisional Fair value	Adjustment	Final Fair value
<i>(In Thousand Pesos)</i>			
Purchase consideration transferred	P198,971	P-	P198,971
Assets acquired	(1,040)	(8,605)	(9,645)
Intangible assets arising from acquisition			
Customer contracts (Note 12)	-	19,886	19,886
Application software and licenses (Note 12)	-	23,700	23,700
	-	(43,586)	(43,586)
Non-controlling interest	-	8,874	8,874
<b>Goodwill arising on acquisition (Note 12)</b>	<b>P197,931</b>	<b>(P43,317)</b>	<b>P154,614</b>

The goodwill comprises the fair value of expected synergies arising from the acquisition and presented under Goodwill and other intangible assets in the statements of the financial position, as disclosed in Note 12. None of the goodwill recognized is expected to be deductible for income tax purposes.

### 14.3 Investment in Yondu

On September 11, 2019, Globe Telecom reacquired 51% of the outstanding shares of Yondu, which increased its controlling interest to 100%, for a total amount of ₱501.25 million. Globe Telecom remeasured its previously held interest in Yondu based on its acquisition-date fair value which resulted to a remeasurement loss of ₱470.65 million (see [Note 27](#)). The transaction was accounted for as an acquisition of a subsidiary. Globe Telecom's acquisition of Yondu is in line with its strategy to expand its business operations in the mobile business industry.

Prior to the reacquisition, investment in Yondu was accounted for as an associate (see [Note 15.1](#)).

Net cash outflow from the acquisition is as follows (in thousand pesos):

Total cash paid on acquisition	(₱501,252)
Cash and cash equivalents acquired from Yondu	114,494
Net cash outflow on acquisition	(₱386,758)

### 14.4 Investment in EC Pay

On October 25, 2019, Globe Telecom acquired 77% of equity interest in EC Pay for a total amount of ₱1,540.00 million. EC Pay is a company engaged in the provision of information technology and electronic commerce related solutions, and operates a multi-tiered platform that offers secure electronic solutions for various transactions such as load purchases. The transaction was accounted for as an acquisition of a subsidiary. The Globe Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's net assets acquired and liabilities assumed.

Globe's acquisition of EC Pay will add value to Globe's distribution channels, enabling them to offer a suite of mobile communication products and services via a single platform bringing the company a step closer to its vision of a digitally-enabled Philippines. The platform would enable small business owners to offer more mobile communication products and services which in turn would stimulate the e-commerce industry and the digital economy.

Net cash outflow from the acquisition is as follows (in thousand pesos):

Total purchase consideration	(₱1,540,000)
Unpaid purchase consideration	76,329
Cash and cash equivalents acquired from ECPay	286,780
Net cash outflow on acquisition	(₱1,176,891)

Portion of the unpaid balance from acquisition in 2019 amounting to ₱26.83 million was subsequently paid on February 21, 2020.

The goodwill comprises the fair value of expected synergies arising from the acquisition and presented under Goodwill and other intangible assets in the statements of the financial position (see [Note 12](#)). None of the goodwill recognized is expected to be deductible for income tax purposes.

## 15 Investments in associates and joint ventures

This account consists of the following as of December 31:

	2021	2020
	<i>(In Thousand Pesos)</i>	
Investments in joint ventures:		
Vega	<b>₱33,892,484</b>	₱32,809,813
Mynt	<b>8,356,481</b>	2,678,250
TechGlobal	<b>207,711</b>	150,612
Bridge Mobile Pte. Ltd (BMPL)	<b>50,828</b>	46,823
Konsulta	<b>22,827</b>	10,962
Telecommunications Connectivity, Inc. (TCI)	<b>38,886</b>	10,000
	<b>₱42,569,217</b>	₱35,706,460

Details of the Globe Group's investments in joint venture and the related percentages of ownership as of December 31, 2021 and 2020 are shown below:

	Country of Incorporation	Principal Activities	2021	2020
<b>Joint Ventures</b>				
VTI	Philippines	Telecommunications	<b>50%</b>	50%
BAHC	Philippines	Holding company	<b>50%</b>	50%
BHC	Philippines	Holding company	<b>50%</b>	50%
Konsulta	Philippines	Health hotline facility	<b>50%</b>	50%
TechGlobal	Philippines	Installation and management of data centers	<b>49%</b>	49%
Mynt	Philippines	Holding company	<b>36%</b>	40%
BMPL	Singapore	Mobile technology infrastructure and common service	<b>10%</b>	10%
TCI	Philippines	Telecommunications	<b>33%</b>	33%
HealthNow	Philippines	IT services for telehealth	<b>50%</b>	-
Inquiro	Philippines	Data management services	<b>49%</b>	-
Rush	Philippines	Cloud-based solutions	<b>49%</b>	-
PureGo	Philippines	E-commerce platform	<b>50%</b>	-

Equity share in net (loss) income from investment in associates and joint ventures are as follows:

	2021	2020	2019
	<i>(In Thousand Pesos)</i>		
Investments in associates:			
Yondu	<b>₱-</b>	₱-	₱32,250
Investments in joint ventures:			
Vega	<b>1,040,322</b>	26,315	2,105
TechGlobal	<b>57,099</b>	59,719	1,191
BMPL	<b>1,025</b>	(2,162)	3,540
Mynt	<b>(173,966)</b>	(2,450,671)	(2,590,650)
HealthNow	<b>(28,620)</b>	-	-
Konsulta	<b>(13,211)</b>	(641)	(3,218)
TCI	<b>(1,114)</b>	-	-
	<b>₱881,535</b>	(₱2,367,440)	(₱2,554,782)

Investment in associates and joint ventures share in other comprehensive income are as follows:

	Note	2021	2020	2019
<i>(In Thousand Pesos)</i>				
Investments in joint ventures:				
Vega		<b>₱42,349</b>	₱28,035	₱271,411
BMPL		<b>2,980</b>	(2,941)	(2,054)
	21.8	<b>₱45,329</b>	₱25,094	₱269,357

The movement in investments in joint ventures and associates are as follows:

	Notes	2021	2020
<i>(In Thousand Pesos)</i>			
<b>Costs</b>			
At January 1		<b>₱42,956,056</b>	₱39,381,115
Additional capital contributions during the year			
Investment in Mynt	15.4	<b>1,508,160</b>	1,522,500
Investment in TCI	15.8	<b>30,000</b>	10,000
Investment in HealthNow	15.9	<b>28,620</b>	-
Investment in Konsulta	15.7	<b>25,076</b>	-
Gain on deemed sale of investment in Mynt	15.4	<b>4,344,037</b>	2,042,441
At December 31		<b>48,891,949</b>	42,956,056
<b>Accumulated Equity in Net Losses</b>			
At January 1		<b>(7,571,481)</b>	(5,204,041)
Equity share in net (loss) income		<b>881,535</b>	(2,367,440)
At December 31		<b>(6,689,946)</b>	(7,571,481)
<b>Other Comprehensive Income</b>			
At January 1		<b>321,885</b>	296,791
Equity share in currency translation adjustment	21.8	<b>2,980</b>	(2,941)
Equity share in investment in equity securities	21.8	<b>57,571</b>	41,042
Equity share in retirement obligation	21.8	<b>(15,222)</b>	(13,007)
At December 31		<b>367,214</b>	321,885
<b>Carrying Value at December 31</b>		<b>₱42,569,217</b>	₱35,706,460

The table below presents the summarized financial information lifted from the unaudited statutory financial statements of the Globe Group's investments in associate and joint ventures:

## 2021

	Vega	Mynt	TechGlobal	BMPL	Konsulta	TCI	HealthNow
<i>(In Thousand Pesos)</i>							
<b>Statements of Financial Position:</b>							
Current assets	<b>P4,835,505</b>	<b>P60,435,152</b>	<b>P350,752</b>	<b>P609,872</b>	<b>P292,626</b>	<b>P79,470</b>	<b>P9,594</b>
Noncurrent assets	<b>42,796,313</b>	<b>1,478,289</b>	<b>199,632</b>	<b>13,304</b>	<b>16,164</b>	<b>58,315</b>	<b>64,378</b>
Current liabilities	<b>2,154,774</b>	<b>42,895,123</b>	<b>30,592</b>	<b>114,437</b>	<b>263,137</b>	<b>21,127</b>	<b>46,684</b>
Noncurrent liabilities	<b>9,832,485</b>	<b>87,933</b>	<b>95,891</b>	<b>459</b>	<b>-</b>	<b>-</b>	<b>47,081</b>
Equity attributable to Parent Company	<b>32,135,479</b>	<b>18,930,385</b>	<b>423,901</b>	<b>508,280</b>	<b>45,653</b>	<b>116,658</b>	<b>(19,793)</b>
<b>Statements of Comprehensive Income:</b>							
Revenue	<b>3,771,774</b>	<b>25,655,856</b>	<b>219,057</b>	<b>294,936</b>	<b>200,353</b>	<b>23,014</b>	<b>50,703</b>
Costs and expenses	<b>(2,369,134)</b>	<b>(26,007,493)</b>	<b>(86,624)</b>	<b>(284,686)</b>	<b>(226,775)</b>	<b>(26,379)</b>	<b>(127,736)</b>
Income before tax	<b>1,402,640</b>	<b>(351,637)</b>	<b>132,433</b>	<b>10,250</b>	<b>(26,422)</b>	<b>(3,365)</b>	<b>(77,033)</b>
Income tax	<b>(387,902)</b>	<b>(86,014)</b>	<b>(15,904)</b>	<b>-</b>	<b>-</b>	<b>(11)</b>	<b>-</b>
Profit (Loss) for the period	<b>1,014,738</b>	<b>(437,651)</b>	<b>116,529</b>	<b>10,250</b>	<b>(26,422)</b>	<b>(3,376)</b>	<b>(77,033)</b>
Other comprehensive income (loss)	<b>84,698</b>	<b>-</b>	<b>-</b>	<b>29,800</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total comprehensive income	<b>P1,099,436</b>	<b>(P437,651)</b>	<b>P116,529</b>	<b>P40,050</b>	<b>(P26,422)</b>	<b>(P3,376)</b>	<b>(P77,033)</b>

## 2020

	Vega	Mynt	TechGlobal	BMPL	Konsulta
<i>(In Thousand Pesos)</i>					
<b>Statements of Financial Position:</b>					
Current assets	<b>P5,973,853</b>	<b>P22,407,757</b>	<b>P314,711</b>	<b>P584,056</b>	<b>P58,243</b>
Noncurrent assets	<b>42,988,975</b>	<b>1,275,011</b>	<b>202,598</b>	<b>17,432</b>	<b>1,732</b>
Current liabilities	<b>2,089,615</b>	<b>19,748,313</b>	<b>146,566</b>	<b>124,326</b>	<b>38,053</b>
Noncurrent liabilities	<b>13,522,392</b>	<b>29,760</b>	<b>63,369</b>	<b>8,932</b>	<b>-</b>
Equity attributable to Parent Company	<b>30,142,290</b>	<b>3,904,695</b>	<b>307,374</b>	<b>468,230</b>	<b>21,922</b>
<b>Statements of Comprehensive Income:</b>					
Revenue	<b>3,412,533</b>	<b>21,572,627</b>	<b>200,829</b>	<b>228,868</b>	<b>58,717</b>
Costs and expenses	<b>(2,142,282)</b>	<b>(27,153,829)</b>	<b>(58,779)</b>	<b>(250,488)</b>	<b>(60,001)</b>
Income before tax	<b>1,270,251</b>	<b>(5,581,202)</b>	<b>142,050</b>	<b>(21,620)</b>	<b>(1,284)</b>
Income tax	<b>(439,886)</b>	<b>(3,439)</b>	<b>(20,172)</b>	<b>-</b>	<b>-</b>
Profit (Loss) for the period	<b>830,365</b>	<b>(5,584,641)</b>	<b>121,878</b>	<b>(21,620)</b>	<b>(1,284)</b>
Other comprehensive income (loss)	<b>56,072</b>	<b>-</b>	<b>-</b>	<b>(29,410)</b>	<b>-</b>
Total comprehensive income	<b>P886,437</b>	<b>(P5,584,641)</b>	<b>P121,878</b>	<b>(P51,030)</b>	<b>(P1,284)</b>

## Investment in Associates

### 15.1 Investment in Yondu

Yondu was an associate of Globe Telecom and is engaged in the development and creation of wireless products and services accessible through mobile devices or other forms of communication devices. It also provides internet and mobile value added services, information technology and technical services including software development and related services. Yondu is registered with the Department of Transportation and Communication (DOTC) as a content provider.

On September 11, 2019, Globe Telecom reacquired 51% of the outstanding shares of Yondu, which increased its controlling interest to 100% (see [Note 14.3](#)).



### *15.2 Investment in AFPI (formerly Automated Fare Collection Service Inc. (AFCS))*

On January 30, 2014, following a competitive bidding process, the Department of Transportation and Communication awarded to AF Consortium, composed of AC Infrastructure Holdings Corp., BPI Card Finance Corp., Globe Telecom, Inc., Meralco Financial Services, Inc., Metro Pacific Investments Corp., and Smart Communications, Inc. the rights to design, build and operate the ₱1.72 billion automated fare collection system. This is a public-private partnership project intended to upgrade and consolidate the fare collection systems of the three urban rail transit systems which presently serve Metro Manila.

On February 10, 2014, AF Consortium incorporated AFCS, a special purpose company, which will assume the rights and obligations of the concessionaire. These rights and obligations include the construction and establishment of systems, infrastructure including implementation, test, acceptance and maintenance plans, and operate the urban transit system for a period of 10 years.

On March 11, 2015, AFCS amended its corporate name to AFPI.

On July 22, 2019, Globe Telecom sold its interest in AFPI to Globe Fintech Innovations (GFI) for a total consideration of ₱240.00 million. Accordingly, gain on sale from investment was recognized as other income (see [Note 23](#)). The Globe Group's share in other comprehensive income previously accumulated in other reserves account amounting to ₱1.1 million was also reclassified to retained earnings (see [Note 21.8](#)).

The Globe Group has no share in any contingent liabilities of any associates as of December 31, 2021 and 2020.

### *Investment in Joint Ventures*

#### *15.3 Investment in Vega*

On May 30, 2016, Globe Telecom's BOD, through its Executive Committee, approved the signing of a Sale and Purchase Agreement (SPA) and other related definitive agreements for acquisition of 50% equity interest in the telecommunications business of San Miguel Corporation (SMC), Schutzengel Telecom, Inc. and Grace Patricia W. Vilchez-Custodio (the "Sellers"; SMC being the major seller) through their respective subsidiaries namely, VTI, BAHC and BHC, respectively (the Acquirees). The remaining 50% equity stake in VTI, BAHC and BHC was acquired by Philippine Long Distance Telephone Company (PLDT) under similar definitive agreements.

VTI owns an equity stake in Liberty Telecom Holdings, Inc. (LIB), a publicly-listed company in the Philippine Stock Exchange. It also owns, directly and indirectly, equity stakes in various enfranchised companies, including Bell Telecommunication Philippines, Inc. (Bell Tel), Eastern Telecom Philippines, Inc. (Eastern Telecom), Cobaltpoint Telecommunication, Inc (formerly Express Telecom, Inc.), and Tori Spectrum Telecom, Inc., among others.

The acquisition provided Globe Telecom an access to certain frequencies assigned to Bell Tel in the 700 Mhz, 900 Mhz, 1800 Mhz, 2300 Mhz and 2500 Mhz bands through a co-use arrangement approved by the NTC on May 27, 2016.

The memorandum of agreement between Globe and PLDT provides for both parties to pool resources and share in the profits and losses of the companies on a 50%-50% basis with a view to being financially self-sufficient and able to operate or borrow funds without recourse to the parties.

Notional goodwill recognized as part of investment in Vega amounted to ₱17.8 billion as of December 31, 2021 and 2020.

The table below presents the additional financial information of Vega:

	2021	2020
	<i>(In Thousand Pesos)</i>	
<b>Items in the Statements of Financial Position</b>		
Cash and cash equivalents	<b>₱3,182,824</b>	₱3,073,723
Current financial liabilities, excluding trade and other payables and provisions	-	-
Non-current financial liabilities, excluding trade and other payables and provisions	-	-
<b>Items in the Statements of Comprehensive Income</b>		
Depreciation and amortization	<b>₱675,695</b>	₱631,010
Interest income	<b>16,431</b>	24,858
Interest expense	-	-

#### 15.4 Investment in Mynt

Mynt is engaged in purchasing, subscribing, owning, holding and assigning real and personal property, shares of stock and other securities. Mynt holds 100% ownership interest on Fuse Lending Inc. (Fuse) and G-Xchange, Inc. (GXI). Fuse operates as a lending company. GXI is registered with Bangko Sentral ng Pilipinas (BSP) as a remittance agent and electronic money issuer. GXI handles the electronic payment and remittance service using the Globe Group's network as platform under GCash brand.

The Globe Group made an additional investment to Mynt amounting to ₱1,508.16 million, ₱1,522.50 million and ₱3,292.50 million in 2021, 2020 and 2019, respectively.

In 2020, Mynt has attracted fresh capital investment from ASP Philippines LP, a limited partnership fund managed by investment firm Bow Wave Capital Management ("Bow Wave"), to further spur the growth of financial inclusion and the digitization of payments and financial services in the Philippines. Mynt raised over \$175 million in fresh capital from Bow Wave and its existing shareholders in multiple tranches, with post-money valuation of the final tranches at close to \$1 billion.

Bow Wave's capital infusion resulted in dilution of Globe Group's ownership in Mynt from 46% to 40%. Accordingly, gain on deemed sale amounting to ₱2,042.44 million was recognized in profit or loss (see [Note 23](#))

In 2021, Mynt has raised over \$300 million in funding, valuing Mynt at over \$2 billion. The investment round was led by global investment giant Warburg Pincus, New York-based global private equity and venture capital firm Insight Partners, and Bow Wave, one of Mynt's existing investors. The round also includes participation from Itai Tsiddon and Amplo Ventures as well as capital from Globe and Ayala.

The investment round resulted in dilution of Globe Group's ownership in Mynt from 40% to 36%. Accordingly, gain on deemed sale amounting to ₱4,344.04 million was recognized in profit or loss (see [Note 23](#))

Notional goodwill recognized as part of investment in Mynt amounted to ₱1,630.59 million and ₱1,110.23 million, as of December 31, 2021 and 2020, respectively.

The table below presents the additional financial information of Mynt:

	2021	2020
	<i>(In Thousand Pesos)</i>	
<b>Items in the Statements of Financial Position</b>		
Cash and cash equivalents	<b>₱40,489,947</b>	₱15,518,164
Current financial liabilities, excluding trade and other payables and provisions	<b>32,674,714</b>	13,562,111
Non-current financial liabilities, excluding trade and other payables and provisions	-	-
<b>Items in the Statements of Comprehensive Income</b>		
Depreciation and amortization	<b>₱254,898</b>	₱242,622
Interest income	<b>46,789</b>	32,622
Interest expense	<b>48,170</b>	58,080

#### 15.5 Investment in TechGlobal

On November 2, 2015, Innove and Techzone Philippines incorporated TechGlobal, a Joint Venture Company, formed to install, own, operate, maintain and manage all kinds of data centers and to provide information technology-enabled services and computer-enabled support services. Innove and Techzone hold ownership interest of 49% and 51%, respectively. TechGlobal started commercial operations in August 2017.

#### 15.6 Investment in BMPL

Globe Telecom and other leading Asia Pacific mobile operators (JV partners) signed an Agreement in 2004 (JV Agreement) to form a regional mobile alliance, which will operate through a Singapore-incorporated company, BMPL. The JV company is a commercial vehicle for the JV partners to build and establish a regional mobile infrastructure and common service platform and deliver different regional mobile services to their subscribers.

#### 15.7 Investment in Konsulta

On October 23, 2014, Yondu and Salud Interactiva (SI) signed a shareholder's agreement to enter into a joint venture through a Philippine corporation. The Joint Venture (JV) Company was registered with the Securities and Exchange Commission on June 3, 2015 under the name GTHI as a stock corporation with 50% foreign equity formed to establish, operate, manage and provide a health hotline facility, including ancillary Information Technology services with intent to operate as a domestic market enterprise. Konsulta started commercial operations in July 2015.

The Globe Group infused ₱25.08 million and ₱12.5 million of additional capital in 2021 and 2019, respectively.



### *15.8 Investment in TCI*

On January 17, 2020, Globe Telecom, Dito Telecommunity and Smart Communications incorporated a joint venture company, Telecommunications Connectivity, Inc. (TCI) in line with the new mobile number portability initiative of the government under RA 11202 also known as the "Mobile Number Portability Act" ("the MNP Act"). As committed to the National Telecommunications Commission, TCI commenced commercial operations on September 30, 2021 through the implementation of MNP services.

