



Globe

2020 INTEGRATED REPORT



BRIDGING THE NATION TO A FUTURE FULL OF HOPE

Spearheading the country's
digital transformation





BRIDGING THE NATION TO A FUTURE FULL OF HOPE

The COVID-19 pandemic hit the Philippines at the beginning of 2020 with unimaginable loss of life, economic contraction, widespread inequities and disruption. Notwithstanding these immense challenges, Globe advanced its efforts to lead the country's digital transformation. Globe and its employees took hold of the health crisis and turned it into a greater opportunity to do more for the country and fellow Filipinos.

The dynamic synergy of the company's agile workforce and innovative mindset brought about new digital solutions in many areas including e-payments, e-commerce, telemedicine and new modes of after sales services delivery to enable its customers to cope with the disruptive force of the pandemic.

At the heart of it is the dedication and commitment of Globe employees who brought life to the company's purpose, "In everything we do, we treat people right to do a Globe of Good."



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

Meanwhile, Globe's 2020 Audited Consolidated Financial Statements released and filed to relevant regulators on February 26, 2021, may be accessed from www.globe.com.ph.

For further information regarding the Integrated Report, please contact ir@globe.com.ph or gtcorpcomm@globe.com.ph.





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BUSINESS OVERVIEW







ABOUT GLOBE TELECOM, INC.

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

Supported by over 8,300 employees and over 1.1 million retailers, distributors, and business partners nationwide, the company currently has over 76.6 million mobile subscribers, both prepaid and postpaid, and close to 3.8 million home broadband customers. Globe keeps Filipinos connected wherever they may be in the world, through its tie-up with 780 roaming partners in 237 calling destinations worldwide.

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

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

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

Vision

We see a Philippines where families' dreams come true, businesses flourish and the nation is admired.

Mission

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

Purpose

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

Values

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

Circle of Happiness

EMPLOYEES are empowered and find meaning in work.

CUSTOMERS are special and valued.

SHAREHOLDERS are confident and rewarded.



2020 AT A GLANCE

Five-Year Financial Highlights

Globe Telecom, Inc.	2016	2017	2018*	2019	2020
Gross Service Revenues (in Billion Pesos)	120.588	127.906	132.875	149.010	146.388 (▼ 2% YoY)
EBITDA (in Billion Pesos)	49.978	53.326	65.127	76.031	73.512 (▼ 3% YoY)
Net Income After Tax (in Billion Pesos)	15.888	15.084	18.626	22.284	18.623 (▼ 16% YoY)
Return on Equity (in %)	25.9	23.2	26.7	28.9	22.7
CAPEX (in Billion Pesos)	36.745	42.541	43.259	51.024	60.302
Dividend Payment to Common Shareholders (in Billion Pesos)	11.682	12.092	12.105	12.118	14.403
Market Capitalization (in Billion Pesos)	200.333	252.542	252.801	269.081	270.868

*Figures are Post-PFRS 9 and 15

CAPEX to Revenue ratio

	2016	2017	2018	2019	2020
CAPEX (in Billion Pesos)	36.745	42.541	43.259	51.024	▲ 60.302
Revenue (in Billion Pesos)	120.588	127.906	132.875	149.010	▼ 146.388
CAPEX to Revenue ratio	30.5%	33.3%	32.6%	34.2%	41.2%

2021 Consolidated Outlook

Service Revenue	Low to mid single digit growth
EBITDA Margin	~50s
CAPEX	₱70 billion / US\$1.4 billion
Cost Considerations	<ul style="list-style-type: none"> • Upswing in depreciation charges due to elevated level of CAPEX spending • No additional asset impairment for the year • Lower share in equity losses of Mynt

Economic

Financials

- ₱146.4B Gross Service Revenues (▼ 2% YoY)
- ₱73.5B EBITDA (▼ 3% YoY)
- ₱18.6B Net Income (▼ 16% YoY)
- 41.2% CAPEX to Revenue Ratio
- ₱14.4B Dividend Payment to Common Shareholders
- 22.7% Return on Equity
- 4% Shareholder Return (based on a closing share price of ₱2,030 as of December 29, 2020)

Customers

- ₱76.6M mobile customers (▼ 19% YoY)
 - » 74.1M Prepaid customers
 - » 2.5M Postpaid customers
- ₱3.8M home broadband customers (▲ 88% YoY)

Network and IT Infrastructure

- ₱60.3B (US\$1.2B) CAPEX
- 2,517 petabytes of mobile data traffic (48% increase YoY)
- New Cell Sites put up in 2020: 1,300
- Data Center Operational Excellence
 - » ISO 9001 Certification
 - » ISO 27001 Certification
 - » ISO 20000-1 Certification
 - » PCI DSS Certification

Supply Chain

- Over 1.1M retailers nationwide
- ₱128.5B business to local suppliers
- 868 local suppliers
- 148 foreign suppliers

Subsidiaries

917Ventures

AdSpark

- 88 new Non-Globe Businesses

FreebieMNL

- Launched in 2020 as a one-stop platform that combines the most popular social messaging apps with deals and vouchers from the Philippine's top brands.

HealthNow

- 86,000 app installs
- 45,000 users
- 3,000 transactions
- Partnerships with 30 Pharmacy branches

KonsultaMD

- 461% growth in consultations (2020: 69,653 2019: 12,410)
- 81,075 paid subscription customer base
- New partnerships made in Q4 2020:
 - » Established nationwide network with presence over 25,000 outlets (i.e., 7-Eleven, Petron and RD pawnshops)
 - » Partnerships with national sales network with over 500,000 agents

Mynt

- Raised over US\$175M in fresh capital from Bow Wave and its existing shareholders in multiple tranches, with post-money valuation of the final tranches at close to \$1B
- GCash recorded gross transaction value of over ₱1T in 2020

Perx Lifestyle

- Launched in partnership with Singapore-based Lifestyle Marketing SaaS Platform to which translates last-mile in-app interactions and user preferences into real-time actionable insights.

Puregold

- Launched the Puregold Mobile app to elevate the customer's grocery shopping experience through special features and perks.

PureGo

- Commercial Launch in December 2020 in partnership with PureGold as an e-commerce platform.

RUSH

- 50+ merchant partners
- 36M registered users
- Expanded its services to powering e-commerce of Generika and Dunkin Donuts Digital store over 200 branches nationwide.

Velocity

- Launched in 2020 as a regional venture incubation program to provide grants to the best innovators and talents in South East Asia.

ZRewards

- Launched in 2020 in partnership with Zeal to provide customers amazing deals across restaurants and more.

Kickstart Ventures

- Increased its investments across 48 tech startups in the Philippines, Indonesia, Singapore, Malaysia, United States, Canada, and Israel, now backing 114 founders of companies in diverse fields from e-commerce to wireless laser communications.
- In Q3 2020, Ayala Corp. closed the US\$180M Ayala Corporation Technology Innovation Venture (ACTIVE) Fund and appointed Kickstart Ventures as the fund manager. The ACTIVE Fund is the largest venture capital fund to come out of the Philippines. It will invest in Series A to D startups globally.

Asticom Technology, Inc.

- Launched Project Alalay to provide Filipinos access to job opportunities during the community quarantine
- Successfully opened 2,814 opportunities to job seekers

More information may be found at the Financial Capital (pages 108-113), Manufactured Capital (pages 114-125), Intellectual Capital (pages 126-135) and Social and Relationship Capital sections (pages 148-171) of this report

Environment

Environmental Sustainability Policy

Enterprise-wide ISO 14001 Environmental Management System certification

#RaceToZero commitment with GSMA and UNFCCC

Attainment of B- rating in CDP 2020 Climate Change Questionnaire

Attainment of A rating in MSCI 2020 ESG Disclosure

Energy

- Carbon neutral in seven (7) Globe Corporate Offices and Key Facilities
 - » 2 Sites in Makati
 - » 2 Sites in Quezon City
 - » 1 Site in Taguig (The Globe Tower)
 - » 1 Site in Tarlac
 - » 1 Site in Cebu
- 8,794 Green Network Solutions deployed

Effluents and Waste

- 781.41 tons of paper saved through 48.8M customers with paperless billing
- Over 280,000 kilograms of e-waste recycled; 1.4M kilograms since 2014
- Diverted 7.32% of generated solid waste away from landfill through recycling
- Over 100 E-Waste drop-off locations nationwide
- Deployment of hazardous waste containers across key facilities nationwide

Biodiversity

- 689,215 seedlings planted since 2010
- Marine Protection Program for Boracay and Siargao Islands
- ₱14.8M funds raised for 34.42 hectares reforestation program
- 220,000 trees claimed by GForest users

More information may be found at the Natural Capital (pages 172-183) of this report

Social

Workforce

- 8,339 regular employees (54% male and 46% female)
- Collective Bargaining Agreement, 2016-2020 (3.26% of workforce covered by CBA)

Employee Engagement

- 93% Sustainable Engagement Score in 2020
- Purpose Survey Indicators
 - » Role and Work contribution to Globe Purpose: 92 in 2020 vs 91 in 2019
 - » Personal Purpose Contribution to Globe Purpose: 92 in 2020 vs 88 in 2019

- Enabled Treasure-based COVID-19 support for employees via #OneGlobevsCOVID campaign
 - » GCash Donation: 23,749 transactions for a total of ₱10,716,893.79
 - » Employee contribution through Salary Deduction: Initiative raised ₱2,591,706 in total donations from 1,103 Ka-Globe employee donors
- Trained 182 new Digital Thumbprint Program Ambassadors from both internal and external volunteers

Learning and Development

- Shifted to online Learning through Newton
- ₱63.015M invested in skills training and development
- 7,452 unique eCourse finishers
- Average of 29.6 training hours per headcount
- 89% employee Digital Learning reach
- 97% employees trained under Globe University

Occupational Health and Safety

- Occupational Health and Safety Policy
- Enterprise-wide ISO 45001 Occupational Health and Safety Management System certification
- 27 non-disabling incidents that resulted to zero man-hours lost in 2020
- Zero-fatalities due to work related injury or accidents in 2020
- 3.75% of workforce or 313 employees trained on DOLE-required occupational safety and health courses
- Completed the first drive-thru vaccination program offering vaccines for flu, pneumonia, hepatitis, and cervical cancer vaccines to employees, subsidiaries, and their dependents.

Business Continuity Management

- Business Continuity Management Policy
- Enterprise-wide ISO 22301 Business Continuity Management System certification
- COVID-19 Response
 - » Activated the Crisis Management Team upon the first recorded case of COVID-19 in the Philippines
 - » Invested ₱101.9M worth of PPEs for COVID-19 Globe frontliners
 - » Implemented a Work from Home Arrangement + Critical Skeletal Force nationwide starting last March 16, 2020
 - » Implemented strict workplace safety protocols starting February 13, 2020
 - > No guest policy in all offices
 - > No travel policy
 - > No face to face meetings. All meetings are conducted virtually.
 - > Mandatory wearing of masks and face shields
 - > Frequent hand washing
 - > Physical distancing in all office areas and one-way foot traffic
 - » Developed new digital tools to ensure a safe workplace for all employees
 - > DUDE - Daily health check-in and reporting of COVID-19 exposure
 - > GCheck - Mobile app for health screening and office access tool
 - > GTrace - Digital contact tracing app

- › GAccess - Digital concierge for employees' requirements in the workplace
- » COVID-19 testing for all Critical Skeletal Workforce
- » Free meal and shuttle services for all Critical Skeletal Workforce
- » Set up own PCR laboratory testing facility catering to employees and their families

More information may be found at the Human Capital (pages 136-147) and Intellectual Capital sections (pages 126-135) of this report

Community

COVID-19 support via employee Volunteerism: Spearheaded employee donation drives for COVID-19 initiatives through #OneGlobeVsCOVID fundraising campaign, Christmas fundraising efforts support to 12 NGOs via 12 Days of Giving

- Contributed ₱8M for the conversion of the World Trade Center into a quarantine facility powered with connectivity
- Provided ₱2M worth of COVID-19 test kits for Pasig and Mandaluyong
- Supported New Clark City quarantine facility through WiFi access
- Contributed to AC Health's employee facility for COVID-19
- ₱5M worth of food packs for communities in Cavite through Ayala Foundation's Project Pananagutan
- PPE donation to over 60 hospitals nationwide
- Raised funds for 12 partner NGOs with advocacies in the environment, hunger mitigation, education, livelihood, mental health, and disaster response
- Total funds raised: ₱13.7M; Counterpart funding from Globe and Singtel: ₱13.7M

COVID-19 support via Customer Engagement

- Raised funds amounting to ₱36M via Globe Rewards to support 10 COVID-19 Hospitals
- Supported 1,156 students through school kits via For Future Heroes Program and 18 hospitals and frontline organizations via Thank A Hero Program

COVID-19 support via Comms Support

- Toll free hotlines and zero rating of government and partner NGO platforms and websites
- Enabled 59 partner hospitals and government institutions nationwide through communications and connectivity support including provision of 1,500 phones with free unli all net calls and texts for 45 days

COVID-19 support via Hunger Mitigation efforts in partnership with Walang Iwanan Alliance and Fort Bonifacio Development Foundation: Bridged food requirements through food packs and rice subsidies to 21,063 families in:

- NCR (Taguig, Mandaluyong, Paranaque, San Juan, Manila, Quezon City, Marikina, Las Pinas, Muntinlupa, Pasig, Caloocan)
- Rodriguez and Antipolo, Rizal
- Tuguegarao, Cagayan
- Tabaco, Albay
- Calaguas, Camarines Sur

Support for Distance Learning: Provided support to the education sector, in partnership with the Department of Education, through programs such as:

- Global Filipino Teachers, a webinar series for upskilling of public school teachers in the delivery of distance learning
- Launched and zero-rated Globe e-Library - a platform that houses hundreds of free online resource materials for K-12 teachers and students - in conjunction to zero-rating DepEd Commons, CHED PHLConnect, and TESDA Online Program
- WiFi2Teach Program which Empowered 2,000 teachers through HPWs
- Brigada Eskwela - Connected over 65,000 public school teachers and students through various initiatives to provide connectivity and communications support
- Digitization of Digital Thumbprint Modules to make the DTP modules more accessible to students, teachers, and parents
- Launched IT Academy pilot in partnership with Mano Amiga Academy to roll-out STEM courses to Grade 10 students with the setting up of a Maker Lab complete with ICT tools

Support for Mental Health: Implemented programs that contribute to the advancement of mental health interventions

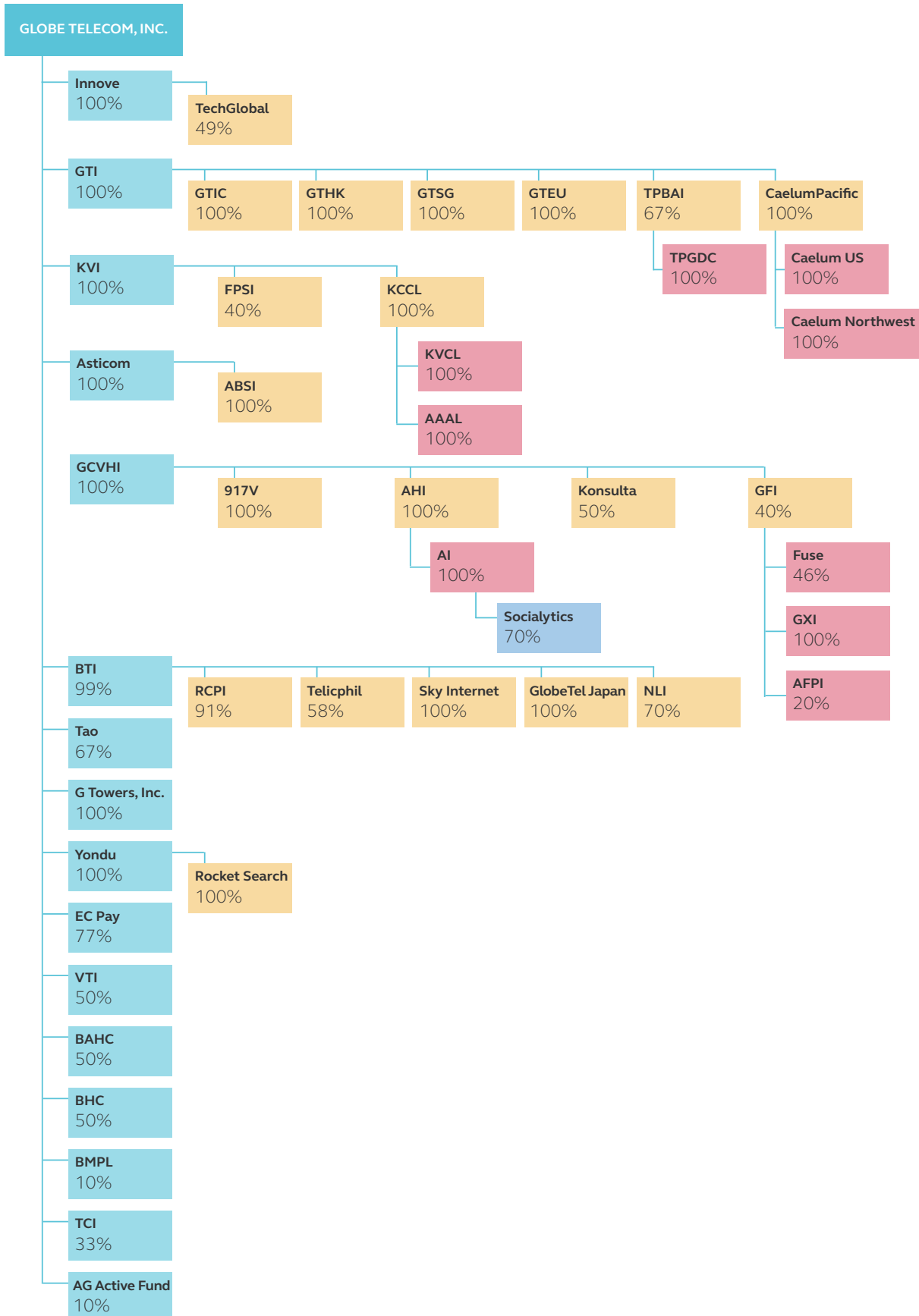
- Piloted HOPECHAT - an online counseling using text to help address mental health issues brought about and/or heightened by the pandemic and community quarantine. Hopechat, powered by Virtual Psychologist, provides 24/7 access to a psychologist virtually via chat. The service was made available to over 8,000 employees for free
- Continued enabling HOPELINE - 24/7 suicide prevention and crisis support helpline - through communications and hotline support powered by Amazon Connect
- Integration of HOPELINE in HealthNow App in November
- Communications support for UP PsychServe to maintain mental health counseling operations during COVID-19 from March to August 2020
- Conducted mental health webinars targeted for various sectors via #StartANewDay campaign in partnership with Philippine Daily Inquirer, UP Diliman Psychosocial Services (UPD PsycServ), Natasha Gouldborne Foundation's (NGF) HOPELINE, and Philippine Mental Health Association of the Philippines
- Took part in DepEd Disaster Risk Reduction and Management Service (DRRMS) Wellness Check Webinar by providing resource speakers from the Philippine Mental Health Association of the Philippines who are experts in Psychological First Aid and Emotional Resiliency

Provided assistance to disaster stricken areas affected by Taal eruption, typhoons Quinta, Rolly, and Ulysses through deployment of Libreng Tawag, Libreng Charging, Libreng WiFi stations and provision of relief packs to affected communities

- Provided relief support to 36,872 families and deployed LT/LT/LW in 95 locations in NCR, Regions II, III, IV-A, IV-B, and V.

More information may be found at the Human Capital (pages 136-147) and Intellectual Capital sections (pages 126-135) of this report

CONGLOMERATE MAP



Name of Subsidiary	Place of Incorporation	Principal Activity	Percentage of Ownership	
			2020	2019
Innovate Communications, Inc.	Philippines	Wireline voice and data communication services	100%	100%
TechGlobal Data Center ⁵	Philippines	Installation and management of data centers	49%	49%
GTI Business Holdings, Inc.	Philippines	Holding company	100%	100%
GTI Corporation	United States	Wireless and data communication services	100%	100%
Globe Telecom HK Limited	Hong Kong	Marketing and distributing company	100%	100%
Globetel Singapore Pte. Ltd.	Singapore	Wireless and data communication services	100%	100%
Globetel European Limited	United Kingdom	Holding company	100%	100%
Third Pillar Business Applications, Inc. ³	Philippines	Data management services	67%	-
Third Pillar Global Delivery Center Inc. ³	Philippines	Support and shared services provider	100%	-
CaelumPacific Corp. ⁴	Philippines	Technical consulting and IT related services	100%	-
Caelum US Holdings Inc. ⁴	United States	Holding company	100%	-
Caelum Northwest Corp. ⁴	United States	Cloud software development and consulting services	100%	-
Kickstart Ventures, Inc.	Philippines	Venture capital company	100%	100%
Flipside Publishing Services, Inc. ¹	Philippines	E-book solutions	40%	40%
Kickstart Capital Co. Ltd. ⁴	Cayman Islands	Management of capital investment funds	100%	-
Kickstart Ventures Co. Ltd. ⁴	Cayman Islands	Management of capital investment funds	100%	-
AG Active Associated ⁴	Cayman Islands	Management of capital investment funds	100%	-
Asticom Technology, Inc.	Philippines	Support and shared services provider	100%	100%
Asticom Business Services, Inc. ⁴	Philippines	Support and shared services provider	100%	-
Globe Capital Venture Holdings Inc.	Philippines	Holding company	100%	100%
917Ventures ⁴	Philippines	Holding company	100%	-
Adspark Holdings, Inc.	Philippines	Holding company	100%	100%
Adspark Inc.	Philippines	Advertising company	100%	100%
Socialytics Inc.	Philippines	Advertising company	70%	70%
Global Telehealth, Inc. ⁵	Philippines	Health hotline facility	50%	50%
Globe Fintech Innovations, Inc. ²	Philippines	Holding company	40%	46%
Fuse Lending, Inc. ²	Philippines	Lending company	46%	100%
G-Xchange, Inc. ²	Philippines	Digital bank	100%	100%
AF Payments, Inc. ⁷	Philippines	Construction and establishment of systems, infrastructure	20%	20%
Bayan Telecommunications Inc.	Philippines	Wireline voice and data communication services	99%	99%
Radio Communications of the Philippines, Inc.	Philippines	Wireline communication services	91%	91%
Telecoms Infrastructure Corp. ¹	Philippines	Telco equipment administration and maintenance	58%	58%
Sky Internet, Incorporated	Philippines	Data communication services	100%	100%
GlobeTel Japan, Inc.	Japan	Wireless and data communication services	100%	100%
NDTN Land, Inc.	Philippines	Land holding company	70%	70%
TaoDharma Inc.	Philippines	Distributing company	67%	67%
G Towers, Inc.	Philippines	Tower company	100%	100%
Yondu, Inc. ²	Philippines	Information technology and software development	100%	100%
Rocket Search, Inc. ²	Philippines	Information technology and software development	100%	100%
Electronic Commerce Payments, Inc. ²	Philippines	Information technology and electronic services	77%	77%
Vega Telecom, Inc. ⁵	Philippines	Telecommunications	50%	50%
Bow Arken Holding Company, Inc. ⁵	Philippines	Holding company	50%	50%
Brightshare Holdings Corporation ⁵	Philippines	Holding company	50%	50%
Bridge Mobile Pte. Limited ⁵	Singapore	Mobile technology infrastructure and common service	10%	10%
Telecommunications Connectivity Inc. ⁶	Philippines	Telecommunications	33%	-
AG Active Fund I, L.P. ⁸	Philippines	Capital investment fund	10%	-

¹Ceased operations²Consolidated in 2019³Consolidated in 2020⁴Incorporated in 2020⁵Accounted for as Joint Venture⁶Incorporated in 2020 and accounted for as Joint Venture⁷Deconsolidated due to lack of control⁸Accounted for as Investment at FVOCI

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.
GTI Business Holdings, Inc.
Kickstart Ventures, Inc.
Asticom Technology, Inc.
Globe Capital Venture Holdings, Inc.
Bayan Telecommunications, Inc.
TaoDharma, Inc.
GTowers, Inc.
Yondu, Inc.
ECPay

Customers



76.6 million
mobile customers

Employees



8,339
Globe employees

Vendor Partners



868 local vendors
148 international vendors

Partners



Over 1.1 million
AMAX retailers, distributors
and business partners nationwide

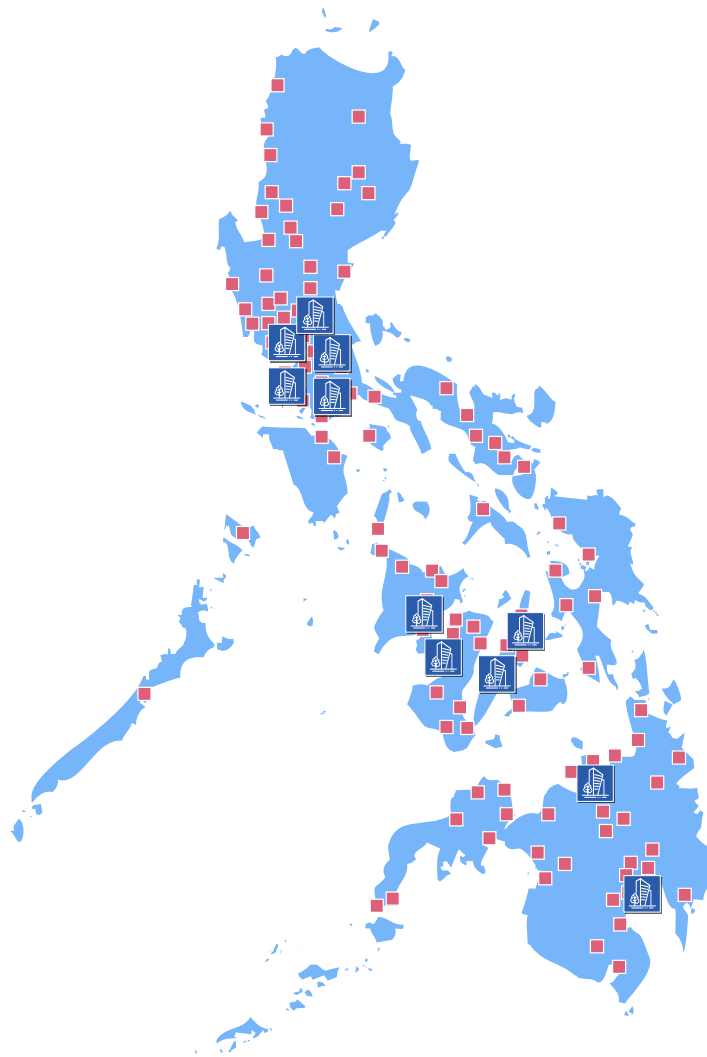
Globe Stores

AYALA CENTRIO CDO	PD DAVAO GAISANO	SAN FERNANDO, LA UNION	PD SM CENTER SANGANDAAN
CDO LIMKETKAI	PD TORIL DAVAO	SM ROSALES	PD VALENZUELA TOWN CENTER
VALENCIA	COTABATO CITY	SM URDANETA	FAIRVIEW TERRACES AYALA
SM CDO	KCC MALL KORONADAL	PD AGOO	SM FAIRVIEW
PD GINGOOG MISAMIS ORIENTAL	GOS MIDSAYAP	HARBORPOINT	SM NOVALICHES
PD MALAYBALAY, BUKIDNON	SM GENERAL SANTOS	SM OLONGAPO	SM NORTH EDSA
PD SM CDO PREMIER	PD TACURONG	SM OLONGAPO CENTRAL	TRINOMA
PD SAN FRANCISCO	PD KIDAPAWAN	SM TARLAC	UP TOWN KATIPUNAN
PD TANDAG	PD KCC MALL GENSAN	PD IBA ZAMBALES	ALI MALL
PD SURIGAO	TUGUEGARAO	PD BALANGA BATAAN	EASTWOOD MALL
OZAMIS	PD SANTIAGO	SM TELABASTAGAN	GATEWAY
GAISANO ILIGAN	PD ROXAS ISABELA	SM CLARK	PD FISHERMALL
PAGADIAN	PD SOLANO	SM SAN FERNANDO	PD ROBINSONS MAGNOLIA QC
ZAMBOANGA	PD SM CAUAYAN	SM PAMPANGA	SM MASINAG
PD DIPOLOG	PACIFIC MALL CABANATUAN	PD MARQUEE MALL	SM TAYTAY
PD OROQUIETA	SM CABANATUAN	SM BALIUAG	PD MONTALBAN RIZAL
PD ZAMBOANGA	WALTERMART GAPAN	SM MARILAO	PD SM SAN MATEO
PD SINDANGAN	PD BALER, AURORA	PD GRACELAND MALOLOS	ROBINSONS GALLERIA
DAVAO ABREEZA	CANDON	PD SM SAN JOSE DEL MONTE	SM EAST ORTIGAS
TAGUM	VIGAN	PD STARMALL SAN JOSE DEL MONTE	SM MARIKINA
SM DAVAO	PUREGOLD LAOAG	PD PLARIDEL	AYALA 30TH
SM LANANG	SM BAGUIO	PD STA. MARIA	PD LUCKY GOLD
PD MATI	PD LA TRINIDAD	SM VALENZUELA	PD STA. LUCIA
PD PANABO	DAGUPAN	PD ROBINSONS TOWN MALL MALABON	GREENHILLS

Corporate Offices



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



- Globe Stores
- Globe Corporate Offices

Globe Stores

SHANGRI-LA
 SM MEGAMALL
 ALABANG TOWN CENTER
 FESTIVAL SUPERMALL
 SM SOUTHMALL
 PD SM CENTER LAS PINAS
 GLORIETTA 3
 GREENBELT 4
 POWERPLANT MALL
 TOWER ONE
 PD CASH & CARRY
 AYALA MANILA BAY
 SM BF HOMES
 SM BICUTAN
 SM SUCAT
 PUERTO PRINCESA
 SM MALL OF ASIA
 LUCKY CHINATOWN MALL
 TUTUBAN CENTER MALL
 ROBINSONS PLACE MANILA
 SM SAN LAZARO
 SM STA. MESA
 SM MANILA
 ICONIC

MARKET MARKET
 SM AURA
 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 BACOOR
 SM ROSARIO
 SM MOLINO
 THE DISTRICT
 PD SM TRECE MARTIRES
 LEMERY
 SM BATANGAS
 SM LIPA
 PD NASUGBU BATANGAS
 PD TANAUAN

CITIMART, BAUAN
 PINAMALAYAN
 CALAPAN
 SM LUCENA
 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 ORMOC
 LOPUES EAST
 ROBINSONS BACOLOD
 SM BACOLOD
 ISLAND CITY MALL
 DUMAGUETE
 PD KABANKALAN NEGROS OCC
 PD TANJAY
 CITY MALL, BORACAY ISLAND
 ROBINSONS ROXAS
 PD SAN JOSE, ANTIQUE
 SM ILOILO
 PD PASSI ILOILO
 ELIZABETH MALL, CEBU
 BPI BLDG, COTABATO CITY
 GAISANO MALL BUTUAN
 TANTICO BLDG, SINDANGAN
 CENTRIO MALL BY AYALA MALLS,
 CAGAYAN DE ORO
 SOUTHWAY SQUARE,
 ZAMBOANGA CITY

ABOUT THIS REPORT



Cover: Globe engineers performing network restoration inside the Batasan Complex in Quezon City, Metro Manila, Philippines.

Globe’s 2020 Integrated Report is prepared in accordance with the International Integrated Reporting Council <IR> Framework. This report presents a detailed and comprehensive approach to Globe’s value creation process with a strategic composition of financial and non-financial disclosures. The report examines the company’s use and impact on six capitals as well as its performance in relation to its strategy.

Integrated Thinking

Integrated thinking is an essential component to Globe’s strategy for long-term value creation. In adopting integrated thinking, the company continues to strengthen its relationships with its stakeholders and improve internal processes to ensure sustainable business operations, along with a holistic business model to enhance the value generated for Globe’s stakeholders. This aspect of integrated thinking has been further explored across Globe’s strategy and 6 <IR> capitals.

Reporting Frameworks

Globe’s 2020 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 in continuation to Globe’s previous report published for 2019. The company publishes its integrated report on an annual basis. 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, 2020 to December 31, 2020. The company has not made any material restatements in this report and there have been no changes in reporting compared to the previous report. Financial and Non-Financial Data are covered for the company’s operations and subsidiaries with 100% ownership. Globe’s 2020 Audited Annual / Consolidated Financial Statements released and filed to relevant regulators on Feb 26, 2021 can be accessed from www.globe.com/ph.

Third Party Assurance and Disclaimer

Globe’s Integrated Report 2020 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 years. The required documents can be found on page 184 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 2020.

Feedback

Globe encourages its stakeholders to share their insights and feedback on this report as it would help strengthen the company's future reporting efforts. For further information regarding this Integrated Report, please contact ir@globe.com.ph and gtcorpcomm@globe.com.ph.

Forward Looking Statements

This presentation which sets out the annual results for Globe for the year ended December 31, 2020 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 also expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein or to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such forward-looking statement is based.

AWARDS & RECOGNITIONS

Alpha Southeast Asia Magazine 10th Annual Poll Institutional Investor Corporate Awards

- Best Senior Management IR Support (3rd Place)
- Strongest Adherence to Corporate Governance (2nd Place)
- Most Consistent Dividend Policy (2nd Place)

ASEAN Corporate Governance Scorecard (ACGS)

- Top 20 ASEAN Publicly Listed Companies
- Top 3 Publicly Listed Companies per Country (Philippines)
- ASEAN Asset Class Award

Asia Communication Awards 2020

- Highly Commended - Best Crisis Response

Asia-Pacific Stevie Awards

- Gold Stevie Award for Innovation in Education or Training Apps, Quest by Globe
- Silver Stevie Award for the Innovation in Technology Development - Telecommunications Industries, KapitWiFi
- Bronze Stevie Award for Innovation in Cross-Media Marketing, Project Eagle 3.0: The Globe Business Thematic Campaign
- Bronze Stevie Award for Innovation in Consumer Products & Services, KapitWiFi

Cloudera Data Impact Awards

- Connect the Data Lifecycle category
- Concur Innovation Award
- Winner, First Company in South East Asia to be Awarded

Corporate Governance Asia - 10th Asian Excellence Award

- Asia's Best Chief Executive Officer, Ernest Cu
- Asia's Best Chief Finance Officer, Rosemarie Maniego-Eala
- Asia's Best in Corporate Social Responsibility



Globe also received two Silver Stevies for “Most Valuable HR Team” and the “Most Innovative Use of HR Technology During the Pandemic” for its WOW from Home: How Globe redefines working from home and DUDE Bot projects.



Globe honored as Employer of the Year - Telecom Stevie® Award Winner in 2020 Stevie Awards for Great Employers

- Best Investor Relations Company in the Philippines
- Best Investor Relations Professional in the Philippines, Jose Mari Fajardo

The Ethical Boardroom

- Best Corporate Governance – Telecoms - Asia 2019

Frost & Sullivan Asia Pacific Best Practices Awards

- 2020 Philippines Mobile Data Service Provider of the Year
- 2020 Philippines Telecom Service Provider of the Year

The Stevie Awards for Great Employers

- Gold Stevie Award for Employer of the Year
- Silver Stevie Award for Most Innovative Use of HR Technology for DUDE
- Silver Stevie Award for Most Valuable HR Team for WOW from Home
- Globe Redefines Work from Home
- Bronze Stevie Award for Most Valuable Employer for Safe with Globe: COVID-19 Response in the Workplace
- Bronze Stevie Award for Achievement in Employee Engagement for Creating Wonderful Working Experiences at Globe

Stevie Award in the 2020

International Business Awards

- Gold Stevie Award for Leadership Innovation Forum, Corporate, and Community (B2B Event)
- Gold Stevie Award for Project Eagle, Branded Entertainment (Business-to-Business)
- Silver Stevie Award for Project Eagle, Brand Experience of the Year (Business-to-Business)
- Bronze Stevie Award for Project Eagle, Communications or PR Campaign of the Year (Marketing - Business-to-Business)

2020 International Finance Awards

- Most Innovative CSR Initiative - Digital Thumbprint Program - Telecom - Philippines 2020

- Most Socially Responsible Company - Philippines 2020

55th Anvil Awards

- Gold Anvil for GCash Public Relations (PR) Program: Financial Inclusion Among Filipino Deaf Community
- Gold Anvil for PR Program: GCash Manila: Bringing Financial Inclusivity to Local Government Units
- Gold Anvil for PR Program: GCash Talks: Strengthening Stakeholder Relations through Thematic Thought Leadership Dialogues
- Gold Anvil for PR Program: GCash for Good: Going Beyond Financial Inclusivity
- Gold Anvil for PR Programs and Tools: GCash Brand Love through Effective Media Relations Campaign
- Gold Anvil for PR Programs and Tools: #WeAreGCash: Empowering the Workforce of the Country's Leading Mobile Wallet
- Gold Anvil for PR Programs and Tools: We Are GCash Facebook Page: Utilizing Effective Social Media Strategies in Promoting Corporate Reputation
- Silver Anvils for PR Programs and Tools: GCash For Good, GCash Talks, GCash Enterprise, GCash Forest, GI, the Official Newsletter of GCash, and GCash Media Initiatives
- Gold Anvil for Industry 4.0 Summit with Business World
- Silver Anvil for Rehabilitation Efforts in Boracay with Manila Water Foundation

Workplace Customer Success Awards

- Workplace for Innovation Award APAC

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>

MEMBERSHIPS

- American Chamber of Commerce of the Philippines, Inc. (AmCham)¹
- Asia-Pacific Telecommunity (APT)
- Asia Pacific Network Information Centre (APNIC)²
- 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)³
- International Association of Privacy Professionals (IAPP)
- IPv6 Global Forum
- IT and Business Process Association Philippines (IBPAP)⁴
- Linux Foundation
- Makati Business Club (MBC)⁵
- 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)
- Supply Chain Management Association of the Philippines (SCMAP)
- Telecommunications and Broadcast Attorneys of the Philippines, Inc. (TELEBAP)
- Telecom Infrastructure Project (TIP)
- Telecommunications Management Network (TMN) Forum⁶
- United Nations Global Compact (UNGC)⁷
- Venture Capital and Private Equity Association of the Philippines (VCAP)

¹Globe Business - Corporate Partner

²Founding Member (GMCR, Inc.)

³Globe Business - Member

⁴Globe Business - Platinum Member

⁵Globe Telecom, Inc. - Partner

⁶Since April 19, 2010

⁷Globe Telecom, Inc. joined 08-15-2019

LEADERSHIP





MESSAGE FROM THE CHAIRMAN

2020 was a year of extreme and unprecedented challenges for the Philippines. While the Taal Volcano eruption wreaked considerable damage on nearby communities, COVID-19 created havoc worldwide by evolving into a pandemic, disrupting economies and global supply chains, overwhelming the medical industry, and forcing everyone to stay apart and at home.

The Philippines was not spared from the impact of the pandemic as the nation's capital and the rest of Luzon was placed under enhanced community quarantine (ECQ) on March 16, 2020, resulting in the closure of the majority of business establishments, massively displacing jobs and sending the rest of the workforce to a new work from home set-up. The impact was so large that it almost crippled our health sector, affecting frontliners who were brought to the brink of a breakdown.

Like the rest of the world, the Philippines slipped into recession with a record GDP contraction of 9.5% for 2020 as the economy stalled under ECQ, which lasted until the end of May. The slowdown reached its peak with a 16.9% contraction of the economy in the second quarter of 2020 before gradually tapering off in the second half of the year as the economy partially reopened when the National Capital Region (NCR) shifted to general community quarantine (GCQ) starting in June.

Based on the latest government survey, the country's unemployment rate last January 2021 was estimated at 8.7 percent or the equivalent of 4.0 million people unemployed. This situation was further exacerbated by the government's repatriation of over 327 thousand overseas Filipinos who

lost their jobs. Notwithstanding the global mass layoffs, repatriations, and lockdowns, remittances by overseas Filipinos totaled US\$33.2 billion in 2020 or slightly lower by 0.8% versus the previous year, as workers found ways to send home much-needed funds to help support their families in the Philippines.

Against this economic backdrop, the telecommunications industry was fortunate to be spared from a severe demand shock as consumer demand shifted and our services became a key technology driven solution to connecting with each other. Our homes became a place for work, learning, entertainment and business. Digital payments and solutions grew aggressively as businesses pivoted to the digital space this year. Given these changing social and economic dynamics, and the changing demand for our services, the company recorded only a slight 2% decline in overall service revenues. Consistent with past year trends, data-related revenues accounted for 76% of total service revenues, up from 71% the previous year. Our mobile and home broadband customer base reached 76.6 million and a record 3.8 million, respectively.

As the nation was forced to stay in their homes, the need for fast, dependable telecommunication services has never been more important. Even in the face of the pandemic and the inherent challenges of building, maintaining, and repairing the network onsite, Globe delivered on its commitment to provide reliable mobile and internet services to enable the Filipino digital lifestyle. Globe implemented various business continuity and disaster preparedness initiatives that enabled the company to ensure the safety of its employees,







particularly the critical skeletal frontline force as they continued servicing customers at home, safely. This strong commitment to deliver essential services strengthened our brand reputation, earning customer loyalty and preference.

The company invested a total of ₱60.3 billion in CAPEX in 2020, even surpassing the previous year’s record level spending by 18%. About 86% of our CAPEX went to data-related infrastructure and fast tracking the rollout of fiber lines to homes – our commitment to meeting the demands of our customers for hi speed, broadband services. As we expanded fiber to homes, we also upgraded the mobile network with 4G/LTE and 5G to improve our customers’ voice and data experience. We encouraged our customers to update their SIMS to 5G enabled and 4G LTE SIMS for free and offered highly affordable 4G LTE device plans. Likewise, we strategically rolled out 5G mobile services in various areas across the country.

None of these could have been achieved without the support of

the government by implementing the Joint Memorandum Circular No. 01 Series of 2020 of the Anti-Red Tape Authority (ARTA) with the Department of the Interior and Local Government (DILG) and other concerned agencies. In addition, Republic Act No. 11494 or the Bayanihan to Recover As One Act truly paved the way to lifting the debilitating effects of delayed releases of permits at the local government level. By fast tracking the release of permits, we were able to put up 1,300 new cell sites and towers; up from 1,100 the previous year and 600,000 broadband lines were rolled out, or an increase of 55%, against the previous year.

Financial services, driven by shifts in technology, also faced continuing disruption. Individuals moved away from cash as part of their safety protocols. Filipinos shifted to digital payments to buy and sell goods online. We are proud that it was GCash that led the shift towards digital payments adoption in the country, allowing for safe and convenient transactions amidst the various levels of quarantines. GCash

became the most downloaded app and the number one finance app in the country, breaching ₱1 trillion in gross transaction value for 2020 in the early part of December last year.

Given its popularity and seamless customers experience, GCash was able to raise its value as a company this year. It was able to complete its fund-raising needs, with an aggregate investment of US\$175 million from its existing shareholders and from Bow Wave, at a post-money valuation of close to US\$1 billion. The investments were completed in multiple tranches in 2020, with the capital infusion of Globe and Ant predating the Bow Wave investment.

With the increasing economic inequality created by the pandemic, the emphasis on the social responsibility by Globe grew, together with the cooperation of the rest of the private sector, in working with several stakeholders to lessen the impact of the pandemic across vulnerable communities, most especially those communities that were marginalized. The social impact of the pandemic was felt in the areas of food security,

small and medium enterprises, education and health. On this front, Globe provided renewed assistance to its stakeholders, by providing its employees with a holistic COVID-19 support package; free RT-PCR tests for its critical skeletal force; financial support for vendor partners; zero-rated access to key government websites; PPE and communications support for medical frontliners and; offered flexible payment solutions to our customers. Globe has likewise contributed to the collective support of the Ayala Group of Companies to help alleviate the impact of the COVID-19 pandemic. ₱18 million was invested in initiatives such as the construction of the AC Health employee facility for COVID-19, relief support to partner communities via the Ayala Foundation's Project Pananagutan, and the conversion of the World Trade Center as a quarantine facility. We also recognize the contribution of Singtel in terms of direct monetary assistance which was used to procure PPEs for COVID-19 hospitals and provide test kits to partner LGUs.

Aligned with the initiatives, the company also achieved several milestones in its sustainability practice this year. Globe earned a rating upgrade of "A" in the MSCI and a first time rating from the CDP of B- for environmental transparency. The FTSE4Good Index Series continues to recognize the company for five straight years since 2016. In addition, Sustainalytics accorded Globe a medium risk rating.

Continuing on the theme of sustainability, Globe continuously supports the United Nations Sustainable Development Goals, particularly UN Sustainable Development Goal (UN SDG) No. 9 which highlights the roles of infrastructure and innovation as crucial drivers of economic growth and developments. As a signatory

I am proud of the way the Globe leadership team and the entire organization handled the many challenges in 2020. It also proved to be an extraordinary time of learning and unity in many ways.

to the UN Global Compact, the company commits to align with its 10 Principles on Human Rights, Labor, Environment and Anti-Corruption and continues its commitment to 10 of the 17 UN SDGs.

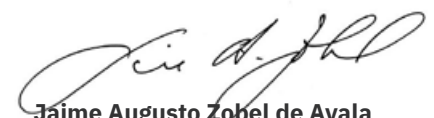
Staying true to our mission of generating sustained value for our shareholders, we also paid out ₱14.4 billion in common share dividends. This represents about 64% of 2019 core net income, in line with our dividend policy of 60% to 75% of prior year's core net income.

On behalf of the other board members of Globe, I would like to also acknowledge the significant contributions of our outgoing director, Mr. TG Limcaoco, who has served as an active member of our Executive Committee since 2016 and who will continue as a member of our Mynt Board. I wish him continued success as the incoming President and CEO of the Bank of the Philippine Islands and as part of Ayala's senior management team.

I also take this opportunity to welcome Mr. Cezar Consing to our board given that he will be voted in during this meeting. I am certain Mr. Consing's global experience and strong corporate leadership

will contribute significantly to the governance and management of our company.

In closing, I am proud of the way the Globe leadership team and the entire organization handled the many challenges in 2020. It also proved to be an extraordinary time of learning and unity for the whole organization as we adjusted to unprecedented changes in our social and economic environment. I also want to thank our board for its engagement and advice during this challenging year.


Jaime Augusto Zobel de Ayala
Chairman



MESSAGE FROM THE PRESIDENT

In the wake of the global health crisis that is COVID-19, the year 2020 has been one of challenge, change, resilience, and recovery. The pandemic impacted revenues and profits across the majority of our businesses, dampening the momentum gained in previous years. Despite the challenges, Globe posted ₱146.4 billion in consolidated service revenues for 2020, only 2% below last year's record level. Consolidated EBITDA stood at ₱73.5 billion, reflecting a 50% EBITDA margin for the year. Consolidated net income declined to ₱18.6 billion versus last year's reported ₱22.3 billion.

Notwithstanding the difficulties posed by the pandemic, we are proud of what we achieved this year, not only in terms of our business performance but also on the significant improvements in our network, as well as our sustainability and nation-building efforts.

COVID-19 Response

In a bid to flatten the COVID-19 curve, the country was placed under varying levels of community quarantine throughout the year, a move that, while necessary, brought about fear and uncertainty to the general population. Recognizing that communications and connectivity are of paramount importance in these turbulent times, the company set to work, ensuring the safety of employees, providing support for customers, and extending aid for the nation. Staying true to our purpose of "treating people right to create a Globe of Good", the company's #SafeAtHome campaign was launched to provide much needed relief and assistance across all customer segments.

At the height of the pandemic, Globe raised over ₱1.3 billion in combined services and assistance packages for its stakeholders, including financial

support for employees and vendors, special services and promos for customers, fund-raising efforts, and donations. Support was also extended to aid the national government such as toll-free hotlines, free WiFi in hospitals, airports, supermarkets, and zero-rated access to government and health-related websites, among others. Globe extended a 60-day credit facility to mobile and broadband postpaid customers and enterprise clients while under enhanced community quarantine. In addition, we also launched an installment payment program and a financial care program to help customers lighten their payment burden due to the pandemic.

Exclusive product offers such as the Saludo MSMEs postpaid broadband plan with higher data speeds were also extended to Filipino MSMEs through Globe myBusiness.

Shifting Behavior to Digital

With the nation under enhanced community quarantine, the Philippine digital landscape was altered, characterized by accelerated data adoption and consumption centered around the home. Data connectivity became essential for work, learning, entertainment, shopping, socializing, communication, and more. To cater to the changing needs and habits of consumers, we recalibrated our products and services, offering larger data allocations and introducing shareable data plans and promos for our 80.4 million mobile and broadband subscriber base. Realizing that the country was going through a prolonged period of quarantine, Globe introduced various e-learning solutions to support the country's online learning initiatives. These included special data promos tailored towards educational apps to partnerships with local governments for city-wide home-based learning and WiFi programs.

To make the internet more accessible, we launched KonekTayo, a community WiFi service that promises easy access and affordability. By partnering with various local governments, we are accelerating the availability of internet access to communities across the country. Expanding upon KonekTayo WiFi, we also launched the KonekTayo School Bus WiFi campaign, an innovative solution that equipped school buses with special antennas that would broadcast WiFi signals in certain areas in Manila City. These efforts also contribute to the goal of ensuring inclusive and quality education for all, as internet connectivity has become a necessary tool to enable online learning during this time.

We likewise faced challenges at the customer service front. Since the issuance of the lockdown, the BPO community was particularly challenged as BPO employees were also greatly impacted and their workstations at home are not secure enough to handle customer data. This posed a large challenge in our after sales service which brought down our overall net promoter score. Thankfully, we pivoted immediately by introducing digital solutions like the Globe One app and the Globe at Home app, implementing a no-inbound agent service model so that the limited BPO employee agents manning our hotlines can focus on the more complex and troubleshooting transactions.

The pandemic brought to the fore digital solutions and services to enable the Filipino digital lifestyle. Through GCash, we have positioned ourselves as change agents, aiming to provide services beyond telecommunications. GCash became the number one finance app¹ in the country with 33 million registered users and over ₱1 trillion in gross transaction value in 2020. Its active user base grew 3.7 times over the course of the year and is now ahead of global social media and entertainment apps such as Spotify, Viber, and Tiktok. As the leading mobile wallet in the Philippines,

GCash is moving closer to realizing its vision of providing finance for all.

Aside from mobile payments, telehealth services also play the important role of making health services more accessible and alleviating some of the burden from hospitals and health institutions who may be operating at capacity during this health crisis. Through our corporate incubator 917Ventures, over 828,000 customers have access to KonsultaMD, a telehealth platform which reported a record 461% increase in consultations as a result of the community quarantine restrictions in Metro Manila and the rest of the country. In August, 917Ventures, in partnership with Ayala's AC Health, also launched the telehealth service and app HealthNow which expands upon KonsultaMD's remote consultation services to include online ordering and delivery of medicine, as well as scheduling of clinic appointments. Since its launch, HealthNow has gained over 45,000 users.

Network Improvement Initiatives

With the acceleration of digital adoption also comes the need for an improved network infrastructure to keep up with the growing demand for faster and better internet connectivity. Heeding the government's call for improved services, Globe embarked on yet another ambitious network upgrade centered around three main strategies. First is to accelerate cell site builds to expand data coverage and capacity. Second is to upgrade all existing sites with 4G/LTE for improved coverage and data speeds using multiple frequencies. Third is to fast track the rollout of fiber to the home for the burgeoning demand for better home connectivity solutions.

With the implementation of enabling laws, the permitting processes for telecommunication infrastructure were finally streamlined. Through these, we were able to make significant inroads towards the betterment of our network and service. With a record-high capital

spending of ₱60.3 billion, we built close to 1,300 new cell sites this year, 18% more than the previous year. The company was able to complete 4G/LTE upgrades for 11,529 sites which resulted in improved service consistency scores across 16 out of 17 regions, according to independent mobile analytics provider Ookla. Catering to the growing demand for fast and reliable home connectivity solutions, wired broadband rollout was also accelerated to deploy around 600,000 high speed broadband lines for the year. Continuing this pace into 2021, Globe commits to a new record-level spend of ₱70 billion for capital expenditures, targeting to build 2,000 new cell sites² and rollout 1 million fiber lines to homes.

Simultaneously, we expanded our 5G footprint, which now covers 1,045 areas nationwide. 5G technology, with its promise of faster speeds, higher bandwidth, and better connection stability, will bring us closer toward our goal of providing Filipinos with a first world internet experience.

We should note that with all the years of continued investments on our network, our customers are once again experiencing the difference and marked service improvement in the same way when we did our first network modernization program in 2011. By the end of 2020, Globe's massive network investments have contributed to the improvement of the Philippines' internet speeds. According to the Speedtest® Global Index by Ookla³, the average mobile download speed of the country is at 22.5 Mbps, and average fixed broadband download speed is at 31.44 Mbps, by the end of 2020. Our contribution to lead 5G adoption in the Philippines is also bearing fruit, with the Philippines ranking 10th among APEC countries with median download speed on 5G at 182.50 Mbps based on Ookla Speedtest Intelligence® Q3 2020 data⁴. In terms of internet pricing and affordability, relative to other countries in Asia, the cost of mobile prepaid internet access in the Philippines remains to be among the most affordable at ₱10 per GB. Finally, the company was

named a Global Rising Star in Video Experience by international analytics firm Opensignal⁵ in its Global Mobile Network Experience Awards 2020.

ESG and Purpose

The pandemic only underscored the importance of our collective purpose, “In everything we do, we treat people right to do a Globe of Good”, as it propelled us to rise above our own challenges and be better everyday for our customers, employees and shareholders. Using our sustainability principles to live out our Purpose, we have resolved to include our contributions to the United Nations Sustainable Development Goals as part of our balanced scorecard.

Arising from the pandemic, the rise of mental health has become a growing concern especially among employees. In response, we piloted HOPECHAT, an online counseling platform that gives users 24/7 access to a psychologist via Messenger. Through these efforts we hope to make mental health services more visible and accessible so it may reach those who need it. Providing these services via hotline, chat, and webinars, among others further highlights the importance of communication and connectivity services during this time.

To answer the call for climate action, Globe has been actively supporting Race to Zero, a global campaign by the United Nations Framework Convention to rally support from businesses, cities, regions, and investors to shift to a decarbonized economy and achieve net zero emissions. To date, seven (7) of our offices are now running on clean energy, including our headquarters, The Globe Tower. Aside from offices, we also continue to deploy green solutions and decommission legacy machines to achieve energy efficiency for our cell sites.

The pandemic brought to the fore digital solutions and services to enable the Filipino digital lifestyle. Through GCash, we have positioned ourselves as change agents, aiming to provide services beyond telecommunications.

Underpinning all our efforts towards nation-building is our over 8,000 strong workforce who remain engaged and driven despite working remotely. In fact, employee engagement has improved, with Globe achieving a 93% Sustainable Engagement Score in 2020, a new record high above the 91% score in 2018. As a testament to our organization’s purpose-driven culture, I am also proud to share that our employees raised over ₱27 million through the #OneGlobeVsCOVID initiative, which saw ₱13 million in employee donations, 100% matched by Globe and Singtel.

In closing, I would like to thank our Chief Commercial Officer (CCO) Albert de Larrazabal who has been nominated to succeed Jose Teodoro K. Limcaoco as Chief Finance Officer of Ayala Corporation. Albert’s 14 years of service in Globe began as head of our Treasury Division. He served as Chief Finance Officer in 2010 and took on the role of Chief Commercial Officer in 2015. On behalf of the company, I would like to thank Albert for his expertise, insights and leadership as part of the management team responsible for driving Globe to become the leading mobile company in the country. Succeeding Albert will be

Issa Guevarra-Cabreira who took on the role of Deputy CCO last December 2020. Issa has over 20 solid years of experience leading new and existing businesses and was pivotal in Globe achieving market leadership. She has held various leadership roles in Globe and was formerly the Managing Partner of our corporate incubator 917Ventures. Her well-rounded perspective and deep knowledge of the industry equips her with the ability to steer the team effectively towards the achievement of Globe’s goals.

Armed with our purpose, Globe is resolutely marching forward, staying attuned to the new customer, reinventing their experience to make us more relevant and fueling the recovery of the country’s economy. Together with all our stakeholders, we are one with the nation in embarking on our full recovery with the hope of seeing prosperous days ahead.



Ernest L. Cu
President and CEO

¹Source: App Annie

²Including in-building solutions and partnerships with independent tower companies

³Ookla® Speedtest Global Index (Philippines - December 2020). <https://www.speedtest.net/global-index/philippines#mobile>

⁴Based on analysis by Ookla® of Speedtest Intelligence® 5G median download data Q3 2020. Ookla trademarks used under license and reprinted with permission.

⁵Opensignal Awards – Global Mobile Network Experience Awards 2020 based on independent analysis of mobile measurements recorded during the period January 1 – June 28, 2019 & 2020. © 2020 Opensignal Limited.

PROTECT SERVE PIVOT

AYALA GROUP'S RESPONSE TO COVID-19

The Ayala Group's commitment to nation-building became the focus, as COVID-19 brought the company's years of history, diversity, and experience to the fore.

"It has been truly inspiring to see how everyone has come together to offer help and find solutions to our daily challenges," said Fernando Zobel de Ayala, Ayala Corporation President and COO. "A crisis of this magnitude needs all sectors to step up and pitch in. As a member of the private sector, Ayala has a key role to play in recovery and nation-building. You can count on us," added Jaime Augusto Zobel de Ayala, Ayala Corporation Chairman and CEO.

The initiatives we led as a group were guided by our drive to protect our employees, serve the larger community, and pivot our businesses toward a new normal resilient to the impact of the pandemic.

1 AC Health opens COVID-19 referral centers
AC Health converted two QualiMed hospitals in Sta. Rosa and San Jose Del Monte into COVID-19 referral centers. To date, these hospitals have performed over 80,000 tests.

2 Manila and Quezon cities get a boost in COVID-19 testing from Ayala
Donated by the Ayala Group, the City of Manila opened a new molecular laboratory inside Sta. Ana Hospital, with serology testing being offered in various barangays for free. Ayala also donated two GeneXpert PCR machines.

Likewise, Quezon City received a Bio Rad PCR machine for its newly constructed Quezon City Bio-Molecular Laboratory. An additional P4.5million worth of supplies for PCR pooled testing were also donated by Ayala and the LGU's partners.

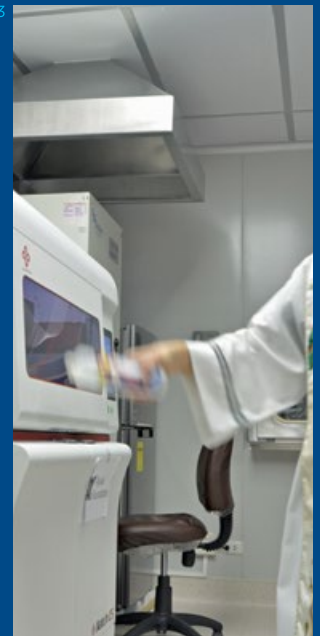
3 Ayala donates testing facilities for Davao
Ayala donated an automated RNA Extraction machine and two RT-PCR machines to Davao City's Southern Philippines Medical Center, allowing the hospital to test as many as 1,000 more patients a day.

4 Swabbing booths are donated
Ayala donated booths for the government's four main swabbing centers: Palacio de Maynila Tent along Roxas Boulevard, the Mall of Asia Arena in Pasay City, Enderun Colleges in Taguig City, and the Philippine Arena in Bulacan.
Photo by: KrizJohn Rosales of Philippine Star

5 Ayala group donates to Red Cross
With Bank of the Philippine Islands and Globe Telecom, Ayala helped the Philippine Red Cross address critical needs in public health protection.

6 A 502-bed mega isolation facility is created in seven days
The World Trade Center (WTC) We Heal as One Center was made possible through the collective efforts of Ayala, Ayala Land, Globe Telecom, Manila Water, Integrated Micro- Electronics, and AC Energy, with the ICCP Group and Manila Exhibition Center Inc. (MEC) and in partnership with the Bases Conversion Development Authority (BCDA) and the National Government. The Ayala Group of Companies pooled P46.4 million for this project.

7 Project Ugnayan reaches out to Metro Manila's most vulnerable
With the Philippine Disaster Relief Foundation and Caritas Manila, Ayala convened 270 private corporations and raised PhP1.7 billion for food vouchers and donations, benefitting around 14 million individuals in the Greater Manila Area. Visit www.projectugnayan.org
Photo by: Xyza Bacani





“A crisis of this magnitude needs all sectors to step up and pitch in. As a member of the private sector, Ayala has a key role to play in recovery and nation-building. You can count on us.”

*Jaime Augusto Zobel de Ayala
Ayala Corporation
Chairman and CEO*

“It has been truly inspiring to see how everyone has come together to offer help and find solutions to our daily challenges.”

*Fernando Zobel de Ayala
Ayala Corporation
President and COO*

8 **IMI creates an affordable alternative for ventilators**
The University College London’s (UCL) Ventura Flow Generator is the first breathing aid to be manufactured in the Philippines, localized by Integrated Micro-Electronics Inc.’s (IMI) UK subsidiary’s technology. It received FDA approval in July 2020.

9 **MWF pushes for hygiene awareness and creates facilities**
Manila Water Foundation (MWF) continues to build new and rehabilitate existing handwashing facilities and distribute hygiene packages under MWF’s banner program, “WASH in Pandemic.”

10 **Ayala looks after employees through testing**
The Ayala Group’s immediate response to COVID-19 was to protect its employees, both financially and physically. Visit <https://chronicle2020.ayala.com>

11 **Ayala Land (ALI) converts Red Cross Laboratory COVID testing**
ALI’s Makati Development Corporation (MDC) converted an area inside the Philippine Red Cross headquarters in Mandaluyong City into a biosafety laboratory class 2 facility. MDC has since built six other COVID-19 facilities nationwide.

12 **High-speed Internet access for Pasig**
Globe Telecom and the local government of Pasig City partner up to deliver high-speed and affordable Internet access through GoWiFi and KonekTayo WiFi.

13 **Internet access for students of Manila**
Globe Telecom’s KonekTayo School Bus WiFi was launched in Manila, helping students avail of the KonekTayo WiFi service for as low as PhP15 a day.
Photo Credit: Marianne Bermudez of Philippine Daily Inquirer

14 **AC Health and Qualimed launch a vaccination drive**
Dr. Edwin Mercado, Vice-Chairman of QualiMed’s founding group Mercado General Hospital, Inc. (MGHI), was the first healthcare worker outside of Metro Manila to be vaccinated with the AstraZeneca vaccine.

WE STAND WITH YOU

MESSAGE FROM GLOBE PRESIDENT AND CEO, MARCH 2020

To our customers, partners, and stakeholders,

It's been a week since the enhanced community quarantine in Luzon was quickly put into effect, an unexpected but necessary measure to fight COVID-19 and keep all Filipinos safe and healthy.

With most of us now working from home and many schooling our children as well, we are suddenly confronted with the essential need to be online at all times. With Globe's critical skeletal force working full time, we are doing all we can to keep you connected and productive at home. Our initial responses include giving free access to reliable and verified news and information sources; and free and unlimited public WiFi in a growing list of hospitals, airports, and supermarkets. We are also waiving call charges to important COVID-19 related hotlines; extending due dates for bill payments and rewards points expiry; increasing your data allocation at home; opening up all digital channels for reloading, payments, and other services; and enabling you and businesses to continue operating as smoothly as possible.

Together, we are also raising funds to help our healthcare frontliners and hospitals in need through our GCash and Globe Rewards donation channels.

We will continue to come up with new programs and solutions to help you cope with the challenges that lie ahead, as we all stay #SafeAtHome. To know the latest information about our COVID-19 related responses, please visit www.globe.com.ph.

We remain steadfast in our commitment to stand with you at this difficult time. Together, as a nation, we shall overcome this crisis.

With you,
Ernest



#OneGlobeVsCOVID raised over ₱27M from employee donations and contributions from Singtel and Globe.

MOVING AS #ONEGLOBE

CARING FOR EMPLOYEES, CUSTOMERS, COMMUNITIES, AND THE NATION

When Enhanced Community Quarantine (ECQ) was imposed all over Luzon in March 2020, it disrupted the lives of Filipinos. Workers had to work from home, families were separated, businesses closed, students had to shift to online classes and the overall situation caused anxiety and stress to so many people. Filipinos had to abruptly deal with the changes while burdened with all the uncertainties of the pandemic. People reeled from suddenly being cut-off or cut-out from the rest of the Philippines and even their loved ones abroad.

True to its Purpose of treating people right to create a Globe of Good, Globe quickly pivoted to help its customers as they face the challenges of life amid the pandemic.

Leveraging on its assets under the #OneGlobe ecosystem, the company immediately mobilized all facets of its business to deliver assistance and empowerment to its customers. Products and services were re-engineered, programs and measures were mounted to enable Filipinos to fight the battle from the safety of their homes. With this, #OneGlobeVsCOVID was conceived, a campaign that activated all the resources of the #OneGlobe ecosystem to be one with the Filipinos.

In a matter of days, products, services, and programs were re-tooled to address the difficulties customers were facing. The unifying message, #SafeAtHome, encapsulated the genuine care towards Globe's customers - a collective call to stay safely at home with an assurance that we are one with them as they adjust and cope with the new normal. Given this, every single piece of communication was crafted in a caring and sensitive tone. The #OneGlobeVsCOVID involved a strategic mix of customer offers, empowerment programs, educational content, and inspirational messages targeted towards creating value for the company's various stakeholders. With its holistic approach, Globe was instrumental in helping ease the burdens of the Filipinos in an unprecedented challenging time.