TCI is expected to bring in the technical infrastructure to fulfill its primary function as a clearing house for the three mobile operators to ensure the smooth implementation of number porting services.

The Globe Group invested ₱30.00 million and ₱10.00 million in 2021 and 2020, respectively, for 33.33% ownership of TCI.

### *15.9 Investment in HealthNow*

On December 9, 2020, 917Venture, Inc., a venture capital company, and Vigos Ventures Inc. incorporated HealthNow, Inc., a Joint Venture company to provide online applications and IT services and facilities for telehealth, video-health consultation and other telehealth-related business. The Globe Group invested ₱28.62 million in 2021 for 50% ownership of HealthNow.

### *15.10 Investment in Inquirol*

On September 16, 2021, 917Venture, Inc. and Jerusalem Ventures Holdings Inc. (JVHI) incorporated Inquirol, Inc., a Joint Venture company to provide data management and other data-related services, through the utilization of telecommunication facilities. The Globe Group owns 49% of Inquirol. No capital infusion yet as of December 31, 2021.

### *15.11 Investment in Rush*

On December 1, 2021, 917Ventures, Inc. and JVHI incorporated Rush Technologies, Inc. (Rush), a Joint Venture company engaged in the business of *business-to-business* (B2B) and *business-to-consumer* (B2C) cloud-based platforms and software solutions that are necessary for, but not limited to, loyalty and e-commerce management systems. The Globe Group owns 49% of Rush. There has been no capital infusion yet as of December 31, 2021.

### *15.12 Investment in PureGo*

On September 16, 2021, 917Ventures, Inc. and Entenso Equities Incorporated formed Pure Commerce, Inc. (PureGo), a Joint Venture company established to engage in the buying, selling, distribution and marketing of grocery items through an online e-commerce platform. The Globe Group owns 50% of PureGo. There has been no capital infusion yet as of December 31, 2021.

## 16 Trade Payables and Accrued Expenses

This account consists of:

	Notes	2021	2020
<i>(In Thousand Pesos)</i>			
Accrued project costs	34.2	<b>₱37,691,916</b>	₱8,482,151
Accrued expenses		<b>25,492,771</b>	25,323,132
Trade payable		<b>10,503,025</b>	12,738,170
Taxes payable		<b>6,290,774</b>	5,781,765
Traffic settlements - net	32.2, 34.1	<b>637,234</b>	330,867
Dividends payable	21.5	-	260,030
Other creditors		<b>3,960,436</b>	3,461,071
		<b>₱84,576,156</b>	₱56,377,186

Traffic settlements payable are presented net of traffic settlements receivable from the same carrier (see [Note 32.2](#)).

Accrued expenses consists of the following:

	2021	2020
<i>(In Thousand Pesos)</i>		
Repairs and maintenance	<b>₱4,986,521</b>	₱4,697,460
Professional and other contracted services	<b>4,534,312</b>	4,885,414
Staff costs	<b>3,316,620</b>	2,802,372
Selling, advertising and promotions	<b>3,002,532</b>	3,378,672
Lease	<b>2,835,353</b>	3,149,327
Taxes and licenses	<b>2,219,181</b>	2,224,755
Utilities, supplies and other administrative expenses	<b>1,531,266</b>	1,493,631
Others	<b>3,066,986</b>	2,691,501
	<b>₱25,492,771</b>	₱25,323,132



## 17 Provisions

The rollforward analysis of this account follows:

	Notes	2021	2020
<i>(In Thousand Pesos)</i>			
At beginning of year		<b>₱2,784,521</b>	₱2,622,318
Provisions for claims	27	<b>710,369</b>	410,898
Payments and reversals for claims	27	<b>(726,171)</b>	(248,695)
At end of year		<b>₱2,768,719</b>	₱2,784,521

Provisions pertain to probable liabilities related to various pending unresolved claims over the Globe Group's businesses such as provision for taxes and various labor cases.

The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the outcome of these on-going claims and assessments. As of December 31, 2021, the remaining claims are still being resolved.

## 18 Loans Payable

The Globe Group's loans payable consists of the following:

	2021	2020
<i>(In Thousand Pesos)</i>		
Term Loans:		
Peso	<b>₱152,018,093</b>	₱114,188,487
Dollar	<b>24,917,025</b>	19,301,661
	<b>176,935,118</b>	133,490,148
Retail bonds:		
Peso	<b>2,983,268</b>	2,973,203
Dollar	<b>30,135,181</b>	28,328,799
	<b>33,118,449</b>	31,302,002
	<b>210,053,567</b>	164,792,150
Less current portion	<b>16,018,505</b>	8,521,424
Net of current portion	<b>₱194,035,062</b>	₱156,270,726

The rollforward analysis of this account follows:

	Note	2021	2020
<i>(In Thousand Pesos)</i>			
At beginning of year		<b>₱164,792,150</b>	₱135,862,735
Cash items			
Proceeds from long term borrowings		<b>50,733,809</b>	43,998,820
Proceeds from short term borrowings		<b>41,894,040</b>	18,440,000
Repayments of long term borrowings		<b>(8,009,757)</b>	(12,928,496)
Repayments of short borrowings		<b>(42,258,800)</b>	(17,740,000)
		<b>42,359,292</b>	31,770,324
Non-cash items			
Debt issuance cost		<b>(399,864)</b>	(674,703)
Amortization of debt issue cost		<b>291,758</b>	132,639
Acquired from acquisition of a subsidiary		-	21,077
Gain on debt renegotiation	23	-	(343,122)
Foreign exchange loss (gain)		<b>3,010,231</b>	(1,976,800)
		<b>2,902,125</b>	(2,840,909)
At end of year		<b>₱210,053,567</b>	₱164,792,150

The maturities of loans payable at nominal values as of December 31, 2021 follow (in thousands):

Due in:	
2022	₱16,113,555
2023	19,901,071
2024	17,953,305
2025	18,601,379
2026 and thereafter	139,004,076
	<b>₱211,573,386</b>

The interest rates and maturities of the above debts are as follows:

	Maturities	Interest Rates
Term Loans:		
Peso	2022-2033	1.61% to 7.11% in 2021
	2021-2031	1.66% to 7.91% in 2020
Dollar	2022-2027	0.73% to 6.00% in 2021
	2021-2027	0.83% to 6.00% in 2020
Retail bonds		
Peso	2023	5.28% in 2021
	2023	5.28% in 2020
Dollar	2030-2035	3.13% to 3.75% in 2021
	2030-2035	3.13% to 3.75% in 2020

Total interest expense recognized in the consolidated profit or loss related to long-term debt amounted to ₱6,372.37 million, ₱5,751.08 million and ₱5,937.70 million in 2021, 2020 and 2019, respectively (see [Note 26](#)).

Total interest expenses capitalized as part of property and equipment amounted to ₱1,640.44 million and ₱1,279.97 million in 2021 and 2020, respectively (see [Note 11](#)).

### *18.1 Term Loans and Corporate Notes*

Globe Telecom has unsecured term loans which consists of dollar and peso-denominated term loans subject to fixed and floating interest rates.

In 2020, the terms and condition of certain loans with local banks were modified to reduce the interest rates. Gain amounting to ₱343.12 million on debt renegotiation were recognized in the consolidated profit or loss in 2020 ([Note 23](#)).

### *18.2 Retail Bonds*

On June 1, 2012, Globe Telecom issued ₱10,000.00 million fixed rate bonds. The amount comprises ₱4,500.00 million and ₱5,500.00 million fixed rate bonds due in 2017 and 2019, with interest rate of 5.75% and 6.00%, respectively. The net proceeds of the issue were used to partially finance Globe Telecom's capital expenditure requirements in 2012.

The five-year and seven-year retail bonds may be redeemed in whole, but not in part only, starting two years before maturity date and on the anniversary thereafter at a price equal to 101.00% and 100.50%, respectively, of the principal amount of the bonds and all accrued interest to the date of the redemption. In 2017, Globe Telecom fully redeemed its ₱4,500.00 million retail bonds. In June 2019, Globe Telecom fully redeemed its ₱5,500 million retail bonds.

On July 17, 2013, Globe Telecom issued ₱7,000.00 million fixed rate bond. The amount comprises ₱4,000.00 million and ₱3,000.00 million bonds due in 2020 and 2023, with interest rate of 4.8875% and 5.2792%, respectively. The net proceeds of the issue were used to partially finance Globe Telecom's capital expenditure requirements in 2013.

The seven-year and ten-year retail bonds may be redeemed in whole, but not in part only, starting two years for the seven-year bonds and three years for the ten-year bonds before the maturity date and on the anniversary thereafter at a price ranging from 101.0% to 100.5% and 102.0% to 100.5%, respectively, of the principal amount of the bonds and all accrued interest depending on the year of redemption. In July 2020, Globe Telecom fully redeemed its ₱4,000.00 million retail bonds.

### *18.3 Unsecured Fixed Rate Notes*

On July 23, 2020, Globe Telecom issued a USD 300 million 10-year and USD 300 million 15-year US dollar denominated senior notes with a coupon rate of 2.5% and 3.0%, respectively. The notes are unrated and have been listed on the Singapore Exchange Securities Trading Limited on July 24, 2020. The net proceeds from the issue of the notes was used to finance Globe's capital expenditures, refinance maturing and/or existing obligations, and for general corporate requirements.

### *18.4 Loan Covenants*

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

The financial tests under Globe Group's loan agreements include compliance with the following ratios:

- Total debt\* to equity not exceeding 3.0:1,
- Total debt\* to EBITDA not exceeding 3.5:1;
- Debt service coverage exceeding 1.3 times; and
- Secured debt ratio not exceeding 0.2 times.

\*Composed of loans payable and net derivative liabilities.

As of December 31, 2021 and 2020, the Globe Group is not in breach of any loan covenants.

## 19 Other Long-term Liabilities

This account consists of:

	2021	2020
	<i>(In Thousand Pesos)</i>	
Asset retirement obligation (ARO)	<b>₱3,297,839</b>	₱2,852,256
Others	<b>1,697,360</b>	1,237,258
	<b>₱4,995,199</b>	₱4,089,514

ARO represents Globe Group's obligation to restore leased properties to their original condition and estimated dismantling cost of property and equipment. The rollforward analysis of the Globe Group's ARO follows:

	Notes	2021	2020
		<i>(In Thousand Pesos)</i>	
At beginning of year		<b>₱2,852,256</b>	₱2,742,633
Accretion expense during the year	26	<b>199,152</b>	151,460
Capitalized to property and equipment during the year	11	<b>456,077</b>	34,875
Settlements and reversals		<b>(8,255)</b>	(65,237)
Remeasurements		<b>(201,391)</b>	(11,475)
At end of year		<b>₱3,297,839</b>	₱2,852,256

Gain on settlement and remeasurement of ARO recognized in consolidated profit or loss amounted to ₱74.43 million, ₱34.85 million and ₱5.77 million in 2021, 2020 and 2019, respectively (see [Note 23](#)).

## 20 Related Party Transactions

Parties are considered to be related to the Globe Group if they have the ability, directly or indirectly, to control the Globe Group or exercise significant influence over the Globe Group in making financial and operating decisions, or vice versa, or where the Globe Group and the party are subject to common control or common joint control. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or entities and include entities which are under the significant influence of related parties exercising control or joint control over the Globe Group, and post-employment benefit plan which are for the benefit of employees of the Globe Group or of any entity that is a related party of the Globe Group.

The Globe Group, in their regular conduct of business, enter into transactions with their major stockholders, AC and Singtel, associates, joint ventures and certain related parties.



The summary of balances arising from related party transactions for the relevant financial year follows (in thousand pesos):

2021

		Amount of transaction				Outstanding Balance			Terms	Conditions
		Note	Revenue and Other Income	Costs and Expenses charged to Profit or Loss	Cost and Expenses capitalized as Asset	Cash and Cash Equivalents	Amounts Owed by Related Parties	Amounts Owed to Related Parties		
Entities with joint control over the Company										
Singtel	20.1		P561,592	P294,210	P-	P-	P47,702	P166,123	Interest-free, settlement in cash	Unsecured, no impairment
AC	20.1		10,183	443,934	-	-	1,813	249	Interest-free, settlement in cash	Unsecured, no impairment
Jointly controlled entities										
BMPL	20.2		-	15,452	-	-	-	1,534	Interest-free, settlement in cash	Unsecured, no impairment
Mynt	20.2		165,430	2,437,200	-	191,592	242,690	-	Interest-free, settlement in cash	Unsecured, no impairment
Other related parties										
GRP	20.3		120,292	-	-	-	2,955,935	-	3-5 years, 4.25-6.00%, settlement in cash	Unsecured, no impairment
BHI	20.3		-	-	-	-	-	-	3 years, 5.75%, settlement in cash	-
BEAM	20.3		-	215,000	-	-	-	-	-	-
Altimax	20.3		-	7,278	-	-	-	-	-	-
Key management personnel	20.4		-	368,075	-	-	-	-	-	-
Others	20.3		747,309	219,924	81,052	1,968,736	155,990	39,963	Interest-free excluding cash and cash equivalents, settlement in cash	Unsecured, no impairment
						P2,160,328	P3,404,130	P207,869		





2020

		Amount of transaction				Outstanding Balance				
		Note	Revenue and Other Income	Costs and Expenses charged to Profit or Loss	Cost and Expenses capitalized as Asset	Cash and Cash Equivalents	Amounts Owed by Related Parties	Amounts Owed to Related Parties	Terms	Conditions
Entities with joint control over the Company										
Singtel	20.1		P463,331	P269,204	P-	P-	P56,273	P99,189	Interest-free, settlement in cash	Unsecured, no impairment
AC	20.1		13,925	54,442	-	-	6,948	50	Interest-free, settlement in cash	Unsecured, no impairment
Jointly controlled entities										
BMPL	20.2		-	21,818	-	-	-	1,327	Interest-free, settlement in cash	Unsecured, no impairment
Mynt	20.2		51,786	1,184,850	-	194,990	408,556	-	Interest-free, settlement in cash	Unsecured, no impairment
Other related parties										
GRP	20.3		25,645	-	-	-	478,000	-	3 years, 4.25%, settlement in cash	Unsecured, no impairment
BEAM	20.3		-	220,167	-	-	-	-	-	-
Altimax	20.3		-	3,891	-	-	-	-	-	-
Key management personnel	20.4		-	509,475	-	-	-	-	Interest-free excluding cash and cash equivalents, settlement in cash	Unsecured, no impairment
Others	20.3		734,759	307,684	61,934	672,134	225,042	14,926		
			P1,289,446	P2,571,531	P61,934	P867,124	P1,174,819	P115,492		

Amounts owed by related parties are presented in the statement of financial position as follows:

	Notes	2021	2020
<i>(In Thousand Pesos)</i>			
Trade receivables – net		<b>₱114,718</b>	₱300,835
Due from related parties	10	<b>333,477</b>	395,984
Loans to related parties	10	<b>2,955,935</b>	478,000
		<b>₱3,404,130</b>	<b>₱1,174,819</b>

Amounts owed to related parties amounting to ₱207.87 million and ₱115.49 million as of December 31, 2021 and 2020, respectively are presented under trade payables and accrued expenses account in the statements of financial position.

As of December 31, 2021 and 2020, total related party trade and other receivables with and among subsidiaries that were eliminated at consolidation against related party trade and other payables amounted to ₱43,002 million and ₱43,039 million, respectively.

## 20.1 Entities with Joint Control over Globe Group - AC and Singtel

### Singtel

#### Interconnection agreements

Globe Telecom has interconnection agreements with Singtel. The interconnection revenues recognized in relation to the agreements amounted to ₱561.59 million, ₱463.33 million and ₱466.40 million in 2021, 2020 and 2019, respectively. The interconnection costs recognized in relation to the agreements amounted to ₱29.53 million, ₱61.97 million and ₱42.18 million in 2021, 2020 and 2019, respectively.

#### Technical assistance agreement

Globe Telecom and Singtel have a technical assistance agreement whereby Singtel will provide consultancy and advisory services, including those with respect to the construction and operation of Globe Telecom's networks and communication services, equipment procurement and personnel services. In addition, Globe Telecom has software development, supply, license and support arrangements, lease of cable facilities, maintenance and restoration costs and other transactions with Singtel. General and administrative expenses charged to profit or loss in relation to the agreement amounted to ₱264.68 million, ₱207.23 million and ₱291.53 million in 2021, 2020 and 2019, respectively.

### AC

#### Subscription receivable

Globe Telecom, Innove and BTI earn subscriber revenues from AC. Service revenues recognized from AC amounted to ₱10.18 million, ₱13.93 million and ₱14.41 million in 2021, 2020 and 2019, respectively.

#### Cost reimbursements

Globe Telecom reimburses AC for certain operating expenses. Total expense recognized by the Globe Group from the transaction amounted to ₱443.93 million, ₱54.44 million and ₱64.37 million in 2021, 2020 and 2019, respectively.



## *20.2 Joint Ventures in which the Globe Group is a venturer*

### *BMPL*

Globe Telecom has preferred roaming service contract with BMPL. Under this contract, Globe Telecom will pay BMPL for services rendered by the latter which include, among others, coordination and facilitation of preferred roaming arrangement among JV partners, and procurement and maintenance of telecommunications equipment necessary for delivery of seamless roaming experience to customers. Globe Telecom also incurs commission from BMPL for regional top-up service provided by the JV partners. The net outstanding liabilities to BMPL related to these transactions amounted to ₱1.53 million and ₱1.33 million as of December 31, 2021 and 2020, respectively. Total expenses recognized related to these transactions amounted to ₱15.45 million, ₱21.82 million and ₱21.46 million in 2021, 2020, and 2019, respectively.

### *Mynt*

#### *Management support services*

The Globe Group renders certain management support services to GXI. The management services also include the use of the Globe Group's network and facilities to conduct GXI's operations. Management fee income amounted to ₱165.43 million, ₱51.79 million and ₱51.79 million in 2021, 2020, and 2019, respectively (see [Note 23](#)).

#### *Service agreement*

Mynt offers over-the-air reloading to the mobile prepaid subscribers of the Globe Group using the Gcash mobile application. This entitles Mynt to a certain percentage share of the prepaid load sales through the Gcash platform.

Mynt also provides virtual GCash wallet to the Globe Group and functions as an Internet Payment Gateway. This enables the subscribers of the Globe Group to purchase Globe products and settle postpaid bills using the GCash platform.

Expense charged to profit or loss in relation to these arrangements amounted to ₱2,437.20 million, 1,184.85 million and ₱322.05 million in 2021, 2020 and 2019, respectively.

Outstanding Gcash wallet balance as of December 31, 2021 and 2020 amounted to ₱191.59 million ₱194.99 million, respectively.

## *20.3 Transactions with the other related parties*

### *Globe Retirement Plan (GRP)*

The Globe Group granted various loans to the GRP at an interest rate of 5.50%, which matured on September 11, 2020. Upon maturity, the loan was extended until September 11, 2023 with the interest rate reduced to 4.25% per annum. On May 5, 2021, The Globe Group granted additional loans to the GRP at an interest rate of 6%, which will mature on May 26, 2026. Interest income amounted to ₱120.29 million, ₱25.65 million and ₱31.09 million in 2021, 2020 and 2019, respectively (see [Note 22](#)). As of December 31, 2021 and 2020, the outstanding balance of loan receivable from GGRP amounted to ₱2,955.94 million and ₱478.00 million, respectively (see [Note 10](#)).

### BHI

GRP owns 100% of BHI, a domestic corporation organized to invest in media ventures. BHI has controlling interest in Altimax Broadcasting Co., Inc. (Altimax) and Broadcast Enterprises and Affiliated Media Inc. (BEAM), respectively.

The Globe Group granted loans amounting ₱45.00 million to BHI at 5.75% interest which was settled in full on October 16, 2020. The loan is fully secured by a chattel mortgage agreement between Globe Group and BEAM.

Interest income amounted to nil, ₱4.79 million and ₱6.47 million in 2021, 2020, and 2019, respectively (see [Note 22](#)).

### BEAM

On February 1, 2009, the Globe Group entered into a memorandum of agreement (MOA) with BEAM for the latter to render mobile television broadcast service to Globe subscribers using the mobile TV service. The Globe Group recognized expense amounting to ₱215.00 million, ₱220.17 million and ₱175.60 million in 2021, 2020 and 2019, respectively.

### Altimax

On October 1, 2009, the Globe Group entered into a MOA with Altimax for the Globe Group's co-use of specific frequencies of Altimax's for the rollout of broadband wireless access to the Globe Group's subscribers. The Globe Group recognized expense amounting to ₱7.28 million, ₱3.89 million and ₱11.77 million in 2021, 2020 and 2019, respectively.