OUR IMPACT

SHAREHOLDERS

- ₱10.1M contribution from Singtel for COVID-19 Initiatives
 - » ₱5M contribution for AC Health's employee facility for COVID-19
 - » ₱5M donation to Ayala Foundation for Project Pananagutan to support vendor partner employees in the Ayala network

EMPLOYEE

- A total of ₱495.6M invested for employee support consisting of hospitalization, service unit support, supplies for employees, and Critical Skeletal Force hazard pay, accommodations, transportation, service fulfillment

incentive and supplies

- Support for retail store support staff and vendor partners including salaries, service fulfillment incentive, additional supplies, hazard pay, and dealer assistance (meals, vitamins, incentives) amounting to ₱689.9M
- Globe partnered with MindNation where employees, not only of Globe but also of its affiliates and subsidiaries, can request therapy sessions through video or call from psychologists to help alleviate isolation and anxiety
- Piloted online platforms for employee wellness: Promoted HOPEChat powered by Virtual Psychologist for mental health support
- Developed daily health check-in and reporting of COVID-19 exposure through DUDE Bot, GCheck, GTrace and GAccess
- Rallied employees to support COVID-19 initiatives by enabling treasure-based volunteerism raising ₱27.5M from employees, Singtel, and Globe

CUSTOMER

- All postpaid customers - mobile and broadband customers including business and enterprise clients - were given 60 day extension on bill payment due date and the option to pay for their bills in installment basis, to ease their burden during the COVID-19 situation
- Provided additional free 8GB for select Globe At Home and Globe myBusiness Prepaid subscribers at the onset of the pandemic
- Implemented stringent measures by Globe At Home to protect its frontliners and customers during the COVID-19 situation
- 2,000 Platinum customers engaged to provide messages of thanks for frontliners through Thank-A-Hero Program
- Helped customers raise a total of ₱54.2M for COVID-19 hospitals and various NGOs to support education, environment, health, and community development advocacies

COMMUNITY

Health - Globe has supported 170 COVID-19 hospitals and quarantine and frontliner facilities nationwide

- Provided 600 anti-fog goggles, 4,164 boxes of surgical masks, 5,390 pieces of PPE bunny suits, and 9,900 pieces of face shields
- Funding support amounting to ₱8.2M and raised a total of ₱36.1M through Globe Rewards
- Communications support through a total of 1,119 mobile phones, preloaded sims, and connectivity devices, plus an additional 637 for various government agencies
- Supported through 7,280 meals to medical frontliners, 4,902 meals for supporting government agency partners
- Provided free unlimited GoWiFi in 85 Medical Facilities nationwide and installed and upgrade cell site on wheels in 5 quarantine facilities
- Contributed ₱8M for the conversion of the World Trade Center into a quarantine facility through employee donations



BOARD OF DIRECTORS

Jaime Augusto Zobel de Ayala

Chairman, Non-Executive Director

Fernando Zobel de Ayala

Co-Vice Chairman, Non-Executive Director

Lang Tao Yih, Arthur

Co-Vice Chairman, Non-Executive Director

Ernest L. Cu

Executive Director, President and Chief Executive Officer

Romeo L. Bernardo

Non-Executive Director

Delfin L. Lazaro

Non-Executive Director

Samba Natarajan

Non-Executive Director

Jose Teodoro K. Limcaoco

Non-Executive Director

Rex Ma. A. Mendoza

Non-Executive and Lead Independent Director

Saw Phaik Hwa

Non-Executive and Independent Director

Cirilo P. Noel

Non-Executive and Independent Director



Jaime Augusto Zobel de Ayala
Chairman, Non-Executive Director

Committee memberships:

Executive Committee (Chairman)

Filipino, 61, has been the Chairman of the Board since December 1996 and Director since March 1989. Among other current positions, he is also the Chairman and CEO 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., Manila Water Company, Inc. and AC Energy Corporation (formerly AC Energy Philippines, Inc.); Chairman of Ayala Retirement Fund Holdings, Inc., AC Industrial Technology Holdings, Inc., AC Ventures Holding Corp., AC Infrastructure Holdings Corporation, AC Energy International, Inc. and Asiacom Philippines, Inc.; Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, Inc.; Director of Alabang Commercial Corporation, Ayala International Pte. Ltd., 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 member of various business and socio-civic organizations in the Philippines and abroad, including the JP Morgan International Council, JP Morgan Asia Pacific Council, and Mitsubishi Corporation International Advisory Council. He sits on the board of the Singapore Management University and on various advisory boards of Harvard University, including Global Advisory Council, HBS Board of Dean's

Advisors, and HBS Asia-Pacific Advisory Board, which he chairs. He is Chairman Emeritus of the Asia Business Council, a member of the Global Board of Adviser of the Council on Foreign Relations, and Co-Vice Chairman of the Makati Business Club, Chairman of Endeavor Philippines, and a board member of Eisenhower Fellowships.

Mr. Zobel was awarded the Presidential Medal of Merit in 2009, the Philippine Legion of Honor with rank of Grand Commander in 2010, and the Order of Mabini with rank of Commander in 2015 by the President of the Philippines in recognition of his outstanding public service. In 2017, he was recognized as a United Nations Sustainable Development Goals Pioneer by the UN Global Compact for his work in sustainable business strategy and operations. The first recipient of the award from the Philippines, he was one of 10 individuals recognized for championing sustainability and the pursuit of the 17 SDGs in business.

He graduated with B.A. in Economics (Cum Laude) from Harvard College in 1981 and obtained an MBA from the Harvard Graduate School of Business in 1987.

Directorship in other publicly listed companies:

Ayala Corporation, Ayala Land, Inc., Integrated Micro-Electronics, Inc., Bank of the Philippine Islands, Manila Water Company, Inc. 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
Finance Committee

Filipino, 60, has served as Director since October 1995. He is the President and Chief Operating Officer of Ayala Corporation since April 2006, and Director since May 1994. He is the Chairman of Ayala Land, Inc., Manila Water Company, 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., Automobile Central Enterprise, Inc., Alabang Commercial Corporation, Accendo Commercial Corp. and Hero Foundation, Inc.; Co-Chairman of Ayala Foundation, Inc. and Ayala Group Club, 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 Bank of the Philippine Islands, Integrated Micro-Electronics, Inc., Livelt Investments, Ltd., AG Holdings Ltd., AC Infrastructure Holdings Corporation, Altaraza Development Corporation, Asiacom Philippines, Inc., Ayala Retirement Fund Holdings, Inc., Honda Cars Philippines, Inc., Isuzu

Philippines Corporation, 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 International Advisory Board of Tikehau Capital and of the Hispanic Society Museum & Library International Advisory Council; Vice Chairman of the Philippine-Singapore Business Council, member of the World Presidents' Organization and Chief Executives Organization; Chairman of Habitat for Humanity International's Asia-Pacific Capital Campaign Steering Committee; 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, Integrated Micro-Electronics, Inc., Manila Water Company, Inc., and Pilipinas Shell Petroleum Corporation. All of which are listed on the Philippine Stock Exchange.



Lang Tao Yih, Arthur

Co-Vice Chairman,
Non-Executive Director

Committee memberships:

Executive Committee
Compensation and Remuneration Committee

Singaporean, 48, has served as Director since April 2017. He is the CEO International of Singapore Telecommunications Limited. His main responsibilities are to oversee the growth of the Group's regional associates across India, Indonesia, the Philippines, Thailand, and 14 countries in Africa, strengthen its relationship with overseas partners, and drive regional initiatives, such as the mobile financial services, video gaming businesses and eSports, for scale and synergies. Effective 1 April 2021, he will take on the additional role of Group Chief Financial Officer with the focus on capital allocation and value creation. He is also in charge of the digital bank joint venture with Grab across Southeast Asia.

Skills and experience:

He was formerly the Group CFO of CapitaLand Limited, one of Asia's largest real estate companies. Prior to joining CapitaLand, he was at Morgan Stanley having

been the co-head of the Southeast Asia investment banking division and the Chief Operating Officer for the Asia Pacific investment banking division. Mr. Lang is the Chairman of the National Kidney Foundation Board. He is a board member of Bharti Airtel Limited, Bharti Telecom Limited, Intouch Holdings PCL and the Straits Times Pocket Money Fund. He is also on the Board of Trustees for the SMU Business School.

Mr. Lang received the Best CFO of the Year Award, for listed companies with market capitalization of S\$1 billion and above, at the Singapore Corporate Awards in 2015.

Mr. Lang has a Master of Business Administration from the Harvard Business School and a BA in Economics (magna cum laude) from Harvard University.

Directorship in other publicly listed companies:

Bharti Airtel Limited that is listed on the National Stock Exchange of India Ltd and BSE Limited, and Intouch Holdings PCL that is listed on the Stock Exchange of Thailand.



Ernest Cu

Executive Director, President and Chief Executive Officer

Committee memberships:

Executive Committee

Filipino, 60, 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.

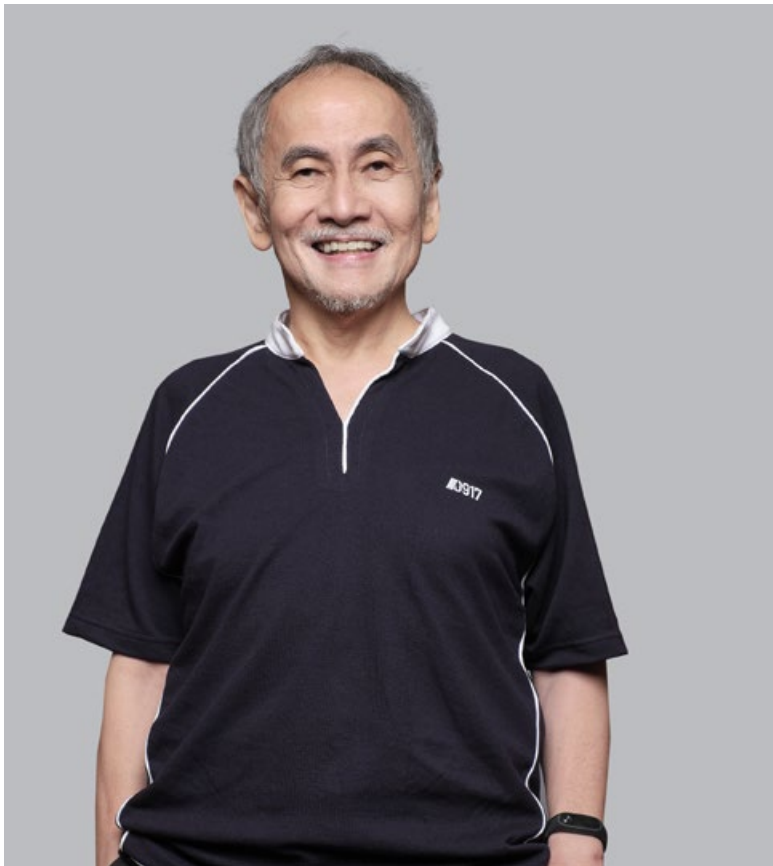
Under Mr. Cu's visionary leadership, Globe embarked on a purpose-led transformation in 2016 to create a more sustainable organization. With its renewed mission, vision, and core values, collectively embodied in the new Globe Purpose, the company is now setting its sights on serving as a catalyst in driving 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.

Mr. Cu is not a Director or an executive in any other publicly listed company.



Romeo Bernardo
Non-Executive Director

Committee memberships:

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

Filipino, 66, 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 in 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.



Delfin Lazaro
Non-Executive Director

Committee membership:

Finance Committee

Filipino, 74, 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 AC Industrial Technology Holdings, Inc., 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.

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 Manila Water Company, Inc. All of which are listed on the Philippine Stock Exchange.



Samba Natarajan
Non-Executive Director

Committee memberships:

Executive Committee
Finance Committee

US citizen, 55, has served as Director since 7 April 2015. He is CEO of Strategic Portfolio, Singapore Telecommunications Limited effective April 2021. His responsibilities include group-wide strategy and business restructuring for the Singtel Group, in addition to managing a portfolio of digital businesses: Digital Marketing, Gaming and corporate venture fund, Innov8, that invests in cutting edge technologies. He was the CEO of Group Digital Life from April 2015 to March 2021. He joined Singtel in May 2014 as Managing Director of Digital Enterprise leading a team focused on identifying and executing enterprise growth opportunities from emerging technology trends. He brings more than 25 years of corporate and consulting experience across a wide range of senior roles in the areas of strategy, business development and finance.

Skills and experience:

He worked for Citibank from 1988 to 1997 and McKinsey & Company from 1999 to 2014. In his last

role with McKinsey, he was the Leader of Southeast Asia TMT practice, consulting with C-level executives in the areas of growth, transformation, corporate finance and commercial operations. Mr. Natarajan sits on the board of several digital subsidiaries of the Singtel group, including Amobee, HOOQ and Trustwave. He also sits on the Board of Governors of the Singapore American School.

He holds a Bachelor of Engineering degree in Electrical Engineering with distinction from the Birla Institute of Technology and Science in Pilani, India, a Post Graduate Diploma in Management from the Indian Institute of Management in Ahmedabad, India where he was an industrial scholar and an MBA from the Wharton School of the University of Pennsylvania, USA, where he was a Hope Fellow, Ford Fellow and Palmer Scholar. He was profiled in "Leaders for the Global Markets", Wharton School, 1999-2000.

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



Jose Teodoro Limcaoco
Non-Executive Director

Committee membership:
Executive Committee

Filipino, 58, has served as Director since 13 April 2016. Mr. Limcaoco has been the Chief Finance Officer and Finance Group Head of Ayala Corporation since April 2015. He is also the Chief Risk Officer and Chief Sustainability Officer of Ayala Corporation. He is a director of Bank of the Philippine Islands, and Integrated Micro-Electronics, Inc. as well as an independent director of SSI Group, Inc. He is the Chairman of AC Energy International, Inc. (formerly Presage Corporation), Darong Agricultural and Development Corporation and Zapfam Inc. He is the President and CEO of AC Ventures Holding Corp., AYC Finance Limited, AC International Finance Limited. He is the Vice Chairman of Lagdigan Land Corporation. He is the President of Liontide Holdings, Inc. and of Philwater Holdings Company, Inc. He is a Director of Ayala Hotels, Inc., AC Energy and Infrastructure Corporation (formerly AC Energy, Inc.), Ayala Healthcare Holdings, Inc., AC Infrastructure Holdings Corporation, Ayala Aviation Corporation, Asiacom Philippines, Inc., Ayala Group Legal, Michigan Holdings, Inc., AC Industrial Technology Holdings, Inc., A.C.S.T Business Holdings, Inc., Bestfull Holdings Limited, Purefoods International Limited, AYC Holdings Limited, AG Holdings Limited, Fine State Group Limited, AG Region Pte. Ltd., Ayala International Holdings Limited, Ayala International Pte. Ltd., Strong Group Limited, Total Jade Group Limited, VIP Infrastructure Holdings Pte. Ltd., AI North America, Inc., LICA Management Inc., and Just For Kids, Inc. He is the Treasurer of Ayala Retirement Fund Holdings, Inc.

Skills and experience:

Mr. Limcaoco joined Ayala Corporation as a Managing Director in 1998. Prior to his appointment as CFO in April 2015, he held various responsibilities including President of BPI Family Savings Bank, President of BPI Capital Corporation, Officer-in-Charge for Ayala Life Assurance, Inc. and Ayala Plans, Inc., Trustee and Treasurer of Ayala Foundation, Inc., President of myAyala.com, and CFO of Azalea Technology Investments, Inc. He served as the President of the Chamber of Thrift Banks from 2013-2015.

He was named as the ING-Finex CFO of the Year in 2017. He has held prior positions with JP Morgan & Co. and with BZW Asia.

He graduated from Stanford University with a BS Mathematical Sciences (Honors Program) in 1984 and from the Wharton School of the University of Pennsylvania with an MBA (Finance and Investment Management) in 1988.

Mr. Limcaoco, Ayala's Chief Finance, Risk, and Sustainability Officer, was a catalyst in the creation of the Ayala Sustainability Blueprint: Bridging the Filipino to 2030. The blueprint outlines the business units championing UN Sustainable Development Goals across three journeys and the targets they commit to attain by 2030. The targets outlined in the blueprint will be included in the scorecards of CEOs across the group.

Directorship in other publicly listed companies:

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



Rex Ma. Mendoza
Non-Executive and
Lead Independent Director

Committee memberships:

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

Filipino, 58, 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 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, 66, has been an Independent Director since 7 April 2015. Ms. Saw was the Group CEO of Auric Pacific Group, listed on the Mainboard of the Singapore Exchange, which has diverse business interests ranging from distribution of fast-moving consumer food, food manufacturing and retailing, management of restaurant and food court operations to other strategic investments including fund investment. The Group operates in various countries throughout Asia including Singapore, Malaysia, Indonesia, Hong Kong and China. Ms. Saw retired as its CEO on 1 May 2015.

Skills and experience:

Prior to this, Ms. Saw was the President and CEO of SMRT Corporation Ltd between December 2002 to January 2012, Singapore’s first multi-modal public

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

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

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



Cirilo Noel

Non-Executive and Independent Director

Committee memberships:

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

Filipino, 63, has been an Independent Director since 17 April 2018. Mr. Noel is a lawyer and certified public accountant (CPA). He is Chairman at Palm Concepcion Power Corporation and Juxtapose Ergo Consultus, Inc. He is also a member of the Board of Directors of Security Bank Corporation where he was appointed Vice Chairman in April 2020. He is likewise a Board member of San Miguel Food and Beverage, Inc., Robinsons Retail Holdings, Inc., and JG Summit Holdings, Inc. He also sits as a Board member of Transnational Diversified Corporation, Eton Properties, Inc., Amber Kinetics Holdings Co. PTE Ltd., LH Paragon Group, and Golden ABC. He is a member of the Board of St. Luke's Medical Center-Global City and a member of the Board of Trustees of St. Luke's Medical Center-Quezon City, St. Luke's Medical Center College of Medicine, and St. Luke's Medical Center Foundation, Inc. He is also currently affiliated with the Makati Business Club, Harvard Law School Association of the Philippines, and Harvard Club of the Philippines.

Mr. Noel was a member of the Board of Directors of Philippine Airlines, PAL Holdings, Inc., Cal Comp Technology (Philippines) Inc., and Transnational Diversified Group Inc.

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 from 2010 to 2017, Managing Partner from 2009 to 2016, Vice Chairman & Deputy Managing Director from 2004 to 2009, Head of Tax Division from 2001 to 2008, and Partner, Tax Services from 1993 to 2017. He was also Ernst & Young (EY) ASEAN Tax Head and Far East Area Tax Leader and a Member of the E&Y Global Advisory Council and a Presiding Partner of the Asia Pacific Council from 2004 to 2009.

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

Directorship in other publicly listed companies:

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

CORPORATE GOVERNANCE

Globe Telecom’s dedication to corporate governance (CG) standards and initiatives was acknowledged by domestic and international award giving bodies in 2020, amid extraordinary circumstances brought about by the challenges of the global pandemic. Globe Telecom was recognized for outstanding results in the 2019 ASEAN Corporate Governance Scorecard (ACGS) assessment with results published in December bagging awards in all the award categories: Top 20 ASEAN Publicly Listed Companies, Top 3 Publicly Listed Companies per Country (Philippines), and ASEAN Asset Class Publicly Listed Companies. The Company was likewise awarded “Best Corporate Governance - Telecoms - Asia 2019” by London’s Ethical Boardroom, and 2nd place for Strongest Adherence to Corporate Governance at the Alpha Southeast Asia Magazine’s 10th Annual Poll for Institutional Investor Corporate Awards in July.



Globe feted at the ASEAN Governance Scorecard

Globe was given the following recognitions: Top 20 ASEAN Publicly Listed Companies, Top 3 Publicly Listed Companies per country (Philippines), and ASEAN Asset Class Publicly Listed Companies.

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

As strong advocates of fairness, accountability, transparency, integrity and sustainability in all aspects of

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

Globe’s CG practices are principally contained in the Articles of Incorporation (AOI) and By-Laws, complemented by the Manual of Corporate Governance (MCG), company policies, Committee charters, the Board’s charter, and the Code of Conduct and Ethics (CoC). The AOI and By-Laws maintain the basic structure of CG while the MCG, charters, policies and CoC act as supplements. These

legal documents outline the core of Globe’s operational framework including the principal duties of the members of the Board with emphasis on the governance structure, composition, and diversity in the Board, ensuring that duties and responsibilities are performed in a manner that safeguards the interests of the company and protects Globe’s stakeholders amidst an increasingly competitive environment.

Globe is likewise dedicated to maintaining the organization’s compliance with the Securities and Exchange Commission’s (SEC) Code of Corporate Governance, all listing rules of the Philippine Stock Exchange (PSE), and other

regulations issued by the SEC, among other regulatory agencies. An annual Certification of Compliance with the Company's MCG is issued and signed by the Chief Compliance Officer with the President and CEO. An annual Certification of Compliance with the CoC is issued and signed by the Chief Human Resource Officer (CHRO). These Certifications are also posted on the Company website's CG page and included in this Report on pages 194-195.

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

Globe's MCG, likewise, complies with the SEC's Code of CG and is aligned with the CG best practices espoused in the SEC's Integrated Annual CG Report (i-ACGR). The Charter of the Board of Directors and different Board Committee Charters undergo regular review and enhancement in accordance with the Company's MCG, the ACGS and the SEC Code of CG, among

other guidelines and regulatory issuances. Through keeping these CG structures effectively working and updated in place, coupled with continuous regulatory compliance, CG enables Globe business to operate aggressively while ensuring the interests of the Company's customers – internal and external stakeholders – are protected and addressed.

BOARD OF DIRECTORS

Board Composition

The Board of Directors (Board) is the supreme authority in matters of governance and management over the business of Globe Telecom. Within their chartered authority, the directors acting as a Board have the fullest powers to regulate the concerns of the company according to their best judgment. 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 (3) independent NEDs, one of whom is the lead independent director (ID). In 2020, Mr. Rex Ma. A. Mendoza was appointed the lead ID. Mr. Mendoza chaired the Nomination and Governance Committee as well as the Compensation and Remuneration Committee. Globe's IDs, as defined in the Company's MCG, are independent of the company, from Management and major/substantial shareholders and are free from any business or relationship that could materially interfere in their exercise of independent judgment in carrying out their responsibilities as directors.

Board Diversity and Skills Matrix

As part of the company's CG best practices and in implementation of the diversity policy in the workplace, Globe does not discriminate by reason of gender, age, disability, ethnicity, nationality or political, religious, or cultural backgrounds on its directors or candidates for directors, officers and employees. Globe's Board diversity policy remains up-to-date and enforced. As a result, the board members have different expertise, corporate qualifications and academic backgrounds. The directors have diverse professional backgrounds and experience in various industries other than the telco industry such as law and litigation, international tax, tax advisory and planning, tax advocacy, investment and trade laws, accounting and audit, finance and investment management, sales and marketing, network operations, IT solutions, customer and services management, CG and strategic planning. The directors also come from various educational backgrounds that include biochemistry, business administration, marketing and finance, and metallurgical engineering, accountancy and law, and mathematical sciences, among others.

The Globe Board has at least one female independent director in the Board. The Board is composed of directors with a wide age range, from 40s to early 70s. None of the IDs serve in more than five (5) boards of publicly listed companies and have served the company in the same capacity for more than nine (9) years. The executive director does not serve any other publicly listed company's Board. The board members also come from different ethnic backgrounds and are a mix of different nationalities. Apart from the Philippines, Globe has a director from Singapore and the United States of America.

Industry Knowledge/ Experience	Jaime Augusto Zobel de Ayala	Lang Tao Yih, Arthur	Fernando Zobel de Ayala	Ernest L. Cu	Delfin L. Lazaro	Samba Natarajan	Romeo L. Bernardo	Jose Teodoro K. Limcaoco	Rex Ma. A. Mendoza	Saw Phaik Hwa	Cirilo P. Noel
Technology/digital expertise	√	√	√	√	√	√	√	√	√	√	√
Industry experience – Conglomerate	√	√	√	√	√	√	√	√	√	√	√
Understanding of business environment	√	√	√	√	√	√	√	√	√	√	√
Telco experience	√	√	√	√	√	√	√	√	√	√	√
Experience, Skills, Expertise											
Local market experience	√		√	√	√		√	√	√		√
Finance experience	√	√	√				√	√	√	√	√
Finance and accounting expertise							√		√		√
Business process outsourcing				√							
Marketing				√		√			√		
Business management, strategy and administration	√	√	√	√	√	√	√	√	√	√	√
Legal and regulatory											√
International expertise	√	√	√	√		√				√	√
Audit and internal controls							√		√	√	√
Business strategies and planning	√	√	√	√	√	√	√	√	√	√	√
Economics	√	√					√				
Engineering				√	√	√					
Financial investments and investment banking		√	√				√	√		√	√
Sustainability and Corporate Governance	√	√	√	√	√	√	√	√	√	√	√
Board Diversity											
Racial diversity		√				√				√	
Gender diversity										√	
Board tenure (years)	31	3	25	11	23	5	19	4	6*	5*	2*
Age (years old)	61	48	60	60	74	55	66	58	58	66	63

* 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 2020.

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 repute 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 36-47.

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

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

Board Committees

The Board may create committees as it deems necessary, in accordance with the company By-Laws, MCG, and Charter of the Board of Directors to support it in the performance of its functions and to aid in CG responsibilities, among others. The eleven Board members are also members of the different Board Committees created. Appointments of directors to their respective Committees are completed at the organizational meeting held after the ASM. There are six (6) Board Committees subject to the authority of the Board as a whole. These committees are the Executive Committee, Audit and Related Party Transactions 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 RM systems that assess risks on an integrated cross-functional approach, and review and assess the adequacy of Globe Telecom’s operational RM process, specifically on strategic, technology, and operational risk, jointly with Management. This function shall include receiving from senior management periodic information on risk exposures and RM activities; (c) considering and/or completing mergers, acquisitions and strategic investments; and, (d) undertaking strategic projects and significant transformation initiatives that include corporate governance campaign, regulatory compliance and sustainability programs.	Chairman: Jaime Augusto Zobel de Ayala (NED) Members: Lang Tao Yih, Arthur (NED) Jose Teodoro K. Limcaoco (NED) Ernest L. Cu (ED) Samba Natarajan (NED)

Audit and Related Party Transactions	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 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) Lang Tao Yih, Arthur (NED) Saw Phaik Hwa (NED, ID) Cirilo P. Noel (NED, ID)
Nomination and Governance	Provides assistance to the Board of Directors in relation to: (a) installing and maintaining a process to ensure that all directors to be nominated for election at the next Annual Regular Stockholders' Meeting have the qualifications and none of the disqualifications for directors stated in the company's By-Laws, MCG and in relevant laws, rules and regulations; (b) selecting a mix of competent directors, each of whom can add value and create independent judgment as to the formulation of sound corporate strategies and policies; and (c) previewing and evaluating the qualifications of all persons nominated to positions in the corporation, which require appointment by the Board.	Chairman: Rex Ma. A. Mendoza* (NED, ID) Members: Saw Phaik Hwa (NED, ID) Cirilo P. Noel (NED, ID)
Finance	Oversees Globe's financial policy and strategy, including capital structure, dividend policy, acquisitions and divestments, treasury activities, tax strategy and compliance, retirement fund contributions, and financing proposals brought to the Board of Directors for approval.	Chairman: Delfin L. Lazaro (NED) Members: Fernando Zobel de Ayala (NED) Romeo L. Bernardo (NED) Samba Natarajan (NED)

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

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

Board Meetings and Attendance

Board meetings are scheduled before the start of the financial year and the schedule is posted under the CG section of the company website. Committee meetings are scheduled by the respective Committees. Consultation with, reports from and discussion with Management on specific financial and operational matters take place as needed. In accordance with CG best practice and the Globe MCG, the Board receives board documents and materials containing reports on Globe’s strategic, operational, and financial performance, and other regulatory and relevant matters, at least seven (7) business days in advance of Board meetings.

In 2020, the Board of Directors had a total of seven (7) Board meetings. Attendance of each director in Board meetings held in 2020 is enumerated below:

Attendance of Board of Directors				
Board Member	Meetings Attended	2020		
		Meetings held	Percent Present	
Jaime Augusto Zobel de Ayala	7	7	100%	
Lang Tao Yih, Arthur	7	7	100%	
Fernando Zobel de Ayala	7	7	100%	
Ernest L. Cu	7	7	100%	
Romeo L. Bernardo	7	7	100%	
Samba Natarajan	7	7	100%	
Delfin L. Lazaro	7	7	100%	
Jose Teodoro K. Limcaoco	7	7	100%	
Rex Ma. A. Mendoza	7	7	100%	
Saw Phaik Hwa	7	7	100%	
Cirilo P. Noel	7	7	100%	

The average rate of attendance of the Board of Directors was one hundred percent (100%) in 2020, 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
8	Executive	Jaime Augusto Zobel de Ayala	8	-
		Lang Tao Yih, Arthur	8	-
		Jose Teodoro K. Limcaoco	8	-
		Ernest L. Cu	8	-
		Samba Natarajan	8	-
4	Audit and Related Party Transactions	Cirilo P. Noel	4	-
		Saw Phaik Hwa	4	-
		Rex Ma. A. Mendoza	4	-
		Romeo L. Bernardo	4	-
2	Compensation and Remuneration	Rex Ma. A. Mendoza	2	-
		Fernando Zobel de Ayala	2	-
		Lang Tao Yih, Arthur	2	-
		Saw Phaik Hwa	2	-
		Cirilo P. Noel	2	-
5	Nomination and Governance	Rex Ma. A. Mendoza	5	-
		Saw Phaik Hwa	5	-
		Cirilo P. Noel	5	-
8	Finance	Delfin L. Lazaro	7	1
		Fernando Zobel de Ayala	7	1
		Romeo L. Bernardo	7	1
		Samba Natarajan	8	-
4	Board Risk Oversight	Saw Phaik Hwa	4	-
		Rex Ma. A. Mendoza	4	-
		Romeo L. Bernardo	4	-
		Cirilo P. Noel	4	-

Discussions with independent views during meetings are encouraged, given due consideration and properly documented through the minutes of meetings.

The NEDs also meet separately during the year without any executives present. The NEDs held their meeting in December, which was led by Mr. Rex Ma. A. Mendoza, the lead ID. All NEDs were present at the meeting. Among the agenda items covered during the meeting were updates on talent management and employee engagement.

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 ₱200,000 per diem remuneration for every Board meeting and stockholders' meeting attended. This rate was based on a benchmark study against industry rates as well as a previous study in 2010 to standardize the pay of Board of Directors across the Ayala Companies. Per diem remuneration of directors remains at ₱100,000 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 21, received gross per diem remuneration for attending Board and Committee meetings in 2020:

Director	Gross Per Diem Remuneration (in Php)
Jaime Augusto Zobel de Ayala	2,200,000.00
Lang Tao Yih, Arthur	2,400,000.00
Fernando Zobel de Ayala	2,300,000.00
Delfin L. Lazaro	2,100,000.00
Samba Natarajan	3,000,000.00
Jose Teodoro K. Limcaoco	2,200,000.00
Romeo L. Bernardo	2,900,000.00
Rex Ma. A. Mendoza	2,900,000.00
Saw Phaik Hwa	2,900,000.00
Cirilo P. Noel	2,900,000.00
TOTAL	25,800,000.00

Board Performance

The Board values inputs and suggestions that feedback mechanisms provide to assist them as they reflect on their performance as individual directors and as a governing body. As such, the Board of Directors participates in an annual self-assessment exercise to assess their individual and

collective performance. This exercise also provides a means to assess a director’s attendance at Board and committee meetings, participation in boardroom discussions, and manner of voting on material issues.

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

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

The self-assessment exercise is facilitated by the Chief Compliance Officer. Every three (3) years, the assessment shall also be supported by an external facilitator selected for this purpose. Aon Hewitt Pte Ltd. is the external facilitator engaged by Globe to support the

self-assessment exercise for the Board of Directors covering their performance and service for the year 2019 (page 197). An annual executive session also takes place dedicated to evaluating and discussing matters concerning the Board, including evaluating Globe’s performance and an independent review of its Management team.

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

Training and Continuing Education Program

To execute their roles well, training on CG is given to directors prior to assuming office. This is also institutionalized in the MCG and Charter of the Board. The Board, together with the key officers, also actively attend training programs annually to keep abreast of updates in CG standards and relevant discussions to support their leadership roles in Globe that cover issues and relevant market trends, new laws and regulations that can affect the business, sustainability and CG matters, among others.