### Others

The Globe Group earns service revenues, maintains money market placements and cash in bank balances, acquires transportation equipment and incurs general, selling and administrative expenses such as rentals, utilities and customer contract services, from entities which are either controlled, jointly controlled or significantly influenced by AC.

## 20.4 Transactions with key management personnel of the Globe Group

The Globe Group's compensation of key management personnel by benefit type are as follows:

	Notes	2021	2020
<i>(In Thousand Pesos)</i>			
Short-term employee benefits	28	<b>₱231,100</b>	₱294,900
Share-based payments	28	<b>118,900</b>	198,400
Post-employment benefits	28	<b>18,075</b>	16,175
		<b>₱368,075</b>	<b>₱509,475</b>

There are no agreements between the Globe Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Globe Group's retirement plans.

## 21 Equity and Other Comprehensive Income

Globe Telecom's authorized capital stock as of December 31, 2021 and 2020 consists of (amounts in thousand pesos and number of shares):

	Shares	Amount
Voting preferred stock - ₱5 per share	160,000	₱800,000
Non-voting preferred stock - ₱50 per share	40,000	2,000,000
Common stock - ₱50 per share	148,934	7,446,719

Globe Telecom's issued, subscribed and fully paid capital stock consists of:

	2021		2020	
	Shares	Amount	Shares	Amount
<i>(In Thousand Pesos and Number of Shares)</i>				
Voting preferred stock	<b>158,515</b>	<b>₱792,575</b>	158,515	₱792,575
Non-voting preferred stock	<b>20,000</b>	<b>1,000,000</b>	20,000	1,000,000
Common stock	<b>133,619</b>	<b>6,680,960</b>	133,432	6,671,636
Total capital stock		<b>₱8,473,535</b>		<b>₱8,464,211</b>

Below is the summary of the Globe Telecom's track record of registration of securities:

	Number of shares registered	Issue/offer price	Date of approval
<i>(In Thousands, Except for Issue/Offer price)</i>			
Voting preferred stock	158,515	₱5.00	June 2001
Non-voting preferred stock	20,000	500.00	August 11, 2014
Common stock*	30,000	0.50	August 11, 1975

*\*Initial number of registered shares only*

### 21.1 Preferred Stock

#### Non-Voting Preferred Stock

On February 10, 2014, Globe Telecom's BOD approved the amendment of Articles of Incorporation (AOI) to reclassify 31 million of unissued common shares with par value of ₱50 per share and 90 million of unissued voting preferred shares with par value of ₱5 per share into a new class of 40 million non-voting preferred shares with par value of ₱50 per share.

On April 8, 2014, the stockholders approved the issuance, offer and listing of up to 20 million non-voting preferred shares, with an issue volume of up to ₱10 billion. The preferred shares shall be redeemable, non-convertible, non-voting, cumulative and may be issued in series.

On June 5, 2014, the SEC approved the amendment of AOI to implement the foregoing reclassification of shares.





On August 8, 2014, the SEC approved the offer of non-voting preferred perpetual shares and on August 15, 2014, the 20 million non-voting preferred shares were fully subscribed and issued. Subsequently, the shares were listed at the Philippines Stock Exchange (PSE) on August 22, 2014.

Non-voting preferred stock has the following features:

- Issued at ₱50 par;
- Dividend rate to be determined by the BOD at the time of issue;
- Redemption - at Globe Telecom's option at such times and price(s) as may be determined by the BOD at the time of issue, which price may not be less than the par value thereof plus accrued dividends;
- Eligibility of investors - Any person, partnership, association or corporation regardless of nationality wherein at least 60% of the outstanding capital stock shall be owned by Filipino;
- No voting rights;
- Cumulative and non-participating;
- No pre-emptive rights over any sale or issuance of any share in Globe Telecom's capital stock; and
- Stocks shall rank ahead of the common shares and equally with the voting preferred stocks in the event of liquidation.

On August 22, 2021, Globe Telecom redeemed the 20 million non-voting preferred shares for ₱10,000.00 million which were recognized as treasury shares in the consolidated statements of financial position (see [Note 21.4](#)).

#### *Voting Preferred Stock*

Voting preferred stock has the following features:

- Issued at ₱5 par;
- Dividend rate to be determined by the BOD at the time of issue;
- One preferred share is convertible to one common share starting at the end of the 10th year of the issue date at a price to be determined by Globe Telecom's BOD at the time of issue which shall not be less than the market price of the common share less the par value of the preferred share;
- Call option - Exercisable any time by Globe Telecom starting at the end of the 5th year from issue date at a price to be determined by the BOD at the time of issue;
- Eligibility of investors - Only Filipino citizens or corporations or partnerships wherein 60% of the voting stock or voting power is owned by Filipino;
- With voting rights;
- Cumulative and non-participating;
- Preference as to dividends and in the event of liquidation; and
- No pre-emptive right to any share issue of Globe Telecom, and subject to yield protection in case of change in tax laws.

The dividends for preferred stocks are declared upon the sole discretion of Globe Telecom's BOD.

## 21.2 Common Stock

The rollforward of outstanding common shares follows:

	2021		2020	
	Shares	Amount	Shares	Amount
<i>(In Thousand Pesos and Number of Shares)</i>				
At beginning of year	<b>133,432</b>	<b>₱6,671,636</b>	133,208	₱6,660,420
Exercise of stock options	-	-	-	-
Issuance of shares under share-based compensation plan and exercise of stock options	<b>187</b>	<b>9,324</b>	224	11,216
At end of year	<b>133,619</b>	<b>₱6,680,960</b>	133,432	₱6,671,636

Holders of fully paid common stock are entitled to voting and dividends rights.

## 21.3 Capital Securities

On November 2, 2021, Globe Telecom issued US\$600 million senior perpetual capital securities with an initial distribution rate of 4.20% payable semi-annually and callable on or after August 2, 2026. The distribution rate is subject to step up on the fifth anniversary and shall be recalculated every five years thereafter. The capital securities were classified as equity since there is no fixed redemption date and the redemption is at the option of Globe Telecom. Globe Telecom also has the right to defer payment of any or all of the distribution. On November 3, 2021, the capital securities were listed in Singapore Exchange Securities Trading Limited.

## 21.4 Treasury Shares

The Globe Group's treasury shares pertain to the 20 million non-voting preferred shares that were redeemed on August 22, 2021 for ₱10,000.00 million (see [Note 21.1](#)).

The rollforward of treasury shares follows:

	2021	
	Shares	Amount
<i>(In Thousand Pesos and Number of Shares)</i>		
At beginning of year	-	₱-
Redemption of shares	<b>20,000</b>	<b>10,000,000</b>
At end of period	<b>20,000</b>	<b>₱10,000,000</b>

### 21.5 Cash Dividends

Information on the Globe Telecom's BOD declaration of cash dividends follows:

	Date			
	Per Share	Amount	Record	Payment
(In Thousand Pesos, Except Per Share Figures)				
Dividends on Voting Preferred stock:				
December 10, 2019	0.32	50,027	December 26, 2019	December 27, 2019
November 3, 2020	0.32	50,027	November 17, 2020	December 3, 2020
November 11, 2021	0.32	50,027	November 25, 2021	December 10, 2021
Dividends on Non-voting Preferred stock:				
May 3, 2019	13.00	260,030	July 26, 2019	August 22, 2019
December 10, 2019	13.00	260,030	January 29, 2020	February 24, 2020
May 5, 2020	13.00	260,030	July 28, 2020	August 24, 2020
December 11, 2020	13.00	260,030	January 27, 2021	February 22, 2021
May 6, 2021	13.00	260,030	July 28, 2021	August 23, 2021
Dividends on Common stock:				
February 11, 2019	22.75	3,026,961	February 26, 2019	March 13, 2019
May 3, 2019	22.75	3,030,303	May 20, 2019	May 31, 2019
August 2, 2019	22.75	3,030,316	August 19, 2019	August 30, 2019
November 6, 2019	22.75	3,030,491	November 20, 2019	December 6, 2019
February 3, 2020	27.00	3,596,626	February 17, 2020	March 4, 2020
May 5, 2020	24.83	3,313,135	May 18, 2020	June 3, 2020
August 3, 2020	24.83	3,313,135	August 17, 2020	September 2, 2020
November 3, 2020	31.33	4,180,448	November 17, 2020	December 3, 2020
February 9, 2021	27.00	3,602,685	February 24, 2021	March 11, 2021
May 6, 2021	27.00	3,607,718	May 21, 2021	June 4, 2021
August 5, 2021	27.00	3,607,718	August 19, 2021	September 3, 2021
November 11, 2021	27.00	3,607,718	November 25, 2021	December 10, 2021

Unpaid cash dividends declared related to non-voting preferred stock amounted to nil and ₱260.03 million as of December 31, 2021 and 2020, respectively (see [Note 16](#)).

### 21.6 Common Stock Dividend

The dividend policy of Globe Telecom as approved by the BOD is to declare cash dividends to its common stockholders on a regular basis as may be determined by the BOD.

The dividend distribution policy is reviewed annually and subsequently each quarter of the year, taking into account Globe Telecom's operating results, cash flows, debt covenants, capital expenditure levels and liquidity.

The current dividend policy of Globe Telecom is to distribute quarterly cash dividends at the rate of 60% to 75% of prior year's core net income.

### 21.7 Retained Earnings Available for Dividend Declaration

The total unrestricted retained earnings available for dividend declaration amounted to ₱23,255.54 million as of December 31, 2021. This amount excludes the undistributed net earnings of consolidated subsidiaries, accumulated equity in net earnings of joint ventures accounted for under the equity method, and unrealized gains recognized on asset and liability, currency translations and

unrealized gains on fair value adjustments. The Globe Group is also subject to loan covenants that restrict its ability to pay dividends (see [Note 18](#)).

## 21.8 Other Comprehensive Income

### Other Reserves

#### 2021

	Cash flow hedges (Note 8)	Investment in equity securities (Note 10)	Currency translation adjustment	Remeasurement on defined benefit plan (Note 28)	Total
<i>(In Thousand Pesos)</i>					
<b>As of January 1</b>	<b>(P990,120)</b>	<b>P753,674</b>	<b>(P66,008)</b>	<b>(P3,917,136)</b>	<b>(P4,219,590)</b>
<b>Other comprehensive income for the year:</b>					
Fair value changes	3,130,910	409,185	-	-	3,540,095
Remeasurement gain on defined benefit plan	-	-	-	1,195,729	1,195,729
Transferred to profit or loss	(1,452,333)	-	-	-	(1,452,333)
Exchange differences	-	-	27,663	-	27,663
Share in OCI from investment in associate (Note 15)	-	57,571	2,980	(15,222)	45,329
Income tax adjustment (CREATE)	(70,723)	14,150	-	(278,511)	(335,084)
Income tax effect	(419,644)	(102,296)	-	(298,932)	(820,872)
	1,188,210	378,610	30,643	603,064	2,200,527
<b>Reclassification of fair value gain on investment in equity securities at FVOCI</b>	<b>-</b>	<b>(176,065)</b>	<b>-</b>	<b>-</b>	<b>(176,065)</b>
<b>As of December 31</b>	<b>P198,090</b>	<b>P956,219</b>	<b>(P35,365)</b>	<b>(P3,314,072)</b>	<b>(P2,195,128)</b>

#### 2020

	Cash flow hedges (Note 8)	Investment in equity securities (Note 10)	Currency translation adjustment	Remeasurement on defined benefit plan (Note 28)	Total
<i>(In Thousand Pesos)</i>					
<b>As of January 1</b>	<b>(P264,436)</b>	<b>P660,311</b>	<b>(P62,623)</b>	<b>(P2,099,862)</b>	<b>(P1,766,610)</b>
<b>Other comprehensive income for the year:</b>					
Fair value changes	(3,234,275)	(56,686)	-	-	(3,290,961)
Remeasurement loss on defined benefit plan	-	-	-	(2,575,897)	(2,575,897)
Transferred to profit or loss	2,197,584	-	-	-	2,197,584
Exchange differences	-	-	(635)	-	(635)
Share in OCI from investment in associate (Note 15)	-	41,042	(2,941)	(13,007)	25,094
Income tax effect	311,007	17,006	191	771,630	1,099,834
	(725,684)	1,362	(3,385)	(1,817,274)	(2,544,981)
<b>Reclassification of fair value gain on investment in equity securities at FVOCI</b>	<b>-</b>	<b>92,001</b>	<b>-</b>	<b>-</b>	<b>92,001</b>
<b>As of December 31</b>	<b>(P990,120)</b>	<b>P753,674</b>	<b>(P66,008)</b>	<b>(P3,917,136)</b>	<b>(P4,219,590)</b>

2019

	Cash flow hedges (Note 8)	Investment in equity securities (Note 10)	Currency translation adjustment	Remeasurement on defined benefit plan (Note 28)	Total
<i>(In Thousand Pesos)</i>					
As of January 1	₱948,919	₱293,848	₱44,365	(₱726,029)	₱561,103
Other comprehensive income for the year:					
Fair value changes	(2,835,986)	188,486	-	-	(2,647,500)
Remeasurement loss on defined benefit plan	-	-	-	(1,956,549)	(1,956,549)
Transferred to profit or loss	1,102,622	-	-	-	1,102,622
Exchange differences	-	-	(105,292)	-	(105,292)
Share in OCI from investment in associate (Note 15)	-	275,325	(2,054)	(3,914)	269,357
Income tax effect	520,009	(23,462)	358	587,420	1,084,325
	(1,213,355)	440,349	(106,988)	(1,373,043)	(2,253,037)
Reclassification of accumulated share in an associate's OCI (Note 15)	-	1,891	-	(790)	1,101
Reclassification of fair value gain on investment in equity securities at FVOCI	-	(75,777)	-	-	(75,777)
As of December 31	(₱264,436)	₱660,311	(₱62,623)	(₱2,099,862)	(₱1,766,610)

## 22 Interest Income

Interest income is earned from the following sources:

	Notes	2021	2020	2019
<i>(In Thousand Pesos)</i>				
Short-term placements	5	<b>₱13,810</b>	₱125,597	₱440,402
Loans receivable:				
GRP	20.3	<b>120,292</b>	25,645	31,093
BHI	20.3	-	4,794	6,473
Cash in banks	5	<b>5,946</b>	19,408	17,158
Others		<b>9,460</b>	19,494	5,311
		<b>₱149,508</b>	₱194,938	₱500,437



## 23 Other Income - net

This account consists of:

	Notes	2021	2020	2019
<i>(In Thousand Pesos)</i>				
Gain on deemed sale of investment in Mynt	15	<b>₱4,344,037</b>	₱2,042,441	₱-
Gain (loss) on derivatives instruments – net		<b>3,214,633</b>	(1,579,746)	(809,540)
Foreign exchange gain (loss) - net		<b>(3,656,218)</b>	1,690,842	848,394
Gain on debt renegotiation	18.1	-	343,122	-
Management fees	20.2	<b>165,430</b>	51,786	51,786
Lease		<b>49,070</b>	45,503	23,604
Gain on settlement and remeasurement of ARO	19	<b>74,433</b>	34,845	5,769
Gain on sale of Investment in associate	15.2	-	-	240,000
Others		<b>465,262</b>	1,188,418	686,994
		<b>₱4,656,647</b>	<b>₱3,817,211</b>	<b>₱1,047,007</b>

## 24 General, Selling and Administrative Expenses

This account consists of:

	Notes	2021	2020	2019
<i>(In Thousand Pesos)</i>				
Staff costs	28	<b>₱18,247,670</b>	₱15,957,403	₱15,479,606
Professional and other contracted services		<b>12,165,085</b>	11,770,784	13,127,917
Repairs and maintenance		<b>10,193,836</b>	9,587,216	8,493,916
Utilities, supplies and other administrative expenses		<b>7,522,027</b>	6,296,354	6,576,249
Selling, advertising and promotions		<b>6,931,391</b>	6,398,713	6,448,214
Lease	13	<b>4,274,333</b>	6,208,748	5,793,299
Taxes and licenses		<b>3,942,678</b>	3,575,873	3,844,761
Insurance and security services		<b>2,020,244</b>	1,871,360	1,764,324
Courier and delivery		<b>668,257</b>	500,017	531,653
Others		<b>3,886,547</b>	2,746,887	2,411,470
		<b>₱69,852,068</b>	<b>₱64,913,355</b>	<b>₱64,471,409</b>

## 25 Depreciation and amortization

The account consists of:

	Notes	2021	2020	2019
<i>(In Thousand Pesos)</i>				
Property and equipment	11	<b>₱32,321,056</b>	₱28,195,155	₱27,183,301
Intangible assets	12	<b>5,831,884</b>	5,849,612	5,791,150
Right of use assets	13	<b>2,974,674</b>	1,361,716	1,163,491
Investment properties	10	<b>5,378</b>	5,555	5,599
		<b>₱41,132,992</b>	₱35,412,038	₱34,143,541

## 26 Financing Costs

This account consists of:

	Notes	2021	2020	2019
<i>(In Thousand Pesos)</i>				
Loans payable*	18	<b>₱6,372,369</b>	₱5,751,079	₱5,937,695
Swap costs	8.4	<b>1,422,735</b>	742,059	366,952
Lease liabilities	13.2	<b>560,764</b>	301,952	272,171
ARO accretion expense	19	<b>199,152</b>	151,460	155,674
Pension cost	28.1.1	<b>174,300</b>	142,096	66,690
Others		<b>11,443</b>	22,764	3,679
		<b>₱8,740,763</b>	₱7,111,410	₱6,802,861

\*This account is net of the amount capitalized borrowing costs (see [Notes 11 and 18](#)).

## 27 Impairment and other losses

This account consists of:

	Notes	2021	2020	2019
<i>(In Thousand Pesos)</i>				
Impairment loss on				
Trade receivables	6	<b>₱3,544,995</b>	₱5,067,140	₱3,340,156
Property and equipment	11	<b>1,155,691</b>	4,149,337	59,157
Contract assets	7.1.1	<b>346,967</b>	500,673	256,898
Non-trade receivables	10	-	1,121	-
Other assets		<b>32,461</b>	42,337	1,313
Provisions for (reversal of):				
Inventory obsolescence	9	<b>502,627</b>	284,788	713,717
Other probable losses - net	17	<b>(15,802)</b>	162,203	71,243
Remeasurement loss on investment in associate	14.3	-	-	470,653
		<b>₱5,566,939</b>	₱10,207,599	₱4,913,137

## 28 Staff Cost

This account consist of:

	Recognized in profit or loss (Note 24)	Recognized in OCI (Note 21.8)
<b>2021</b>	<i>(In Thousand Pesos)</i>	
Compensation and short-term benefits	<b>₱16,635,376</b>	<b>₱-</b>
Pension benefits	<b>1,172,467</b>	<b>(1,195,729)</b>
Share based compensation	<b>439,827</b>	<b>-</b>
	<b>₱18,247,670</b>	<b>(₱1,195,729)</b>
<b>2020</b>		
Compensation and short-term benefits	₱14,664,134	₱-
Pension benefits	898,536	2,575,897
Share based compensation	394,733	-
	<b>₱15,957,403</b>	<b>₱2,575,897</b>
<b>2019</b>		
Compensation and short-term benefits	₱14,032,793	₱-
Pension benefits	1,121,653	1,956,549
Share based compensation	325,160	-
	<b>₱15,479,606</b>	<b>₱1,956,549</b>

### 28.1 Pension Benefits

The details of pension liability recognized in the consolidated statements of financial position are as follows:

	2021	2020
	<i>(In Thousand Pesos)</i>	
Globe Retirement Plan (GRP)	<b>₱4,962,536</b>	<b>₱5,602,670</b>
Other pension benefits	<b>81,155</b>	<b>44,717</b>
	<b>₱5,043,691</b>	<b>₱5,647,387</b>

The details of pension expense recognized in the consolidated statements of comprehensive income are as follows:

	Recognized in profit or loss	Recognized in OCI
<b>2021</b>	<i>(In Thousand Pesos)</i>	
GRP	<b>₱1,149,187</b>	<b>(₱1,219,262)</b>
Others	<b>23,280</b>	<b>23,533</b>
	<b>₱1,172,467</b>	<b>(₱1,195,729)</b>
<b>2020</b>		
GRP	₱873,433	₱2,575,352
Others	25,103	545
	₱898,536	₱2,575,897
<b>2019</b>		
GRP	₱1,122,558	₱1,956,549
Others	(905)	-
	₱1,121,653	1,956,549

#### 28.1.1 *Globe Retirement Plan*

The Globe Group sponsors Globe Retirement Plan (GRP), a noncontributory defined benefit plan for qualifying employees of Globe Telecom and Innove. GRP is administered by a separate fund that is legally separated from the entity. The Board of Trustees (BOT) of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the plan. The BOT members are unanimously appointed by Globe Telecom acting through its BOD.