The directors and key officers attended various CG seminars conducted by SEC-accredited CG training providers throughout 2020. On November 10, the directors and key officers participated in the Integrated CG, RM and Sustainability Summit conducted by the Ayala Group in collaboration with the Institute of Corporate Directors (ICD). The Summit was a half-day event composed of CG, RM and Sustainability-related plenary sessions and panel discussions. The Summit’s theme was “The Business of Building Back Better”, considering the challenges and opportunities amid COVID-19. Topics and discussions during the Summit included the integration of good

governance, RM and sustainability whilst facing impacts of COVID-19, as well as several plenary sessions. The CG session included a discussion on Board roles and skills for the “new normal”. The RM sessions discussed navigating the complexity and obstacles of a hard market in times of the pandemic, and scenario planning as a tool to anticipate risks and strengthen business in the new normal. The Sustainability sessions included, among others, communicating purpose in turbulent times, and investing in natural ecosystems. It is crucial to sustain this for the long term such that all members of the Globe community, its partners and stakeholders are able to benefit from the initiatives and thrust of the CG culture.

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 142-147.

MANAGEMENT

The President and CEO is accountable to the Board for the development and recommendation of strategies,

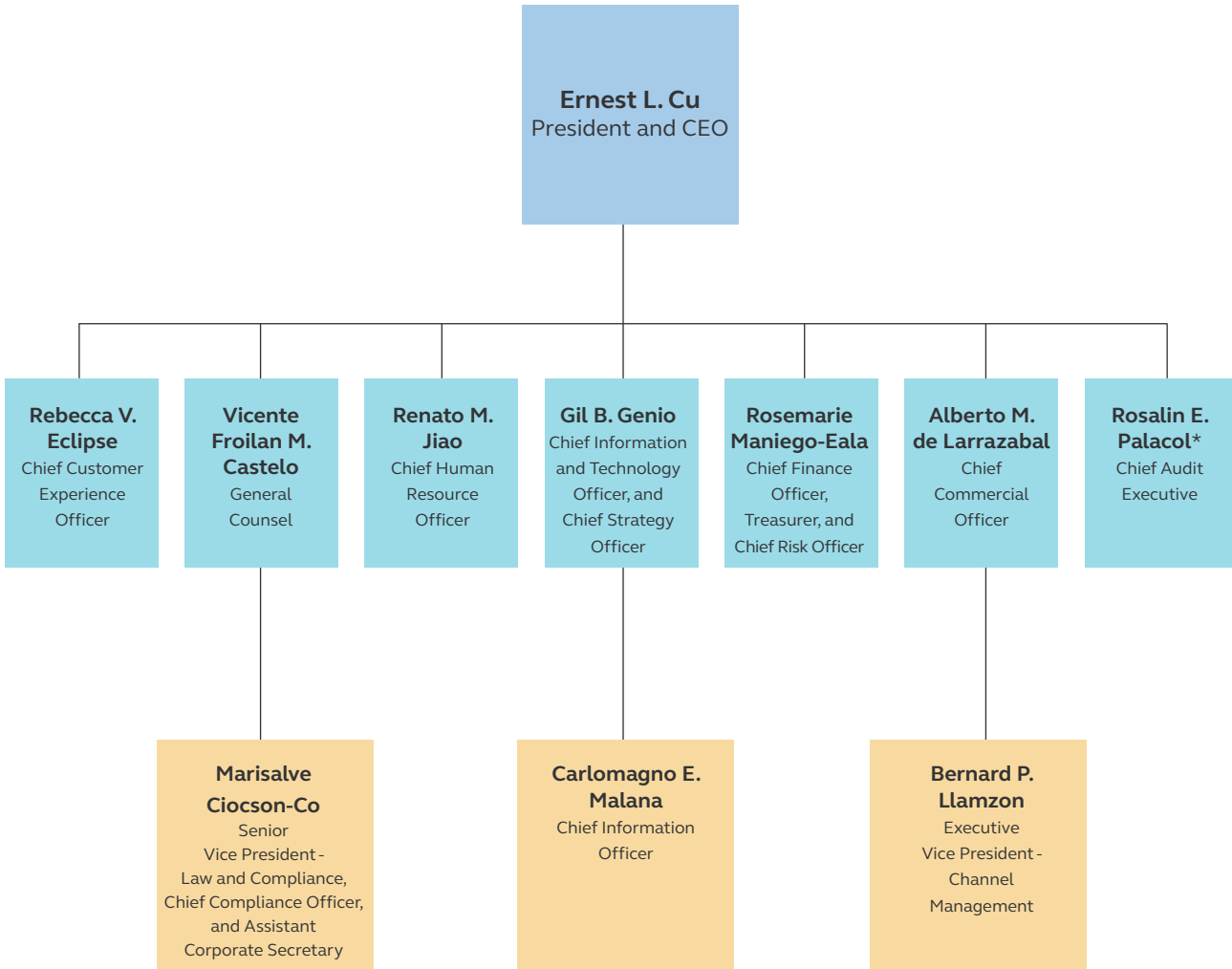
and the execution of the defined strategic imperatives. Through the Board and Executive Committee, the President and CEO is able to update and inform the Board of Globe’s business strategies and plans, CG and sustainability initiatives and requirements, among other economic matters relevant in the performance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

After ASMs, the newly-elected Board of Directors convenes an organizational meeting to set-up its board committees and appoint key officers. After the ASM on April 21, the key officer appointments and board committee members were disclosed to pertinent regulators accordingly.

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

*Ms. Palacol was appointed as CAE on November 3 following our corporate disclosure on September 14 about Ms. Carmina J. Herbosa’s¹ passing. Relevant disclosures were properly and promptly submitted to regulators.

The President and CEO is assisted by the senior management. The CAE assists in discussions with and updates to the Board through the ARC while the CRO, Treasurer, and CDO reports and updates through the Finance Committee, ARC, 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 relevant 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.



**Ms. Palacol was appointed as CAE on November 3 following our corporate disclosure on September 14 about Ms. Carmina J. Herbosa's¹ passing. Relevant disclosures were properly and promptly submitted to regulators.*

Meanwhile, the Chief Sustainability Officer (CSO), Ms. Maria Yolanda C. Crisanto, monitors and reports on the environmental, sustainability and social impacts of the business operations. Ms. Crisanto and the Sustainability team also help ensure that Globe continues to do its part in recognizing Globe's environmental and social impacts as well as in maintaining the company's commitment to carrying out responsible business operations. The CSO also reviews economic aspects, environmental and social aspects for the annual Integrated Report. Part of Ms. Crisanto's duties and responsibilities as the CSO is to communicate sustainability concerns and initiatives from the management to the Board through the President and CEO and through the Board Risk Oversight Committee (BROC), who empowers Globe's advocacy for sustainability and CG. The CSO is also Globe's Senior Vice President for Corporate Communications, who reports directly to the President and CEO and is part of the senior management team.

Supporting the office of the CTIO and CSO, the Data Protection Officer (DPO), Atty. Irish Krystle Almeida, performs her function in accordance with Philippine Republic Act 10173 or the Data Privacy Act of 2012 and its relevant implementing rules and circulars. As DPO, she also functions as the key liaison with the National Privacy Commission. Mr. Anton Reynaldo M. Bonifacio, the Chief Information Security Officer (CISO), leads the Information Security and Data Privacy Division (ISDP), which is a fully-operationalized group that focuses on Globe's data privacy and cybersecurity matters. The Board, through the 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.

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 units and support groups. All budgets and major capital expenditures must be approved in accordance with Globe's limits of authority and by the CEO prior to endorsement to the Board for approval. The senior management consults with the chief advisors to provide sound inputs and advice as required. They all meet at least once a week.

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

Corporate Objectives

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

The strong thrust towards information and communications technology (ICT) infrastructure growth and network upgrades continued in 2020 having deployed 1,300 new cell sites and 708 5G sites in Metro Manila as well as in Mindanao. Globe partnered with five (5) independent tower companies to build 900 new installations in key locations across the Philippines.

The company continues to believe that providing data services is crucial towards true progress. Globe will continue to push its aggressive network expansion and create company history as it prepares for its most massive rollout to address customers' demand for connectivity and bigger capacity. The company is targeting to install at least 2,000 new sites in 2021, hoping to spend about ₱70 billion in capital expenditures to support its big ambition for the year ahead.

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, financial services to name a few. These reviews also consider the

company as a whole, business units' contribution to the organization and individual performance. Remuneration is also reviewed vis-à-vis market rates and the financial capability is considered for any incentive payout. Performance evaluations for senior management were made according to these considerations and in accordance with the Charter of the Compensation and Remuneration Committee. Every 2 to 3 years, the HR Group participates in a remuneration benchmarking exercise to determine competitiveness vs. the market.

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. Fixed remuneration also includes guaranteed bonuses.

Benefits

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

Short-Term Incentives (Performance Bonus)

The short-term incentive plan is Globe Telecom's Variable Pay Program. There is an incentive plan for Non-Sales and Sales employees. For non-sales, 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.

Similarly, the sales incentives is determined by the achievement of sales targets anchored on the business goals. Payout is monthly. Award size varies per role and level.

Long-Term Incentive Plan

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

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

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

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

ACCOUNTABILITY AND AUDIT

To support the Board in the discharge of its functions, primarily on internal controls, material related party transactions (RPTs) and other key corporate governance matters, it is the policy of Globe to constitute and maintain a competent and working Audit and Related Party Transactions Committee (ARC) 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 Telecom's RPT policy. Management, however, has primary responsibility for financial statements and disclosures, financial reporting process, internal controls, legal and regulatory compliance, and risk management. The 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 Globe Telecom, Inc. and Subsidiaries, including key audit matters, endorses these to the Board for approval. The Board of Directors, in turn, reviews, approves and affirms the true and fair representation of the annual audited consolidated financial statements and presents the same in the 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 Telecom’s total consultancy expenses, respectively.
- The Committee assesses the adequacy and effectiveness of the internal audit function by reviewing and approving Globe IA’s scope of work, authority, independence, compliance to professional standards, reporting relationships, key responsibilities, and changes in their work plan.
- The Committee reviews the results of management’s annual risk assessments based on reports provided by CRO covering information on risk exposures and risk management activities, and as supported by the results of internal audit reviews.
- The Committee reviews and discusses with management, the internal and external auditors; and reports annually to the Board of Directors, the adequacy and effectiveness of the company’s internal controls in all material respects.
- The Committee assesses, reviews, approves and discloses all covered

and material RPT defined in Globe Telecom’s RPT Policy, including writeoff 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 8, 2021. 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 2020 Audited Consolidated Financial Statements.

The overall responsibility over our risk management oversight rests with the Board of Directors. Various Board Committees have been designated with oversight for specific risk areas. The Executive Committee has oversight on corporate strategic risks, technology, and operational risk management, putting in place the infrastructure for risk management systems that assess risks on an integrated cross-functional approach; reviews and assesses the adequacy of our strategic, technology, and operational risk management processes, jointly with Management. The Finance Committee oversees our financial risk management, including risks related to capital structure, acquisitions and divestments, treasury activities, tax strategy and compliance. The ARC provides oversight of the financial reporting and operational risks specifically on financial statement and reporting, internal controls, legal and regulatory compliance, corporate governance, fraud risks and 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 ARC 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 our internal controls, material RPTs, compliance, and other key corporate governance matters.

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

The 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 October 30, 2020 and the ARC approved the retention of the existing Charter (approved by the Board on November 3, 2020).

To ensure the ARC effectively fulfills its responsibilities according to global best practices and expectations set out in the approved charter, Globe Telecom’s Manual of Corporate Governance (MCG), SEC Memo Circular No. 4 (Series of 2012), ACGS and SEC Memo Circular 19 (Series of 2016) or Code of Corporate Governance for Publicly-Listed Companies, the Committee conducts an assessment of its performance and undergoes training, at least annually. The results of the assessment and any ensuing action plans are reported to the Board.

On an annual basis, our President and CEO, CFO, and CAE provide

a written certification to the ARC confirming the reliability of financial statements for the year; full compliance with financial, legal and regulatory requirements and reporting; attestation on Globe Telecom's sound internal controls and compliance system; and confirmation that the CAE reports functionally to the ARC and administratively to the CEO allowing Internal Audit to independently fulfill its responsibilities.

INTERNAL AUDIT

The establishment of an IA function is a fundamental part of Globe Telecom's corporate governance practices and policies. An Internal Audit 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.

Internal Audit is a service, providing an independent and objective assurance and consulting function within Globe that shares our common goal of creating and enhancing shareholder value and improving the company's operations. This is done through a systematic, disciplined, and risk-based approach in evaluating and improving the effectiveness of risk management, control, and governance processes. Globe IA provides reasonable assurance to the Board, management and 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 was performed on October 30, 2020.

Globe IA governs its internal audit activities in conformance with the IIA's Code of Ethics and Globe Telecom's Code of Conduct. The CAE is responsible for overall conformance with the Standards. To

assess whether the purpose, authority and responsibility of IA, as defined in the IA Charter continue to be adequate and effective in enabling the IA 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 quarterly or earlier to consider emerging risks and the changing dynamics of the telecommunications business, thereby allowing maximum and timely coverage of key/critical risk areas. The 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 Telecom's business processes,

network and IT systems, internal controls, new accounting and auditing standards, data analytics and regulatory updates. The audit team is composed of professionally certified accountants, internal auditors, IT and information security auditors, control self-assessors, licensed engineers, and data experts, among others. In addition, Globe IA has been actively participating in Ayala Group and Singtel Internal Audit Networks and learning from international knowledge and thought experts to benchmark and adopt leading-edge global best practices on methodology, process improvement and audit tools for digitization 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, 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 Internal Audit as a vital support in the effective discharge of the Committee's oversight role and responsibilities.

Amidst the COVID-19 situation, IA continues to fully deliver its work plan through work-from-home arrangements using secured technology; and carry out its mandate through high level analysis of the Company's emerging risks and business impact, ensuring reasonable assurance to the Board, stockholders, and other stakeholders that such

risks are addressed effectively 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 Telecom'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 21 April 2020, 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 Globe Telecom, Inc. and subsidiaries (Globe Group) for the calendar year 2020. IL/PwC replaced Navarro Amper & Co./Deloitte Philippines (NA/DP), a member firm of Deloitte Touche Tohmatsu Limited, who served as the independent auditors of the Globe Group for the last five (5) years. The change in independent auditors is consistent with the company's thrust on good corporate governance. In accordance with regulations issued by the SEC and the ARC Charter, the audit partner principally handling the company's account shall be rotated every five (5) years or sooner.

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 and NA/DP pursuant to the regulatory and statutory requirements for the years ended 31 December 2020 and 2019, amount to ₱16.18 million and ₱20.16 million, inclusive of 3.5% and 7.5% out-of-pocket expenses, 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 in 2020 are shown below (with comparative figures for 2019 from NA/DP):

	2020	2019
(Amount in millions of Pesos)		
Audit and Audit-Related Fees*	₱16.18	₱20.16
Tax and Non-Audit Fees	10.56	30.52
Total	₱26.74	₱50.68

*Excludes 2020 audit fees rendered by external auditors other than IL/PwC and 2019 audit fees rendered by external auditors other than NA/DP:

GTI HK, ₱409K (₱730K in 2019) performed by Deloitte HK

GT EU, ₱340K (₱349K in 2019) performed by Wellden and Turnbull LLP

GT SG, ₱273K (₱304K in 2019) performed by Ardent

ECPAY, Inc., ₱357K in 2019 performed by Punongbayan and Araullo

Taodharma, Inc., ₱345K in 2019 performed by Punongbayan and Araullo

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 2020 and 2019.

Audit-related Fees represent the review of Globe Group's March 31, 2020 and 2019 interim condensed consolidated financial statements in relation to Globe's bond offering. NA/DP was not engaged to perform audit-related services for 2019.

Tax Fees. Tax advisory services were rendered by NA/DP for Kickstart Ventures, Inc. in 2019. There were no tax advisory services rendered by IL/PwC in 2020.

Non-Audit Fees include 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. Non-audit fees in 2019 represent services rendered by NA/DP for the Finance Transformation and Ariba Phase 2 projects.

IL/PwC has confirmed to the Committee that the 2020 non-audit services rendered by them are allowed to be provided to an audit client under existing SEC regulations and the Code of Ethics of Professional Accountants in the Philippines and do not conflict with their role as Independent Auditors of the company.

ETHICS AND INTEGRITY

Globe respects the rights of all its stakeholders, including minority shareholders. Globe has adopted its CoC, and promulgated policies including, but not limited to, conflict of interest, whistleblowing, insider trading, RPTs, anti-corruption, protection of intellectual property rights and data privacy, and health, safety and welfare of employees. Globe also has existing formal policies concerning unethical, corrupt, and other prohibited practices covering its employees, Management and members of the Board. These policies serve as guide to matters involving work performance, dealings with employees, dealings with customers and suppliers, handling of assets, records and information, avoidance of conflict of interest situations and corrupt practices, as well as the reporting and handling of complaints from whistleblowers. These documents support and assist maintain the balance of business and governance in Globe. These are also on the company website, under 'Company Policies' (<https://www.globe.com.ph/about-us/corporate-governance/company-policies.html>), for the reference of investors and other stakeholders.

Customer Welfare

Globe puts customers first. Globe truly makes a difference through superior, end-to-end customer experience brought to life by a genuine culture of service and caring. Service is embedded into Globe

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

Employee Welfare, Health and Safety

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

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

Globe programs, practices and activities implementing policies and standards on employee welfare, health and safety are also included in this Report on pages 144-147.

Rewards or Compensation Policy

Globe attracts, retains and engages talents to support its business strategies and enhance value of the organization through its remuneration philosophy and framework. Globe puts a premium on workplace diversity,

just compensation and benefits, engagement, safety and well-being, human rights, and continue to promote learning for every employee.

Policy on Suppliers and Vendor Audit

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

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

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

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

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

Environmental Sustainability Policy

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

Community Interaction

Through Globe Bridging Communities, the Corporate Social Responsibility platform of Globe, and its subsidiaries, the company aims to transform underserved communities nationwide through relevant and innovative solutions that harness the power of collaboration and inclusivity through information and communications technology. The objective is to 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.

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

Conflict of Interest

Globe is above board and, at all times, exercises discretion, prudence, and mature judgement when entering transactions for the company. In carrying out their duties with integrity and in the interest of the company, it is the duty of board members to withdraw themselves from discussions that put them in a conflicted situation. 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, if an employee has any declaration.

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 the gift disclosure form 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 administrates 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 five (5) trading days before and two (2) trading days after any structured report or disclosure, and two (2) trading days after an unstructured report or disclosure.

Related Party Transactions (RPTs)

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

RPTs are disclosed in the financial statements included in the company's annual reports, and other applicable filings in accordance with the relevant rules and issuances of the SEC and other applicable regulatory bodies. The disclosure includes, but is not limited to, the name of the related party, relationship with the company for each RPT, the nature, and value for each RPT. Such disclosure is also made publicly available, for all shareholders and other stakeholders, through the company website and such other media channels as applicable.

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 ARC 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 ARC in the review and approval of all RPTs is discussed in this Report on pages 53, 61 to 62.

Creditors' Rights

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

Statements, Certificate of No Default, and CFO Certification on compliance with financial ratios, ensure the creditors of the Company's financial soundness.

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

Moreover, Globe adopted an expanded CG approach in managing business risks. A strong and strictly-implemented Enterprise Risk Management Policy provides a better understanding of the different risks that could threaten the achievement of the company's vision, mission, strategies, and goals. The policy also highlights the vital role that each individual plays in the organization from senior management to staff in managing risks and in ensuring that the company's business objectives are attained. With this, it assures the creditors that Globe is proactive in managing company risks and are committed to sustaining the growth of the company. As part of the implementation, the company regularly submits quarterly financial results to the PSE and SEC, among pertinent market regulators.

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

Board Diversity Policy

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

The Board of Directors, led by the Chairman, encourages its shareholders to nominate candidates who will diversify membership in the Board. Therefore, as company policy, no director or candidate for directorship shall be discriminated upon by reason of gender, age, disability, ethnicity, nationality or political, religious or cultural backgrounds. The Globe MCG reiterates this policy and further states that the Board must be composed of at least three (3) independent directors, one of whom shall be a female, at all times. The company shall study and revisit its diversity in the Board to consider composition of 20% female directors or two (2) female directors, whichever is lower, by 2025.

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

In 2020, Globe had one female independent director, who was appointed as chair of the Board Risk Oversight Committee (BROC). The company's directors have various nationalities such as Filipino, American, and Singaporean with different religious and educational backgrounds as well. The directors' age range from 40s to early 70s. The profiles of the members of the Board

are part of this Report and posted on the Company website.

Data Privacy and Intellectual Property Rights

The Privacy Policy outlines standard and framework in relation to the collection, use, and protection of Customer Data to provide customers and other stakeholders with a wonderful experience. The company notifies all customers and relevant stakeholders with any update on the Privacy Policy by posting it on the company website for easy reference. Globe also initiates internal campaigns on data privacy and cybersecurity to ensure all internal stakeholders are fully aware of their rights and responsibilities in relation to the use of the products and services that the digital lifestyle offers. The function and responsibilities of Atty. Irish Krystle Almeida as the company's Data Protection Officer further establishes Globe's adherence to the country's Data Privacy Act of 2012 (Republic Act 10173).

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

Globe respects customer and stakeholder privacy and intellectual property. As such, Globe secures and protects Customer Data with proper safeguards to ensure confidentiality and privacy, prevent loss, theft, or use for unauthorized purposes, and comply with the requirements of the law. Globe uses international and global frameworks as a reference for the control environment and utilizes the latest tools and technologies

that allows the Company to prevent, detect, investigate, and respond to the various threats in its environment. Globe has a Security Operations Center (SOC) that monitors the Company's technology infrastructure and environment, operates 24x7, and manned by a dedicated team. All systems and processes in the organization go through extensive assessments and reviews, targeting information collection, storage, and processing practices, to guard against unauthorized access, alteration, disclosure, or destruction. The status of all Globe's privacy and cybersecurity programs and operations are presented to and reviewed primarily by the Board Risk Oversight Committee (BROC) regularly. However, depending on the issue, reports may also be presented to the Audit and RPT Committee. Annually, the Board also receives a full report and is updated on the matters.

Among other safeguards, Globe keeps records as accurate as possible. If customer personal information is wrong, Globe provides ways to update it. Registered customers may access account details, correct personal information and report abuse of privacy or intellectual property rights by contacting the Globe Customer Care (+632 77301000 or 211 using your mobile phone) or his/her designated relationship manager, as may be applicable; or by visiting any Globe Store or the company website at www.globe.com.ph. 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, Corporate Communications, and Sustainability teams, among others, are sustained. In 2020, the team released a CG video campaign that featured CG at Globe - its significance to the business and how each team collaborates to sustain a CG-proactive culture.

Globe also continued to reach out to its internal stakeholders through the Attorney At Iba Pa (AttyATBP), an initiative led by the CLSG that extends corporate and legal services out of the daily contracts and reports into contributing to the practical needs of employees. This has been an annual event following its debut in October 2015.

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 the impact of CG embodied in accountability, transparency, integrity, sustainability and stakeholder engagement towards its employees and immediate communities.

DISCLOSURE AND TRANSPARENCY

Management is continuously committed to high standards of disclosure, transparency, and accountability. The management established the sustainability policy and reviews its adequacy at the highest level periodically and allocated resources to ensure effective implementation. The practice of sustainability reporting was implemented as a means to provide fair, accurate, and meaningful assessment of its overall performance on triple bottom line (viz. Economic, Environment, and Social) responsibility to all stakeholders including investors.

As a listed company in the PSE and PDEX, with reportorial requirements, rules and applicable laws as well as regulations of relevant regulatory agencies, Globe aims to provide a fair, accurate, complete and meaningful assessment of the company's financial performance and prospects through the annual report, quarterly financial reports, and analyst presentations. Globe practices regular disclosure of its financial results. Quarterly financial results are immediately disclosed after the approval by the Board to PSE and SEC, among other pertinent market regulators. Quarterly and year-end financial statements and detailed management's discussion and analysis are filed within 45 and 105 calendar days, respectively, from the end of the financial period. Financial reporting disclosures are in compliance with the PSE and SEC requisites, among other pertinent market regulators. Globe continues to drive management and respective departments to release the audited financial statements within 60 days from financial year-end, in compliance with the ACGS standard that is earlier than the local regulatory deadline. These reports are made available to the analysts after disclosure, as well as released

through various media channels, on the company website.

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

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

Stakeholder engagement (Consulting stakeholders about ESG)

In addition to the ASM, Globe extends various venues for stakeholders to communicate effectively with the company through the conduct of analysts' briefings, ad-hoc briefings, investor conferences, media briefings, one-on-one or small group meetings, and investor days that are organized by the IR Department and/or Corporate Communications Group or in partnership with Globe shareholders, broker or other partner institutions. Other than keeping the company website up-to-date, these venues provide another means for Globe to discuss its quarterly financial results, announcements, material disclosures and other relevant information with its stakeholders.

In the past years, Globe has been further streamlining communication efforts and opening-up several new customer touch points, enabling them to interact with the company at their convenience. Among other enhancements, Globe uses e-mail, live chat, SMS, website, and social media channels (e.g., Facebook, Twitter, Instagram) to provide its customers with real-time information and quicker responses to concerns. A conference call facility is set-up during analysts' briefings and meetings to enable wider participation among shareholders and other stakeholders. The Company also participates in both local and international investor conferences, which host various investors, shareholders and other stakeholders. Details and information on these conferences are published on the Company website. The IR program sustains this convenient and accessible line of communication and will continue to enhance this in the succeeding years.

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

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

Dividend Policy

Globe declares dividends to its common stockholders on a regular basis as may be determined by the Board of Directors. Globe returns to its shareholders, dividends equivalent to 60 to 75 percent of the prior year's core net income. Dividends declared by the Company on its stocks are payable in cash or in additional shares of stock. As a policy and as much as practicable, Globe observes a 30-day period for the payment of dividends to shareholders from the declaration date of such dividends.

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

Declaration Date	Per Share (in Php)	Amount (in Php Mn)	Record Date	Payment Date
February 3, 2020	27.00	3,597	February 17, 2020	March 4, 2020
May 5, 2020	24.83	3,313	May 18, 2020	June 3, 2020
August 3, 2020	24.83	3,313	August 17, 2020	September 2, 2020
November 3, 2020	31.33	4,180	November 17, 2020	December 3, 2020

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 available to the shareholders prior to the ASM.

Stockholders	Common	% of Common	Voting Preferred	% of Voting Preferred	Non-Voting Preferred	% of Non-Voting Preferred	Total Outstanding	% of Total Outstanding
Ayala Corp.	41,157,276	30.84%	-	-	-	-	41,157,276	13.19%
Singtel	62,646,487	46.95%	-	-	-	-	62,646,487	20.08%
Asiacom	-	-	158,515,016	100.00%	-	-	158,515,016	50.82%
Directors, Officers, ESOP	772,586	0.58%	5	0.00%	25,700	0.13%	798,291	0.26%
Public	28,856,378	21.63%	-	-	19,974,300	99.87%	48,830,678	15.65%
Total	133,432,727	100%	158,515,021	100%	20,000,000	100%	311,947,748	100%

DEALINGS IN SECURITIES

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

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

	Title of Class and Nature of Ownership	2020 Beginning Balance in Company Shares	2020 Change/s in Shareholdings	End Balance in Company Shares as of 31 December 2020
Globe Telecom Board of Directors				
Jaime Augusto Zobel de Ayala	Common (direct)	2	-	2
	Common (indirect)	1	-	1
Lang Tao Yih, Arthur	Common (direct)	2	-	2

	Title of Class and Nature of Ownership	2020 Beginning Balance in Company Shares	2020 Change/s in Shareholdings	End Balance in Company Shares as of 31 December 2020
Ernest L. Cu	Common (direct)	50,089	36,225 (A)* May 15	86,314
	Common (indirect)	73,544	1,000 (A)** September 22 470 (A)** October 6	75,014**
	Voting Preferred (direct)	1	-	1
	Non-voting Preferred (indirect)	16,700	-	16,700
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
Jose Teodoro K. Limcaoco	Common (direct)	1	-	1
Fernando Zobel de Ayala	Common (indirect)	1	-	1
Samba Natarajan	Common (direct)	2	-	2
Rex Ma. A. Mendoza	Voting Preferred (direct)	1	-	1
Saw Phaik Hwa	Voting Preferred (direct)	1	-	1
Cirilo P. Noel	Voting Preferred (direct)	1	-	1
Globe Telecom Key Officers				
Alberto M. de Larrazabal	Common (direct)	19,767	7,740 (A)* May 15	27,507
	Common (indirect)	3,000	-	3,000
	Non-voting Preferred (direct)	2,000	-	2,000

	Title of Class and Nature of Ownership	2020 Beginning Balance in Company Shares	2020 Change/s in Shareholdings	End Balance in Company Shares as of 31 December 2020
Rosemarie Maniego-Eala	Common (direct) ¹	2,024	9,998 ¹ January 09 5,115 (A)* May 15	17,137
	Common (indirect) ¹	9,998	-	-
Gil B. Genio	Common (indirect)	83,165**	700 (A) March 16 1,325 (A) March 19 2,820 (A) March 19 2,300 (A) March 20	90,310**
	Common (direct)	10,082	12,945 (A)* May 15	23,027
	Common (direct)	14,275	6,810 (A)* May 15	21,085
	Common (indirect)	285	-	285
Rebecca V. Eclipse	Common (indirect)	18,915	-	18,915
	Common (direct)	14,235	6,945 (A)* May 15	21,180
	Non-voting Preferred (direct)	4,000	-	4,000
Vicente Froilan M. Castelo	Common (direct)	6,414	2,925 (A)* May 15	9,339
Carmina J. Herbosa ^{†3}	Common (direct)	6,775	3,255 (A)* May 15	10,030
	Common (indirect)	1,300	-	1,300
	Non-voting Preferred (direct)	2,000	-	2,000
Bernard P. Llamzon	Common (direct)	10,665	5,280 (A)* May 15 10,005 (D) ² Disclosure on June 19	5,940 ²
	Common (direct)	20	-	20

	Title of Class and Nature of Ownership	2020 Beginning Balance in Company Shares	2020 Change/s in Shareholdings	End Balance in Company Shares as of 31 December 2020
Marisalve Ciocon-Co	Common (direct)	2,380	1,995 (A)* May 15	4,375
	Common (indirect)	3,059	-	3,059
Carlomagno E. Malana	Common (indirect)	0	15 (A) July 15	460
			15 (A) July 23	
			15 (A) August 13	
			15 (A) August 28	
			60 (A) September 15	
			90 (A) October 6	
			50 (A) October 8	
			50 (A) October 16	
			30 (A) November 13	
			30 (A) November 24	
60 (A) November 27				
30 (A) December 16				
Rosalin E. Palacol ³	Non-voting Preferred (direct)	200	-	200

(A) Acquired

(D) Disposed of

¹Change in the nature of shareholdings of Ms. Maniego-Eala was disclosed in January 2020.

²Updates to the shareholdings of Mr. Llamzon were disclosed in June 2020.

³Ms. Palacol was appointed as key officer (Chief Audit Executive) effective November 2020.

*Stocks grant plan

**Includes indirect ownership through immediate family in the same household

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

RISK MANAGEMENT

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

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

Structure	Process	Culture
<p>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.</p>	<p>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.</p>	<p>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.</p>

ROLES AND RESPONSIBILITIES

Board of Directors

The Board of Directors oversees and conducts an annual review of Globe’s material controls, covering operational, financial and compliance areas and overall RM systems. The overall responsibility for RM oversight rests with the Board. To enable the Board to effectively discharge Globe’s RM function, various Board committees have been designated to provide RM oversight for specific risk areas.

BOARD RISK OVERSIGHT COMMITTEE

A Board Risk Oversight Committee (BROC) was created to provide focus and effectively consolidate the decentralized and overlapping risk oversight duties performed by various Board sub committees. The

establishment of the BROC will ensure an integrated and holistic oversight on RM at the Board level.

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

- Ensuring that there is an effective, efficient and integrated risk management process working in place.
- Enabling the identification, analysis, and assessment of key risk exposures its impact to Globe’s strategic and business objectives, as well as the formulation of an effective RM strategy.

- Cultivating a sound organizational structure with an effective Enterprise Risk Management (“ERM”) framework working in place.
- Establishing clear definition of risk-taking authority, ownership, accountability, and proper segregation of duties.
- Fostering a risk-aware culture that is pervasive throughout Globe, and ensure transparency in reporting of key risks to relevant stakeholders.

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

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

The BROC has the following roles and responsibilities:

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

- Secure independent expert advice on RM matters where considered necessary or desirable.

Management

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

Chief Risk Executive

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

- Acts as the final enforcer of the RM process;
- Establishes organizational structure, assigns authority and designates management of key risks to risk owners to ensure that the RM activities are carried out effectively;
- Reviews the continuing effectiveness and relevance of the RM framework, processes, organization and tolerances, as assisted by the Chief Risk Officer;
- Ensures that RM activities are linked to the risk owners' Key Result Areas.

Chief Risk Officer

The Chief Finance Officer (CFO) and concurrent Chief Risk Officer (CRO) supports the CRE at the management level. The CRO ensures that:

- There is adequate supervision and guidance over the development, implementation, maintenance and continuous improvement of RM policies, processes and documentation.

- Risk Management processes and activities are embedded within the organization's policies, business cycles, and operational decisions.
- Responsibilities for managing specific risks by Senior Management are clear.
- The level of risk accepted by the company is appropriate.
- An effective control environment exists for the company as a whole.
- In collaboration with the CEO/ CRE and Senior Management, the BROC and the Board, and other Stakeholders are provided periodic information on the results of the annual risk assessment exercise and updates on the status of top risks, key risk mitigation activities, key risk and performance indicators and emerging risks that could impact the attainment of Globe's objectives.

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

- Risk management processes are working as intended,
- Risk measures and mitigation plans are reported and continuously reviewed by risk owners for effectiveness; and
- Established risk policies and procedures are being complied with.

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

Enterprise Risk Management Department

The Enterprise Risk Management Department (ERMD) supports the CRO in undertaking her role. Key functions of the ERMD include:

- Facilitating Management Team’s annual risk assessment exercise and reporting the results thereof
- Coordinating with risk owners to gather information and updates on Risk, the status of and its management/mitigation activities
- Facilitating the execution of Line Management’s risk assessment exercise
- Developing and implementing risk culture building programs to drive and embed the RM discipline across the organization
- Serve as the BROCC secretariat to support the discharge of the BROCC’s risk oversight functions.
- Enable the BROCC to effectively exercise oversight and guidance over Globe’s risk management and governance structure at the operating level.

Internal Audit

The Internal Audit Team provides independent assurance on the effectiveness of RM systems and processes. Internal Audit’s examinations cover a regular evaluation of adequacy and effectiveness of RM and control processes encompassing the company’s governance, operations, information systems, reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, rules and regulations.

Risk Owner

The Risk owner has overall accountability for the assigned risk/s and is granted authority to enable effective management of a particular risk. The Risk owner’s function also includes:

- Understanding the risk/s and determining its drivers
- Planning for and executing appropriate RM strategies and mitigation plans for key risks identified, including the adoption of the necessary RM framework/s and standard/s.
- Securing required resources needed to effectively manage the risks
- Monitoring and reviewing the level of risk exposures and continuing relevance of RM strategies and plans
- Providing timely updates on the status of RM activities to concerned stakeholders.

RISK MANAGEMENT APPROACH

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

- Risk Owners, having first hand experience and expertise in managing risks on a daily basis, are given the overall accountability to address risks, including the adoption of one or more specialized frameworks and best practices (e.g., Control Objectives for Information and related Technology (COBIT), Information Technology Infrastructure Library (ITIL), Commission of Sponsoring Organization of the Treadway Commission Framework (COSO), National Institute of Standards and Technology (NIST), Project Management Body Of Knowledge (PMBOK), various Management Systems (ISO), among others) 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 appetite and tolerance levels.
- The CAE, enabled by the Internal Audit team, provides independent assurance that the RM policies and practices are both designed effectively and operating as intended.

Both the CRO and CAE reports to the board via the BROCC and ARC committees respectively. Through the BROCC and ARC, in conjunction with other board committees, the board discharges and maintains its oversight role on the company’s risks.

RISK MANAGEMENT PROCESS

Globe’s RM cycle starts with an enterprise-wide assessment of risks is performed by the Management Team as part of the annual planning and budgeting process. This process starts with the identification of key risks that threaten the achievement of Globe’s business and strategic objectives at the corporate and business unit level. Risks are then identified, analyzed, evaluated, and assigned to the appropriate risk owner/s for the development of plans to manage said risks. The results of which are then reported to and reviewed by the Board via the BROCC.

The established strategies and mitigation plans to address the risks are continuously developed, updated, improved, and reviewed for effectiveness throughout the year as part of the company’s continuing advocacy of embedding the RM discipline across the organization. In order to have an enterprise-wide view of both risks and its mitigation

plans, Globe through the CRO and ERMD has institutionalized a process to monitor the status of risks with its risk owners and how said risks impact the organization on an enterprise level through monitoring key risk indicators, key performance indicators, status of mitigation plans, and identification of any emerging risks. On a regular basis, the ERMD, together with the risk owners, provide reports on the status of said risks to the CRO and management, and on a periodic basis to the board via the 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.

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 culture building and continuous learning activities to further complement the RM advocacy.

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

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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, 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 sustainable business growth and sound RM.

The ERMD, together with the Chief Sustainability Officer and Sustainability team, have initiated steps to integrate the activities as well as the reporting cadence of these two disciplines. In 2019, the teams' collaboration has led to the first Risk and Sustainability forum and integration of sustainability material topics into the annual enterprise-wide risk refresh exercise. Both teams also had begun institutionalizing regular reporting of sustainability risks, risk mitigation programs, and frameworks to the BROCC as a means to enable the board to exercise its risk oversight responsibilities on key sustainability risks. This includes the addition of ESG risks into the annual enterprise-wide risk assessment exercise.

Globe's ERMD and Sustainability teams are also working closely with its Ayala counterparts towards working to implement the Task Force on Climate-related Financial Disclosures (TCFD) framework as a means to provide transparency on material climate-related risks and its financial impact to Globe's operations and growth. These will include scenario analysis to determine the impact of climate change and the enhancement of existing risk mitigation strategies over the upcoming years of implementation.

OPERATIONAL RISK AND BUSINESS CONTINUITY MANAGEMENT

Globe continues to adapt and enhance its Business Continuity Management (ISO 22301), Environmental Management (ISO 14001), and Occupational Health and Safety (ISO 45001 / OHSAS 18001) programs in the midst of the continued global warming, pressure from stakeholders to adopt sustainable practices, and compliance to new and existing government laws and regulations on Occupational Safety & Health,

Environmental Management, and Disaster Management. The company initiated projects to ensure that it is able to effectively respond to and recover from major disasters; while considering the minimum requirement of government agencies like the Department of Defense on Disaster Management, Department of Labor and Employment on Occupational Safety, Department of Health on Occupational Health, and the Department of Environment and Natural Resources on environmental laws and regulations.

With the COVID-19 pandemic reaching Philippine shores, these programs played a vital role in ensuring that Globe continues to operate, ensure employee and 3rd party partner safety, while ensuring that Globe remains committed to its environmental and sustainability targets.

Key initiatives pursued during 2020 include, but not limited to:

- Mobilization of the COVID-19 taskforce to plan and execute the company’s initiatives in ensuring continuity of operations and securing employee’s / 3rd party partners’ physical and mental health.
- Development of risk mitigation strategies that will enable Globe to adapt to the changing conditions brought about by the pandemic.
- Construction of a dedicated RT-PCR laboratory to enable periodic COVID-19 testing and screening for all employees and critical 3rd party partners.
- Development of mobile applications that enable Globe to perform automated contact tracing activities, monitoring of WFH and CSF employee health, and health screening for employees returning to the company’s offices.

- Certification of the Business Continuity (ISO22301), Occupational Health and Safety (ISO45001 / OHSAS 18001), and Environment Management Systems (14001);
- Digitization of the aforementioned management systems.
- Expand the Business Continuity, Occupational Health and Safety, and Environmental Management Programs to cover Globe subsidiaries.
- Operationalization and continuous improvement of Globe’s Earthquake Response Plans, Volcanic Eruption Response Plans, and Emerging Infectious Disease Business Continuity Plans: to address risks related to business disruption events, and establish fully-resourced Disaster Response Teams
- Operationalization and continuous improvement of Globe’s Crisis Management Plans
- Conduct of audit and integrated exercises with the critical vendors of Globe
- Pursued projects to support the sustainability program, which include, but not limited to:
 - » Solid and hazardous waste management
 - » Reduction of carbon footprint
 - » Energy and water conservation
 - » Smoke-free workplace
- Automation initiatives that aim to strengthen and optimize day-to-day activities.
- Integration initiatives towards a unified Risk Management Office for Enterprise Risk Management, Business Continuity Management, Occupational Health and Safety, and Environmental Management Programs.

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

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

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

Mitigation:

- A regular environmental scanning exercise is performed to ensure the identification of any uncertainties arising from global and local political and socio-economic factors.
- Create fall-back 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 11494) - 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.

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

will support any increase in the company's business and financial activity.

Mitigation:

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

Competition Risk (External)

a. Traditional Competition (External)

Competition remains intense in the Philippine telecommunications industry amidst a mature mobile market and high growth data business, as current competitors seek to regain market share with aggressive offerings. In July 2019, a new player was given its permit to operate as the third telecommunications player of the Philippines. Its commercial operations were initially targeted to start by September 2019 but were eventually moved to March 2021 following its delayed rollout due to COVID-19 lockdown. 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 (e.g., SpaceX’s

Starlink, Google’s Loon, Amazon’s Project Kuiper), 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 has also placed 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 is rapid technological advances. This puts a great pressure on the company's financial structure to generate sufficient cash flows to finance its capital investments and refinance its outstanding debts.

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 work force, which are vulnerable to threats caused by extreme weather disturbances, natural calamities, fire, acts of terrorism, intentional damage, malicious acts, pandemic and other similar events which could negatively impact the attainment of revenue targets and the company’s reputation.

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

Mitigation:

- Frequent reviews of existing processes influenced by customers to identify and address existing gaps, minimizing exposure from risk areas
- Training front line staff to enhance customer handling and dispute resolution
- Implement comprehensive programs that farm customer feedbacks effectively and analyze them to create customer centric strategies
- Closely monitor customer online sentiments to immediately address customer issues before it surface to mainstream online platforms

Revenue Leakage Risk (Internal)

The telecommunications industry is inherently vulnerable to revenue leakage, with the continuing innovations in Telecom Technologies, Network and IT systems and the multitude of its service/bundle/plan offerings accompanying such advancements. The pace at which new offers are launched in the market and the speed of technological innovations being adopted by Globe, coupled with the ongoing Network and IT transformation programs

heightens the need to identify and plug revenue leakages becomes an even more important capability in maximizing revenues and returns.

Mitigation:

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

Fraud Risk (Internal/External)

Globe runs the risk of falling victim to fraud perpetrated by unscrupulous persons or syndicates either to avail of “free” services, to take advantage of device offers or defraud Globe’s customers. With the increased complexity of technologies, network elements and IT infrastructure, new types of fraud that are more difficult to detect or combat could also arise. This risk also involves irregularities in transactions or activities executed by employees for personal gain.

Mitigation:

- Institutionalize processes and build capabilities that enable the early detection, investigation, resolution and enforcement of sanctions and legal options, close monitoring and timely reporting of various instances of fraudulent activities
- Increase organizational awareness of fraud policies and its consequences through regular communication channels of the company. The company promotes a positive work environment through clear organizational structure, written policies and fair employment practices, effectively

preventing employee fraud and theft.

- Strengthen internal controls on processes with high vulnerability on fraud risks
- Implement various programs to equip its customers with the right information so that they do not fall victim to fraudsters
- Closely coordinates with law enforcement agencies to help protect its customers from activities meant to defraud them

Third party Risk (External)

In an increasingly globalized and interconnected world, Globe seeks out various 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, and Governance (ESG) Risks (Internal/External)

Over the past years, various stakeholders have begun requiring companies to report on ESG risks as a means of determining the companies’ sustainable practices. 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 - risks concerning responsible use of natural resources, responsible handling and disposal of waste and other pollutants, reduction of carbon and resource consumption footprint, evaluating vulnerability to climate change, adopting green technologies and other opportunities.
- b) Social Risks - risks concerning 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 program 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 top 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).

- Integration of ESG risks into Globe's annual enterprise-wide risk assessment exercise, as well as periodic risk and control assessments, ensuring that adequate risk mitigation plans are in place to manage one or more ESG risks.
- Regular awareness campaigns and trainings 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 AND ANALYSIS

Results of Operations (₱ Mn)	31-Dec 2020	31-Dec 2019	YoY Change (%)
Operating Revenues	160,519	166,660	-4%
Service Revenues	146,388	149,010	-2%
Mobile ¹	103,113	110,965	-7%
Home Broadband ²	26,798	21,747	23%
Corporate Data ³	12,539	12,969	-3%
Fixed Line Voice ⁴	2,620	2,668	-2%
Others ⁵	1,317	662	99%
Non-Service Revenues	14,131	17,650	-20%

Note: 2019 Service Revenues has been restated to reclass non-telco revenues from subsidiaries to Other revenues

¹Includes mobile voice, sms, data revenues and fully mobile broadband services.

²Includes revenues from wired and fixed wireless,

³Includes international and domestic data services, corporate internet access, and data center solutions.

⁴Includes revenues from landline and DUO services.

⁵Others includes non-telco revenues from subsidiaries

FINANCIAL PERFORMANCE

Globe ended the year with total consolidated service revenues of ₱146.4 billion, a moderate decline of 2% from the record level of ₱149.0 billion reported a year ago. The COVID-19 pandemic impacted revenues across all businesses except for Home broadband which sustained its double-digit growth. Total data revenues across mobile, broadband and corporate data accounted for 76% of total service revenues from 71% last year. This was mainly driven by the increased data consumption in the country, as more Filipinos incorporated working, learning, shopping and seeking entertainment from home as part of their new normal.

For the Mobile business, revenues slid by 7% from nearly ₱111.0 billion last year to ₱103.1 billion this year mainly due to the negative effects of the ECQ/MECQ period. Mobile revenues improved in the second half of the year with higher prepaid top-up levels and postpaid subscriber acquisitions, as more businesses reopened and more public transportation became

available, bringing back jobs and increasing the mobility of Filipinos, albeit below full capacities under GCQ/Modified GCQ. Total mobile revenues comprised 70% of the total service revenues, with total mobile subscriber base of 76.6 million.

From a product view, mobile data revenues posted close to ₱72.0 billion for the full year of 2020 from ₱71.4 billion last year, with the continued online education, remote working, use of videoconferencing and social network apps to stay in touch with families and friends. Mobile data now accounts for 70% of mobile revenues from 64% a year ago. Mobile data traffic soared to 2,517 petabytes in 2020 from 1,699 petabytes in 2019, which translates to a 48% growth year-on-year. Meanwhile, mobile voice and mobile SMS revenues ended at ₱20.0 billion and ₱11.0 billion, lower year-on-year by 16% and 29%, respectively.

Buoyed by the robust demand for fast and reliable internet connection, the Home Broadband business enjoyed a banner year with double-digit growth, posting a 23% year-on-year increase

from the ₱21.7 billion posted in 2019 to a record ₱26.8 billion as of end-December of 2020. Total home broadband subscriber base now stands at 3.8 million, up 88% from 2019, propelled by the sustained increase of fixed wireless broadband users, now up by 122% from last year. As of end-December of 2020, HPW data traffic surged to 545 petabytes from 115 petabytes in 2019.

Corporate Data's full year 2020 revenues posted a 3% decline from ₱13.0 billion as of end-December 2019 to ₱12.5 billion in 2020. This was largely attributed to the slowdown in revenues coming from domestic and international services, but partly cushioned by higher information and communication technology (ICT) revenues. ICT revenues grew as more enterprises focused on their digital transformation to adapt and thrive in the next normal.

Supporting these revenue streams, Globe's total operating expenses including subsidy posted ₱72.9 billion for the period, relatively flat year-on-year as the increases in provisions,

subsidy costs, repairs & maintenance, rent and staff costs were muted by the declines from interconnection fees, services, and utilities.

Full year 2020 total consolidated EBITDA stood at ₱73.5 billion, down by 3% versus 2019 due to the 2% reduction in the topline. Excluding the one-time additional provisions for doubtful accounts booked in the first half of the year amounting to ₱1.9 billion and the ₱0.7 billion other income, normalized EBITDA would have been ₱74.8 billion or 2% lower versus last year.

With lower EBITDA and higher depreciation charges and non-operating expenses, net income ended at ₱18.6 billion from the ₱22.3 billion reported last year. Higher non-operating expenses this period was mainly due to the one-time impairment loss amounting to ₱4.2 billion largely from the network change out covering the full sunset of the 3G assets and the existing copper infrastructure, as partly offset by the gain of ₱2.3 billion, mostly from the deemed sale of investment in Mynt following a third-party infusion by Bow Wave and loan revaluation. Excluding the effects of these extraordinary items, normalized net income would have been ₱20.4 billion, or 8% year-on-year decline. Accordingly, core net income, which excludes the impact of non-recurring charges, and foreign exchange and mark-to-market charges, posted ₱19.5 billion, a 13% decline from a year ago.

As a testament to Globe's commitment to provide internet access to all Filipinos, the Company invested a total of ₱60.3 billion in CAPEX in 2020, surpassing last year's record level spending by 18%. Also, 2020 CAPEX represented 41% of gross service revenues and 82% of EBITDA. Majority of the CAPEX or about 86% went to data-related requirements to meet the growing data demands of Filipinos nationwide.

Despite the continuing impact of COVID-19 pandemic, Globe was able to build close to 1,300 new cell sites or cell towers, up from 1,100 the previous year. Also, the aggressive modernization of its existing network infrastructure resulted to a total of 11,529 site upgrades to 4G/LTE this year, higher than the 10,135 in 2019. Moreover, Globe deployed 5G sites in Metro Manila, as well as certain cities in Visayas and Mindanao making 5G available in 1,045 areas in the country. These network improvements enhanced the customer experience and the Filipino digital lifestyle, and addressed the challenges of the new normal. The new site builds and network upgrades all over the country were validated by an increase in mobile consistency scores across all regions as indicated in the recent report from an independent analytics firm, Ookla®. Its quarterly data shows that Globe's overall Consistency Score in the fourth quarter of 2020 improved to 60.82 % from previous quarter's 56.83 %. Globe's regional mobile Consistency Score™¹ also improved from the previous quarter in 16 out of 17 regions. In addition, Globe registered increases as high as 10 PPTs (%age points), with Consistency Scores ranging from 39% and 65% in the last quarter of 2020.

Globe consolidated Return on Average Equity (ROE) registered at 22.7% as of end-December 2020, compared to 28.9% in 2019 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 2020 and 2019 were 23.8% and 29.1% respectively.

Accordingly, consolidated basic earnings per common share were ₱135.04 and ₱162.96, while consolidated diluted earnings per

common share were ₱134.40 and ₱162.20 as of end-December 2020 and 2019, respectively.

Globe's balance sheet remained strong and gearing comfortably within bank covenants despite the increase in debt from ₱136.3 billion in 2019 to ₱167.7 billion in 2020. Globe's gross debt to equity is at 2.02x while gross debt to EBITDA is at 2.42x; Net debt to equity ratio is at 1.79x while net debt to EBITDA is 2.14x; and debt service coverage ratio is at 3.31x.

As of end-December 2020 Globe's consolidated assets amounted to ₱339.8 billion compared to ₱304.3 billion in 2019. Consolidated cash, cash equivalents and short-term investments (including investments in assets available for sale and held to maturity investments) was at ₱19.5 billion as of end-December of 2020 compared to ₱8.3 billion as of end-December of 2019.

Consolidated Net cash flows provided by operating activities in 2020 was at ₱65.2 billion, down by 12% from the previous year. Net cash used in investing activities amounting to ₱61.6 billion, was 12% higher from last year. Meanwhile, net cash provided by financing activities amounted to ₱8.5 billion in 2020 versus last year's net cash used for financing activities of ₱33.3 billion.

Consolidated total debt, likewise increased by 23% from ₱136.3 billion at the end of December 2019 to ₱167.7 billion at the end of December this year.

Lastly, Globe also paid out ₱14.4 billion in common cash dividends in 2020, representing 64% of 2019 core net income. This was in line with our dividend policy of distributing 60% to 75% of prior year's core net income.

KEY PERFORMANCE INDICATORS

Financial

Globe is committed to efficiently managing the company’s resources and enhancing shareholder value. The Company regularly reviews its performance against its operating and financial plans and strategies, and use key performance indicators to monitor its progress.

Some of its key performance indicators are set out below. Except for Net Income, these key performance indicators are not measurements in accordance with Philippine Financial Reporting Standards (PFRS) and should not be considered as an alternative to net income or any other measure of performance which are in accordance with PFRS.

<p>AVERAGE REVENUE PER UNIT (ARPU)</p>	<p>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.</p>
<p>AVERAGE MONTHLY CHURN RATE</p>	<p>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.</p>
<p>EBITDA</p>	<p>EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization) is calculated as service revenues less subsidy¹, operating expenses and other income and expenses². This measure provides useful information regarding a company’s ability to generate cash flows, incur and service debt, finance capital expenditures and working capital changes. As the company’s method of calculating EBITDA may differ from other companies, it may not be comparable to similarly titled measures presented by other companies.</p>
<p>EBITDA MARGIN</p>	<p>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.</p>
<p>EBIT and EBIT MARGIN</p>	<p>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.</p>

NET INCOME

As presented in the unaudited condensed consolidated financial statements for applicable periods, net income provides an indication of how well the company performed after all costs of the business have been factored in.

CORE NET INCOME

Core net income is defined as net income after tax (NIAT) but excluding foreign exchange and mark-to-market gains (losses), and non-recurring items.

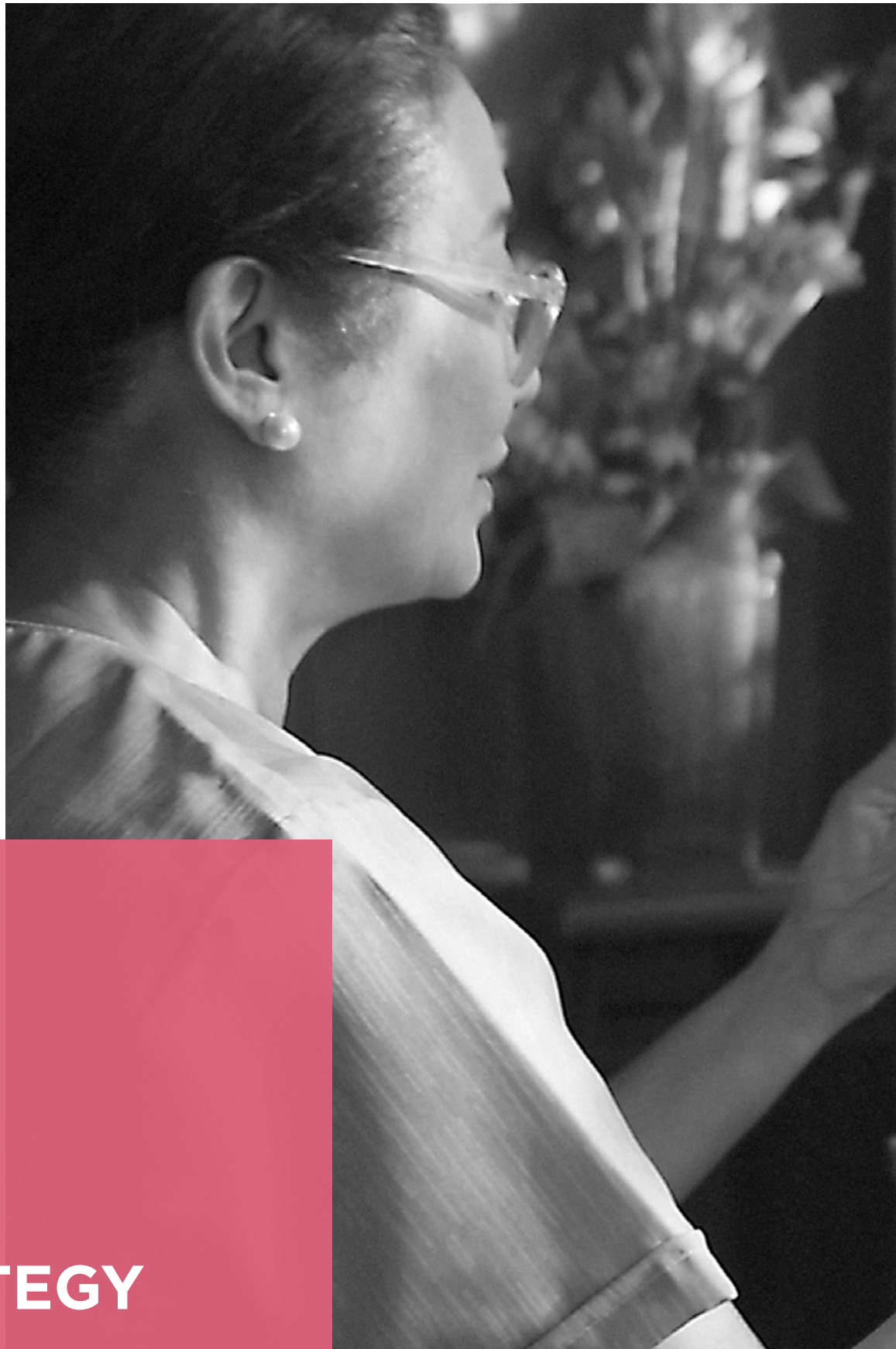
¹Computed as non-service revenues less cost of sales, mostly on sale of handsets/SIM packs, accessories & gadgets

²Operating 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.

¹Mobile Consistency Score™ measures the number of incidences (viewed as a %age) of a provider's samples equal or exceeds both a download threshold of 5 Mbps and an upload threshold of 1 Mbps.



STRATEGY



BUSINESS STRATEGIES

Globe continues to invest in the Philippines to enable Filipino families and businesses, investing ₱60.3 billion in CAPEX in 2020.

Strategy	Description	2020 Performance	2021 Priorities
Accelerate Network Rollout	Deliver on our commitment to provide the best network experience.	<p>CAPEX of ₱60.3 billion</p> <p>As of end December 2020, Globe was able to build close to 1,300 new cell sites or cell towers</p> <p>Upgraded 11,529 site to 4G/LTE</p> <p>Deployed 5G sites in Metro Manila, as well as certain cities in Visayas and Mindanao making 5G available in 1,045 areas in the country</p> <p>+275% FTTH rollout in 2020 vs. 2019</p> <p>Mobile data traffic of 2,517 petabytes in 2020 vs. 1,699 petabytes in 2019</p> <p>Home Prepaid WiFi data traffic of 545 petabytes vs. 115 petabytes in 2019.</p> <p>3.8 million home broadband customers as of end of 2020</p> <p>76.6 million mobile subscribers as of end of 2020</p>	<p>Committing to CAPEX of ₱70.0 billion</p> <p>Bring internet services to more Filipino households through wireless home broadband, Fiber, 5G and constantly improve overall network experience</p>
Serve our New Customer	Know customers deeply to enrich digital lives and businesses	<p>Deployed Go WiFi and Community WiFi to enhance/expand the experience of Globe mobile and broadband customers</p> <p>GlobeOne app which allows subscribers to manage, track, and control multiple Globe accounts (postpaid, prepaid, and broadband). The app allows users to subscribe to promos, track data consumption, pay bills, and make service requests.</p> <p>Globe At Home app - allows subscribers to manage their prepaid or postpaid broadband accounts (exclusive for broadband subscribers only)</p>	<p>Continue deployment of Go WiFi and Community WiFi where and when it matters</p> <p>Continue to forge partnerships and create innovative content-driven experiences for customers</p> <p>Continue to enable the Filipino digital life according to the new and emerging consumer needs</p> <p>Improve customer experience via hyper-targeted Rewards; provide personalized rewards</p> <p>Constantly improve how Globe communicates to its customers through digital sales and care channels.</p> <p>Use of multiple and integrated channels (omni-channel) that create cohesive and personalized customer experience</p> <p>Create delightful customer experiences across complementing digital and traditional channels that cohesively serve customer needs</p>

Strategy	Description	2020 Performance	2021 Priorities
Expand our Digital Ecosystem	Create value through relevant services and solutions for Filipino consumers and businesses beyond connectivity.	<p>Enabled micro, small, medium and large enterprises with relevant business solutions</p> <p>Cloud adoption and Cyber Security solutions for Enterprise customers</p> <p>Over 1.1 million AMAX retailers</p> <p>GCash is the #1 Finance App with 33 million registered Users; over ₱1 trillion gross transaction value</p>	<p>Empower the local economy in its digital transformation by helping businesses flourish through the right technology, infrastructure, solutions and know-how.</p> <p>Enable small business owners to offer more products and services to stimulate the e-commerce industry and the digital economy</p> <p>Continue to develop products that are relevant to the Filipinos beyond telco and leverage the entire Globe ecosystem of portfolio companies and services</p>
Purpose-Driven Organization	Empower a high-performing workforce, focused on our vision for the nation.	<p>8,339 regular employees (54 percent male and 46 percent female)</p> <p>93 percent Sustainable Engagement Score in 2020</p> <p>Purpose Survey Indicators</p> <ul style="list-style-type: none"> • Role and Work contribution to Globe Purpose: 92 in 2020 vs 91 in 2019 • Personal Purpose Contribution to Globe Purpose: 92 in 2020 vs 88 in 2019 <p>Over ₱27 million Employee donation drives for COVID-19 initiatives through #OneGlobeVsCOVID fundraising campaign</p> <p>Zero fatality rate and zero man-hours lost due to work-related accidents</p> <p>Transition towards building an enterprise-wide Simple, Digital, Agile (SDA) organization.</p>	<p>Create a high-performing organization through a purpose-driven workforce with a culture of empowerment, collaboration and innovation</p> <p>Pioneer the transformation of the service delivery engine to Simple, Digital, Agile (SDA) for faster time to market, efficient delivery, effective cost management and better collaboration</p> <p>Continuing organizational focus on customer-centricity</p> <p>Enabling an agile organization through agile competency-building and ways of working</p> <p>Empowering leadership with a focus on clarity, collaboration and succession planning</p> <p>Perpetuating the Circle of Happiness through Purpose, Globe Values and overall Organizational Health</p> <p>Valuing People and together, ensuring sustainability</p>

2021 OUTLOOK

2021 is seen as another record year in terms of investments, as Globe serves over 76 million customers nationwide and committing to ₱70.0 billion in CAPEX in 2021.

SUSTAINABILITY AT GLOBE

Sustainability at Globe is anchored on its Globe Purpose, “In everything we do, we treat people right to do a Globe of Good,” and aims to contribute to 10 United Nations’ Sustainable Development Goals (UN SDGs) guided by the 10 UN Global Compact Principles.

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

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. Corporate entities play an indispensable role in driving progress on these Goals. 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 developed a dedicated strategy to align its core business strategy towards enabling inclusive growth and development. Globe has prioritized goals most relevant to the local context and has devised specific initiatives to drive progress. 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. The company has also been committed to making social investments to create positive social impact in areas such as health and education. The company’s SDG strategy comprises of four key facets:

1. Alignment of the company’s core business initiatives to local and global developmental needs where it can contribute most
2. Partnering with stakeholders to drive programs and initiatives on sustainable development goals
3. Participate actively in public advocacy on sustainable development. The company’s leadership also actively promotes and supports initiatives that enable sustainable development.
4. The company also makes social and philanthropic investments to drive progress on the goals beyond its operational bounds.

SUSTAINABILITY COMMITMENTS AND AFFILIATIONS

Signatory, United Nations Global Compact

- In 2019, Globe became a signatory to the United Nations Global Compact, committing 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


- Globe joins over 1,200 private companies from 100 countries in supporting the call of the United Nations Global Compact (UNGC), for an inclusive alliance among all stakeholders across different nations, sectors, and generations to address the various challenges the world is facing. The “Statement from Business Leaders for Renewed Global Cooperation”, including the full list of CEO supporters, was presented to the UN Secretary-General during the UN Private Sector Forum on September 21 as part of the official UN 75th anniversary commemorations.




Supporter, #RaceToZero

- Globe puts into action its commitment to reduce its carbon footprint by actively supporting the Race To Zero global campaign spearheaded by the United Nations Framework Convention on Climate Change (UNFCCC) and COP26 Presidency and backed by the GSMA, the global mobile industry body. This activity is part of the 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. The Race To Zero was launched on June 5 in time for the World Environment Day celebration. The campaign, which involves a major multi-stakeholder coalition of leaders, aims to send a resounding signal to governments that businesses, cities, regions and investors are united in achieving net zero emissions and in creating a more inclusive and resilient economy.







AYALA'S SDG CHAMPION
Maximizing Relevance
and impact through focus

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

AFFORDABLE INTERNET ACCESS (SDG 9.C)

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

FINANCIAL SERVICES (SDG 9.3.1)

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

ENVIRONMENT MANAGEMENT (SDG 9.4)

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

ESG RATINGS

MSCI ESG Ratings Assessment: A Rating

- Globe has received an MSCI ESG (Environmental, Social, and Corporate Governance) rating of A, up from the "BBB" score it earned previously. 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. MSCI's research provides critical insights that can help institutional investors identify risks and opportunities that traditional investment research may overlook.



FTSE4Good Index: Member since 2016

- FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Globe Telecom has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.