The BOT are authorized to appoint one or more fund managers to hold, invest and reinvest the assets of the Plan and execute an Investment Agreement with the said fund managers. The BOT sets the investment policies and limits of the Plan, and appoints fund managers to assist in the investment management of the Plan. The objective of the portfolio is capital preservation by earning higher than regular deposit rates over a long period given a small degree of risk on principal interest.

#### *Asset - liability matching strategies*

The investment policy in managing liquidity is to have sufficient liquidity at all times to meet the Plan's maturing liabilities, including benefit payments to qualified employees who are expected to avail of their retirement benefits when due, without incurring unnecessary funding costs.

The Plan's liquidity risk is managed on a daily basis by the Plan's investment managers in accordance with the policies and procedures duly approved by the BOT. The Plan's overall liquidity position for the year is monitored on a regular basis by the BOT.

#### *Funding policy*

The plan should have at least 100% solvency levels at all times. If a solvency deficiency exists, the deficit must be immediately funded.

#### *Risks associated with the Plan*

The retirement plan typically expose the participants to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

### Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will result in remeasurement loss and may create a plan deficit.

### Interest rate risk

A decrease in the government bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

### Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at December 31, 2021 by an Independent Actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The components of pension expense (included in staff costs under "General, selling and administrative expenses" account) in the consolidated statements of comprehensive income are as follows:

	2021	2020	2019
	<i>(In Thousand Pesos)</i>		
Current service cost	<b>₱1,207,909</b>	₱922,795	₱524,762
Past service cost	-	-	638,061
	<b>1,207,909</b>	922,795	1,162,823
Less: components capitalized as property and equipment	<b>(58,722)</b>	(49,362)	(40,265)
Amount recognized in profit or loss	<b>1,149,187</b>	873,433	1,122,558
Net interest expense (Note 26)	<b>174,300</b>	142,096	66,690
Components of defined benefit costs recognized in profit or loss	<b>1,323,487</b>	1,015,529	1,189,248
Remeasurement on the net defined benefit liability:			
Return on plan assets			
(excluding amounts included in net interest expense)	<b>(502,949)</b>	549,767	(312,149)
Actuarial gains and losses:			
from changes in assumptions	<b>(2,549,710)</b>	1,911,762	1,796,723
from experience adjustments	<b>1,833,397</b>	113,823	471,975
Components of defined benefit costs recognized in other comprehensive income	<b>(1,219,262)</b>	2,575,352	1,956,549
	<b>₱104,225</b>	₱3,590,881	₱3,145,797

The breakdown of pension liability is as follows:

	2021	2020
	<i>(In Thousand Pesos)</i>	
Present value of benefit obligation	<b>₱13,216,313</b>	₱13,316,312
Less: fair value of plan assets	<b>8,253,777</b>	7,713,642
Pension liability	<b>₱4,962,536</b>	₱5,602,670



The following tables present the changes in the present value of defined benefit obligation and fair value of plan assets:

*Present value of defined benefit obligation*

	2021	2020
	<i>(In Thousand Pesos)</i>	
Balance at beginning of year	<b>₱13,316,312</b>	₱10,291,704
Current service cost	<b>1,207,909</b>	922,795
Interest cost	<b>490,234</b>	504,637
Benefits paid	<b>(1,081,829)</b>	(421,774)
Transfer of employees	-	(6,635)
Remeasurements in other comprehensive income:		
Actuarial gains and losses arising from changes in assumptions	<b>(2,549,710)</b>	1,911,762
Actuarial gains and losses arising from experience adjustments	<b>1,833,397</b>	113,823
Plan changes/ amendments	-	-
Balance at end of year	<b>₱13,216,313</b>	₱13,316,312

*Fair value of plan assets*

	2021	2020
	<i>(In Thousand Pesos)</i>	
Balance at beginning of year	<b>₱7,713,642</b>	₱6,570,301
Remeasurement (gains)/losses:		
Return on plan assets (excluding amounts included in net interest expense)	<b>502,949</b>	(549,767)
Contributions from the employer	<b>803,081</b>	1,758,976
Interest income	<b>315,934</b>	362,541
Benefits paid	<b>(1,081,829)</b>	(421,774)
Transfer payments	-	(6,635)
Balance at end of year	<b>₱8,253,777</b>	₱7,713,642
Actual return on plan assets	<b>₱818,883</b>	(₱187,227)

The recommended contribution for the Globe Group retirement fund for the year 2022 amounted to ₱12,226.96 million. This amount is based on the Globe Group's actuarial valuation report as of December 31, 2021.

The allocation of the fair value of the plan assets of the Globe Group as of December 31 is as follows:

	2021	2020
	<i>(In Thousand Pesos)</i>	
Cash and cash equivalents	<b>₱88,092</b>	₱132,675
Investment in debt securities	<b>2,599,307</b>	3,849,107
Investment in equity shares	<b>5,566,378</b>	3,731,860
	<b>₱8,253,777</b>	₱7,713,642

The assumptions used to determine pension benefits for the Globe Group are as follows:

	2021	2020
Discount rate	<b>5.15%</b>	3.75%
Salary rate increase	<b>4.50%</b>	4.50%

The assumptions regarding future mortality rates which are based on the 2017 Philippine Intercompany Mortality Table which is based on a recent study by the Actuarial Society of the Philippines.

In 2021 and 2020, the Globe Group applied a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of December 31, 2021 and 2020, assuming all other assumptions were held constant (in thousand pesos):

#### **December 31, 2021**

	Increase (decrease) in basis points	Increase (decrease) on defined benefit obligation
Discount rates	<b>+0.50%</b>	<b>(766,163)</b>
	<b>-0.50%</b>	<b>837,663</b>
Future salary increases	<b>+0.50%</b>	<b>870,346</b>
	<b>-0.50%</b>	<b>(802,174)</b>
Mortality	<b>+10.00%</b>	<b>248</b>
	<b>-10.00%</b>	<b>(254)</b>

#### **December 31, 2020**

	Increase (decrease) in basis points	Increase (decrease) on defined benefit obligation
Discount rates	+0.50%	(817,786)
	-0.50%	897,710
Future salary increases	+0.50%	887,054
	-0.50%	(816,454)
Mortality	+10.00%	(2,671)
	-10.00%	2,671

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

The objective of the plan's portfolio is capital preservation by earning higher than regular deposit rates over a long period given a small degree of risk on principal and interest. Asset purchases and sales are determined by the plan's investment managers, who have been given discretionary authority to manage the distribution of assets to achieve the plan's investment objectives. The compliance with target asset allocations and composition of the investment portfolio is monitored by the BOT on a regular basis.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the consolidated statement of financial position.

The plan contributions are based on the actuarial present value of accumulated plan benefits and fair value of plan assets are determined using an independent actuarial valuation.

The average duration of the defined benefit obligation at the end of the reporting period is 16.66 years and 12.64 years in 2021 and 2020, respectively.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

	2021	2020
	<i>(In Thousand Pesos)</i>	
Within 1 year	<b>P530,441</b>	P486,797
More than 1 year to 5 years	<b>3,100,882</b>	2,821,452
5 years to 10 years	<b>5,598,761</b>	4,975,818
	<b>P9,230,084</b>	P8,284,067

### 28.1.2 Other Pension Benefits

Other pension benefits pertain to the pension liabilities recognized by the Globe Group's subsidiaries who do not participate in the GRP. Other pension benefits are primarily recognized for the minimum retirement benefits provided by the Philippine Retirement Law under Republic Act 7641.

### 28.2 Share-based Compensations

The Globe Telecom has stock plans for its employees. The number of shares allocated under these plans shall not exceed the aggregate equivalent of 6% of the authorized capital stock.

### 28.2.1 Executive Stock Option Plan

The following are the stock option grants to key executives and senior management personnel of the Globe Group under the ESOP:

Date of Grant	Number of Options or Grants	Exercise Price	Exercise Dates	Fair Value of Each Option or Grants	Fair Value Measurement
October 1, 2009	298,950	993.75 per share	50% of the options become exercisable from October 1, 2011 to September 30, 2019, the remaining 50% become exercisable from October 1, 2012 to September 30, 2019	346.79	Trinomial option pricing model

There are no more outstanding stock option as of December 31, 2021 and 2020.

### 28.2.2 Long-Term Incentive Plan

In November 2014, the Globe Group obtained approval from the BOD to implement a Long-Term Incentive Plan (LTIP) also called a Performance Share Plan (PSP) covering key executives and senior management. Under the PSP, the grantees are awarded a specific number of shares at the start of the performance period which vest over a specified performance period and contingent upon the achievement of specified long-term goals.

The following are the stock grants to key executives and senior management personnel of the Globe Group under the LTIP:

Date of Grant	Number of Grants at Grant Date	Settlement Dates	Fair Value of Each Grants	Fair Value Measurement
January 1, 2016	107,365	100% after 3 years subject to attainment of plan targets and subject to stock ownership requirements	1,904.95	Market price
January 1, 2017	158,687	100% after 3 years subject to attainment of plan targets and subject to stock ownership requirements	1,428.85	Market price
January 1, 2018	146,040	100% after 3 years subject to attainment of plan targets and subject to stock ownership requirements	1,782.80	Market price
July 31, 2019	289,650	100% after 3 years subject to attainment of plan targets and	1,997.35	Market price

Date of Grant	Number of Grants at Grant Date	Settlement Dates	Fair Value of Each Grants	Fair Value Measurement
		subject to stock ownership requirements		
January 1, 2020	230,360	100% after 3 years subject to attainment of plan targets and subject to stock ownership requirements	1,970.2	Market price
January 1, 2021	200,830	100% after 3 years subject to attainment of plan targets and subject to stock ownership requirements	2,027.30	Market price

The fair value is based on the average quoted market price for the last 20 trading days preceding the approval date of the stock option grant.

Cost of share-based payments in 2021, 2020 and 2019 amounted to ₱439.83 million, ₱394.73 million and ₱325.16 million, respectively.

## 29 Income Tax

### *Income Tax Expense*

Income tax expense charged to profit or loss includes the following:

	2021	2020	2019
	<i>(In Thousand Pesos)</i>		
Current	<b>₱4,903,568</b>	₱8,139,602	₱8,488,595
Deferred	<b>412,347</b>	377,016	2,055,024
	<b>₱5,315,915</b>	<b>₱8,516,618</b>	<b>₱10,543,619</b>

Deferred tax expense (benefit) recognized in the consolidated other comprehensive income amounted to ₱1,155.96 million, (₱1,099.83) million and (₱1,084.33) million in 2021, 2020 and 2019, respectively. (see [Note 21.8](#)).



The reconciliation of the provision for income tax at statutory tax rate and the actual current and deferred provision for income tax follows:

	2021	2020	2019
	<i>(In Thousand Pesos)</i>		
Income before income tax	<b>₱29,039,772</b>	₱27,139,663	₱32,827,376
Multiplied by statutory income tax rate	<b>25%</b>	30%	30%
Provision at statutory income tax rate	<b>7,259,943</b>	8,141,898	9,848,213
Add (deduct) tax effects of:			
Equity in net (income) losses of associates and joint ventures	<b>(220,384)</b>	710,232	766,435
Income subjected to lower tax rates	<b>(459,907)</b>	(292,551)	(128,585)
Change in income tax rate (CREATE)			
Current tax expense	<b>(695,139)</b>	-	-
Deferred tax expense	<b>(670,969)</b>	-	-
Others	<b>102,371</b>	(42,961)	57,556
Actual provision for income tax	<b>₱5,315,915</b>	₱8,516,618	₱10,543,619

The current provision for income tax includes the following:

	2021	2020	2019
	<i>(In Thousand Pesos)</i>		
RCIT or MCIT, whichever is higher	<b>₱4,836,217</b>	₱8,051,157	₱8,335,287
Final tax	<b>67,351</b>	88,445	153,308
	<b>₱4,903,568</b>	₱8,139,602	₱8,488,595

#### *Deferred Income Tax Assets and Liabilities*

Net deferred tax assets and (liabilities) presented in the consolidated statements of financial position on a net basis by entity are as follows:

	2021	2020
	<i>(In Thousand Pesos)</i>	
Net deferred income tax assets	<b>₱2,033,968</b>	₱2,556,059
Net deferred income tax liabilities	<b>(6,062,606)</b>	(5,056,340)
	<b>(₱4,028,638)</b>	(₱2,500,281)

The significant components of the deferred income tax assets and liabilities of the Globe Group represent the deferred income tax effects of the following (In Thousand Pesos):

	2021	2020
	<i>(In Thousand Pesos)</i>	
<b>Deferred tax assets</b>		
Allowance for impairment losses on receivables	<b>P2,436,611</b>	<b>P2,977,707</b>
Unearned revenues and advances already subjected to income tax	<b>1,596,732</b>	2,187,087
Accrued manpower cost	<b>1,077,936</b>	922,979
Accrued pension	<b>1,720,573</b>	2,332,177
Unrealized foreign exchange losses	<b>494,730</b>	(483,078)
ARO	<b>720,357</b>	809,054
Provision for claims and assessment	<b>505,038</b>	563,453
Cost of share-based payments	<b>210,957</b>	287,232
Accumulated impairment losses on property and equipment	<b>581,068</b>	1,380,288
Inventory obsolescence and market decline	<b>217,969</b>	170,932
Contract liabilities	<b>78,388</b>	94,689
Lease liabilities net of ROU	<b>51,492</b>	68,323
MCIT	<b>27,934</b>	36,170
NOLCO	<b>74,813</b>	39,711
Others	<b>6,782</b>	5,941
	<b>9,801,380</b>	11,392,665
<b>Deferred tax liabilities</b>		
Excess of accumulated depreciation and amortization of Globe		
Telecom equipment for (a) tax reporting over (b) financial reporting	<b>(9,473,402)</b>	(11,674,813)
Contract asset	<b>(2,335,417)</b>	(2,193,845)
Unrealized gain on derivative transaction	<b>(451,440)</b>	864,377
Unrealized foreign exchange gain	<b>(15,842)</b>	(28,257)
Unamortized discount on noninterest bearing liability	<b>(722)</b>	(1,300)
Loan remeasurement	<b>(55,191)</b>	(97,230)
Others	<b>(1,498,004)</b>	(761,878)
	<b>(13,830,018)</b>	(13,892,946)
<b>Net deferred income tax (liabilities) assets</b>	<b>(P4,028,638)</b>	<b>(P2,500,281)</b>

The rollforward analysis of the Globe Group's net deferred tax assets (liabilities) follows:

	2021	2020
	<i>(In Thousand Pesos)</i>	
At beginning of year	<b>(P2,500,281)</b>	<b>(P3,191,050)</b>
Deferred income tax recognized in profit or loss		
Deferred tax relating to temporary difference	<b>(1,083,316)</b>	(377,016)
Deferred tax relating to change in tax rates	<b>670,969</b>	-
Deferred income tax recognized in comprehensive income		
Deferred tax relating to temporary difference (Note 21.8)	<b>(820,872)</b>	1,099,834
Deferred tax relating to change in tax rates (Note 21.8)	<b>(335,084)</b>	-
Deferred income tax recognized in other equity items	<b>39,946</b>	26,883
Acquired from a business combination	-	(58,932)
<b>At end of year</b>	<b>(P4,028,638)</b>	<b>(P2,500,281)</b>

Deferred tax assets of BTI on the following deductible temporary differences were not recognized since Management believes that it will not be utilized for future taxable income:

	2021	2020
	<i>(In Thousand Pesos)</i>	
Deferred tax assets on:		
Allowance for impairment of assets	<b>P504,401</b>	<b>P605,282</b>
Provision for probable loss	<b>171,693</b>	<b>197,380</b>
	<b>P676,094</b>	<b>P802,662</b>

#### *Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)*

On March 26, 2021, RA No. 11534, otherwise known as CREATE, was signed into law. Under the CREATE bill, effective July 01, 2020, the existing 30% corporate income tax rate shall be amended as follows:

- reduction of corporate income tax (CIT) rate to 20% applicable to domestic corporations with total net taxable income not exceeding P5,000,000 and with total assets not exceeding P100 Million (excluding land on which the business entity's office, plant and equipment are situated);
- reduction of CIT rate to 25% shall be applicable to all other corporations subject to regular CIT
- Minimum Corporate Income Tax (MCIT) rate shall also be amended to 1%, instead of 2%, for the period beginning July 01, 2020 until June 30, 2023.

Under CREATE, corporate taxpayers shall prepare their annual income tax return for the calendar year 2020 using the pro-rated CIT rate for CY2020 reckoned from July 1, 2020 (retrospective effect).

As a result of the change in CIT rate, the Globe Group remeasured its current and deferred tax assets and liabilities using the new applicable corporate income tax rates.

The application of the reduction in income tax rate resulted in:

- decrease in income tax expense recognized in the consolidated profit or loss by P1,366.11 million;
- increase in income tax expense recognized in the consolidated other comprehensive income by P335.08 million; and
- decrease in income tax payable and net deferred tax liabilities by P695.14 million and P335.89 million, respectively.

### 30 Earnings Per Share

The Globe Group's earnings per share amounts were computed as follows:

	2021	2020	2019
<i>(In Thousand Pesos and Number of Shares Except per Share Figures)</i>			
Net income attributable to common shareholders	<b>₱23,652,811</b>	₱18,578,322	₱22,269,340
Less dividends on preferred shares:			
Non-voting preferred shares	<b>260,030</b>	520,060	520,060
Capital securities	<b>214,091</b>	-	-
Convertible voting preferred shares	<b>50,027</b>	50,027	50,027
Net income attributable to common shareholders for basic earnings per share (a)	<b>23,128,663</b>	18,008,235	21,699,253
Add dividends on convertible voting preferred shares	<b>50,027</b>	50,027	50,027
Net income attributable to common shareholders for diluted earnings per share (b)	<b>23,178,690</b>	18,058,262	21,749,280
Common shares outstanding, beginning	<b>133,432</b>	133,208	133,053
Add Weighted average number of issued shares under share-based compensation	<b>124</b>	149	-
Weighted average number of exercised shares for stock options	-	-	101
Weighted average number of shares for basic earnings per share (c)	<b>133,556</b>	133,357	133,154
Add Dilutive shares arising from:			
Convertible preferred shares	<b>334</b>	390	399
Share based compensation plans	<b>670</b>	611	535
Stock options	-	-	-
Adjusted weighted average number of common shares for diluted earnings per share (d)	<b>134,560</b>	134,358	134,088
Basic earnings per share (a/c)	<b>₱173.18</b>	₱135.04	₱162.96
Diluted earnings per share (b/d)	<b>₱172.25</b>	₱134.40	₱162.20

### **31 Capital and Financial Risk Management and Financial Instruments**

The Globe Group adopts an expanded corporate governance approach in managing its business risks. An Enterprise Risk Management Policy was developed to systematically view the risks and to provide a better understanding of the different risks that could threaten the achievement of the Globe Group's mission, vision, strategies, and goals, and to provide emphasis on how management and employees play a vital role in achieving the Globe Group's mission of transforming and enriching lives through communications.

The policies are not intended to eliminate risk but to manage it in such a way that opportunities to create value for the stakeholders are achieved. The Globe Group risk management takes place in the context of the normal business processes such as strategic planning, business planning, operational and support processes.

The application of these policies is the responsibility of the BOD through the Chief Executive Officer. The Chief Finance Officer and concurrent Chief Risk Officer champion oversees the entire risk management function. Risk owners have been identified for each risk and they are responsible for coordinating and continuously improving risk strategies, processes and measures on an enterprise-wide basis in accordance with established business objectives.

The risks are managed through the delegation of management and financial authority and individual accountability as documented in employment contracts, consultancy contracts, letters of authority, letters of appointment, performance planning and evaluation forms, key result areas, terms of reference and other policies that provide guidelines for managing specific risks arising from the Globe Group's business operations and environment.

The Globe Group continues to monitor and manage its financial risk exposures according to its BOD approved policies.

The succeeding discussion focuses on Globe Group's capital and financial risk management.

#### *31.1 Capital Risk Management Objectives and Policies*

Capital represents equity attributable to equity holders of the Parent Company.

The primary objective of the Globe Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Globe Group monitors its use of capital using leverage ratios, such as debt to total capitalization and makes adjustments to it in light of changes in economic conditions and its financial position. The ratio of debt to total capitalization for the years ended December 31, 2021 and 2020 was at 65% and 67%, respectively.

The Globe Group's loan agreements include compliance with certain ratios which are also regularly monitored (see [Note 18.4](#)).