CDP Climate Change questionnaire: B- Rating

- Globe discloses its climate change impacts through CDP, a global non-profit that runs the world's leading environmental disclosure platform. CDP drives companies and governments to reduce their greenhouse gas emissions, safeguard water resources and protect forests. Over 9,600 companies with over 50% of global market capitalization disclosed environmental data through CDP in 2020. This is in addition to the over 920 cities, states and regions who disclosed in 2019, making CDP's platform one of the richest sources of information globally on how companies and governments are driving environmental change.



Sustainalytics: Medium ESG Risk Rating

- In April 30, 2020, Globe Telecom, Inc. received an ESG Risk rating of 25.5 and was assessed by Sustainalytics to be at MEDIUM risk of experiencing material financial impacts from ESG factors. Globe Telecom, Inc. ESG Risk Rating places it in the 77/194 of the Telecommunications industry assessed by Sustainalytics.



REINFORCING COMMITMENT TO THE SDGs

SDGs	Strategic priority	Alignment	Coverage
	<ul style="list-style-type: none"> Habituate and Monetize 	<ul style="list-style-type: none"> KonsultaMD HealthNow ACHealth Mental health Advocacy and support GoHealth to enable access to affordable health insurance 	<ul style="list-style-type: none"> Social and Relationship Capital pages 148-171
	<ul style="list-style-type: none"> Accelerate network roll out Develop ICT Capabilities 	<ul style="list-style-type: none"> Affordable WiFi access for communities Globe eLibrary to promote digital literacy Global Filipino School (GFS) Program Global Filipino Teachers (GFT) Program Digital Thumbprint Program (DTP) Free access to government learning portals Globe Maker Lab and Innovation Hub Initiative to curb online sexual exploitation of children 	<ul style="list-style-type: none"> Social and Relationship Capital pages 148-171
	<ul style="list-style-type: none"> Create new and profitable revenue streams Agile Workforce 	<ul style="list-style-type: none"> Affordable WiFi access for communities Local sourcing and support for MSMEs Mainstreaming 5G Strengthening the country's ICT Infrastructure Supporting Cyber Security Stimulating the PULSE of SME Customers Creating Livelihood opportunities for recovering drug dependents 	<ul style="list-style-type: none"> Manufactured Capital pages 114-125 Intellectual Capital pages 126-135 Social and Relationship Capital pages 148-171
	<ul style="list-style-type: none"> Accelerate network roll out Develop ICT Capabilities 	<ul style="list-style-type: none"> Affordable WiFi access for communities Mainstreaming 5G Enhancing accessibility to 4G/LTE/VoLTE GoWiFi and Globe at Home Strengthening the country's ICT Infrastructure Supporting Cyber Security Stimulating the PULSE of SME Customers 	<ul style="list-style-type: none"> Manufactured Capital pages 114-125 Human Capital pages 136-147 Social and Relationship Capital pages 148-171
	<ul style="list-style-type: none"> Accelerate network roll out Increase Household Penetration 	<ul style="list-style-type: none"> Affordable WiFi access for communities Mainstreaming 5G Enhancing accessibility to 4G/LTE/VoLTE GoWiFi and Globe at Home Strengthening the country's ICT Infrastructure Stimulating the PULSE of SME Customers 	<ul style="list-style-type: none"> Manufactured Capital pages 114-125 Intellectual Capital pages 126-135 Social and Relationship Capital pages 148-171

SDGs	Strategic priority	Alignment	Coverage
	<ul style="list-style-type: none"> • Create new and profitable revenue streams 	<ul style="list-style-type: none"> • Waste Minimization – E-sim cards • Greening the towers • GCash • E-billing initiatives • Responsible Supply Chain Management • Promoting Local sourcing 	<ul style="list-style-type: none"> • Manufactured Capital pages 114-125 • Social and Relationship Capital pages 148-171 • Natural Capital pages 172-183
	<ul style="list-style-type: none"> • Create new and profitable revenue streams 	<ul style="list-style-type: none"> • Climate Education • Reforestation and mangrove conservation program • Greening the towers • Clean energy procurement • Free access to government learning portals • Carbon offset programs • GCash • E-billing initiatives • Responsible Supply Chain Management • Promoting Local sourcing 	<ul style="list-style-type: none"> • Social and Relationship Capital pages 148-171 • Natural Capital pages 172-183
	<ul style="list-style-type: none"> • Create new and profitable revenue streams 	<ul style="list-style-type: none"> • Reforestation and mangrove conservation program • Carbon offset programs • Promoting Local sourcing • Promoting waste minimization and reuse 	<ul style="list-style-type: none"> • Social and Relationship Capital pages 148-171 • Natural Capital pages 172-183
	<ul style="list-style-type: none"> • Create new and profitable revenue streams 	<ul style="list-style-type: none"> • Reforestation and mangrove conservation program • Carbon offset programs • Greening the towers • Responsible Supply Chain Management • Promoting Local sourcing • Promoting reuse and minimizing waste 	<ul style="list-style-type: none"> • Social and Relationship Capital pages 148-171 • Natural Capital pages 172-183
	<ul style="list-style-type: none"> • Accelerate Network Rollout • Create New and Profitable Revenue Streams 	<ul style="list-style-type: none"> • Supporting the Bayanihan Act to boost the presence of cell sites all over the country as well as the proposed extension of Republic Act No. 11469 in order to accelerate the construction of ICT infrastructure. 	<ul style="list-style-type: none"> • Manufactured Capital pages 114-125

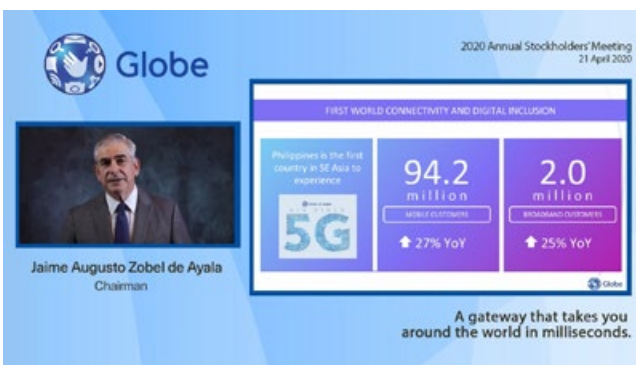
STAKEHOLDER ENGAGEMENT

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

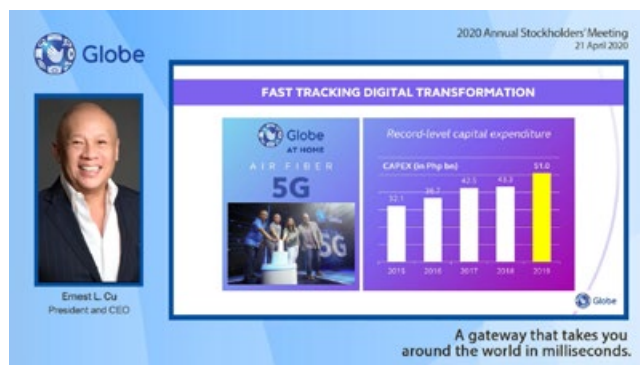
Understanding the company’s stakeholders is imperative to align

the corporate strategy and enhance the relevance of communications published through various platforms. Globe employs a range of engagement techniques with various stakeholders spanning from one to one meetings, surveys, online platform-based dialogue and group interactions. The company’s identified medium of engagement is tailored for each stakeholder

group depending on stakeholder convenience. The response received is reviewed by the management periodically and incorporated into business strategy and implementation.



Message from the Chairman Jaime Augusto Zobel De Ayala at the 2020 Globe Telecom Annual Stockholders’ Meeting, April 21, 2020.



Message from the President & CEO Ernest Cu at the Globe Telecom 2020 Annual Stockholders’ Meeting, April 21, 2020.

Stakeholder Group	Mode of Engagement	Frequency	Stakeholder Concerns	Globe initiatives
Shareholders and Investors	<ul style="list-style-type: none"> Annual Stockholders’ Meeting Quarterly Investors’ Briefing 	<ul style="list-style-type: none"> Annually Quarterly 	<ul style="list-style-type: none"> Higher financial return 	<ul style="list-style-type: none"> Consistent dividend payout Financial Performance Return on Investment (ROI)
Employees	<ul style="list-style-type: none"> One Globe Group Townhalls Regular COVID-19 Updates iSpeak or Sustainable Engagement Index Everyday Leadership Survey Purpose Surveys Performance Plan Evaluation Individual Development Plan 	<ul style="list-style-type: none"> Quarterly Every two weeks Every Other Year Annually 	<ul style="list-style-type: none"> Career Development Programs Safe Workplace Collaborative Environment Employee Benefits Employee Programs 	<ul style="list-style-type: none"> Quarterly Townhalls or Ka-Globe Jam Globe University Leadership and Talent Programs Globe internal communications channels (E-mail and SMS blasts) Employee Virtual Engagement Programs Virtual Mental and Physical Wellness Programs

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

MATERIALITY

The COVID-19 pandemic has demonstrated the dynamic nature of ESG issues, which disrupted businesses and society in an unprecedented manner. As a result, Globe has revisited its materiality to highlight the most relevant issues in the context of an evolving business landscape post-pandemic.

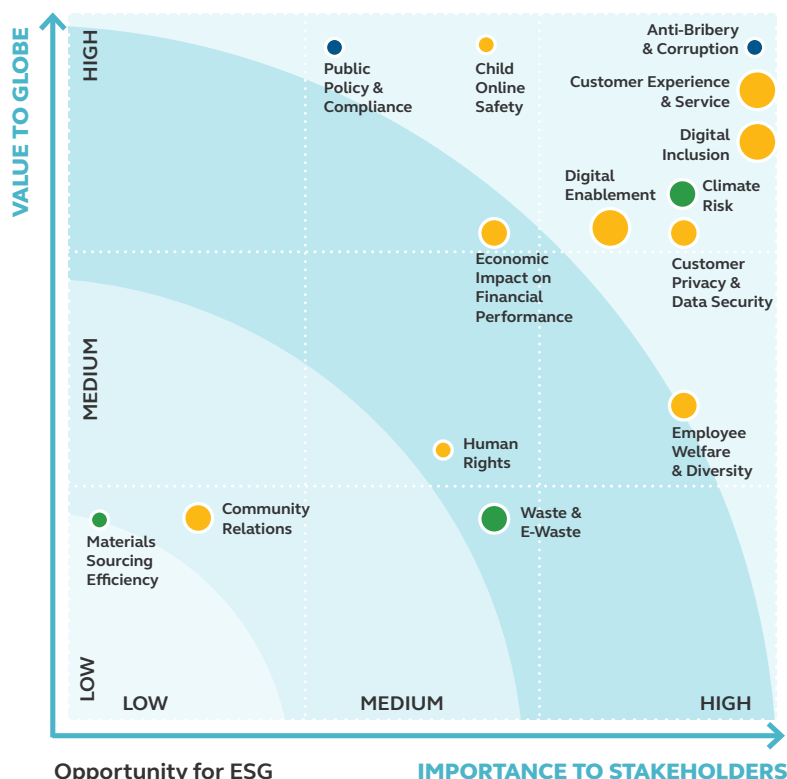
MATERIALITY PROCESS

Globe built on its existing material ESG issues and conducted an in-depth review exercise against global frameworks on sustainable development and ESG standards to determine the relevance of each issue in terms of its value to the business as well as Globe's economic, environmental, and social impact.

This materiality review exercise is based on three main inputs in

determining the prioritization of its material issues. First, the materiality review considered Globe's capabilities in terms of its business model, product offerings, and operational capabilities in order to determine the extent of opportunities for value creation for each material issue. Second, the materiality review benchmarked against industry-specific ESG assessments and stakeholder group perspectives in order to determine the relevance of each material issue across Globe's stakeholders. 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. The matrix below illustrates the prioritization of each material ESG issue in terms of relative importance.



Opportunity for ESG impact/value creation

LOW MEDIUM HIGH

- ENVIRONMENT
- SOCIAL
- GOVERNANCE

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.

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	48-75
Customer Experience & Service	GRI 103-1 GRI 103-2 GRI 103-3	TC0301-10		Social & Relationship Capital	SDG 8 SDG 9	148-171
Digital Inclusion	GRI 103-1 GRI 103-2 GRI 103-3			Social & Relationship Capital	SDG 8 SDG 9	148-171
Climate Risk	GRI 103-1 GRI 103-2 GRI 103-3 GRI 201-2 GRI 302-1 GRI 305-1 GRI 305-2	TC0301-01	Governance Strategy Risk Management Metrics and Targets	Financial Capital Natural Capital	SDG 7 SDG 11 SDG 12 SDG 13 SDG 17	76-87 108-113 172-183
Digital Enablement	GRI 103-1 GRI 103-2 GRI 103-3			Intellectual Capital	SDG 4 SDG 8 SDG 9	126-135
Child Online Safety	GRI 103-1 GRI 103-2 GRI 103-3			Intellectual Capital	SDG 4 SDG 10	126-135
Public Policy & Compliance	GRI 103-1 GRI 103-2 GRI 103-3 GRI 415-1 GRI 419-1 GRI 307-1			Corporate Governance Materiality Manufactured Capital Social & Relationship Capital Natural Capital	SDG 8 SDG 9 SDG 16 SDG 17	48-75 102-103 114- 125 148-171 172-183
Customer Privacy & Data Security	GRI 103-1 GRI 103-2 GRI 103-3 GRI 418-1	TC0301-02 TC0301-03 TC0301-04 TC0301-05 TC0301-06 TC0301-07		Intellectual Capital	SDG 8 SDG 9	126-135
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	108-113
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 405-1, GRI 406-1 GRI 407-1, GRI 408-1			Corporate Governance Human Capital	SDG 4 SDG 5 SDG 8 SDG 9	48-75 136-147
Human Rights	103-1 103-2 103-3 412-2			Human Capital	SDG 5 SDG 10	136-147
Waste & E-Waste	103-1 103-2 103-3 306-3			Natural Capital	SDG 12 SDG 13	172-183
Community Relations	103-1 103-2 103-3 413-2			Social & Relationship Capital	SDG 4 SDG 8 SDG 9 SDG 12	148-171
Materials Sourcing Efficiency	103-1 103-2 103-3 204-1			Social & Relationship Capital Natural Capital	SDG 12 SDG 13	148-171 172-183

HOW GLOBE CREATES VALUE

OUR INPUTS

FINANCIAL CAPITAL

CAPEX ₱60.3B

₱270.86B Market Capitalization

MANUFACTURED CAPITAL

275% increase in Fiber to Home Builds vs 2019

18% new cell sites built for 2020 vs 2019

INTELLECTUAL CAPITAL

US\$12M investment in privacy and cybersecurity capabilities

₱747M worth of investments for digital interventions

HUMAN CAPITAL

8,339 Employees

₱63M invested in training and development

₱13.4M invested towards employee engagement

SOCIAL & RELATIONSHIP CAPITAL

85.4% local suppliers

₱38.8M spent on CSR initiatives

8.3M Customers

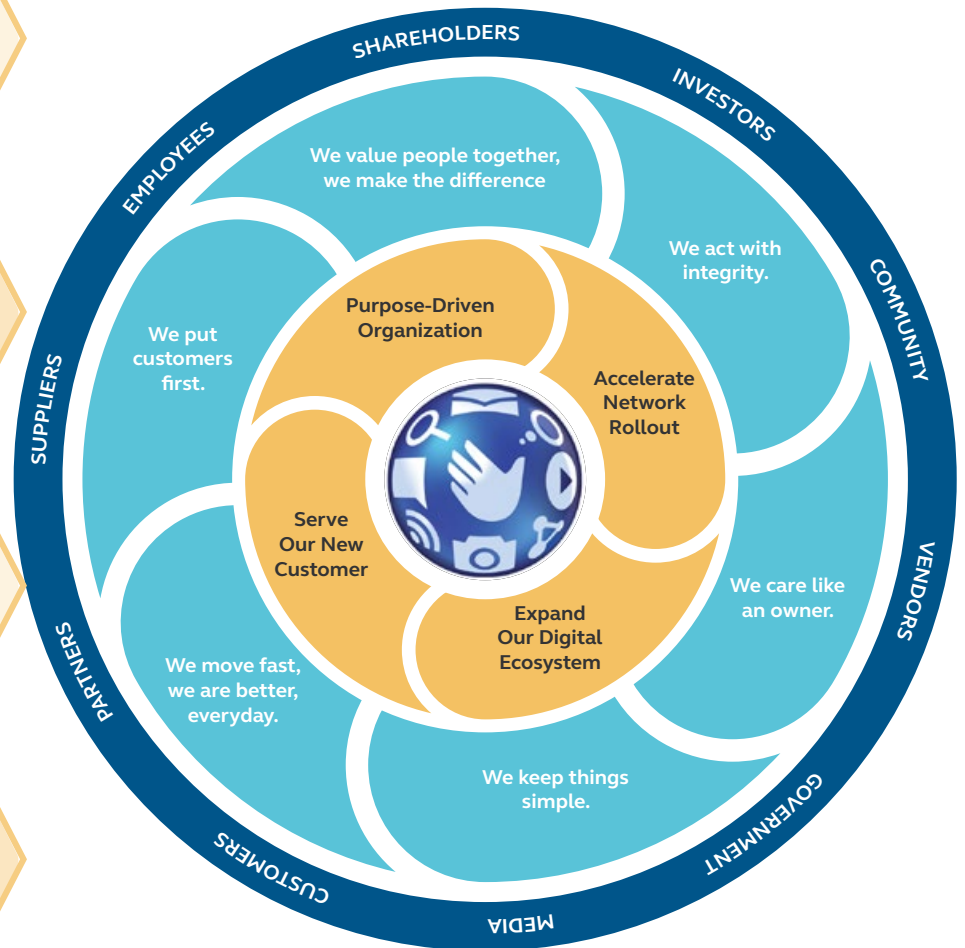
NATURAL CAPITAL

590 MW electricity consumed at Globe Operations

13.7M liters fuel consumed

₱123.87M towards renewable energy Power Purchase Agreements

OUR BUSINESS ACTIVITIES



OUR VALUES

OUR STRATEGIC BUSINESS OBJECTIVES

As a purpose-driven organization, Globe operates a business model that aims to deliver transparent communication and keen insight into the responsible nature of its business activities. Value creation at Globe encompasses critical internal and external factors that continue to influence business operations. The company's business model showcases the critical inputs required to generate sustainable business outputs, culminating into long-term value creation for the company's stakeholders. The company's core business is built on the foundation of the company's core values and drivers, establishing a culture of trust and transparency within the organization as well as with the company's partners. Furthermore, the performance on the six capitals enables Globe to develop a strategy and effectively implement business activities. The interlinkage and synergies between these capitals showcases a symphonized organizational environment, one in which each challenge can be solved with collaboration enabled multi-disciplinary solutions.

OUR OUTPUTS

2020 CAPEX represented 41% of gross service revenues and 82% of EBITDA

Total mobile subscriber base is at 76.6 million

Total home broadband subscriber base now stands at 3.8 million

Expanded 5G coverage to 17 key cities in Metro Manila, Visayas, and Mindanao.

Expanded infrastructural capabilities with 1,300 new cell sites built and 1,857 permits issued with the support of ARTA JMC and BAYANIHAN 2

Expanded ICT capabilities through a US\$ 4 million acquisition of substantial assets of the US-based company, Cascadeo

Partnered with Zscaler Cloud Platform and SecureWorks to strengthen its cybersecurity capabilities

Presence of a strong Occupational Health and Safety system (ISO45001) to ensure best in class health and safety practices.

Globe has a systematic approach to the up-skilling and realization of employee professional goals, with customized learning modules to address individual needs as well as the provision of collective unique learning experiences through Globe University.

Implemented the PULSE strategy to fuel customer delight, enhance supplier engagement and empower local communities.

Strong presence of a Responsible Supply Chain strategy comprising of the Globe Supplier Code of Ethics (SCOE), embedding sustainability in supplier contracts and strengthening the company's vendor monitoring system.

Deployed additional Green Network Solutions across operations that use cleaner fuel with lower emissions, consume less diesel fuel, and provide energy-efficient heat removal.

34.42 hectares reforested in partnership with Hineleban Foundation, Inc. and The Mead Foundation.

48.8 million customers have enrolled to e-billing

OUR OUTCOMES

FINANCIAL CAPITAL

₱146.4B Gross Service Revenues

₱73.5B EBITDA

4% Shareholder Return



MANUFACTURED CAPITAL

93% of Cities and Municipalities covered

183% Growth of Globe at Home

11,529 sites upgraded to 4G/LTE



INTELLECTUAL CAPITAL

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

₱12.5B Revenue generated through strengthened ICT capabilities

8 new key tools and interventions introduced to fuel workforce agility and efficiency



HUMAN CAPITAL

29.6 average training hours per employee

93% Sustainable Engagement Score

46% of women in workforce



SOCIAL & RELATIONSHIP CAPITAL

₱190B Investment made in local economy due to local procurement/partnerships

192,590 total individuals, groups, and organizations as CSR beneficiaries



NATURAL CAPITAL

1.73% overall reduction for GHG emissions vs 2019

7.32% of Solid Waste generated diverted from landfill

3.95% of energy sourced from renewable sources



CAPITALS





FINANCIAL CAPITAL

We focus on building robust financial management systems and making strategic investment decisions to enable distinguished service capabilities. Our financial value creation relies on enabling customer delight and augmenting bottom line resilience.

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



STRATEGIC PRIORITIES

- Accelerate Network Rollout
- Serve our New Customer
- Expand our Digital Ecosystem
- Purpose-Driven Organization



RISKS ADDRESSED

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



GOVERNANCE ASPECTS COVERED

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



SUSTAINABLE DEVELOPMENT GOALS ALIGNMENT WITH SDGs

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



MATERIAL TOPICS IN FOCUS

- Climate Risk
- Economic Impact on Financial Performance



PERFORMANCE HIGHLIGHTS

- Cash CAPEX ₱60.3 billion
- 2020 CAPEX represented 41% of gross service revenues and 82% of EBITDA.
- Total home broadband subscriber base stood at 3.8 million, up 88% from 2019

Insights into synergies and interlinkages of Globe's 6 Capitals



MANUFACTURED

- Infrastructural capabilities unlocking opportunities to expand customer base, elevating customer experience.
- ₱60.3 billion CAPEX for network-related investments and infrastructural development.



INTELLECTUAL

- Enabling distinctive and reliable service capabilities which are at the core of securing the position of market leadership.
- ₱747 million worth of investment made in digital interventions.



HUMAN

- Investments made in employee growth and well-being.
- Enhanced workforce engagement and productivity. In 2020, Globe's employee engagement survey "iSpeak" witnessed a 99% Participation Rate and a 93% Engagement Score.



SOCIAL & RELATIONSHIP

- Making investments to sustain meaningful relationships with the company's customers and the local community.
- ₱1.3 billion combined services and assistance towards COVID-19.



NATURAL

- Channelising financial resources to support environmental stewardship efforts and capitalizing on the cost saving accrued through resource conservation initiatives.
- ₱1.685 million investment in environmental initiatives.

REINFORCING RESILIENCE, BOLSTERING GROWTH

IN THIS CHAPTER

- Economic impact & financial performance
- COVID-19 response
- Globe’s contributions to the economy
- Overview of economic performance
- A glimpse of Globe’s mobile business

- A glimpse of fixed line and home broadband business
- New investments in 2020
- Financial implications and other risks and opportunities due to climate change
- The Road Ahead (Outlook for 2021)

STAKEHOLDER IN FOCUS

- Shareholders
- Investors

ECONOMIC IMPACT & FINANCIAL PERFORMANCE

The pandemic is challenging business models globally, upending traditional ways of working, shutting down certain sectors of the economy, disrupting supply chains, and severely constraining consumer spend. As a result, businesses and the economy as a whole became increasingly reliant on virtual platforms. This places a critical responsibility on telecom companies such as Globe Telecom to support individuals in staying connected and businesses to function smoothly, despite the constraints imposed by social distancing.

In the local front, the Chief of National Economic and Development Authority (NEDA) said that the government and the private sector need to work together to harness digital platforms and alternative means to source from, and supply to, the country.

During these trying times, Globe relentlessly worked towards enabling access to its services, tailoring digital solutions and augmenting broadband coverage for Filipinos. Furthermore, Globe continues to focus on advancing financial inclusion and enabling enhanced services for its customers through innovative and engaging platforms.

COVID-19 RESPONSE

Key issues in focus:

Supporting the Philippines and its people in the battle against COVID-19.

Globe’s response:

With the onset of the COVID-19 pandemic, the company prioritized the needs of the nation and its people. Globe made strategic investments in key focus areas to protect and support the economy from the adverse impacts of the pandemic. Additionally, the company made significant financial donations, supporting its stakeholders in the Philippine’s battle against the COVID-19 pandemic. Further details regarding the donations made can be referred to from our COVID-19 section.

To keep each and every Filipino abreast of the dynamic updates on COVID-19 advisories, Globe provided free access to the official websites of the Department of Health (DOH) and the National Disaster Risk Reduction and Management Council (NDRRMC). Furthermore, to support the healthcare industry and our frontline workers, the company provided free and unlimited internet connection via its GoWiFi services at select hospitals in Metro Manila. This service was provided across 17 hospitals located in Manila, Makati, Taguig, Pasig, San Juan and Quezon City.

Globe continues to support the Philippines government with the passing of RA No. 11469 or the Bayanihan to Heal as One Act and the RA No. 11494 or the Bayanihan to Recover as One Act. Along with the government and in support of these laws, the company has capitalized on the opportunities identified in the area of permits to build maximum cell-sites and roll-out the Globe network to support our stakeholders in every capacity during the COVID-19 pandemic.

The company also suspended credit actions from March 15, 2020 for all its postpaid customers, including enterprise customers nationwide, for a period of 30 days from the due date. This initiative has been implemented in conjunction with Globe’s support of the government’s decision to provide credit relief to provinces and cities under the enhanced community and modified enhanced community quarantine. Additionally, the company has provided installment options during the initial months of the pandemic to ease any possibility of a financial burden to its customers.

GLOBE’S CONTRIBUTIONS TO THE ECONOMY

Globe remains committed to providing internet access to all Filipinos. The company invested a total of ₱60.3 billion in CAPEX in

To support the government's information drive to fight COVID-19, Globe sent a total of 517,591,757 public advisories through SMS to its subscribers. Globe Telecom made a contribution of ₱1.3B to support the economy to cope with the impacts of the COVID-19 pandemic.

2020, surpassing 2019 with a record level spending by 18%. Additionally, 2020 CAPEX represented 41% of gross service revenues and 82% of EBITDA. A majority of the CAPEX or about 86% went to data-related requirements to meet the growing data demand of Filipinos across the Philippines. Despite the continuing impact of the COVID-19 pandemic, Globe implemented a three-part network roll-out strategy that includes: (1) Aggressive cell site builds; (2) Upgrade of all its sites to 4G/LTE; and (3) Fast-tracking the fiberization of Filipino homes nationwide.

In 2020, Globe built close to 1,300 new cell sites, an increase from 1,100 cell sites built in 2019. Additionally, the aggressive modernization of its existing network infrastructure resulted in a total of 11,529 site upgrades to 4G/LTE this year, higher than the 10,135 sites in 2019. Globe also deployed 5G sites in Metro Manila, as well as certain cities in Visayas and Mindanao making 5G available in 1,045 areas in the country. The company's total operating expenses including subsidy for 2020 posted ₱72.9 billion for the period and a total consolidated EBITDA stood at ₱73.5 billion, down by 3%

versus 2019 due to the 2% reduction in the topline. EBITDA margin was marginally affected at 50% from 51% in 2019. Excluding the one-time additional provisions for doubtful accounts booked in the first half of the year amounting to ₱1.9 billion and the ₱0.7 billion other income on long outstanding payables, normalized EBITDA would have been ₱74.8 billion or 2% lower versus 2019. This would have translated to a 51% normalized EBITDA margin which is at par compared to 2019.

OVERVIEW OF ECONOMIC PERFORMANCE

This year evidenced Globe's innate resilience and financial robustness. Notwithstanding the pandemic and its negative impact on the Philippine economy, the company's total consolidated service revenues posted only a 2% decline from the record level revenues of ₱149.0 billion in 2019 to ₱146.4 billion in 2020. The significant growth in data revenue, which accounts for 76% of total service revenues mainly fueled this year's performance, as millions logged in from home for work, business, education, entertainment, telehealth and other online services. Globe Group's consolidated assets as of December 31, 2020 amounted to ₱339.8 billion compared to ₱304.3 billion as of December 31, 2019. Consolidated cash, cash equivalents and short-term investments (including investments in assets available for sale and held to maturity investments) was at ₱19.5 billion as of end-December of 2020 compared to ₱8.3 billion as of end-December of 2019.

Net cash flows provided by operating activities in 2020 was at ₱65.2 billion, down by 12% from the previous year. Meanwhile, net cash used in investing activities amounting to ₱61.6 billion, was 12% higher from last year. Consolidated net cash provided by financing activities amounted to

₱8.5 billion in 2020 versus last year's net cash used for financing activities of ₱33.3 billion. Consolidated total debt, likewise increased by 23% from ₱136.3 billion at the end of December 2019 to ₱167.7 billion at the end of December this year.

Globe ended the year with a gross debt to equity ratio on a consolidated basis at 2.02:1, which is well within the 3.0:1 debt to equity limit dictated by the company's debt covenants. Finally, the total common cash dividend paid out for 2020 was ₱14.4 billion, while consolidated basic earnings per common share were ₱135.04 as of end-December 2020.

A GLIMPSE OF GLOBE'S MOBILE BUSINESS

Mobile business revenues as of end-December of 2020 slid by 7% from nearly ₱111.0 billion last year to ₱103.1 billion this year mainly due to the negative effects of the ECQ/MECQ period. Mobile revenues improved in the second half of the year with higher prepaid top-up levels and postpaid subscriber acquisitions, as the country reopened business activities, bringing back jobs and increasing the mobility of Filipinos, albeit below full capacities under GCQ/Modified GCQ. Total mobile revenues comprised 70% of the total service revenues, with a total mobile subscriber base of 76.6 million.

From a product view, mobile data revenues posted close to ₱72.0 billion for the full year of 2020 from ₱71.4 billion last year, with the continued online education, remote working, use of videoconferencing and social network apps to stay in touch with families and friends. Mobile data now accounts for 70% of mobile revenues from 64%, a year ago. Mobile data traffic soared to 2,517 petabytes in 2020 from 1,699 petabytes in 2019, which translates to a 48% growth year-on-year. Meanwhile, mobile voice and mobile SMS revenues ended

at ₱20.0 billion and ₱11.0 billion, lower year-on-year by 16% and 29%, respectively.

A GLIMPSE OF FIXED LINE & HOME BROADBAND BUSINESS

Buoyed by the robust demand for fast and reliable internet connection, the Home Broadband business enjoyed a banner year with double-digit growth, posting a 23% year-on-year increase from the ₱21.7 billion posted in 2019 to a record ₱26.8 billion as of end-December of 2020. Total home broadband subscriber base now stands at 3.8 million, up 88% from 2019, propelled by the sustained increase of fixed wireless broadband users, now up by 122% from last year. As of end-December 2020, HPW data traffic surged to 545 petabytes from 115 petabytes in 2019.

Corporate Data ended the year with ₱12.5 billion revenues, down by 3% from a year ago, largely coming from domestic and international services as partly mitigated by higher information and communication technology (ICT) revenues. However, Globe’s total Fixed line Voice revenues declined year-on-year by 2%.

NEW INVESTMENTS IN 2020

Globe has entered into an agreement to substantially acquire all of the assets of the US-based Cloud Consulting Companies, Cascadeo Corporation and Cascadeo Partners for US\$4 million. This investment echoes Globe’s thrust to build a robust ICT portfolio and deliver tools and solutions that propel businesses to stay competitive towards the digital future. Globe’s vast resource pool and extensive reach in the Philippine market together with Cascadeo’s specialized expertise in cloud-based products and services bring forth synergies, which will be passed on to the Philippine and

US enterprise clients through an upgraded cloud-based product and service offering.

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 provides a strong sense of confidence to businesses that Globe holds extensive experience and knowledge in designing, architecting, building, migrating, and managing workloads and applications on the Cloud.

To support customers in any stage of their cloud adoption and help them leverage digital technologies in attaining their desired goals, Globe Business developed a framework that begins with connectivity, cybersecurity, and the Cloud. Globe anticipates that businesses will be able to brave the future with support from Cascadeo and with a triple-play of services—wherein connectivity serves as the backbone of digitization, cybersecurity as the gatekeeper of undisrupted operations, and the Cloud as the facilitator of digital transformation.

FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES DUE TO CLIMATE CHANGE

The global landscape is experiencing environmental risks of unprecedented scale and magnitude. The 2020 global risk report highlighted environmental risks as one of the top five (5) risks in terms of likelihood of occurrence. With regard to the Philippines, the country was found to be one of the most vulnerable to climate hazards in the 2019 INFORM Global Risk Index.

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



Globe Business held its annual Leadership Innovation Forum (Lead-In) virtually, gathering over 850 business leaders and executives amid unconventional times.

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.

In order to manage these risks, Globe has established a dedicated climate strategy enabling the company to remain resilient to climate risks,

while capitalizing on opportunities presented by the transition to a low carbon future. To this end, the company has adopted a multi-pronged strategy to effectively contribute to global climate change mitigation efforts through building operational resilience and carbon emission management. The Sustainability team reports to the 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.

THE ROAD AHEAD (OUTLOOK FOR 2021)

For 2021, despite the continuing negative impact of the COVID-19 pandemic, the company remains optimistic about regaining momentum as the economy continues to recover. Globe believes that the relevant product platforms in place, coupled with the aggressive investments made in the network,

would allow revenues to increase by low to mid-single digits from 2020. EBITDA margin is expected to remain in the low 50s, as margins will continuously be impacted by the increasing contribution of lower-margin data-related products, but offset with efforts in managing costs.

The 2021 cash CAPEX budget will stand at approximately ₱70 billion for continued network expansion and enhancement, with increased allocation for the rollout of the fiber network and 5G footprints.

2021 will likewise be impacted by the upswing in depreciation charges given the elevated CAPEX programs. Moreover, the company's lower share in equity losses of Mynt is seen to continue and no additional asset impairment is expected for 2021.

We have dramatically ramped up our investments in existing and new internet technologies and infrastructure, which have positive benefits to our country, businesses, households and individuals. These investments create value for all stakeholders, and society as a whole. In particular, our #1stWorldInternet campaign harnesses the combined strengths of Globe, the government, our customers and the general public to overcome historical obstacles to building fixed and mobile internet in our country.

Gil B. Genio
Chief Technology and Information Officer
and Chief Strategy Officer

**MANUFACTURED
CAPITAL**




 <p>STRATEGIC PRIORITIES</p> <ul style="list-style-type: none"> • Accelerate Network Rollout 	 <p>RISKS ADDRESSED</p> <ul style="list-style-type: none"> • Business Disruption Risk • Customer Experience Risk • Digital Transformation Risk • Information and Communications Technology Risk • Political and Socio-economic Risk • Regulatory Risk • Third Party Risk
 <p>GOVERNANCE ASPECTS COVERED</p> <ul style="list-style-type: none"> • Executive Committee • Audit and Related Party Transactions Committee • Board Risk Oversight Committee • Finance Committee 	 <p>ALIGNMENT WITH SDGs</p> <ul style="list-style-type: none"> • 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
 <p>MATERIAL TOPICS IN FOCUS</p> <ul style="list-style-type: none"> • Public Policy & Compliance 	 <p>PERFORMANCE HIGHLIGHTS</p> <ul style="list-style-type: none"> • Globe expanded its 5G coverage to 17 key cities in Metro Manila, Visayas and Mindanao. • The company expanded its infrastructural capabilities with 1,300 new cell sites in 2020. • The company's FTTH builds increased by 275% in 2020. • Globe aims to install 2,000 new cell towers in 2021.

Insights into synergies and interlinkages of Globe's 6 Capitals



MANUFACTURED



FINANCIAL

- Expansive network infrastructure enabling market access and business continuity.
- Increased presence of the company over 1,908 cities and 80 municipalities, reaching out to a larger customer base.



INTELLECTUAL

- Strengthened ICT capabilities and robust internet connectivity services for the company's expansive customer base.
- Appropriate investments in infrastructural capabilities augmented cybersecurity initiatives and digital service offerings of the company.



HUMAN

- Supporting employees by expanding ICT infrastructure.
- Globe encouraged additional towers/physical site builds in 2020 with a 18% increase since 2019, ensuring the seamless use of reliable network infrastructure.



SOCIAL & RELATIONSHIP

- Augmenting improved network infrastructure to enhance customer experience and addressing increased data demand.
- In 2020, Globe accelerated the presence of 5G across a total of 708 5G sites, with 636 sites in NCR and 72 sites in VisMin, enabling superior customer experience.



NATURAL

- Encouraging resource efficient initiatives across organizational infrastructure capabilities.
- Globe achieved carbon neutrality for electricity consumption of its headquarters and six other offices and key facilities.

ENHANCING CONNECTIONS, SUSTAINING GROWTH

IN THIS CHAPTER

- Megatrend: Addressing the Demand for Data
- COVID-19 Response
- COVID-19 Taskforce
- Improved Network Infrastructure for Augmented Agility
- Increasing Accessibility to 5G Technology
- Creating Shared Value Through Technology Development
- Integrated Management System
- Business Continuity Management
- The Road Ahead (Outlook for 2021)

STAKEHOLDER IN FOCUS

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

MEGATREND: ADDRESSING THE DEMAND FOR DATA

Asia’s technological transformation was seen to accelerate in 2020, particularly nudged by the challenges posed by the COVID-19 pandemic. There has been an increased amount of investments made in R&D, intellectual property creation and innovation capabilities. With augmented support from governments to accelerate digital and technology transformation, Asian players can be seen to raise efficiency and resilience in their delivery networks through key drivers of value.¹

Globe continues to work towards supporting the long-term vision of the Filipinos cherished in the Ambisyon Natin 2040. This long-term national vision depicts a holistic life for all Filipinos in the next 20 years to be matatag (strongly rooted), maginhawa (comfortable), and panatag (secure). In order to be a future-ready enterprise, accelerate technology adoption and stimulate innovation that supports this vision, Globe continues to upgrade its existing capabilities and network infrastructure by pursuing innovative capabilities and overcoming challenges to expand its presence in the Philippines. Furthermore, the company’s Audit and Related Party Transactions Committee (ARC) assist the Board of Directors to monitor and ensure compliance with legal,

regulatory, and corporate governance requirements.

The COVID-19 pandemic hampered the growth of the Philippine economy and impacted Filipinos severely with restrictions such as social-distancing and essential quarantine requirements. The resultant loss of jobs, income, and investments as well as disruptions in domestic value chains, have imposed hurdles for achieving long-term targets for the Philippine economy. However, this ‘New Normal’ has also accelerated the pace of digitization and changed the way businesses and individuals operate and create value. Globe is fully committed to facilitate Filipinos in adapting to this change and continues to fortify its network infrastructure to ensure resiliency in an unprecedented and challenging environment. The company is consistently modernizing and upgrading its network to provide seamless connectivity for its customers. Along with Local Government Units (LGUs), Globe continues to expand its investment in building more cell sites and augment the presence of Information and Communications Technology (ICT). The company thus supports the Bayanihan Act that aims to boost the presence of cell sites all over the country as well as the proposed extension of Republic Act No. 11469 in order to accelerate the construction of ICT infrastructure.

With increasing urgency, the requirement of a supportive digital environment represents the crux of supporting an exponential and holistic development of the Philippine economy. Globe also made significant progress towards additional towers/ physical site builds in 2020 with a 18% increase since 2019.

The G20 and World Economic Forum (WEF) define a ‘digital economy’ as the ‘broad range of economic activities that use digitized information and knowledge as key factors of production, and modern information networks as an important activity space, as well as ICT to drive productivity growth.’ Various international organizations purport the importance of digitization to economies, showcasing it as a catalyst for innovation, growth and social prosperity.² In line with this vision, Globe continues to make sustained capital investment to enhance existing network infrastructure and provide best-in-class services for its customers. The surge in data demand was further accelerated with the COVID-19 pandemic, nudging Filipinos to embrace digitization and technological innovations. The company has thus laid out a 3-pronged strategy to improve data experience: aggressive cell site builds, upgrading all cell sites to 4G/LTE, and fast-tracking the fiberization of Filipino homes nationwide.

GLOBE ACCELERATE CELL SITE BUILDS AND UPGRADES, FTTH DEPLOYMENT, AND 5G COVERAGE

ACCELERATE CELL SITE BUILDS



~1,300

NEW CELL SITES BUILT

↑18% vs. 2019

EQUIP SITES WITH 4G/LTE



11,500+

SITES EQUIPPED WITH 4G/LTE

↑14% vs. 2019

FAST TRACK FIBER TO THE HOME



+275%

FFTH ROLLOUT

2020 vs. 2019



5G now available in 1,045 areas

848 SITES Metro Manila & Rizal

183 SITES Visayas & Mindanao

PLUS SEVERAL PARTS OF CAVITE, LAGUNA, AND BULACAN

COVID-19 RESPONSE

Key issues in focus:

Business Continuity Management

Globe's response:

With the onset of the COVID-19 pandemic and the enhanced community quarantine, Filipinos relied on fast and dependable internet connectivity. However, Globe also faced challenges of building, maintaining and repairing the company's network infrastructure as the company had to comply with quarantine and travel protocols. The company continued to support the Philippine government to expedite the enhancement of telecommunication services across the Nation. Globe also undertook various business continuity and disaster preparedness initiatives to support the delivery of

telecommunication services in a safe manner.

During this period, Globe had activated its Crisis Response Team and operationalized the company's Emerging Infectious Disease Business Continuity Plan (EID-BCP). The EID-BCP was developed to ensure that the company will be able to (i) keep its employees safe, (ii) continue to deliver key products and services, and (iii) deliver on its legal and regulatory obligations in the midst of a pandemic. The same set of policies extends to the company's critical vendors and partners ("Suppliers") through our Supply Chain Continuity Management process; where we require our Suppliers to have a similar plan in place and share pertinent information related to the current situation or event so that Globe can help or adjust its response accordingly.

The five major aspects of the EID plan are as follows:

- **Prevention:** Implementation of preventative measures focusing on detection, risk reduction, and increased sanitation in all offices.
- **Containment:** Procedures to be executed upon detection of a highly likely or a confirmed infection. This includes disinfection of affected areas and contact tracing.
- **Support for treatment and recovery:** Employees who are confirmed to be infected or may possibly be infected are given appropriate medical support through accredited healthcare partners. The support provided includes treatment and hospitalization as well as mental health services.

• **Continued operations:**

Implementation of operational strategies such as the activation of critical skeletal force, rotating operations, and full work from home arrangements to ensure continued delivery of services. This also covers the support provided to the critical skeletal force to aid them as they continue to perform critical tasks.

• **Communication:**

As the organization deviates from its regular practices, communication is key to ensure a smooth transition to new ways of conducting its business and to maintain optimum productivity levels under the current circumstances. During the initial onset of the COVID-19 pandemic, constant and transparent communication is especially important to apprise stakeholders of the direction that management is taking and to assure employees of the management’s full support.

sites (e.g., acrylic barriers, signages, additional sanitation facilities, etc.), requirements of CSF employees as well as additional requirements for network roll-out and maintenance, among others.

IMPROVED NETWORK INFRASTRUCTURE FOR AUGMENTED AGILITY

According to the World Digital Competitiveness Ranking 2020, the Philippines has been ranked in the top 10 for telco investments, globally. Globe is pleased to state that it continues to increase investments towards building resilient infrastructural capabilities and to accelerate the pace of digital transformation. The company thus expanded its capabilities with 1,300 new cell sites in 2020, which is 18% higher as compared to 2019.

In order to meet the surging demand for telecom services, Globe relies on local government units (LGUs), barangays, and other stakeholders to expedite the construction of cell sites. With the onset of the COVID-19 pandemic, the company supported the Bayanihan to Recover as One Act⁴ (Republic Act 11494) and the implementation of the Joint Memorandum Circular (JMC), with the aim to reinforce the target of building more cell sites across the country. This has helped shorten the time to process requirements and construct common towers from the previous average of 200 days to only 16 days. Globe was, thus, able to secure 1,857 permits for 2020, allowing the company to build close to 1,300 new sites and complete 11,529 upgrades to 4G/LTE. With the accelerated pace of network expansion, the benefits are anticipated to be multifold for millions of Filipinos, accompanied with an increased capacity to meet the needs of customers. In 2020, Globe initiated the construction of major cell sites covering several areas in different parts of the Philippines,

The company’s network expansion efforts successfully resulted in improved calls, texts and data services of Globe’s customers across 1,098 cities and municipalities in 80 provinces, across the country.

including Aklan, Albay, Batangas, Bohol, Bulacan, Cebu, Davao del Sur, Iloilo, Laguna, Metro Manila, Maguindanao, Negros Occidental, Pampanga, Pangasinan, Quezon, Zamboanga, Sulu, Capiz, Nueva Ecija, Nueva Vizcaya, Tarlac, Palawan, North Cotabato, Leyte, Bukidnon, Benguet and Zambales, among others.

The company’s network expansion efforts successfully resulted in improved calls, texts and data services of Globe’s customers across 1,098 cities and municipalities in 80 provinces, across the country. Globe’s efforts towards expanding ICT infrastructure for telco service improvement was further recognized by the Philippines government, appreciating the improved services for the Filipino people. The company continues to work towards its ambition of a #1stWorldNetwork, an aspiration Globe shares with the National Telecommunications Commission (NTC). Furthermore, the accelerated progress towards tower installations was realized through Globe’s partnerships with several tower companies, such as Aboitiz InfraCapital Inc. (AIC), ISOC-edotco, Transcend Towers Infrastructure (Philippines), CREI Philippines (CREI) and Frontier Towers & Associates (FTA), which swiftly advanced the active acquisition and build phases. Furthermore, Globe continues to support LGUs in its endeavour to accelerate cell site builds, encourage tower sharing and increase the

COVID-19 TASKFORCE

As soon as we received news on the confirmed cases from neighboring countries, Globe raised its EID alert level and established a cross-functional task force for COVID-19 response. This task force includes members from Human Resources, Business Continuity Management Program Office and Corporate Property Management. The task force was primarily responsible for monitoring the situation, developing strategies, policies, execution plans, communicating action plans to implementing teams, and releasing advisories across the organization. The task force also had a direct line of reporting to management, which was crucial to facilitate critical and timely decisions. To help with the pandemic response efforts, an internal exercise was conducted to reprioritize OPEX and CAPEX spending towards procurement of Personal Protective Equipment (PPEs), building additional safety measures within all offices and

availability and accessibility of reliable and resilient internet connectivity to each and every Filipino across the country.

In order to enhance each passenger’s commuting experience once the ‘New Normal’ sets in, the Light Rail Transit Administration (LRTA) supported Globe in building its network capacity in LRT2, even as Metro Manila was under the Modified Enhanced Community Quarantine (MECQ) due to the COVID-19 pandemic. This collaboration between LRTA and Globe will enable the company to install several cell sites along the stretch of LRT2’s line from Santolan Station in Quezon City to Recto Station in Manila. With at least 180,000 to 240,000 commuters a day, Globe is humbled to be offered the opportunity to provide comfortable and reliable telecom services for thousands of passengers.

The company’s agenda to work towards aggressive network expansion has also benefited customers beyond their critical requirements. With the increased cell site builds and network upgrades, Globe customers enjoy improvements

to in-service experience, including games and entertainment. The company was to be chosen as a joint winner by Opensignal in the Games Experience category, where users play real-time multiplayer games on mobile devices, a parameter that measures average sensitivity to network conditions. Additionally, Ookla verified that Globe had the most consistent 4G network in 16 out of 17 regions, with the overall Consistency Score in the fourth quarter of 2020 improved to 60.82%

from previous quarter’s 56.83%. In addition, Globe registered increases as high as 10 PPTs (percentage points), with Consistency Scores ranging from 39% and 65% in the last quarter of 2020.

“We are optimistic that with these builds, we can bring more opportunities as connectivity ensures better communication, better service, and better promotion of small businesses in the communities. In Sulu, for example, better signal means the farmers there can go directly to potential buyers and customers not only in Zamboanga but directly to other places where they can sell their mangosteen, lanzones, marang, durian, vegetables and other harvest goods. This will mean more income for them.”

Joel Agustin, Globe SVP for Program Development-Network Technical Group

CASE STUDY

Globe drives awareness on network infrastructure expansion⁴

In order to increase awareness regarding the urgent requirement of network infrastructure expansion and the accompanied benefits, Globe participated in a series of webinar sessions, organized by the Liveable Cities Challenge (LCC). These sessions aimed to equip cities, leaders and stakeholders with the insights required to design better solutions and services for their communities. Globe, represented by Vince Tempongko, VP for Site Acquisition and Management, and Mark Abalos, Segment Head for Education, discussed the importance of network expansion and the benefits of technology in helping teachers and students transition to the new normal. Additionally, the webinar also expounded the use of technology to build a resilient education system, allowing students to continue to learn despite travel restrictions, health protocols and social distancing.

“Sa pagdami kasi ng mga cell site nagkaroon ng mas magandang opportunity ang mga tao lalo na sa business. Yung social media, yung online selling at yung communication ng mga information sa update sa pandemya at kung ano ang nangyayari sa ating bayan at bansa ay nakatulong ng malaki.”

**Vice Mayor
Kristan Rommel Misola**
Sta. Cruz, Zambales

Globe built 25 new cell sites in Caloocan in 2020.

Since its installation, **Mark Carballo**, an avid gamer, stated “I understand the system better now that when there are more cell sites, more people benefit from better signal.”

Key highlights of network and cell site expansion

Globe installed 99 new cell towers in Quezon City and completed 917 site upgrades from January to November 2020.

Globe's LTE expansion benefited customers in 19 provinces in Mindanao with 12 site upgrades in Davao del Sur, 2 site upgrades in Basilan, Zamboanga Sibugay and Sulu and at least 1 site improvement in Tawi-Tawi, among others.

LTE sites expansion was seen to improve the quality of services for Globe customers by more than 50% in 17 barangays and by at least 10% in 64 barangays.

The company's dynamic push towards modernization through building new LTE sites, upgrading existing LTE sites, and shifting from 2G and 3G networks to 4G LTE with 10-fold speed increase, showcased remarkable improvements in connectivity and improved mobile experience for its customers in 115 barangays in Metro Manila, Northern Luzon, Southern Luzon, Visayas and in Mindanao. Through these site builds, Globe intends to help customers with their pressing requirements, such as online or distance learning, working from home and starting their own online businesses. Additionally, the company's new LTE site builds and upgrades also improved its services and connectivity in 115 barangays across the Philippines.

INCREASING ACCESSIBILITY TO 5G TECHNOLOGY

As Globe honors its promise to bring the latest technology to all

CASE STUDY

Globe successfully completes the first-ever international 5G video call in the Philippines

Globe completed a successful international 5G video call with AIS Thailand. The call lasted for more than three minutes and continued without any glitch and zero lags. The success of the call further showcased Globe's efforts and readiness to roll out mobile 5G across the Philippines.

parts of the country, the company expanded its 5G coverage to 17 key cities in Metro Manila, Visayas and Mindanao. Through timely upgrades to its existing technology, Globe continues to improve its connectivity and mobile experience by unlocking extensive potential for its customers, with 5G technology now available in Bacolod, Boracay, Iloilo, Talisay, Lapu-Lapu, Cordova, Minglanilla, and Cebu City in Visayas; and in Davao City and Cagayan De Oro in Mindanao.

5G, the latest wireless internet technology, promises faster speeds, higher bandwidth and more stable internet connections compared to 4G. As a pioneer in 5G service, the company ensures that cutting-edge technology is readily accessible to additional areas in Metro Manila and nearby locations. Globe announced a huge milestone of 5G network coverage expansion in the central business districts of Bonifacio Global City (BGC), Makati, Rockwell Center, and Ortigas, as well as in strategic areas along EDSA and C5, among

In 2020, Globe has installed a total of 708 5G sites, with 636 sites in NCR and 72 sites in VisMin.

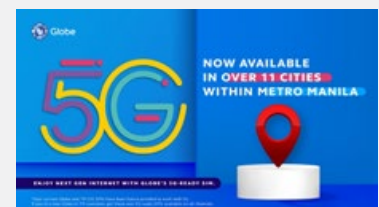
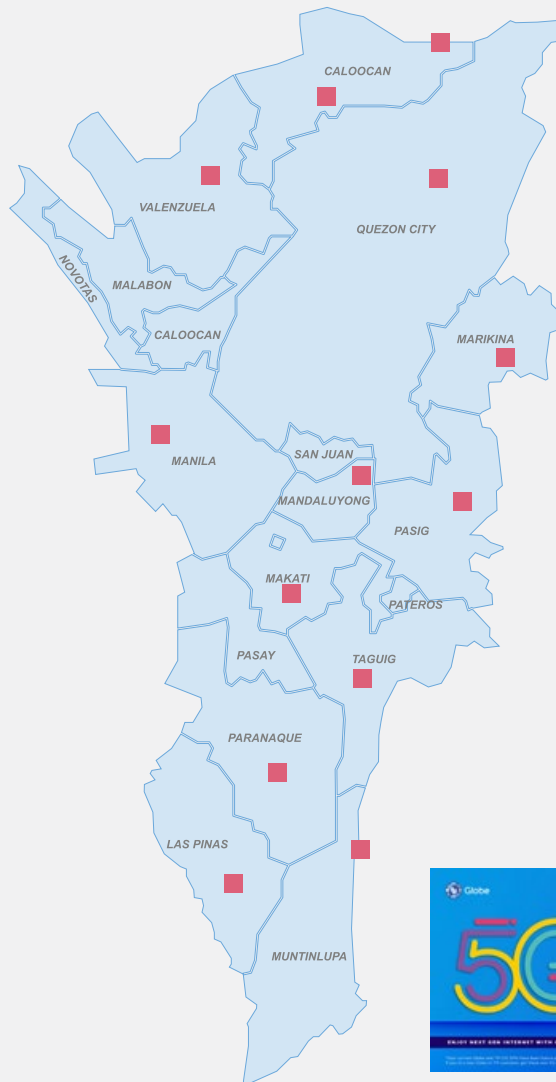
others. The benefits of the company's 5G network for its customers have been further elaborated in the Social and Relationship Capital.

The company announced the availability of mobile 5G to its Globe Prepaid and TM customers that currently have 5G devices and are within 5G areas. The expansion enables customers to experience faster speeds and effortlessly stream movies and TV shows at the highest quality. Furthermore, the benefits of the technology are also seen through the lower latency to play immersive online games, with fewer lags and the clearest resolution for video chats. In 2019, Globe became the first telco in Southeast Asia to launch 5G through the introduction of its AirFiber broadband service for Globe at Home subscribers. The service has now been made available to all Globe Platinum, Postpaid, and Prepaid customers. The benefits of 5G for Globe's customers have been further elaborated in Social and Relationship Capital.

Globe accelerated 5G coverage in 2020 made available in 1,045 areas, 848 sites in Metro Manila and Rizal as well as 183 sites in Visayas and Mindanao.

Globe announced the addition of new 5G locations in:

- **Quezon City:** Commonwealth Ave., Tandang Sora Road, Mindanao Ave, Luzon Ave.
- **Manila:** Abad Santos Ave., Rizal Ave., Honorio Lopez Blvd.
- **Marikina:** Sumulong Highway, Bagong Silang
- **Caloocan:** Quirino Highway, C3 Road, Congressional Road Ext.
- **Valenzuela:** Pan Philippine Highway, Tamaraw Hill Road
- **Mandaluyong:** Shaw Boulevard; Boni Ave.
- **Pasig:** C. Raymundo Ave., Medical City Bus Stop
- **Las Pinas:** Alabang Zapote Road, Marcos Alvarez Ave.
- **Makati:** Pasong Tamo, JP Rizal, and strategic areas in Magallanes Village
- **Taguig:** Lawton Avenue, Philippine Army, McKinley Road, and Forbes Park
- **Paranaque:** East Service Road, Dona Soledad Ave., Dr. A. Santos Ave.
- Strategic areas along **SLEX** and **NLEX**



Globe continues to expand the 5G coverage nationwide. The list of 5G Areas can be accessed through: <https://www.globe.com.ph/5g/areas.html>

CREATING SHARED VALUE THROUGH TECHNOLOGY DEVELOPMENT

Addressing growing data demand through 4G/LTE coverage

In order to experience better mobile data service as well as an enhanced digital lifestyle, Globe encouraged its mobile customers to replace their old and outdated SIMs to LTE SIM cards. Customers were incentivised to make this switch by providing the LTE SIM free-of-charge and enabling retention of their old contact number.

To increase accessibility to the digital lifestyle, Globe also provides affordable LTE smartphones at Globe Online Shop, Lazada and Shopee. The company continues to provide innovative upgrades to ensure enhanced digital fluency for every Filipino. Globe successfully upgraded 11,500+ sites to 4G/LTE in 2020, 14% higher as compared to 2019.

To support the National Plan of the Philippines and accelerate the shift to a digital economy, Globe continues to increase the availability of 4G/LTE as the new standard of mobile

internet technology for every Filipino. The company is taking efforts to align technological enhancement and network upgradation with the National Plan to boost digital inclusivity, facilitate continuity of business and enhance productivity. To this end, Globe aims to increase the capacity of advanced wireless networks in order for its customers to enjoy better data experience. The upgrades aim to help Filipinos, particularly small and medium businesses, to survive and thrive, in the new normal.

As of end-December of 2020, Home Prepaid WiFi data traffic surged to 545 petabytes from 115 petabytes in 2019.

Broadband

The mobile platform accounts for 97% of total internet users in the Philippines⁵, with the presence of home broadband penetration relatively low. Globe’s Broadband strategy represents a strong foundation to accelerate digitization for every Filipino. Fiber to the Home (FTTH) represents the best technology currently available to provide more bandwidth and reliability at an affordable cost, along with flexibility of catering to future customer demands.

The onset of the pandemic led to an increased need for Filipinos to shift from mobile to home broadband, inducing augmented demand for faster connectivity to support work, learning and entertainment at home. However, the existing broadband infrastructure, which relies heavily on copper cables was unable to provide the quality of connectivity that customers required, nudging the company to increase its focus on upgrading to fiber-optic networks. With additional subscribers for FTTH, there remains a significant market demand for the technology and Globe’s investments in FTTH saw an increase of 189% in 2020 as compared to 2019. The company also accelerated FTTH deployment with 275% FTTH rollout in 2020 as compared to 2019. Moreover, the company aims to install 1M lines in 2021.

Additionally, Globe At Home witnessed 183% growth, as of September 2020, in customers who

CASE STUDY

Increasing the accessibility of affordable WiFi in Pasig City, General Santos City and Koronadal City

Globe partnered with the local government of Pasig City, General Santos City and Koronadal City to provide high speed and affordable internet access through GoWiFi and KonekTayo WiFi. The partnership aims to enhance digital equity in the city and support communities in online learning, remote working and supporting small businesses. Globe works towards enabling a richer digital experience through cost-effective internet connectivity for every Filipino. Additionally, the partnership also propels Pasig to become a 21st century city and achieve its digital transformation goals. Pasig City, as part of GoWiFi’s 2,800+ hotspots across the Philippines, can now enable users to access 100mbps of high-speed internet within the coverage of a GoWiFi site, regardless of the network provider.

KonekTayo WiFi deployed buses that were converted to WiFi hubs with special antennas. The bus then broadcasts WiFi signal in select areas of the city in order to ensure that students and workers can access reliable home internet from 7 am to 7 pm, Monday to Sunday at the Ilaya Covered Court, Santolan Big Amphitheatre and Kapitolyo San Joaquin Elementary School. Additionally, GoWiFi will also be implemented at key locations such as Pasig City Hall, Pasig Mega Market, Rave Park and Plaza Bonifacio among others in 2021. The company also plans to power 5 housing projects (around 3,000 households) by KonekTayo WiFi (viz. Pasig City Bliss Housing, Eusebio Bliss Village, Pasig City, Maybunga Housing Project, Eusebio Bliss IV Karangalan, Karangalan Village).

availed of broadband fiber plans as compared to the same period last year. The company also witnessed a 69% rise in the number of Globe At Home subscribers who use broadband fiber during the same period. Globe also encouraged its customers to move to FTTH to enjoy high-speed internet of up to 500 megabits per second (Mbps), facilitating large file transfers, video streaming, conferencing, online learning and gaming, among others.

Though there were mobility constraints caused by the pandemic, the company successfully migrated 60% of its targeted customers to the latest high-speed network for free from January to September 2020. The company’s FTTH builds increased

by 275% in 2020 as compared to 2019. Globe’s fiber lines ensure that its customers are well-connected and better served, particularly in areas where the company cannot immediately install cell towers. Fiber optic lines ensure less glitches compared to traditional copper lines as they have the potential to withstand the impact of harsh weather and require minimal space. Being “future-proof”, fiber optic lines are flexible to allow subsequent upgradation for better services.

INTEGRATED MANAGEMENT SYSTEM

To establish a cohesive management system implementation for our

operations, Globe has endeavored to implement an Integrated Management System (IMS). Globe achieved an enterprise-wide certification for IMS in 2018 and will be up for recertification by 2021. The IMS currently consists of ISO 22301 for Business Continuity Management, ISO 14001 for Environmental Management, and ISO 45001 for Occupational Health and Safety Management. The implementation of the IMS is guided by our policies on Environmental Sustainability, Health and Safety, and Business Continuity.

The IMS aims to integrate the different management systems into a holistic framework, defining its interconnection and implementing unified objectives across Globe. Through the IMS, Globe is able to:

1. Unify common document requirements from the different management systems;
2. Establish a single governance structure monitoring activities across the management systems; and
3. Integrate periodic audits of involved management systems.

To ensure the effectiveness and suitability of the IMS, a management review is done on an annual basis. The top management, implementation managers, process owners, and users review the management system to ensure that all policies and objectives are still aligned with management targets or if there is a need to update them. On top of external audits, an internal audit team performs annual internal audits to help to ensure the effective implementation of the management systems.

BUSINESS CONTINUITY MANAGEMENT

Business Continuity Management plays a vital role in ensuring the reliability of the company's activities and services. The 2020 Global Risks

Business Continuity Management Policy

Globe values people and puts customers first in everything we do. We build sustainable, resilient, and reliable infrastructures and operating systems that will ensure continuity of our services before, during, and after any disaster. At the core of our BCM is a robust enterprise architecture that will protect the integrity of customer data and transactions at all times.

Our network infrastructure is designed to ensure service disruptions are at a minimum or, at best, non, with strategic redundancies embedded within our architecture. We have standby resources—physical, financial, and manpower augmentation through our network of vendor partners and shareholder community—to overcome large-scale business disruptions and disastrous events, so that our customers will continually be served with mobile, data, and other telecommunications services. It is management's primary objective, including our critical business partners to meet this commitment.

We commit to:

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

Report confirms extreme weather events and climate action failure to be amidst the top 10 risks in terms of likelihood and impact.⁶ The severity of these risks can have adverse impacts on Globe's business activities. At Globe, the company's investment in Business Continuity Management (BCM) represents an integral foundation of its operational resilience and excellence. For this purpose, Globe incorporates a Business Continuity Management Framework that reflects the resiliency of its people, process and infrastructure in order to effectively respond to disasters. The company also has a dedicated team

that is responsible for ensuring the efficiency of the Business Continuity Management System and maintaining its ISO 22301 (Business Continuity Management) certification. The company is currently certified on an enterprise-wide level for ISO 22301 which is implemented under the Integrated Management System.

In the case of unforeseen events such as The Big One, Globe ensures resiliency with ready-to-deploy and flexible solutions that provide communication requirements in pre-defined government command centers and safe operating zones. Once the communication

requirements have been established, the restoration of the network follows for wider area coverage. These solutions include Cell Site on Wheels (COW) and Tower on Wheels (TOW) which can handle up to 1,000 simultaneous calls within a 3-5 kilometer radius. Additionally, the company has implemented a complete mobile cell phone network system called Cellular-on-a-LightTruck (COLT) which is powered by mobile generators. Globe has also introduced an innovative solution, Network-in-a-Box (NIB) which is an actual cell site that serves a considerable number of subscribers and can be easily carried like a backpack by personnel. There is also a deployable mobile command center (MCC) where tactical roles can be performed to manage resources on ground. The company aligns

its outage reports on the National Telecommunications Commission (NTC) requirements during disasters submitted every 3 hours.

In addition to having a backup network, the company also supports the government in its rescue operations by deploying emergency equipment and Globe personnel from a strategic location to the disaster area, by land and air. It has ready resources for emergency communication solutions to support customer requirements. Simultaneously, Globe has collaborated with the National Disaster Risk Reduction and Management Council (NDRRMC) to send out geo-tagged disaster-related SMS alerts and cell broadcasts to its customers as required by Republic Act 10639 otherwise known as “The

Free Mobile Disasters Alert Act”. The company has also strengthened partnerships with local government units, trade distributors, and communities across the Philippines for the provision of free calls, texts, charging, and internet connectivity in disaster-affected areas. Moreover, Globe also contributed to relief measures with the distribution of food packs, donation of mobile phones and prepaid load for emergency responses, among other institutional donations.