#### *31.2 Financial Risk Management Objectives and Policies*

The Globe Group's main risks arising from the use of financial instruments are market risk, credit risk and liquidity risk. Globe Telecom's BOD is ultimately responsible for reviewing and approving the policies for managing each of these risks. The Globe Group's risk management policies are summarized below:



### 31.2.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Globe Group is mainly exposed to two types of market risk: interest rate risk and currency risk.

The Globe Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge these risk exposures. The Globe Group uses a combination of natural hedges and derivative hedging to manage its foreign exchange exposure as discussed in [Note 8](#). It uses interest rate derivatives to reduce earnings volatility related to interest rate movements, and principal only swaps to hedge the foreign exchange risk exposure to principal repayments on USD debt.

It is the Globe Group's policy to ensure that capabilities exist for active but conservative management of its foreign exchange and interest rate risks. The Globe Group does not engage in any speculative derivative transactions. Authorized derivative instruments include currency forward contracts, currency swap contracts, interest rate swap contracts and currency option contracts.

The sensitivity analyses in the following sections relate to the position as of December 31, 2021 and 2020. The analyses exclude the impact of movements in market variables on the carrying value of pension, provisions and on the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as of December 31, 2021 and 2020 including the effect of hedge accounting.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges for the effects of the assumed changes in the underlying.
- The assumed changes in market rates applied in the sensitivity analyses were based on historical information and may not necessarily reflect the actual movements that may occur in the future periods.

#### 31.2.1.1 Interest Rate Risk

The Globe Group's exposure to market risk from changes in interest rates relates primarily to the Globe Group's long-term debt obligations.

Globe Group's policy is to manage its interest cost using a mix of fixed and variable rate debt, targeting a ratio of between 31%-62% fixed rate USD debt to total USD debt, and between 44%-88% fixed rate PHP debt to total PHP debt. To manage this mix in a cost-efficient manner, the Globe Group enters into interest rate swaps, in which Globe Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount.

After taking into account the effect of interest rate swaps, the ratio of loans with fixed interest rates to total loans are as follows:

	2021	2020
USD fixed rate loans	<b>80%</b>	91%
PHP fixed rate loans	<b>86%</b>	85%

In 2020, the Globe Group's USD fixed rate loans ratio increased to 91% as a result of the issuance of the USD 600 million fixed rate notes (See [Note 18.3](#)).

The loans receivable from related parties are subject to fixed interest rates and therefore not exposed to market interest rate risk.

Due to the short term maturities of cash and cash equivalents, its exposure to interest rate risk is not considered to be significant.

The following tables demonstrate the sensitivity of income before tax and equity to a reasonably possible change in interest rates after the impact of hedge accounting, with all other variables held constant.

	Increase/ Decrease in basis Points	Effect on income before income tax Increase (Decrease)	Effect on equity Increase (Decrease)
<i>(In Thousand Pesos except changes in bps)</i>			
<b>2021</b>			
USD	<b>+35bps</b>	<b>(P2,645)</b>	<b>(P6,298)</b>
	<b>-35bps</b>	<b>2,645</b>	<b>6,310</b>
PHP	<b>+118bps</b>	<b>292,438</b>	<b>24,662</b>
	<b>-118bps</b>	<b>(292,438)</b>	<b>(24,681)</b>
<b>2020</b>			
USD	+50bps	P8,058	P9,490
	-50bps	(8,058)	(9,494)
PHP	+200bps	169,316	49,461
	-200bps	(169,316)	(49,532)

### 31.2.1.2 Foreign Exchange Risk

The Globe Group's foreign exchange risk results primarily from movements of the PHP against the USD with respect to USD-denominated financial assets, USD-denominated financial liabilities and certain USD-denominated revenues. Majority of revenues are generated in PHP, while substantially all of capital expenditures are in USD. In addition, 26% and 29% of debt as of December 31, 2021 and 2020, respectively, are denominated in USD before taking into account any swap and hedges.

Information on the Globe Group's foreign currency-denominated monetary assets and liabilities and their PHP equivalents are as follows:

	2021		2020	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
<i>(In Thousand)</i>				
<b>Assets</b>				
Cash and cash equivalents	\$234,088	P11,932,400	\$115,666	P5,554,401
Trade Receivables	69,771	3,556,529	89,146	4,280,876
	<b>303,859</b>	<b>15,488,929</b>	<b>204,812</b>	<b>9,835,277</b>
<b>Liabilities</b>				
Trade payable and accrued expenses	702,068	35,787,234	472,929	22,710,522
Loans payable	1,091,312	55,628,535	1,003,448	48,186,567
	<b>1,793,380</b>	<b>91,415,769</b>	<b>1,476,377</b>	<b>70,897,089</b>
Net foreign currency - denominated liabilities	<b>\$1,489,521</b>	<b>P75,926,840</b>	<b>\$1,271,565</b>	<b>P61,061,812</b>

The following table demonstrates the sensitivity to a reasonably possible change in the PHP to USD exchange rate, with all other variables held constant, of the Globe Group's income before tax (due to changes in the fair value of foreign currency-denominated assets and liabilities).

	Increase/Decrease in Peso to US Dollar exchange rate	Effect on income before income tax Increase (Decrease)	Effect on equity Increase (Decrease)
<i>(In Thousand Pesos except change in bps)</i>			
<b>2021</b>			
	<b>+.90</b>	<b>(P1,301,264)</b>	<b>P910,816</b>
	<b>-.90</b>	<b>1,301,264</b>	<b>(910,816)</b>
2020			
	+ .90	(P1,145,296)	(P856,014)
	- .90	1,145,296	856,014

The movement in equity arises from changes in the fair values of derivative financial instruments designated as cash flow hedges.

The Globe Group's foreign exchange risk management policy is to maintain a hedged financial position, after taking into account expected USD flows from operations and financing transactions. The Globe Group enters into short-term foreign currency forwards and long-term foreign currency swap contracts in order to achieve this target.

### 31.2.2 Credit Risk

#### Credit Risk Exposure

The table below details the Globe Group's exposure to credit risk:

	Notes	2021	2020
<i>(In Thousand Pesos)</i>			
Cash and cash equivalents	5	<b>P24,239,195</b>	P19,508,114
Trade receivables – net	6	<b>16,696,542</b>	20,145,484
Contract assets – net	7	<b>6,245,711</b>	5,397,829
Derivative assets	8	<b>3,032,277</b>	58,524
Loans receivable from related parties	10	<b>2,955,935</b>	478,000
Non-trade receivables	10	<b>1,405,722</b>	1,564,304
Investment in debt securities		<b>168,442</b>	83,655
		<b>P54,743,824</b>	<b>P47,235,910</b>

The Globe Group has not executed any credit guarantees in favor of other parties.

### Credit Risk Management

Credit exposures from subscribers are managed closely by the Credit, Billing and Risk Management of the Globe Group. Applications for postpaid service are subjected to standard credit evaluation and verification procedures. The Credit, Billing and Risk Management of the Globe Group continuously reviews credit policies and processes and implements various credit actions, depending on assessed risks, to minimize credit exposure. Receivable balances of postpaid subscribers are being monitored on a regular basis and appropriate credit treatments are applied at various stages of delinquency. Likewise, net receivable balances from carriers of traffic are also being monitored and subjected to appropriate actions to manage credit risk.

The Globe Group analyzes its subscribers' receivables and contract assets based on internal credit risk rating. The table below shows the analysis of the Globe Group's subscribers' receivables and contract assets as of December 31, 2021 and 2020.

	High Quality	Medium Quality	Low Quality	Terminated Accounts	Total
<i>(In Thousand Pesos)</i>					
<b>2021</b>					
Wireless subscribers receivables:					
Consumer	<b>P3,378,430</b>	<b>P728,545</b>	<b>P814,772</b>	<b>P1,418,407</b>	<b>P6,340,154</b>
Key corporate accounts	<b>673,992</b>	<b>67,113</b>	<b>71,439</b>	<b>554,061</b>	<b>1,366,605</b>
Other corporations and SMEs	<b>297,694</b>	<b>65,411</b>	<b>30,394</b>	<b>269,179</b>	<b>662,678</b>
	<b>4,350,116</b>	<b>861,069</b>	<b>916,605</b>	<b>2,241,647</b>	<b>8,369,437</b>
Wireline subscribers receivables:					
Consumer	<b>338,480</b>	<b>825,798</b>	<b>594,839</b>	<b>5,189,067</b>	<b>6,948,184</b>
Key corporate accounts	<b>2,862,608</b>	<b>369,595</b>	<b>771,356</b>	<b>1,881,361</b>	<b>5,884,920</b>
Other corporations and SMEs	<b>98,201</b>	<b>161,877</b>	<b>47,476</b>	<b>813,878</b>	<b>1,121,432</b>
	<b>3,299,289</b>	<b>1,357,270</b>	<b>1,413,671</b>	<b>7,884,306</b>	<b>13,954,536</b>
Total subscribers' receivables	<b>7,649,405</b>	<b>2,218,339</b>	<b>2,330,276</b>	<b>10,125,953</b>	<b>22,323,973</b>
Wireless contract assets					
Consumer	<b>4,302,661</b>	<b>868,753</b>	<b>239,512</b>	<b>23,512</b>	<b>5,434,438</b>
Key corporate accounts	<b>628,601</b>	<b>9,630</b>	<b>5,128</b>	<b>3,749</b>	<b>647,108</b>
Other corporations and SMEs	<b>398,790</b>	<b>37,893</b>	<b>8,211</b>	<b>6,090</b>	<b>450,984</b>
	<b>5,330,052</b>	<b>916,276</b>	<b>252,851</b>	<b>33,351</b>	<b>6,532,530</b>
Total subscribers' receivables and contracts assets	<b>P12,979,457</b>	<b>P3,134,615</b>	<b>P2,583,127</b>	<b>P10,159,304</b>	<b>P28,856,503</b>

	High Quality	Medium Quality	Low Quality	Terminated Accounts	Total
<i>(In Thousand Pesos)</i>					
2020					
Wireless subscribers receivables:					
Consumer	₱4,125,333	₱924,266	₱1,003,872	₱1,718,474	₱7,771,945
Key corporate accounts	838,058	93,430	74,429	851,640	1,857,557
Other corporations and SMEs	446,687	137,653	4,720	307,574	896,634
	5,410,078	1,155,349	1,083,021	2,877,688	10,526,136
Wireline subscribers receivables:					
Consumer	437,572	654,239	558,209	4,396,714	6,046,734
Key corporate accounts	2,999,241	1,029,156	751,606	1,895,813	6,675,816
Other corporations and SMEs	93,891	170,437	167,937	704,584	1,136,849
	3,530,704	1,853,832	1,477,752	6,997,111	13,859,399
Total subscribers' receivables	8,940,782	3,009,181	2,560,773	9,874,799	24,385,535
Wireless contract assets					
Consumer	3,913,216	872,972	203,289	21,982	5,011,459
Key corporate accounts	581,480	16,888	7,043	3,981	609,392
Other corporations and SMEs	367,011	42,725	2,447	4,508	416,691
	4,861,707	932,585	212,779	30,471	6,037,542
Total subscribers' receivables and contracts assets	₱13,802,489	₱3,941,766	₱2,773,552	₱9,905,270	₱30,423,077

The Globe Group's credit risk rating comprises the following categories:

- **High quality** accounts are accounts considered to be of good quality, have consistently exhibited good paying habits, and are unlikely to miss payments. High quality accounts primarily include strong corporate and consumer accounts with whom the Globe Group has excellent payment experience.
- **Medium quality** accounts are accounts that exhibited good paying habits but may require minimal monitoring with the objective of moving accounts to high quality rating. Medium quality accounts primarily include subscribers whose creditworthiness can be moderately affected by adverse changes in economic and financial conditions, but will not necessarily, reduce the ability of the subscriber to fulfill its obligations. It includes customers with whom the Globe Group has limited experience and therefore, creditworthiness needs to be further established over time.
- **Low quality** accounts are accounts which exhibit characteristics that are identified to have increased likelihood to miss payments. Low quality accounts are subject to closer monitoring and scrutiny with the objective of managing risk and moving accounts to improved rating category. It primarily includes mass consumer, corporate and SME customers whose creditworthiness are easily affected by adverse changes in economic and financial conditions.
- **Terminated accounts** are accounts in cancelled status. Although there is a possibility that terminated accounts may still be collected by exhausting collection efforts, the probability of recovery has significantly deteriorated.

For traffic settlements and other trade receivables, the Globe Group uses delinquency and past due information to analyze the credit risk. The tables below show the aging analysis of the Globe Group's traffic settlements and other trade receivables as of December 31, 2021 and 2020.



## 2021

	Current	Less than 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due	Total
<i>(In Thousand Pesos)</i>						
Traffic receivables:						
Foreign	<b>P23,950</b>	<b>P-</b>	<b>P47,821</b>	<b>P16,756</b>	<b>P517,948</b>	<b>P606,475</b>
Local	<b>379,210</b>	<b>9,827</b>	<b>3,580</b>	<b>2,919</b>	<b>423,684</b>	<b>819,220</b>
	<b>403,160</b>	<b>9,827</b>	<b>51,401</b>	<b>19,675</b>	<b>941,632</b>	<b>1,425,695</b>
Other trade receivables	<b>567,758</b>	<b>696,016</b>	<b>426,309</b>	<b>378,294</b>	<b>1,597,909</b>	<b>3,666,286</b>
Total	<b>P970,918</b>	<b>P705,843</b>	<b>P477,710</b>	<b>P397,969</b>	<b>P2,539,541</b>	<b>P5,091,981</b>

## 2020

	Current	Less than 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due	Total
<i>(In Thousand Pesos)</i>						
Traffic receivables:						
Foreign	<b>P195,638</b>	<b>P-</b>	<b>P65,633</b>	<b>P13,173</b>	<b>P538,122</b>	<b>P812,566</b>
Local	<b>304,964</b>	<b>478</b>	<b>922</b>	<b>234</b>	<b>217,041</b>	<b>523,639</b>
	<b>500,602</b>	<b>478</b>	<b>66,555</b>	<b>13,407</b>	<b>755,163</b>	<b>1,336,205</b>
Other trade receivables	<b>2,674,951</b>	<b>665,466</b>	<b>491,956</b>	<b>212,550</b>	<b>908,345</b>	<b>4,953,268</b>
Total	<b>P3,175,553</b>	<b>P665,944</b>	<b>P558,511</b>	<b>P225,957</b>	<b>P1,663,508</b>	<b>P6,289,473</b>

With respect to receivables from related parties, the exposure to credit risk is managed on a group basis. Credit risks covering related party balances are reviewed based on credit worthiness of concern related parties. There are no assessed credit risks as of December 31, 2021 and 2020.

For investments with banks and other counterparties, the Globe Group has a risk management policy which allocates investment limits based on counterparty credit rating and credit risk profile. The Globe Group makes a quarterly assessment of the credit standing of its investment counterparties, and allocates investment limits based on size, liquidity, profitability, and asset quality. The usage of limits is regularly monitored.

For its derivative counterparties, the Globe Group deals only with counterparty banks with investment grade ratings and major universal and commercial local banks. Credit ratings of derivative counterparties are reviewed quarterly.

Following are the Globe Group exposures with its investment counterparties for time deposits as of December 31:

	2021	2020	2019
Local bank deposits	<b>99.95%</b>	99.99%	100%
Onshore foreign bank	<b>0.05%</b>	0.01%	-
Offshore bank deposit	-	-	-

### 31.2.3 Liquidity Risk

The Globe Group seeks to manage its liquidity profile to be able to finance capital expenditures and

service maturing debts. To cover its financing requirements, the Globe Group intends to use internally generated funds and available long-term and short-term credit facilities.

The following table shows the Globe Group's available credit facilities (in millions):

	2021	2020
Long-term committed	<b>₱8,000</b>	₱3,500
Short term		
Committed	<b>₱3,000</b>	₱3,000
Uncommitted		
USD	<b>\$134.26</b>	\$83.90
PHP	<b>₱43,577.01</b>	₱16,223.70

As part of its liquidity risk management, the Globe Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise. Fund raising activities may include bank loans, export credit agency facilities, and capital market issues.

The following tables show comparative information about the Globe Group's financial instruments as of the end of the reporting period presented by maturity profile including forecasted interest payments for the next five years.

#### Loans Payable

##### 2021

	Less than 1 year	1 to 3 years	Over 3 years
<i>(In Thousands)</i>			
<b>Loans Payable</b>			
Fixed Rate			
USD notes	<b>\$534</b>	<b>\$227</b>	<b>\$600,000</b>
Philippine peso	<b>₱10,949,658</b>	<b>₱30,456,217</b>	<b>₱91,168,976</b>
Floating rate			
USD notes	<b>\$96,650</b>	<b>\$150,625</b>	<b>\$243,275</b>
Philippine peso	<b>₱210,000</b>	<b>₱18,310,000</b>	<b>₱4,850,000</b>
<b>Interest payable*</b>			
PHP debt	<b>₱7,048,648</b>	<b>₱17,753,999</b>	<b>₱15,529,561</b>
USD debt	<b>\$26,135</b>	<b>\$72,565</b>	<b>\$163,450</b>

\*Used month-end USD LIBOR and Philippine Dealing and Exchange Corporation (PDEX) rates.

##### 2020

	Less than 1 year	1 to 3 years	Over 3 years
<i>(In Thousands)</i>			
<b>Loans Payable</b>			
Fixed Rate			
USD notes	<b>\$504</b>	<b>\$762</b>	<b>\$600,000</b>
Philippine peso	<b>₱7,745,299</b>	<b>₱20,417,211</b>	<b>₱69,747,500</b>
Floating rate			
USD notes	<b>\$11,950</b>	<b>\$217,550</b>	<b>\$173,000</b>
Philippine peso	<b>₱210,000</b>	<b>₱18,396,250</b>	<b>₱1,473,750</b>
<b>Interest payable*</b>			
PHP debt	<b>₱5,342,733</b>	<b>₱13,460,718</b>	<b>₱10,991,150</b>

USD debt	\$25,972	\$72,397	\$184,740
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*\*Used month-end USD LIBOR and Philippine Dealing and Exchange Corporation (PDEX) rates.*

The following tables present the maturity profile of the Globe Group's other liabilities and derivative instruments (undiscounted cash flows including swap costs payments/receipts except for other long-term liabilities) as of December 31, 2021 and 2020 (in thousand pesos).

## 2021

### Other Financial Liabilities

	Less than 1 year	1 to 5 years	Over 5 years	Total
Trade payables and accrued expenses*	<b>₱78,285,382</b>	<b>₱-</b>	<b>₱-</b>	<b>₱78,285,382</b>
Other long-term liabilities*	-	-	<b>925,808</b>	<b>925,808</b>
	<b>₱78,285,382</b>	<b>₱-</b>	<b>₱925,808</b>	<b>₱79,211,190</b>

*\*Excludes ARO and taxes payable which are not financial instruments.*

### Derivative Instrument

	Less than 1 year		1 to 3 years		Over 3 years	
	Receive	Pay	Receive	Pay	Receive	Pay
Projected Swap Coupons:						
Interest Rate Swaps-USD	<b>₱3,338</b>	<b>₱25,069</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>	<b>₱-</b>
Cross Currency Swaps	<b>₱220,033</b>	<b>₱753,374</b>	<b>₱819,186</b>	<b>₱1,683,529</b>	<b>₱312,060</b>	<b>₱568,511</b>
Principal Only Swaps	<b>₱-</b>	<b>₱821,158</b>	<b>₱-</b>	<b>₱2,344,279</b>	<b>₱-</b>	<b>₱1,488,801</b>

	Less than 1 year		1 to 3 years		Over 3 years	
	Receive	Pay	Receive	Pay	Receive	Pay
Projected Principal Exchanges:						
Forward Purchase of USD	<b>\$38,700</b>	<b>₱1,950,480</b>	<b>\$-</b>	<b>₱-</b>	<b>\$-</b>	<b>₱-</b>
Forward Sale of USD	<b>₱10,090,600</b>	<b>\$200,00</b>	<b>₱-</b>	<b>\$-</b>	<b>₱-</b>	<b>\$-</b>
FX Swap	<b>\$205,000</b>	<b>₱10,290,440</b>	<b>\$-</b>	<b>₱-</b>	<b>\$-</b>	<b>₱-</b>
Cross Currency Swaps- PHP	<b>₱-</b>	<b>₱280,646</b>	<b>₱-</b>	<b>₱6,761,840</b>	<b>₱-</b>	<b>₱8,327,153</b>
Cross Currency Swaps- USD	<b>\$5,450</b>	<b>\$-</b>	<b>\$130,625</b>	<b>\$-</b>	<b>\$163,275</b>	<b>\$-</b>
Principal Only Swaps- PHP	<b>₱-</b>	<b>₱2,633,442</b>	<b>₱-</b>	<b>₱14,118,475</b>	<b>₱-</b>	<b>₱20,039,800</b>
Principal Only Swaps- USD	<b>\$52,500</b>	<b>\$-</b>	<b>\$290,000</b>	<b>\$-</b>	<b>\$410,000</b>	<b>\$-</b>

2020

*Other Financial Liabilities*

	Less than 1 year	1 to 5 years	Over 5 years	Total
Trade payables and accrued expenses*	₱50,595,421	₱-	₱-	₱50,595,421
Other long-term liabilities*	-	-	918,140	918,140
	₱50,595,421	₱-	₱918,140	₱51,513,561

\*Excludes ARO and taxes payable which are not financial instruments.

*Derivative Instrument*

	Less than 1 year		1 to 3 years		Over 3 years	
	Receive	Pay	Receive	Pay	Receive	Pay
Projected Swap Coupons:						
Interest Rate Swaps-USD	₱4,539	₱46,583	₱2,279	₱23,724	₱-	₱-
Cross Currency Swaps	₱175,331	₱764,597	₱467,580	₱2,037,416	₱230,020	₱965,519
Principal Only Swaps	₱-	₱599,958	₱-	₱2,109,507	₱-	₱2,055,486

	Less than 1 year		1 to 3 years		Over 3 years	
	Receive	Pay	Receive	Pay	Receive	Pay
Projected Principal Exchanges:						
Forward Purchase of USD	\$20,000	₱1,007,800	\$-	₱-	\$-	₱-
Cross Currency Swaps- PHP	₱-	₱184,221	₱-	₱6,534,663	₱-	₱8,834,976
Cross Currency Swaps- USD	\$3,550	\$-	\$126,350	\$-	\$173,000	\$-
Principal Only Swaps- PHP	₱-	₱353,067	₱-	₱2,633,442	₱-	₱29,118,475
Principal Only Swaps- USD	\$7,500	\$-	\$52,500	\$-	\$600,000	\$-

## 32 Financial Assets and Liabilities

### 32.1 Categories of Financial Assets and Financial Liabilities

The table below presents the carrying value of Globe Group's financial instruments by category as of December 31 based on the classification requirements of PFRS 9:

	2021	2020
	<i>(In Thousand Pesos)</i>	
<b>Financial Assets</b>		
Derivative assets:		
Derivative assets designated as cash flow hedges (FVOCI)	<b>P2,832,962</b>	P58,524
Derivative assets not designated as hedges (FVPL)	<b>199,315</b>	-
Financial assets at FVOCI:		
Investment in equity securities	<b>2,805,766</b>	2,457,616
Financial assets at FVPL:		
Investment in debt securities	<b>168,442</b>	83,655
Financial assets at amortized cost		
Cash and cash equivalents	<b>24,239,195</b>	19,508,114
Trade receivables – net	<b>16,696,542</b>	20,145,484
Contract assets – net	<b>6,245,711</b>	5,397,829
Non-trade receivables	<b>1,405,722</b>	1,564,304
Loans receivable from related parties	<b>2,955,935</b>	478,000
	<b>P57,549,590</b>	P49,693,526
<b>Financial Liabilities:</b>		
Derivative liabilities		
Derivative liabilities designated as cash flow hedges (FVOCI)	<b>P1,113,116</b>	P2,892,403
Derivative liabilities not designated as hedges (FVPL)	<b>113,403</b>	47,380
Financial liabilities at amortized cost		
Trade payables and accrued expenses*	<b>78,285,382</b>	50,595,421
Loans payable	<b>210,053,567</b>	164,792,150
Other long term liabilities**	<b>925,808</b>	918,140
	<b>P290,491,276</b>	P290,491,276

\*Trade payables and accrued expenses do not include taxes payables which are not considered financial liabilities.

\*\*Other long term liabilities do not include ARO and taxes payable which are not considered financial liabilities.



## 32.2 Offsetting Financial Assets and Financial Liabilities

The Globe Group has financial instruments that have offsetting arrangements as follows:

	Gross amounts	Amounts offset under PAS 32	Reported amounts in the consolidated statements of financial position	Amounts offset under master netting arrangements or other similar contracts	Net exposure
<i>(In Thousand Pesos)</i>					
<b>December 31, 2021</b>					
Derivative assets	<b>₱3,032,277</b>	<b>₱-</b>	<b>₱3,032,277</b>	<b>(₱1,043,539)</b>	<b>₱1,988,738</b>
Derivative liabilities	<b>1,226,519</b>	<b>-</b>	<b>1,226,519</b>	<b>(1,043,539)</b>	<b>182,980</b>
Traffic settlements receivable (Note 6)	<b>2,269,496</b>	<b>(843,801)</b>	<b>1,425,695</b>	<b>-</b>	<b>1,425,695</b>
Traffic settlements payable (Note 16)	<b>1,481,035</b>	<b>(843,801)</b>	<b>637,234</b>	<b>-</b>	<b>637,234</b>
<b>December 31, 2020</b>					
Derivative assets	<b>₱58,524</b>	<b>₱-</b>	<b>₱58,524</b>	<b>(₱58,524)</b>	<b>₱-</b>
Derivative liabilities	<b>2,939,783</b>	<b>-</b>	<b>2,939,783</b>	<b>(58,524)</b>	<b>2,881,259</b>
Traffic settlements receivable (Note 6)	<b>1,868,744</b>	<b>(532,539)</b>	<b>1,336,205</b>	<b>-</b>	<b>1,336,205</b>
Traffic settlements payable (Note 16)	<b>863,406</b>	<b>(532,539)</b>	<b>330,867</b>	<b>-</b>	<b>330,867</b>

The Globe Group makes use of master netting agreements with counterparties with whom a significant volume of transactions are undertaken. Such arrangements provide for single net settlement of all financial instruments covered by the agreements in the event of default on any one contract. Master netting arrangements do not normally result in an offset of balance sheet assets and liabilities unless certain conditions for offsetting under PAS 32 apply.

Although master netting arrangements may significantly reduce credit risk, it should be noted that:

- Credit risk is eliminated only to the extent that amounts due to the same counterparty will be settled after the assets are realized; and
- The extent to which overall credit risk is reduced may change substantially within a short period because the exposure is affected by each transaction subject to the arrangement and fluctuations in market factors.

### 32.3 Fair Values of Financial Assets and Financial Liabilities

The table below presents a comparison of carrying amounts and estimated fair values of all the Globe Group's financial instruments as of December 31:

	2021		2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>(In Thousand Pesos)</i>				
<b>Financial Assets</b>				
Derivative assets <sup>1</sup>	<b>P3,032,277</b>	<b>P3,032,277</b>	P58,524	P58,524
Investment in debt and equity securities <sup>1</sup>	<b>2,974,208</b>	<b>2,974,208</b>	2,541,271	2,541,271
	<b>P6,006,485</b>	<b>P6,006,485</b>	P2,599,795	P2,599,795
<b>Financial Liabilities</b>				
Derivative liabilities <sup>1</sup>	<b>P1,226,519</b>	<b>P1,226,519</b>	P2,939,783	P2,939,783
Loans payables <sup>2</sup>	<b>210,053,567</b>	<b>221,270,892</b>	164,792,150	184,236,544
	<b>P211,280,086</b>	<b>P222,497,411</b>	P167,731,933	P187,176,327

<sup>1</sup> Measured at fair value on a recurring basis

<sup>2</sup> Fair value is disclosed only in the Notes to Financial Statements

The following discussions are methods and assumptions used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value.

#### 32.3.1 Non-Derivative Financial Instrument

The fair values of cash and cash equivalents, trade receivables, contract assets, non-trade receivables, trade payables and accrued expenses are approximately equal to their carrying amounts considering the short-term maturities of these financial instruments.

The fair value of loans receivable from related parties was estimated based on the present value of all future cash flows discounted using the prevailing market rate of interest for a similar instrument. The resulting fair value of loans receivable from related parties approximates the carrying amount.

The fair value of investments in debt and equity securities are based on:

- Level 1 - Quoted prices of similar instruments
- Level 2 - Recent funding round prices of identical or similar instruments
- Level 3 - Sales enterprise value multiple of comparable companies ranging from 1.1x to 13.7x in 2021 and 1.9x to 22.9x in 2020

For variable rate loans payable that reprice every three months, the carrying value approximates the fair value because of recent and regular repricing based on current market rates. For variable rate loans payable that reprice every six months, the fair value is determined by discounting the principal amount plus the next interest payment using the prevailing market rate for the period up to the next repricing date.

For noninterest bearing and fixed rate loans payable, the fair value was estimated as the present value of all future cash flows discounted using the prevailing market rate of interest for a similar instrument.

#### 32.3.2 Derivative Instrument

The fair value of freestanding and embedded forward exchange contracts is calculated by using the interest rate parity concept.

The fair values of interest rate swaps and cross currency swap transactions are determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions and reflect appropriate risk adjustments that market participants would make for credit and liquidity risks existing at the end each of reporting period. The fair value of interest rate swap transactions is the net present value of the estimated future cash flows. The fair values of currency and cross currency swap transactions are determined based on changes in the term structure of interest rates of each currency and the spot rate.

The fair values were tested to determine the impact of credit valuation adjustments. However, the impact is immaterial given that the Globe Group deals its derivatives with large foreign and local banks with very minimal risk of default.

### 32.3.3 Fair Value Hierarchy

The following tables provide the fair value measurement hierarchy of the Globe Group's assets and liabilities:

	Fair value measurement using			
	Level 1	Level 2	Level 3	Total
<b>2021</b>	<i>(In Thousand Pesos)</i>			
<b>Financial Assets</b>				
Derivative assets	P-	P3,032,277	P-	P3,032,277
Investment in debt and equity securities	426,240	2,201,322	346,646	2,974,208
<b>Financial Liabilities</b>				
Derivative liabilities	-	1,226,519	-	1,226,519
Loans payable	-	221,270,892	-	221,270,892
<b>2020</b>				
<b>Financial Assets</b>				
Derivative assets	P-	P58,524	P-	P58,524
Investment in debt and equity securities	452,591	971,159	1,117,521	2,541,271
<b>Financial Liabilities</b>				
Derivative liabilities	-	2,939,783	-	2,939,783
Loans payable	-	184,236,544	-	184,236,544

There were no transfers from Level 1 and Level 2 fair value measurements for the years ended December 31, 2021 and 2020.

### **33 Operating Segment Information**

The Globe Group's reportable segments consist of: (1) mobile communications services; and (2) wireline communication services; which the Globe Group operates and manages as strategic business units and organize by products and services. The Globe Group presents its various operating segments based on segment net income.

Intersegment transfers or transactions are entered into under the normal commercial terms and conditions that would also be available to unrelated third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

Most of the Globe Group's revenues are derived from operations within the Philippines, hence, the Globe Group does not present geographical information required by PFRS 8, *Operating Segments*. The Globe Group does not have a single customer that will meet the 10% reporting criteria.

The Globe Group also presents the different product types that are included in the report that is regularly reviewed by the chief operating decision maker in assessing the operating segments performance.

Segment assets and liabilities are not measures used by the chief operating decision maker since the assets and liabilities are managed on a group basis.

The Globe Group's segment information is as follows:

	2021			
	Mobile Communications Services	Wireline Communications Services	Others	Consolidated
<i>(In Thousand Pesos)</i>				
<b>REVENUES:</b>				
Service revenues:				
External customers:				
Data	<b>P77,812,713</b>	<b>P14,170,100</b>	<b>P-</b>	<b>P91,982,813</b>
Voice	<b>17,228,714</b>	<b>2,280,357</b>	<b>-</b>	<b>19,509,071</b>
SMS	<b>9,350,815</b>	<b>-</b>	<b>-</b>	<b>9,350,815</b>
Broadband	<b>-</b>	<b>29,391,454</b>	<b>-</b>	<b>29,391,454</b>
Others	<b>-</b>	<b>-</b>	<b>1,279,439</b>	<b>1,279,439</b>
	<b>104,392,242</b>	<b>45,841,911</b>	<b>1,279,439</b>	<b>151,513,592</b>
Nonservice revenues:				
External customers	<b>15,199,998</b>	<b>964,199</b>	<b>69,428</b>	<b>16,233,625</b>
Segment revenues	<b>119,592,240</b>	<b>46,806,110</b>	<b>1,348,867</b>	<b>167,747,217</b>
Operating costs and expenses-net	<b>(60,282,880)</b>	<b>(31,619,919)</b>	<b>(922,537)</b>	<b>(92,825,336)</b>
EBITDA	<b>59,309,360</b>	<b>15,186,191</b>	<b>426,330</b>	<b>74,921,881</b>
Depreciation and amortization	<b>(27,674,644)</b>	<b>(13,349,087)</b>	<b>(109,261)</b>	<b>(41,132,992)</b>
EBIT	<b>31,634,716</b>	<b>1,837,104</b>	<b>317,069</b>	<b>33,788,889</b>
Finance cost and non-operating expenses – net	<b>(4,429,178)</b>	<b>(336,086)</b>	<b>16,147</b>	<b>(4,749,117)</b>
<b>NET INCOME (LOSS) BEFORE TAX</b>	<b>27,205,538</b>	<b>1,501,018</b>	<b>333,216</b>	<b>29,039,772</b>
Provision for income tax	<b>(4,999,470)</b>	<b>(274,771)</b>	<b>(41,674)</b>	<b>(5,315,915)</b>
<b>NET INCOME (LOSS)</b>	<b>P22,206,068</b>	<b>P1,226,247</b>	<b>P291,542</b>	<b>P23,723,857</b>
Intersegment revenues	<b>(P1,363,572)</b>	<b>(P1,434,280)</b>	<b>(P16,475,339)</b>	<b>(P19,273,191)</b>
Core net income after tax				<b>P21,246,377</b>
Operating costs and expenses - net				
Operating expenses-net <sup>1</sup>	<b>(41,078,947)</b>	<b>(27,222,761)</b>	<b>(857,442)</b>	<b>(69,159,150)</b>
Cost of inventories sold	<b>(16,269,707)</b>	<b>(1,738,781)</b>	<b>(64,069)</b>	<b>(18,072,557)</b>
Impairment/recovery and other losses <sup>2</sup>	<b>(2,071,436)</b>	<b>(2,338,786)</b>	<b>(1,026)</b>	<b>(4,411,248)</b>
Interconnect costs	<b>(862,790)</b>	<b>(319,591)</b>	<b>-</b>	<b>(1,182,381)</b>
	<b>(60,282,880)</b>	<b>(31,619,919)</b>	<b>(922,537)</b>	<b>(92,825,336)</b>
Finance costs and non-operating charges				
Finance costs	<b>(8,644,357)</b>	<b>(61,258)</b>	<b>(35,148)</b>	<b>(8,740,763)</b>
Equity share in net profit (loss) of JVs	<b>824,436</b>	<b>57,099</b>	<b>-</b>	<b>881,535</b>
Interest income	<b>137,391</b>	<b>2,019</b>	<b>10,098</b>	<b>149,508</b>
Other non-operating income-net <sup>3</sup>	<b>3,253,352</b>	<b>(333,946)</b>	<b>41,197</b>	<b>2,960,603</b>
	<b>(4,429,178)</b>	<b>(336,086)</b>	<b>16,147</b>	<b>(4,749,117)</b>
<b>Cash Flows</b>				
Net cash from (used in):				
Operating activities	<b>P46,272,645</b>	<b>P18,845,757</b>	<b>P22,101</b>	<b>65,140,503</b>
Investing activities	<b>(76,852,553)</b>	<b>(19,710,568)</b>	<b>1,140</b>	<b>(96,561,981)</b>
Financing activities	<b>36,524,327</b>	<b>(461,636)</b>	<b>(1,051)</b>	<b>36,061,640</b>

<sup>1</sup>Operating expenses-net primarily includes general, selling and admin expenses net of income from leases, management fees and other operating income

<sup>2</sup>Impairment and other losses includes impairment loss on receivables, contract assets, inventories, provision for probable losses and other assets

<sup>3</sup>Other non-operating income primarily includes net gain (loss) on derivative instruments, net foreign exchange gain (loss), net gain on disposal of property and equipment, net gain (loss) on ARO and other non-operating income/charges

	2020			
	Mobile Communications Services	Wireline Communications Services	Others	Consolidated
<i>(In Thousand Pesos)</i>				
<b>REVENUES:</b>				
Service revenues:				
External customers:				
Data	₱72,384,436	₱12,612,827	₱-	₱84,997,263
Voice	20,249,771	2,620,106	-	22,869,877
SMS	11,097,666	-	-	11,097,666
Broadband	-	26,798,310	-	26,798,310
Others	-	-	625,018	625,018
	103,731,873	42,031,243	625,018	146,388,134
Nonservice revenues:				
External customers	12,058,640	2,041,727	31,041	14,131,408
Segment revenues	115,790,513	44,072,970	656,059	160,519,542
Operating costs and expenses-net	(54,900,586)	(31,354,441)	(752,160)	(87,007,187)
EBITDA	60,889,927	12,718,529	(96,101)	73,512,355
Depreciation and amortization	(23,136,131)	(12,185,559)	(90,348)	(35,412,038)
EBIT	37,753,796	532,970	(186,449)	38,100,317
Finance cost and non-operating expenses – net	(8,892,687)	(1,834,354)	(233,613)	(10,960,654)
<b>NET INCOME (LOSS) BEFORE TAX</b>	28,861,109	(1,301,384)	(420,062)	27,139,663
Provision for income tax	(8,894,001)	262,808	114,575	(8,516,618)
<b>NET INCOME (LOSS)</b>	₱19,967,108	(₱1,038,576)	(₱305,487)	₱18,623,045
Intersegment revenues	(₱1,121,931)	(₱1,019,100)	(₱2,946,105)	(₱5,087,136)
Core net income after tax				₱19,523,157
Operating costs and expenses - net				
Operating expenses-net <sup>1</sup>	(38,560,216)	(24,241,116)	(734,163)	(63,535,495)
Cost of inventories sold	(12,269,954)	(4,121,926)	(14,316)	(16,406,196)
Impairment/recovery and other losses <sup>2</sup>	(3,188,094)	(2,866,487)	(3,681)	(6,058,262)
Interconnect costs	(882,322)	(124,912)	-	(1,007,234)
	(54,900,586)	(31,354,441)	(752,160)	(87,007,187)
Finance costs and non-operating charges				
Finance costs	(7,076,628)	(12,631)	(22,151)	(7,111,410)
Equity share in net profit (loss) of JVs	(2,427,159)	59,719	-	(2,367,440)
Interest income	159,060	46,657	(10,779)	194,938
Gain on debt renegotiation	343,122	-	-	343,122
Other non-operating income-net <sup>3</sup>	108,918	(1,928,099)	(200,683)	(2,019,864)
	(8,892,687)	(1,834,354)	(233,613)	(10,960,654)
<b>Cash Flows</b>				
Net cash from (used in):				
Operating activities	₱51,452,379	₱13,723,327	(₱15,708)	65,159,998
Investing activities	(48,376,208)	(13,196,777)	(1,194)	(61,574,179)
Financing activities	8,910,234	(419,865)	(1,206)	8,489,163

<sup>1</sup> Operating expenses-net primarily includes general, selling and admin expenses net of income from leases, management fees and other operating income

<sup>2</sup> Impairment and other losses includes impairment loss on receivables, contract assets, inventories, provision for probable losses and other assets

<sup>3</sup> Other non-operating income primarily includes net gain (loss) on derivative instruments, net foreign exchange gain (loss), net gain on disposal of property and equipment, net gain (loss) on ARO and other non-operating income/charges



	2019			
	Mobile Communications Services	Wireline Communications Services	Others	Consolidated
<i>(In Thousand Pesos)</i>				
<b>REVENUES:</b>				
Service revenues:				
External customers:				
Data	₱71,738,077	₱12,995,274	₱-	₱84,733,351
Voice	24,099,817	2,684,138	-	26,783,955
SMS	15,592,119	-	-	15,592,119
Broadband	-	21,746,532	-	21,746,532
Others	-	-	154,006	154,006
	111,430,013	37,425,944	154,006	149,009,963
Nonservice revenues:				
External customers	16,397,468	1,250,438	2,468	17,650,374
Segment revenues	127,827,481	38,676,382	156,474	166,660,337
Operating costs and expenses-net	(64,016,047)	(27,258,894)	646,037	(90,628,904)
EBITDA	63,811,434	11,417,488	802,511	76,031,433
Depreciation and amortization	(21,813,531)	(12,295,669)	(34,341)	(34,143,541)
EBIT	41,997,903	(878,181)	768,170	41,887,892
Finance cost and non-operating expenses – net	(9,182,339)	78,205	43,618	(9,060,516)
<b>NET INCOME (LOSS) BEFORE TAX</b>	32,815,564	(799,976)	811,788	32,827,376
Provision for income tax	(10,365,576)	231,514	(409,557)	(10,543,619)
<b>NET INCOME (LOSS)</b>	<b>₱22,449,988</b>	<b>(₱568,462)</b>	<b>₱402,231</b>	<b>₱22,283,757</b>
Intersegment revenues	(₱1,725,386)	(₱1,541,929)	(₱1,541,929)	(₱4,809,244)
Core net income after tax				₱22,450,847
Operating costs and expenses - net				
Operating expenses-net <sup>1</sup>	(40,607,321)	(23,745,605)	645,036	(63,707,890)
Cost of inventories sold	(17,002,989)	(1,552,826)	1,001	(18,554,814)
Impairment/recovery and other losses <sup>2</sup>	(2,548,866)	(1,834,461)	-	(4,383,327)
Interconnect costs	(3,856,871)	(126,002)	-	(3,982,873)
	(64,016,047)	(27,258,894)	646,037	(90,628,904)
Finance costs and non-operating charges				
Finance costs	(6,721,158)	(78,268)	(3,435)	(6,802,861)
Equity share in net profit (loss) of JVs	(2,555,973)	1,191	-	(2,554,782)
Interest income	241,206	238,900	20,331	500,437
Other non-operating income-net <sup>3</sup>	(146,414)	(83,618)	26,722	(203,310)
	(9,182,339)	78,205	43,618	(9,060,516)
<b>Cash Flows</b>				
Net cash from (used in):				
Operating activities	₱65,697,153	₱9,213,244	(₱868,178)	₱74,042,219
Investing activities	(46,157,890)	(8,996,037)	123,148	(55,030,779)
Financing activities	(32,817,190)	(440,163)	-	(33,257,353)

<sup>1</sup>Operating expenses-net primarily includes general, selling and admin expenses net of income from leases, management fees and other operating income

<sup>2</sup>Impairment and other losses includes impairment loss on receivables, contract assets, inventories, provision for probable losses and other assets

<sup>3</sup>Other non-operating income primarily includes net gain (loss) on derivative instruments, net foreign exchange gain (loss), net gain on disposal of property and equipment, net gain (loss) on ARO and other non-operating income/charges

The reconciliation of the EBITDA to income before income tax presented in the consolidated statements of comprehensive income is shown below:

	Notes	2021	2020	2019
<i>(In Thousand Pesos)</i>				
EBITDA		<b>₱74,921,881</b>	₱73,512,355	₱76,031,433
Depreciation and amortization	25	<b>(41,132,992)</b>	(35,412,038)	(34,143,541)
Financing costs	26	<b>(8,740,763)</b>	(7,111,410)	(6,802,861)
Impairment of property and equipment		<b>(1,155,691)</b>	(4,149,337)	(59,157)
Equity in net income (losses) of associates and joint ventures	15	<b>881,535</b>	(2,367,440)	(2,554,782)
Gain on deemed sale of investment in Mynt	15, 23	<b>4,344,037</b>	2,042,441	
Foreign exchange gain (loss) - net	23	<b>(3,656,218)</b>	1,690,842	848,394
Gain (loss) on derivative instruments	23	<b>3,214,633</b>	(1,579,746)	(809,540)
Gain on debt renegotiation	23	-	343,122	-
Interest income	22	<b>149,508</b>	194,938	500,437
Gain on disposal of property and equipment - net		<b>152,565</b>	33,244	43,012
Remeasurement loss on investment in associate	27	-	-	(470,653)
Gain on sale of Investment in associate	23	-	-	240,000
Other items		<b>61,277</b>	(57,308)	4,634
Income before income tax		<b>₱29,039,772</b>	₱27,139,663	₱32,827,376

The reconciliation of core net income after tax (core NIAT) to NIAT is shown below:

	2021	2020	2019
<i>(In Thousand Pesos)</i>			
Core NIAT	<b>₱21,246,377</b>	₱19,523,157	₱22,450,847
Impairment of property and equipment	<b>(866,768)</b>	(2,904,536)	(41,410)
Gain on deemed sale of investment in Mynt	<b>3,692,431</b>	1,736,075	-
Foreign exchange gains (losses)	<b>(2,742,164)</b>	1,183,589	593,876
Gain (loss) on derivatives instruments	<b>2,410,975</b>	(1,105,822)	(566,678)
Gain on debt renegotiation	-	240,185	-
Remeasurement loss on investment in associate	-	-	(432,975)
Gain on sale of Investment in associate	-	-	240,000
Others	<b>(16,994)</b>	(49,603)	40,097
NIAT	<b>₱23,723,857</b>	₱18,623,045	₱22,283,757

### 33.1 Mobile Communications Services

This reporting segment is made up of digital cellular telecommunications services which includes mobile voice, mobile SMS and mobile data.

Globe Telecom offers its mobile communications services to consumers, corporate and small and medium enterprise (SME) clients through the following three (3) brands: Globe Postpaid, Globe Prepaid and Touch Mobile.



### *33.1.1 Mobile Voice*

Mobile voice include local, national and international long-distance call services. In addition to the Globe Group's standard, pay-per-use rates, subscribers can choose from bulk and unlimited voice offerings for all-day, and in several denominations.

### *33.1.2 Mobile SMS*

Mobile SMS consist of local and international revenues from inbound and outbound SMS.

### *33.1.3 Mobile Data*

Mobile Data services allow subscribers to access the internet using their internet-capable mobile devices or laptops with USB modems. Mobile data also includes local and international revenues from value-added services such as content downloading, mobile commerce services, and other add-on VAS.

## *33.2 Wireline Communications Services*

This reporting segment is made up of fixed line voice, corporate data and home broad band services.

Globe offers a full range of fixed line communications services, wired and wireless Broadband access, and end-to-end connectivity solutions customized for consumers, SMEs (Small & Medium Enterprises), large corporations and businesses.

### *33.2.1 Fixed Line Voice*

Globe's fixed line voice services include local, national and international long-distance calling services in postpaid and prepaid packages through its Globelines brand. For corporate and enterprise customers, Globe offers voice solutions that include regular and premium conferencing, enhanced voice mail, IP-PBX solutions and domestic or international toll-free services.

### *33.2.2 Corporate Data*

Corporate data services include end-to-end data solutions customized according to the needs of businesses. Globe's product offerings include international and domestic leased line services, wholesale and corporate internet access, data center services and other connectivity solutions tailored to the needs of specific industries. Among the products and solutions are as follows:

- Connectivity - Globe connectivity services provides an up to speed with a fast and resilient connection powered by dedicated and reliable technologies. This service includes domestic data, international data, and other internet services.
- Cloud computing - Globe's range of cloud computing services provides improved efficiency and agility in the face of evolving business environments while keeping costs low
- Data Centers - Globe Data Center offers outsourced data center hosting and management for a superior experience that goes beyond technology.
- Cybersecurity - Globe cybersecurity provides enterprises the access to the best-in-class tool sets, hardware, software, and even niche technology experts to handle security threats and IT infrastructure in a cost-effective manner.

- **Business Continuity** - Globe business continuity services provides the right digital solutions for uninterrupted business operations. The product offers seamless connectivity through Prepaid Mobile WiFi or Corporate Managed Broadband, empowered remote workforce using collaboration tools, and security for their business operations with Backup-as-a-Service (BaaS) and Disaster-Recovery-as-a-Service (DRaaS), among others.
- **Business Applications** - Globe offers a diverse range of business applications solutions to streamline and enhance the business' operations, and raise efficiency, productivity, and customer satisfaction.

### *33.2.3 Home Broadband*

Globe offers wired and fixed wireless Broadband services, across various technologies and connectivity speeds for its residential and business customers. Globe Home Broadband consists of wired or DSL Broadband packages bundled with voice, or Broadband data-only services.

## **34 Significant Agreements**

### *34.1 Agreements and Commitments with Other Carriers*

Globe Telecom, Innove and BTI have existing international telecommunications service agreements with various foreign administrations and interconnection agreements with local telecommunications companies for their various services. Globe Telecom also has international roaming agreements with other foreign operators, which allow its subscribers access to foreign networks. The agreements provide for sharing of toll revenues derived from the mutual use of telecommunication networks.

The interconnect costs for the period 2021, 2020 and 2019 amounted to ₱1,182.38 million, ₱1,007.23 million and ₱3,982.87 million, respectively.

Net traffic settlement receivables amounted to ₱1,425.70 million and ₱1,336.21 million while net traffic settlement payables amounted to ₱637.23 million and ₱330.87 million as of December 31, 2021 and 2020, respectively (see [Notes 6 and 16](#)).

### *34.2 Arrangements and Commitments with Suppliers*

The Globe Group has entered into agreements with various suppliers for the development or construction, delivery and installation of property and equipment. Under the terms of these agreements, advance payments and down payments are made to suppliers upon submission of required documentation. While the development or construction is in progress, project costs are accrued based on the project status. Billings are based on the progress of the development or construction and advance payments are being applied proportionately to the milestone billings. When development or construction and installation are completed and the property and equipment is ready for service, the value of unbilled but delivered goods or services from the related purchase orders is accrued.

The accrued project costs as of December 31, 2021 and 2020 included in the "Trade payables and accrued expenses" account in the consolidated statements of financial position amounted to ₱37,691.92 million and ₱8,482.15 million, respectively (see [Note 16](#)). The settlement of these liabilities is dependent on the payment terms and project milestones agreed with the suppliers and contractors. As of December 31, 2021 and 2020, the unapplied advances made to suppliers and contractors relating to purchase orders issued amounted to ₱24,923.93 million and ₱21,447.12 million, respectively (see [Note 10](#)).

### 35 Contingencies

The Globe Group is contingently liable for various claims arising in the ordinary conduct of business and certain tax assessments which are either pending decision by the courts or are being contested, the outcome of which are not presently determinable. In the opinion of management and legal counsel, the possibility of outflow of economic resources to settle the contingent liability is remote.

#### *Interconnection Charge for Short Messaging Service*

On October 10, 2011, the NTC issued Memorandum Circular (MC) No. 02-10-2011 titled Interconnection Charge for Short Messaging Service requiring all public telecommunication entities to reduce their interconnection charge to each other from ₱0.35 to ₱0.15 per text, which Globe Telecom complied as early as November 2011. On December 11, 2011, the NTC One Stop Public Assistance Center (OSPAC) filed a complaint against Globe Telecom, Smart and Digitel alleging violation of the said MC No. 02-10-2011 and asking for the reduction of SMS off-net retail price from P1.00 to P0.80 per text. Globe Telecom filed its response maintaining the position that the reduction of the SMS interconnection charges does not automatically translate to a reduction in the SMS retail charge per text.

On November 20, 2012, the NTC rendered a decision directing Globe Telecom to:

- Reduce its regular SMS retail rate from P1.00 to not more than ₱0.80;
- Refund/reimburse its subscribers the excess charge of ₱0.20; and
- Pay a fine of ₱200.00 per day from December 1, 2011 until date of compliance.

On May 7, 2014, NTC denied the Motion for Reconsideration (MR) filed by Globe Telecom last December 5, 2012 in relation to the November 20, 2012 decision. Globe Telecom's assessment is that Globe Telecom is in compliance with the NTC Memorandum Circular No. 02-10-2011. On June 9, 2014, Globe Telecom filed petition for review of the NTC decision and resolution with the Court of Appeals (CA).

The CA granted the petition in a resolution dated September 3, 2014 by issuing a 60-day temporary restraining order on the implementation of Memorandum Circular 02-10-2011 by the NTC. On October 15, 2014, Globe Telecom posted a surety bond to compensate for possible damages as directed by the CA.

On June 27, 2016, the CA rendered a decision reversing the NTC's abovementioned decision and resolution requiring telecommunications companies to cut their SMS rates and return the excess amount paid by subscribers. The CA said that the NTC order was baseless as there is no showing that the reduction in the SMS rate is mandated under MC No. 02-10-2011; there is no showing, either that the present P1.00 per text rate is unreasonable and unjust, as this was not mandated under the memorandum. Moreover, under the NTC's own MC No. 02-05-2008, SMS is a value added service (VAS) whose rates are deregulated. The respective motions for reconsideration filed by NTC and that of intervenor Bayan Muna Party List (Bayan Muna) Representatives Neri Javier Colmenares and Carlos Isagani Zarate were both denied.

The NTC thus elevated the CA's ruling to the Supreme Court (SC) via a Petition for Review on Certiorari dated September 15, 2017.

For its part, Bayan Muna filed its own Petition for Review on Certiorari of the CA's Decision. On January 4, 2018, Globe received a copy of the SC's Resolution dated November 6, 2017, requiring it to comment on said petition of Bayan Muna. Subsequently, on February 21, 2018, Globe received a copy of the SC's Resolution dated December 13, 2017 consolidating the Petitions for Review filed by Bayan Muna and NTC, and requiring Globe to file its comment on the petition for review filed by NTC. Thus, on April 2, 2018, Globe filed its Consolidated Comment on both Bayan Muna and the NTC's petitions for review. On September 18, 2018, Globe received a copy of Bayan Muna's Consolidated Reply to Globe's Consolidated Comment and Digitel and Smart's Comment.

Globe Telecom believes that it did not violate NTC MC No. 02-10-2011 when it did not reduce its SMS retail rate from Php 1.00 to Php 0.80 per text, and hence, would not be obligated to refund its subscribers. However, if it is ultimately decided by the Supreme Court (on the appeal taken thereto by the NTC from the adverse resolution of the CA) that Globe Telecom is not compliant with said circular, Globe may be contingently liable to refund to its subscribers the ₱0.20 difference (between ₱1.00 and ₱0.80 per text) reckoned from November 20, 2012 until said decision by the SC becomes final and executory. Management does not have an estimate of the potential claims currently.

#### *Guidelines on Unit of Billing of Mobile Voice Service*

On July 23, 2009, the NTC issued NTC MC No. 05-07-2009 (Guidelines on Unit of Billing of Mobile Voice Service). The MC provides that the maximum unit of billing for the Cellular Mobile Telephone System (CMTS) whether postpaid or prepaid shall be six (6) seconds per pulse. The rate for the first two (2) pulses, or equivalent if lower period per pulse is used, may be higher than the succeeding pulses to recover the cost of the call set-up. Subscribers may still opt to be billed on a one (1) minute per pulse basis or to subscribe to unlimited service offerings or any service offerings if they actively and knowingly enroll in the scheme.

On December 28, 2010, the Court of Appeals (CA) rendered its decision declaring null and void and reversing the decisions of the NTC in the rates applications cases for having been issued in violation of Globe Telecom and the other carriers' constitutional and statutory right to due process. However, while the decision is in Globe Telecom's favor, there is a provision in the decision that NTC did not violate the right of petitioners to due process when it declared via circular that the per pulse billing scheme shall be the default.

On January 21, 2011, Globe Telecom and two other telecom carriers, filed their respective Motions for Partial Reconsideration (MPR) on the pronouncement that "the Per Pulse Billing Scheme shall be the default". The petitioners and the NTC filed their respective Motion for Reconsideration, which were all denied by the CA on January 19, 2012.

On March 12, 2012, Globe and Innove elevated to the SC the questioned portions of the Decision and Resolution of the CA dated December 28, 2010 and its Resolution dated January 19, 2012. The other service providers, as well as the NTC, filed their own petitions for review. The adverse parties have filed their comments on each other's petitions, as well as their replies to each other's comments. Parties were required to file their respective Memoranda and Globe filed its Memorandum on May 25, 2018. The case is now submitted for resolution.

#### *Right of Innove to Render Services and Build Telecommunications Infrastructure in BGC*

- PLDT and its affiliate, Bonifacio Communications Corporation (BCC) and Innove and Globe Telecom are in litigation over the right of Innove to render services and build telecommunications infrastructure in the Bonifacio Global City (BGC). In the case filed by Innove before the NTC against BCC, PLDT and the Fort Bonifacio Development Corporation (FBDC), the NTC has issued a Cease and Desist Order preventing BCC from performing further acts to interfere with Innove's installations in the BGC.

On January 21, 2011, BCC and PLDT filed with the CA a Petition for Certiorari and Prohibition against the NTC, et al. seeking to annul the Order of the NTC dated October 28, 2008 directing BCC, PLDT and FBDC to comply with the provisions of NTC MC 05-05-02 and to cease and desist from performing further acts that will prevent Innove from implementing and providing telecommunications services in the Fort Bonifacio Global City pursuant to the authorization granted by the NTC. On April 25, 2011, Innove Communications, filed its comment on the Petition.



On August 16, 2011, the CA ruled that the petition against Innove and the NTC lacked merit, holding that neither BCC nor PLDT could claim the exclusive right to install telecommunications infrastructure and providing telecommunications services within the BGC. Thus, the CA denied the petition and dismissed the case. PLDT and BCC filed their motions for reconsideration thereto, which the CA denied.

On July 6, 2012, PLDT and BCC assailed the CA's rulings via a petition for review on certiorari with the Supreme Court. Innove and Globe filed their comment on said petition on January 14, 2013, to which said petitioners filed their reply on May 21, 2013. On December 22, 2021, Innove filed its Memorandum with the Supreme Court in compliance with said Court's Resolution dated 06 October 2021.

Meanwhile, a complaint filed by PLDT against the NTC, with Innove as intervenor, to annul NTC M.C. No. 05-05-2002 on the ground of unconstitutionality awaits pre-trial proceedings in the RTC in Quezon City. In a Motion to Dismiss dated January 8, 2021, however, a copy of which was received by Innove on January 12, 2021, PLDT informed the trial court that "upon re-evaluation of intervening events since PLDT filed its complaint, it no longer intends to pursue its complaint and prays for its dismissal without prejudice." The Motion to Dismiss awaits the trial court's resolution.

- In a case filed by BCC against FBDC, Globe Telecom, and Innove before the RTC in Taguig, which case sought to enjoin Innove from making any further installations in the BGC and claimed damages from all the parties for the breach of the exclusivity of BCC in the area, the court did not issue a TRO and has instead scheduled several hearings on the case. The defendants filed their respective motions to dismiss the complaint on the grounds of forum shopping and lack of jurisdiction, among others. On March 30, 2012, the RTC, as prayed for, dismissed the complaint on the aforesaid grounds. On April 27, 2015, the trial court denied BCC's motion for reconsideration. Thereafter, on November 3, 2020, BCC filed a notice of appeal with said court. However, in a Notice of Withdrawal of Appeal dated January 7, 2021 which was received by Globe and Innove on January 12, 2021, BCC informed the trial court that it was no longer pursuing its appeal "after careful consideration of the intervening events since the filing of the Complaint" and asked that it be allowed to withdraw its appeal. The motion for withdrawal of appeal remains pending with the trial court.

#### *Acquisition by Globe Telecom and PLDT of the Entire Issued and Outstanding Shares of VTI*

In a letter dated June 7, 2016 issued by Philippine Competition Commission (PCC) to Globe Telecom, PLDT, SMC and VTI regarding the Joint Notice filed by the aforementioned parties on May 30, 2016, disclosing the acquisition by Globe Telecom and PLDT of the entire issued and outstanding shares of VTI, the PCC claims that the Notice was deficient in form and substance and concludes that the acquisition cannot be claimed to be deemed approved.

On June 10, 2016, Globe Telecom formally responded to the letter reiterating that the Notice, which sets forth the salient terms and conditions of the transaction, was filed pursuant to and in accordance with MC No. 16-002 issued by the PCC. MC No. 16-002 provides that before the implementing rules and regulations for RA No. 10667 (the Philippine Competition Act of 2015) come into full force and effect, upon filing with the PCC of a notice in which the salient terms and conditions of an acquisition are set forth, the transaction is deemed approved by the PCC and as such, it may no longer be challenged. Further, Globe Telecom clarified in its letter that the supposed deficiency in form and substance of the Notice is not a ground to prevent the transaction from being deemed approved. The only exception to the rule that a transaction is deemed approved is when a notice contains false material information. In this regard, Globe Telecom stated that the Notice does not contain any false information.

On June 17, 2016, Globe Telecom received a copy of the second letter issued by PCC stating that notwithstanding the position of Globe Telecom, it was ruling that the transaction was still subject for review.

On July 12, 2016, Globe Telecom asked the CA to stop the government's anti-trust body from reviewing the acquisition of SMC's telecommunications business. Globe Telecom maintains the position that the deal was approved after Globe Telecom notified the PCC of the transaction and that the anti-trust body violated its own rules by insisting on a review. On the same day, Globe Telecom filed a Petition for Mandamus, Certiorari and Prohibition against the PCC, docketed as CA-G.R. SP No. 146538. On July 25, 2016, the CA, through its 6th Division issued a resolution denying Globe Telecom's application for TRO and injunction against PCC's review of the transaction. In the same resolution, however, the CA required the PCC to comment on Globe Telecom's petition for certiorari and mandamus within 10 days from receipt thereof. The PCC filed said comment on August 8, 2016. In said comment, the PCC prayed that the ₱70.00 billion deal between PLDT-Globe Telecom and San Miguel be declared void for PLDT and Globe Telecom's alleged failure to comply with the requirements of the Philippine Competition Act of 2015. The PCC also prayed that the CA direct Globe Telecom to: cease and desist from further implementing its co-acquisition of the San Miguel telecommunications assets; undo all acts consummated pursuant to said acquisition; and pay the appropriate administrative penalties that may be imposed by the PCC under the Philippine Competition Act for the illegal consummation of the subject acquisition.

Meanwhile, PLDT filed a similar petition with the CA, docketed as CA G.R. SP No. 146528, which was raffled off to its 12th Division. On August 26, 2016, PLDT secured a TRO from said court. Thereafter, Globe Telecom's petition was consolidated with that of PLDT, before the 12th Division. The consolidation effectively extended the benefit of PLDT's TRO to Globe Telecom. The parties were required to submit their respective Memoranda, after which, the case shall be deemed submitted for resolution.

On February 17, 2017, the CA issued a Resolution denying PCC's Motion for Reconsideration dated September 14, 2016 for lack of merit. In the same Resolution, the Court granted PLDT's Urgent Motion for the Issuance of a Gag Order and ordered the PCC to remove the offending publication from its website and also to obey the sub judice rule and refrain from making any further public pronouncements regarding the transaction while the case remains pending. The Court also reminded the other parties, PLDT and Globe, to likewise observe the sub judice rule. For this purpose, the Court issued its gag order admonishing all the parties "to refrain, cease and desist from issuing public comments and statements that would violate the sub judice rule and subject them to indirect contempt of court. The parties were also required to comment within ten days from receipt of the Resolution, on the Motion for Leave to Intervene, and Admit the Petition-in Intervention dated February 7, 2017 filed by Citizenwatch, a non-stock and non-profit association.

On April 18, 2017, PCC filed a petition before the SC docketed as G.R. No. 230798, to lift the CA's order that has prevented the review of the sale of San Miguel Corp.'s telecommunications unit to PLDT Inc. and Globe Telecom. On April 25, 2017, Globe filed before the SC a Motion for Intervention with Motion to Dismiss the petition filed by the PCC.

As of June 30, 2017, the SC did not issue any TRO on the PCC's petition to lift the injunction issued by the CA. Hence, the PCC remains barred from reviewing the SMC deal.

On July 26, 2017, Globe received the SC en banc Resolution granting Globe's Extremely Urgent Motion to Intervene. In the same Resolution, the Supreme Court treated as Comment, Globe's Motion to Dismiss with Opposition Ad Cautelam to PCC's Application for the Issuance of a Writ of Preliminary Injunction and/or TRO.

On August 31, 2017, Globe received another Resolution of the SC en banc, requiring the PCC to file a Consolidated Reply to the Comments respectively filed by Globe and PLDT, within ten (10) days from notice. Globe has yet to receive the Consolidated Reply of PCC since the latter requested for extension of time to file the same.



In the meantime, in a Decision dated October 18, 2017, the CA, in CA-G.R. SP No. 146528 and CA-G.R. SP No. 146538, granted Globe and PLDT's Petition to permanently enjoin and prohibiting PCC from reviewing the acquisition and compelling the PCC to recognize the same as deemed approved. PCC elevated the case to the SC via Petition for Review on Certiorari.

*Co-use of frequencies by PLDT/Smart and Globe Telecom as a result of the acquisition of controlling shares in VTI*

On January 21, 2019, Globe filed its Comment to a petition filed by lawyers Joseph Lemuel Baligod and Ferdinand Tecson before the Supreme Court, against the NTC, PCC, Liberty Broadcasting Network, Inc., (LBNI), Bell Telecommunications Inc. (BellTel), Globe, PLDT and Smart, docketed as G.R. No. 242353. The petition sought to, among others, enjoin PLDT/Smart and Globe from co-using the frequencies assigned to LBNI and BellTel in view of alleged irregularities in NTC's assignment of these frequencies to these entities. In its Comment, Globe argued that the frequencies were assigned in accordance with existing procedures prescribed by law and that to prevent the use of the frequencies will only result to its being idle and unutilized. Moreover, in view of the substantial investments made by Globe, for the use of these frequencies, enjoining its use will cause grave and irreparable injury not only to Globe but to subscribers who will be deprived of the benefits of fast and reliable telecommunications services. The other Respondents have likewise filed their respective Comments to the petition.

### **36 Events After Reporting Period**

On February 8, 2022, the BOD approved the declaration of the first quarter cash dividend of ₱27 per common share, payable to common stockholders of record as of February 22, 2022. Total dividends amounting to ₱3.6 billion will be payable on March 10, 2022.



## **GLOBE TELECOM, INC. AND SUBSIDIARIES**

### **Index to the Consolidated Financial Statements and Supplementary Schedules**

Schedule 1 - Financial Soundness Indicators

Schedule 2 - Reconciliation of retained earnings available for dividend declaration

Schedule 3 - Map of the relationships of the companies within the Group

Schedule 4 - Schedule for Listed Companies with a Recent Offering of Securities to the Public

Schedule 5 - Supplementary Schedules required by Annex 68-J

**Schedule 1**

<b>FINANCIAL SOUNDNESS INDICATORS</b>	<b>December 31 2021</b>	<b>December 31 2020</b>
<b>FINANCIAL RATIOS</b>		
Interest Coverage Ratio	<b>8.84</b>	9.07
Debt to Equity (D/E Ratio)	<b>1.84</b>	2.02
Total Asset to Equity Ratio	<b>4.01</b>	4.10
Current Ratio	<b>0.58</b>	0.80
Solvency Ratio	<b>0.20</b>	0.23
Acid test ratio	<b>0.54</b>	0.72
<b>PROFITABILITY MARGINS</b>		
EBITDA Margins	<b>49%</b>	50%
Net Profit Margin	<b>16%</b>	13%
Return on Asset	<b>5%</b>	5%
Return on Equity	<b>24%</b>	23%

**Schedule 2**
**RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION  
AS OF DECEMBER 31, 2021**

Items	Amount (In thousands)
<b>Unappropriated Retained Earnings, beginning</b>	<b>₱26,288,177</b>
Adjustments	(9,094,337)
<b>Unappropriated Retained Earnings, as adjusted, beginning</b>	<b>17,193,840</b>
<b>Net income during the period closed to Retained Earnings</b>	<b>19,602,418</b>
<b>Less: Non-actual/unrealized income net of tax</b>	
Unrealized foreign exchange gain net of previously recognized accumulated unrealized loss reversed during the year	1,032,975
Unrealized fair value gain on derivatives net of previously recognized accumulated unrealized loss	(1,079,500)
Deferred tax assets realized during the year	1,241,703
<b>Net income actually earned/realized during the period</b>	<b>20,797,596</b>
<b>Add (Less):</b>	
Dividend during the period	(14,735,896)
<b>Unappropriated Retained Earnings, as adjusted, ending</b>	<b>₱23,255,540</b>

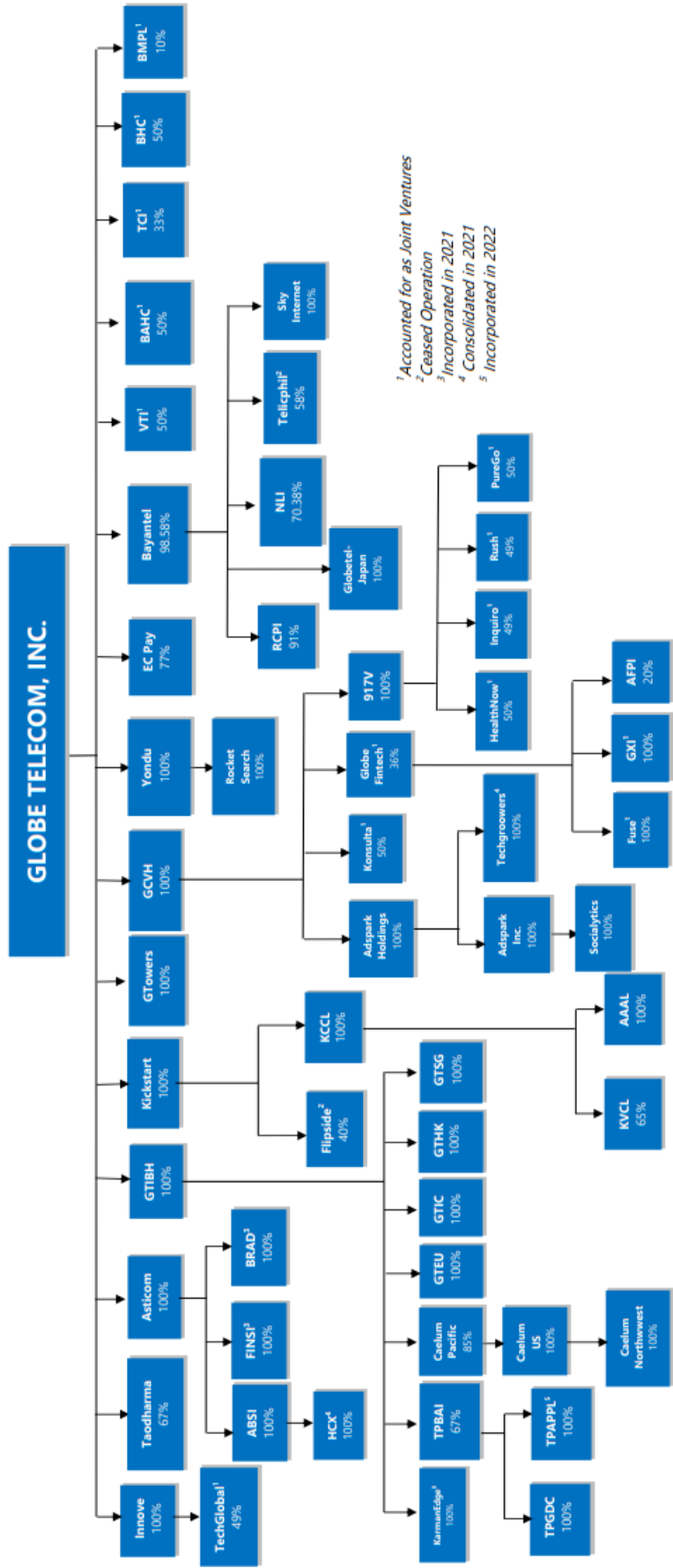




### Schedule 3

#### MAP OF THE RELATIONSHIP OF THE COMPANIES WITHIN THE GROUP AS OF DECEMBER 31, 2021

Globe Telecom, Inc. and Subsidiaries



## **Schedule 4**

### **SCHEDULE FOR LISTED COMPANIES WITH A RECENT OFFERING OF SECURITIES TO THE PUBLIC**

**AS OF DECEMBER 31, 2021**

Issuance of US\$600 million senior perpetual capital securities with an initial distribution rate of 4.20% payable semi-annually and callable on or after August 2, 2026 at the option of Globe Telecom.

#### **1. Gross and Net Proceeds (as disclosed in the final prospectus)**

The Company estimates that the net proceeds from the gross amount of \$600 million shall amount to approximately \$595 million, after deducting commissions, fees, documentary stamp taxes and other estimated expenses.

The net proceeds of the Offer shall be used to finance Globe's capital expenditures, maturing and/or existing obligations, and for general corporate requirements.

#### **2. Actual Gross and Net Proceeds**

The actual net proceeds from the gross amount of ₱30.32 billion amounted to ₱29.98 billion, after deducting commissions, fees, documentary stamp taxes and other expenses.

#### **3. Each Expenditure Item where the Proceeds was used**

₱16.81 billion net proceeds of the Offer have been utilized to finance Globe's capital expenditures, as of December 31, 2021.

#### **4. Balance of the Proceeds as of the End of the Reporting Period**

As of year ended December 31, 2021, ₱13.17 billion net proceeds remains to be unutilized.

**SCHEDULE 5A – FINANCIAL ASSETS**  
**DECEMBER 31, 2021**

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
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**Not Applicable**



**SCHEDULE 5B – Amounts Receivable from Directors, Officers, Employees, Related Parties and principal Stockholders (Other than Related parties)**

Name and Designation of debtor	Balance at the beginning of period (January 1, 2021)	Additions	Amounts collected	Current	Non-current	Balance at the end of period (December 31, 2021)
Education Loan	₱71,783,521	₱90,072,892	₱85,486,853	₱76,369,560	₱-	₱76,369,560
Hospitalization Loan	42,894,753	15,304,618	20,308,702	37,890,669	-	37,890,669
Housing and Renovation Loan	32,582,980	52,694,887	47,171,369	38,106,498	-	38,106,498
Medical and Health Related Loan	3,302,180	4,915,983	7,244,979	973,184	-	973,184
Others	9,367,249	11,098,536	15,927,672	4,538,113	-	4,538,113
<b>Total</b>	<b>₱159,930,683</b>	<b>₱174,086,916</b>	<b>₱176,139,575</b>	<b>₱157,878,024</b>	<b>₱-</b>	<b>₱157,878,024</b>



# Schedule 5C - Trade & Other Receivables Eliminated During Consolidation

Creditor	Creditor's Relationship	Account Type	Beginning Balance (January 1, 2021)	Net Movement	Outstanding Balance (December 31, 2021)
Globe	Parent	Traffic receivable	565,836,158	62,166,865	628,003,024
	Parent	Trade Receivables	173,964,864	(171,181,901)	2,782,963
	Parent	Other Receivables	21,753,956,635	2,368,080,990	24,122,037,626
Innove	Subsidiary	Traffic receivable	251,299,518	(8,954,195)	242,345,323
	Subsidiary	Trade Receivables	116,574,266	(9,049,400)	107,524,866
	Subsidiary	Other Receivables	7,107,630,691	(3,109,166,705)	3,998,463,986
	Co-Subsidiary	Trade Receivables	265,195,748	(167,486,135)	97,709,613
	Co-Subsidiary	Other Receivables	259,148,601	344,555,386	603,703,987
	Co-Subsidiary	Traffic receivable	12,387,505	507,842	12,895,347
Asticom	Subsidiary	Trade Receivables	1,201,460,376	(61,151,561)	1,140,308,815
	Co-Subsidiary	Trade Receivables	102,766,179	(17,049,647)	85,716,532
BTI	Subsidiary	Other Receivables	2,597,500,217	453,149,565	3,050,649,782
	Subsidiary	Traffic receivable	149,747,180	2,137,477	151,884,657
	Subsidiary	Trade Receivables	44,970,730	(40,078,641)	4,892,089
	Co-Subsidiary	Trade Receivables	51,532,214	(45,245,380)	6,286,834
	Co-Subsidiary	Traffic receivable	29,024,227	219,490	29,243,717
	Co-Subsidiary	Other Receivables	6,639,295,185	155,882,977	6,795,178,162

(forward)

Creditor	Creditor's Relationship to the Reporting Co. (Subsidiary or Parent)	Account Type	Beginning Balance (January 1, 2021)	Net Movement	Outstanding Balance (December 31, 2021)
GCVH	Subsidiary	Other Receivables	241,687,714	(25,234,580)	216,453,134
	Co-Subsidiary	Other Receivables	12,756,908	2,144,846	14,901,754
	Co-Subsidiary	Trade Receivables	524,596,131	357,474,224	882,070,355
GTI	Subsidiary	Other Receivables	-	1,498,169	1,498,169
	Co-Subsidiary	Trade Receivables	-	18,650,258	18,650,258
	Co-Subsidiary	Other Receivables	427,133,708	(238,094,325)	189,039,383
TAOD	Subsidiary	Other Receivables	5,732,485	1,351,458	7,083,943
	Co-Subsidiary	Other Receivables	35,892	36,671	72,563
Kickstart	Co-Subsidiary	Other Receivables	11,179,938	80,833,493	92,013,431
	Subsidiary	Other Receivables	9,135,873	1,259,289	10,395,162
Yondu	Subsidiary	Trade Receivables	-	250,805,598	250,805,598
	Subsidiary	Other Receivables	318,409,880	(318,409,880)	-
	Co-Subsidiary	Trade Receivables	163,877,153	58,927,297	222,804,450
EC Pay	Subsidiary	Trade Receivables	1,136,910	15,362,076	16,498,986
	Co-Subsidiary	Trade Receivables	1,297,650	(1,283,040)	14,610
<b>TOTAL</b>			<b>43,039,270,536</b>	<b>(37,341,416)</b>	<b>43,001,929,120</b>





**SCHEDULE 5D – LONG TERM DEBT**  
**DECEMBER 31, 2021**

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of Long-Term Debt" in related statement of financial position	Amount shown under caption "Long-Term Debt" in related statement of financial position		
			Amount	Interest rates	Maturity dates
Term Loans:					
Dollar	\$547,970,906	₱4,948,915,480	₱19,968,109,021	0.73% to 6.00%	2022-2027
Peso	₱158,192,000,000	11,069,589,625	140,948,503,422	1.61% to 7.11%	2022-2033
Retail Bonds					
Dollar	\$600,000,000	-	30,135,181,092	3.13% to 3.75%	2030-2035
Peso	₱3,000,000,000	-	2,983,268,251	5.28%	2023
		₱16,018,505,105	₱194,035,061,786		

**SCHEDULE 5E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)**

**DECEMBER 31, 2021**

Name of Related Party	Balances at beginning of period	Balance at end of period
<b>Not Applicable</b>		

**SCHEDULE 5F – GUARANTEES OF SECURITIES OF OTHER ISSUERS**  
**DECEMBER 31, 2021**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which this statement is filed	Nature of guarantee
<div data-bbox="379 689 1166 808">Not Applicable</div>				



**SCHEDULE 5G - CAPITAL STOCK**  
**DECEMBER 31, 2021**

<b>Title of issue</b>	<b>Number of shares authorized</b>	<b>Number of shares issued and outstanding as shown under related balance sheet caption</b>	<b>Number of shares reserved for options, warrants, conversion and other rights</b>	<b>Number of shares held by related parties</b>	<b>Directors, officers and employees</b>	<b>Others</b>
Common	148,934,373	133,619,207	8,936,062	103,855,251	810,881	28,953,075
Voting preferred stock	160,000,000	158,515,021	-	158,515,016	5	-
Non-voting preferred stock*	40,000,000	-	-	-	-	-

\*Reacquired as treasury shares

## EXHIBIT I: AGING ANALYSIS OF ACCOUNTS RECEIVABLE

The table below shows the aging analysis of the Globe Group's trade receivables as of December 31, 2021.

	Current	Less than 30 days past due	31 to 60 days past due	61 to 90 days past due	Over 90 days past due	Total
<i>(In Thousand Pesos)</i>						
Wireless subscribers receivables:						
Consumer	₱2,427,970	₱1,475,774	₱330,562	₱267,064	₱1,838,784	₱6,340,154
Key corporate accounts	31,471	73,637	91,501	123,503	1,046,493	1,366,605
Other corporations and SME	164,232	122,838	33,259	24,999	317,350	662,678
	2,623,673	1,672,249	455,322	415,566	3,202,627	8,369,437
Wireline subscribers receivables:						
Consumer	769,233	305,920	143,098	159,482	5,570,451	6,948,184
Key corporate accounts	288,438	578,289	552,544	391,155	4,074,494	5,884,920
Other corporations and SME	88,891	101,184	51,763	23,021	856,573	1,121,432
	1,146,562	985,393	747,405	573,658	10,501,518	13,954,536
Total subscribers receivables	3,770,235	2,657,642	1,202,727	989,224	13,704,145	22,323,973
Traffic receivables:						
Foreign	23,950	-	47,821	16,756	517,948	606,475
Local	379,210	9,827	3,580	2,919	423,684	819,220
Total traffic receivables	403,160	9,827	51,401	19,675	941,632	1,425,695
Other trade receivables	567,758	696,016	426,309	378,294	1,597,909	3,666,286
	₱4,741,153	₱3,363,485	₱1,680,437	₱1,387,193	₱16,243,686	₱27,415,954



You may access and download the 2021 Integrated Report through the QR Code.

The 2021 Audited Consolidated Financial Statements as filed with relevant regulators on February 28, 2022, are accessible at [www.globe.com.ph](http://www.globe.com.ph)

For further information regarding the 2021 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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