In the case of tropical cyclones, Globe continues to redesign and retrofit the company’s towers along the typhoon path to comply with the latest National Structural Code of the Philippines. This is to ensure that the towers would stand strong despite powerful winds and heavy rains. Globe has also equipped key sites which were identified as “first to recover and last to be disrupted”, with relevant access technologies and redundant transport facilities, in the event of an area-wide outage. These technologies convert aerial fiber optic cables to underground fiber optic cables for improved connectivity. It also uses microwave facilities for redundancy. Since disasters are often accompanied by loss of electricity, Globe complements backup batteries with higher capacity generators to address prolonged commercial power outages.

The company has provided relief measures to disaster-struck communities during the Taal eruption and typhoon Quinta, Rolly, and Ulysses through the deployment of Libreng Tawag, Libreng Charging, Libreng WiFi (LT/LC/LW) stations and provision of relief packs. For 2020, LT/LC/LW were deployed to 95 locations, with 36,872 families benefiting from relief support. The roll out of these initiatives were prioritized for the most affected cities and municipalities in NCR, Regions II, III, IV-A, IV-B, and V.

Emerging Infectious Diseases Business Continuity Plan

Globe gives utmost importance to the safety of its employees and their families. The company established processes on how to prepare for and respond to outbreaks of EID through this policy and be able to:

- (a) Prevent Globe employees from contracting these diseases;
- (b) In case of infection, bring the affected employee to a referral medical center or DOH identified hospitals for proper treatment;
- (c) Isolate cases;
- (d) Avoid the spread of the disease; and
- (e) Ensure business continuity.

Globe acknowledges that communications are critical, especially during a crisis/pandemic. Moreover, a lot of our business customers and even our individual subscribers use or consume our products and services for critical day-to-day activities. As such, Globe has established processes, procedures and service recovery teams to ensure that our key products and services will continue to be available. The company has also established strategic plans to limit service disruption and deliver speedy recovery of services, if and when disrupted. Globe shall act in accordance with the Government’s regulations and advisories related to EID outbreaks or a pandemic. We have fixed employees who constantly coordinate and collaborate with the government to ensure that we are able to support the community we serve and the nation at large.

THE ROAD AHEAD (OUTLOOK FOR 2021)

For 2021, Globe aims to install 2,000 new cell towers with a planned massive roll-out, in order to cater to increased demand for connectivity and bigger capacity. Customer requirement for enhanced connectivity and better services was also seen to increase in 2020 and is projected to grow even more in 2021. The company aims to establish a strong presence of 4G/LTE across the Philippines as Globe accelerates the migration to faster and more reliable network technologies. Furthermore, Globe continues to advance improved wired and fiber connectivity to each

and every Filipino's home, along with increasing the availability and accessibility to 5G technology. As we continue to see a bright start to Globe's partnerships with tower companies in 2021, we hope to see more cell towers across the Philippines. The strengthened ICT infrastructure and expansion of the company's cell sites will increase the capacity of Globe's network in most areas, while providing better access and mobile experience to customers in specific parts of the country where the company's presence has not yet been fortified.

The company's dynamic push towards modernization through building new

LTE sites, upgrading existing LTE sites, and shifting from 2G and 3G networks to 4G LTE with 10-fold speed increase, showcased remarkable improvements in connectivity and improved mobile experience for its customers in 115 barangays in Metro Manila, Northern Luzon, Southern Luzon, Visayas and in Mindanao. Through these site builds, Globe intends to help customers with their pressing requirements, such as online or distance learning, working from home and starting their own online businesses. Additionally, the company's new LTE site builds and upgrades also improved its services and connectivity in 115 barangays across the Philippines.

¹<https://www.mckinsey.com/featured-insights/asia-pacific/how-asia-can-boost-growth-through-technological-leapfrogging?cid=eml-web>

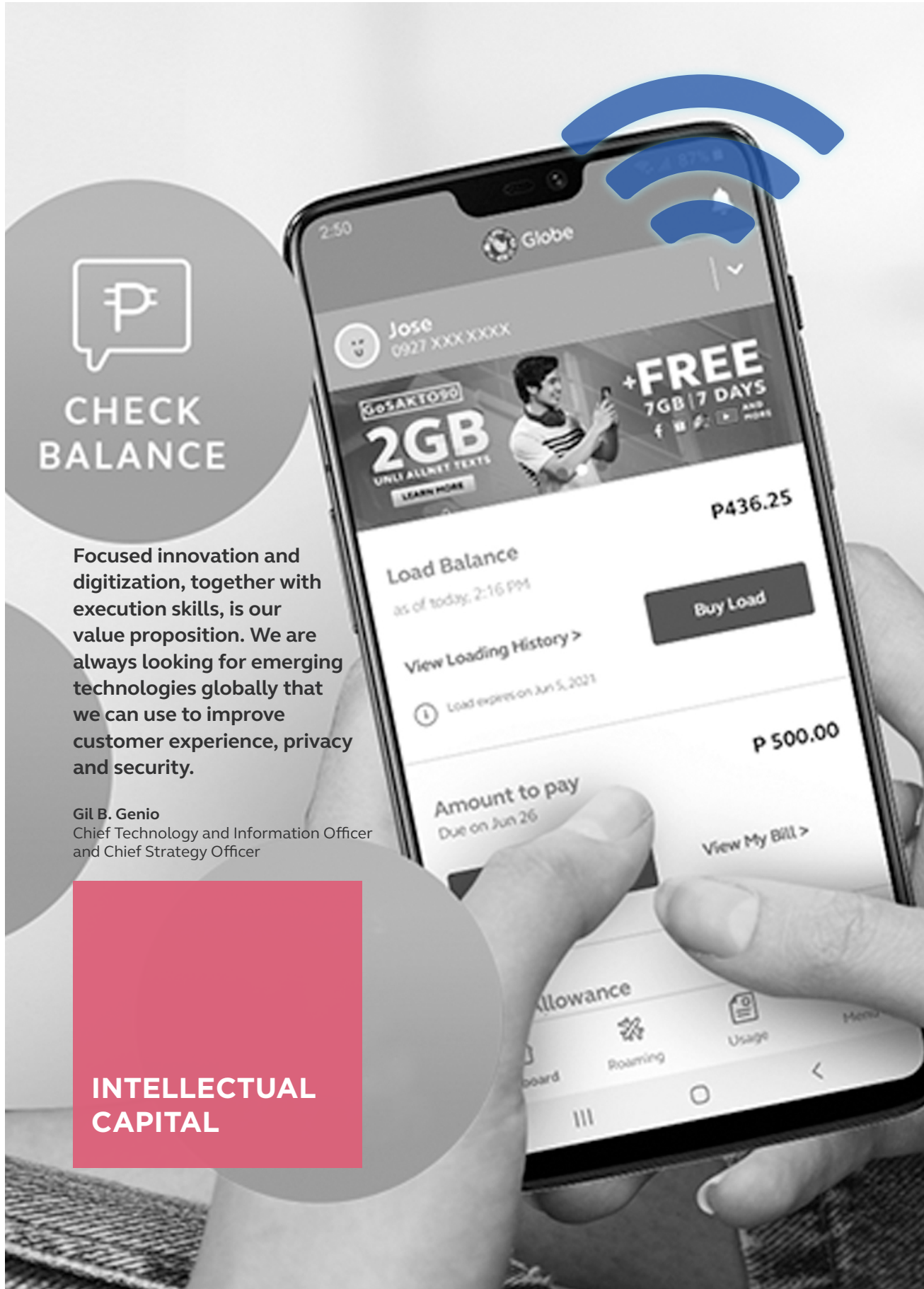
²Philippines Digital Economy Report 2020 : A Better Normal Under COVID-19 - Digitalizing the Philippine Economy Now

³The Bayanihan Act is seen to foster the approval of permits and clearances from local government units (LGUs) in as short as seven days, as mandated by the Ease of Doing Business and the Efficient Government Service Delivery Act of 2018.

⁴<https://www.speedmagazine.ph/globe-builds-6-new-sites-for-better-internet-experience-in-malabon/>

⁵<https://www.hootsuite.com/resources/digital-2020>, <https://wearesocial.com/digital-2020>

⁶<https://www.weforum.org/reports/the-global-risks-report-2020>



**CHECK
BALANCE**

Focused innovation and digitization, together with execution skills, is our value proposition. We are always looking for emerging technologies globally that we can use to improve customer experience, privacy and security.

Gil B. Genio
Chief Technology and Information Officer
and Chief Strategy Officer

**INTELLECTUAL
CAPITAL**

 <p>STRATEGIC PRIORITIES</p> <ul style="list-style-type: none"> • Expand our Digital Ecosystem 	 <p>RISKS ADDRESSED</p> <ul style="list-style-type: none"> • 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
 <p>GOVERNANCE ASPECTS COVERED</p> <ul style="list-style-type: none"> • Audit and Related Party Transactions Committee • Executive Committee • Finance Committee • Board Risk Oversight Committee (BROC) • Information Security and Data Privacy Division 	 <p>ALIGNMENT WITH SDGs</p> <ul style="list-style-type: none"> • 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
 <p>MATERIAL TOPICS IN FOCUS</p> <ul style="list-style-type: none"> • Digital Enablement • Child Online Safety • Customer Privacy & Data Security 	 <p>PERFORMANCE HIGHLIGHTS</p> <ul style="list-style-type: none"> • Globe entered a partnership with Vending Experts Night and Day Philippines, Inc. to introduce the country's first Quick Response (QR) code-based vending machines. • Globe expanded ICT capabilities through a US\$ 4 million acquisition of substantial assets of the US-based company, Cascadeo • Globe partnered with Zscaler Cloud Platform and SecureWorks to strengthen its cybersecurity capabilities. • In 2021, Globe aims to focus on expanding its telco and ICT infrastructure as well as platforms to enable seamless service offerings for customers, while protecting their data privacy.

Insights into synergies and interlinkages of Globe's 6 Capitals



USHERING THE PHILIPPINE ECONOMY THROUGH THE NEXT DIGITAL REVOLUTION

IN THIS CHAPTER

- Megatrend: Heightened emphasis on cybersecurity
- COVID-19 response
- Customer experience, privacy and data security
- Partnering for excellence
- Fueling workforce agility and efficiency

- Elevating customer experience and security
- Delivering solutions for emerging customer needs
- Globe’s focus on customer safety and responsible online conduct
- Enhancing cybersecurity
- Data Centre Excellence
- The Road Ahead (Outlook for 2021)

STAKEHOLDER IN FOCUS

- Customers
- Partner, Vendors and Suppliers
- Employees
- Community

MEGATREND: HEIGHTENED EMPHASIS ON CYBERSECURITY

The impact of the pandemic forced the transition of a myriad of activities to digital modes which has resulted in higher risks of unsolicited activities and cyber attacks. Consequently, the robustness of cybersecurity systems has emerged as a crucial focus area for corporates globally. This paradigm shift induced by the increased dependency on digital modes has nudged the Securities and Exchange Commission (SEC) to publish an advisory for corporations in the Philippines to strengthen their cybersecurity systems. The Commission emphasized on the importance of evaluating the exposure of corporates to cybersecurity risks through periodic penetration testing and risk assessments. The commission also encouraged corporates to tailor interventions and governance mechanisms to strengthen their existing cybersecurity systems. The role of the company senior management and Board in cybersecurity and digitization has also been underscored. This focus builds on the 2016 data privacy and protection directive (Republic Act No. 10173 or the Data Privacy Act of 2012) that requires companies to publish a statement of compliance with data privacy regulations.

COVID-19 RESPONSE

Key issues in focus:

- Accelerated digitization across sectors
- Enhanced focus on cybersecurity

Globe’s response:

To meet the sudden increase in demand for internet and connectivity solutions, Globe worked towards enabling the digital transformation of the economy. This focus was coupled with efforts to strengthen cybersecurity and responsible online conduct. The company also forged partnerships and devised digital solutions to meet sector specific needs. Some key sectors of focus included healthcare, education, logistics and e-commerce among others.

CUSTOMER EXPERIENCE, PRIVACY AND DATA SECURITY

The urgency of restrictions imposed by the COVID-19 pandemic provided an impetus for the rapid digital transformation of economies worldwide. As e-commerce, work-from-home, remote learning and virtual consultations became an integral part of the ‘new normal’, an increased reliance on uninterrupted internet connectivity and affordable digital technologies was observed across geographies. The Philippine

economy, which stood at the cusp of digitization prior to the onset of the pandemic, witnessed an accelerated digital transformation as a result of the pandemic.

This context provided a boost to Globe’s existing initiatives on digitization of the Philippine economy. The company customized its services and products to meet the requirements of both retail customers and enterprises. The company also rolled out various digital services, such as self-service channels and product bundles, that catered to the emerging needs of its client. Notwithstanding the surge in demand for services, Globe’s focus remained on enhancing digital experience and ensuring seamless and consistent service quality. The company further explored innovative, content-driven services in its efforts to provide personalized experience for both mobile and broadband-based customers.

Over the past few years, Globe has been committed to digitizing its core business practices while fueling the digital empowerment of Filipinos. The company’s digital strategy encompasses a comprehensive approach that focuses on:

- Unlocking operational excellence: Digitizing internal processes within the company

- b. Partner-centric approach for driving excellence: Harnessing the synergies of partnerships to accelerate digital transformation
- c. Fueling workforce agility and efficiency: Empowering Globe employees' by leveraging innovative digital tools
- d. Enhancing customer experience and security: Capitalizing on digital technologies to bring new service offerings to the market while enhancing existing service delivery and ensuring customer security

PARTNERING FOR EXCELLENCE

Over the years, Globe has forged strategic partnerships to enhance its digital capabilities. This approach has helped the company channelize the value of these synergies to elevate its value proposition for its customers.

1. Stimulating cashless transactions:

Globe entered a partnership with Vending Experts Night and Day Philippines, Inc. (VEND Phils. Inc., a company with expertise in vending machines) to introduce the country's first Quick Response (QR) code-based vending machines. These coffee vending machines enable cashless and contactless transactions, leveraging a QR code payment system that utilizes GCash. Contactless transactions enabled by these machines also contributed to supporting precautionary measures employed to curb the spread of COVID-19. The vending machines also incentivize customers to use their own coffee mug instead of disposable paper cups. Through these vending machines, Globe contributes not only towards digitization but also to further its sustainability agenda and support both SDG 9 (Industry, Innovation and Infrastructure) and SDG 12 (Responsible Consumption and Production).

2. Strengthening ICT capabilities:

Globe expanded its ICT capabilities through a US\$4 million acquisition of substantial assets of US-based cloud consulting companies - Cascadeo Corporation and Cascadeo Partners (collectively referred to as Cascadeo). This acquisition brings in Cascadeo's capabilities in data analytics, automation, cloud-native Platform-as-a-Service, serverless infrastructure, and programmatic security, among others. These ICT capabilities will position the company to effectively serve its existing enterprise clients in Philippines and expand its service delivery to US-based clients. Globe has also acquired 67% stake in Third Pillar Business Applications Inc. (TPBAI) a system integration and business application company, through its wholly owned subsidiary, GTI Business Holdings. This acquisition further bolsters the company's cloud business portfolio for its enterprise clients.

3. Enabling digital transformation of the education sector:

Globe partnered with Google for Education to strengthen its service capabilities in the digital education space. The Google ecosystem equips educators with a wide array of tools and programs enabling effective virtual education. In this partnership, Globe worked on providing a seamless onboarding experience to educational institutions, provided customized teacher training sessions and extended consistent after-sales support.

FUELING WORKFORCE AGILITY AND EFFICIENCY

The mainstreaming of 'work-from-home' style of working made it increasingly important to equip Globe's workforce with best-in-the-market digital tools and virtual platforms. In view of this paradigm

shift, Globe undertook a myriad of initiatives providing access to digital tools/platforms along with empowering the workforce with the requisite know-how to effectively capitalize on these tools. Some of the key tools and interventions rolled out during 2020 include:

Workplace Chatbots

(enabled COVID-19 workforce monitoring and Work From Home)



DUDE BOT

Globe's Digital Usher for Disaster and Emergencies



WANDA

The Wonderful Employee Recognition Bot



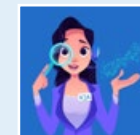
DANI

Device Anomaly Investigator for employee IT-related support



ATOMS

Army of Tomorrow consumer customer support for Globe Ambassadors



KIA

Knowledge Information Assistant for immediate access to information within Globe

COVID-19 Trackers for Ka-Globe



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.



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.



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

ELEVATING CUSTOMER EXPERIENCE AND SECURITY

Globe emphatically focuses on its digital capabilities to enhance customer delight and privacy. In this regard, the company taps into emerging digital technologies to provide new and relevant service offerings, backed with robust cybersecurity systems. Globe also continually scouts for opportunities to invest in software upgradation/ replacements that support consistent and superior customer experience. The company has a policy on IT Governance and Cybersecurity

which governs Globe's systems for identification and mitigation of cybersecurity and IT linked risks. The senior management of the company is closely involved in reviewing the progress on mitigation plans and ensuring alignment of IT systems and strategies with industry best practices. It is noteworthy that the company has an Information Security and Data Privacy Division (ISDP), which is a fully operationalized, independent group overseeing and implementing Globe's privacy and cybersecurity linked activities. The ISDP is headed by the company's Chief Information Security Officer (CISO) who reports to the company's Chief Technology and Information Officer (CTIO) together with the company's CTO. The company Board oversees and appraises cybersecurity and IT linked strategies on a quarterly basis (or more frequently based on company Board judgement and market trends) through the Audit and RPT Committee meetings².

DELIVERING SOLUTIONS FOR EMERGING CUSTOMER NEEDS

Globe leverages digital innovation to keep pace with the dynamic and ever-changing customer needs' landscape. In 2020, a variety of customer needs emerged from the restrictions imposed by the pandemic. As schools, shops and hospitals transitioned to virtual modes, Globe tailored various solutions to meet these diverse customer needs.

- **Cloud-Based Educational System:** Globe myBusiness, in partnership with Rosemont Hills Montessori College, enabled remote delivery of educational content through a Learning Management System (LMS). The college obtained Brightspace LMS licenses for 500 students which enabled a cloud-based classroom environment. Further, the LMS offers opportunities for collaboration between students and tutors,

enables attendance tracking, designing course content, quizzes and surveys.

- **All-in-one health App:** 917Ventures and AC Health together launched the HealthNow app which provides a single platform to address various healthcare needs. This app provides an easy to use platform that enables:
 - » Virtual doctor consultations
 - » Provision for requesting for e-prescriptions
 - » Appointment scheduling for in-person consultation with doctors
 - » Online purchase of medicines
 - » Scheduling appointments with laboratories for diagnostic tests.

The App was made available on Google Play and App store in August 2020. The App is also supported by 917Venture's KonsultaMD which is a 24/7 telemedicine hotline.

- **Globe digital Apps:** Globe's suite of digital apps, including GlobeOne and Globe At Home, gave all its customers access to various self-services that addressed various customer requests such as payment of bills, renewal of plans, among others.
- **Globe Business:** Globe Business (the enterprise arm of Globe Telecom) helps enterprise clients to channelize the value of digitization towards business success. By offering best-in-class public cloud and SaaS solutions backed with robust cybersecurity systems, Globe Business enables enterprises of various scales to digitally transform their business. With the impact of the pandemic, the company has worked towards supporting its clients remotely and providing solutions to automate operations. Along with its cloud consultancy partner, Cascadeo, Globe Business has focused on providing cost efficient cloud-based

Cybersecurity Highlights

Parameter	2020
Number of breaches/ non-compliance to regulation/ Reported cases of fraudulent activities/ transactions (from a customer safety and data security perspective)	None.
Investments linked to cybersecurity	Total cybersecurity and privacy related investments in 2020 amounts to US\$ 12M covering technology acquisitions and expansions.
Number of data security breaches encountered	None.
Substantiated complaints concerning breaches of customer privacy and losses of customer data received	There were 23 complaints received in 2020 involving erroneous sending of communications to incorrect recipients. These were all managed by requesting the incorrect recipients to immediately delete and disregard the communications received in error.
Percentage of users whose customer information is collected for secondary purpose	Not applicable. We currently do not collect customer information for secondary purposes.
Of the users whose customer information is collected for secondary use or transfer to third parties, please indicate the percentage that provided opt-in consent	Not applicable.
Amount of legal and regulatory fines and settlements associated with customer privacy	None.
Number of government or law enforcement requests for customer information, percentage resulting in disclosure	There were 98 customer information requests received in 2020 - 36 Subpoenas / Court Warrants, 58 Preservation Requests, 4 IP Address Requests.
Number of data security breaches and percentage involving customers' personally identifiable information	One such instance was observed during 2021. A Breach Notification Report was submitted to the National Privacy Commission on November 13, 2020 for the same. No penalties or fines were imposed as a result of this notification.

solutions for its clients. During the year, Globe has partnered with various companies to help them in their digital transformation journey. Globe Business's service for XDE Logistics is an example of the company's efforts and capabilities in this regard. Globe Business provided postpaid lines and G Suite licenses to facilitate real-time communication and coordination for XDE Logistics' employees. Globe also enabled the logistics company to send text updates to its customers through SMS credits

that complemented its application programming interface platform. Additionally, the company also provided CheckPoint cybersecurity to protect XDE Logistics' customer data.

GLOBE'S FOCUS ON CUSTOMER SAFETY AND RESPONSIBLE ONLINE CONDUCT³

Globe is committed to protecting customer privacy. The company focuses on employing robust cybersecurity mechanisms to

avoid data leak, along with helping customers embrace a cautious and proactive approach while using online channels. Globe has a dedicated Policy on Data Privacy and Intellectual Property Rights. The policy defines the aegis of standard systems and processes for collection, use, and protection of customer data. The policy aims to build robust systems to reinforce trust in the minds of the company's customers and other stakeholders. Globe has a privacy officer who is the person in charge ensuring stringent

adherence to safeguarding customer data. In 2020, the company noted 23 reported cases of fraudulent activities involving customer data. These 23 complaints were linked to erroneous sharing of communications to incorrect recipients. These were all managed in a timely manner by requesting the incorrect recipients to immediately delete and disregard the communications received in error. Moreover, barring this incident it is noteworthy that there were no cases of data security breaches during the year. The company currently does not collect any secondary data for secondary research purposes.

ENHANCING CYBERSECURITY

Globe is committed to protecting customer privacy. The cyber security landscape is rapidly evolving and more and more Filipinos are heavily relying on digitized information and sharing vast amounts of data across complex and inherently vulnerable networks. As the purveyor of the digital lifestyle in the Philippines, Globe continues to introduce personalized products and services and customized transactions to its customers. In the course of operations, Globe stores subscribers’ personal details, product and service preferences and transaction history.

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.

In this context, Globe is exposed to the risk of cyber attacks and data leakages which could result in disruption of business operations, damage to reputation, legal and

regulatory fines and customer claims. These risks are further heightened by shifting customer preferences for digital and online sales/payment platforms and remote work and distance learning, which are the new realities that the COVID-19 Pandemic has brought about.

Recognizing the importance of cybersecurity and data privacy, and ensuring customers’ protection as a key concern, Globe embarked on a three-year transformation journey in 2014, with an approved CAPEX budget of US\$70 million. By engaging globally-trusted and highly reputable implementation partners and use of word-class cybersecurity and data privacy technologies and standards, Globe was able to strengthen the following capabilities:

- Security detection
- Vulnerability and patch management
- Configuration management
- Identity access management, event monitoring
- Data loss prevention
- Network or end-user perimeter capabilities

a. Investments and Partnerships Towards Strengthening Cybersecurity

Globe Business, in partnership with Zscaler™ cloud platform, worked towards helping businesses transform their approach to cybersecurity. Through this partnership, Zscaler Internet Access (ZIA) and Zscaler Private Access (ZPA) will form a part of Globe Business’ cybersecurity solutions portfolio. The partnership will enable Globe Business customers to strengthen their cybersecurity systems while ensuring a seamless digital experience. In 2020, Globe Business also partnered with Secureworks to strengthen its cybersecurity solutions portfolio. Secureworks’ integrated portfolio of automated and intelligent

solutions, features built-in flexibility that can adapt to a customer’s evolving needs. These partnerships have enabled the company to help its clients strengthen their security posture against cyber threats in an increasingly digitally-reliant world.

b. Public Advocacy and Awareness Building on Cybersecurity

Globe actively works towards building awareness on themes such as phishing emails and malicious campaigns, by sharing advisories with customers and the general public on a periodic basis.

Globe did not restrict its awareness building efforts to its retail clients. In the light of the increased dependency on digital tools for Globe Business’ enterprise clients, and the corresponding risk of unauthorized access to enterprise’s assets and cybersecurity threats, the company encouraged its enterprise clients to remain vigilant of threats to cybersecurity. Globe Business put forth various recommendations such as employing multi-factor authentication, conducting periodic awareness building sessions for clients on cybersecurity, and device encryption, among others. Globe Business went a step ahead and provided free subscriptions to Check Point SandBlast Agent and/or Check Point SandBlast Mobile for 30 days to support its customers in their cybersecurity efforts. These tools protect corporate data on employee mobile devices from OS exploits, and network-based threats while also protecting from evasive cyberattacks on endpoint devices, safeguarding user credentials, and providing useful information on malicious cyber activities.

c. Enabling Safe and Seamless Service Delivery

During the pandemic, a rise in malicious activities such as



Globe cloud solutions ready to bridge companies to digital transformation.

spamming and other fraudulent activities was noted. Quarterly analysis report by TransUnion (a global information and insights company) reported that the telecommunication industry was the most adversely impacted in terms of rise of such activities, with an estimated 76% increase in such incidences. In view of this emerging risk, Globe cautioned its customers to be extra vigilant of these activities.

To safeguard customers from fraudsters and spamming, Globe encourages its customers to use its reporting tool to help eliminate such illegal practices. Once a customer files a report on a phone number, it is deactivated post investigation and due processes. Concurrently, the company has also been working towards raising the awareness levels of customers by educating them on ways to identify such unlawful behavior. The company also periodically floats advisories cautioning its customers to avoid sharing any personal or confidential information, with others telephonically or via

text messages as this type of information is often sought by fraudsters.

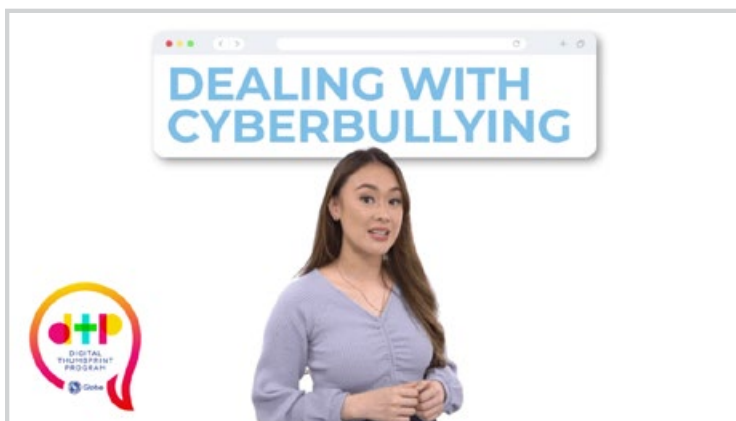
d. Combating Online Piracy

A recent study by YouGov noted that nearly half (49%) of Filipinos stream content through pirated/torrent websites. The Philippines has emerged as one of the countries with the highest piracy rates in the region. The adverse impacts of online piracy span from money being siphoned off into illegal activities, increased risk of malware infections to loss of jobs in the media and entertainment industry. In view of the urgency of mitigating the current online piracy rates, Globe has been actively involved in advocating the streaming of content through official and authorized channels, through its #PlayItRight program. The company also leveraged its involvement in the 2020 Metro Manila Film Festival as the exclusive presenter to create awareness on the issue. This campaign directly contributes to SDG 8 (decent work and

economic growth), SDG 9 (industry, innovation, and infrastructure) and SDG 17 (Partnership for the Goals). To support these advocacy efforts, Globe has also made it possible for its customers to download and stream a variety of online content at the tap of a finger on their mobile phones. Over the years, the company has secured the position of being the partner of choice for content distribution, given its systematic efforts towards protection of its own and third-party intellectual property rights.

e. Keeping Children Safe Online

The flagship Digital Thumbprint Program (DTP) program was launched in 2016, with the objective of educating the youth on digital citizenship and the responsible use of technology. The program was launched jointly by Globe Telecom, Optus and Singtel. The structure and effectiveness of the program led to it being eventually integrated by the Department of Education (DepEd) in the K-12 curriculum to support the DepEd's existing modules focused on digital literacy.



Globe creates Digital Thumbprint Program eModules to guide educators and learners on responsible online behavior.



Globe steps up drive for online responsibility; advocates fact checks against fake news.

DTP comprises a series of workshops inspired by the Optus Digital Thumbprint in-school program in Australia. Each module aims to help students understand the concept of digital citizenship and cyber-safety by enabling them to evaluate their online behavior and helping them appreciate the criticality of responsible online conduct.

The challenges and restrictions imposed by the COVID-19 pandemic led to people being increasingly dependent on the internet and digital tools. This underscored the importance of expedited distribution of the DTP modules to students, teachers, and parents towards helping them identify, address, and avoid the risks linked to various digital tools and platforms.

By transforming the DTP modules into easily accessible, self-learning materials available online in partnership with DepEd, Plan International Philippines, and UNICEF’s SaferKidsPH, Globe worked towards reaching more internet users to help them in becoming responsible digital citizens.

Globe has also partnered with CANVAS in releasing an Ebook guide for parents and teachers, Safe Space: A Kids Guide to Data Privacy, suitable for children aged 7-12 on the topic of data privacy. This includes topics on the importance of data privacy and security for children, how it can be compromised; and what to do to avoid or address it if it happens.

DATA CENTER EXCELLENCE

As a company which places a premium and commitment on excellent service, Globe has earned various ISO accreditations for its Data Center over the years. This includes ISO 9001 for Quality Management System, ISO 27001 for Information Security Management System and ISO 20000-1 for IT Service Management System. All these strengthen the company’s assurance to its customers in fulfilling their service requirements. These are implemented alongside the enterprise-wide certifications under the IMS which includes ISO 22301 for Business Continuity Management System, ISO 14001 for Environmental Management System, ISO 45001 for Occupational Health and Safety.

The ISO 9001 serves as the foundation of Globe Data Center's process excellence. This management system provides a framework to improve quality and understanding across the organization. Being certified for this management system ensures that the products and services of Globe are managed efficiently and meets the requirements and expectations of the customer on a regular basis.

The company's flagship Data Center has been distinguished with certifications on ISO 20000-1 for Information Technology Service Management System and ISO 27001 for Information Security Management System. These International IT standard certifications are awarded to companies which demonstrate excellence and embody best practices in IT management. It leverages evidence-based benchmarks to ensure companies continuously improve delivery of their IT services. This assures Globe's customers that the company delivers consistent and effective business processes in the provisioning and hosting of its Information and Communication Technology services.

Aside from ISO standards, Globe Data Center and the Network Technical Group also received certifications on the Payment Card Industry Data Security Standard (PCI DSS). The PCI DSS establishes standards to ensure that companies maintain a secure environment for any transactions that involve transmitting credit card information. This forms part of the telco's strengthened approach in managing sensitive enterprise information for a fully-digital and fully-secure enterprise community in the country.

Globe recognizes the importance of information and data security for its customers and partners. Through the implementation and compliance with various management systems, the company assures its customers that its operations are aligned with best practices to manage the risks associated with data management. Operational excellence within Globe strives to provide customers with the best experience through its management system implementation and in-place security controls.

THE ROAD AHEAD (OUTLOOK FOR 2021)

Globe will continue to focus on expanding its capabilities to further secure its telco and IT infrastructure, to enable the company's workforce to securely work from home and to further provide customers a platform on where they can exercise their rights to Data Privacy. Globe envisions to support the country's efforts in building a digital economy backed by robust cybersecurity systems and modernized platforms. The company aims to develop its prowess in emerging customer needs such as digital education, cashless transactions, virtual entertainment among others, to bring second to none digital experiences to Filipino households.

Our employees' passion and dedication are at the heart of creating our success stories. Our unique Globe culture creates a work environment that fosters collaboration and innovation in everything that we do. This inclusive work ethos enables free expression, creative ideation, and shared learning which help employees unlock their full potential and live out our purpose.

Renato M. Jiao
Chief Human Resource Officer

**HUMAN
CAPITAL**





STRATEGIC PRIORITIES

- Purpose-Driven Organization



RISKS ADDRESSED

- Business Disruption Risk
- Digital Transformation Risk
- Regulatory Risk
- Reputation Risk
- Talent and Succession Risk
- Third Party Risk



GOVERNANCE ASPECTS COVERED

- Compensation and Remuneration Committee
- Code of Conduct
- Health & Safety Policy
- Collective Bargaining Agreement



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



MATERIAL TOPICS IN FOCUS

- Employee Welfare & Diversity
- Human Rights



PERFORMANCE HIGHLIGHTS

- Highest ever Sustainable Engagement Index (SEI) at 93% (vs. 91%), and highest ever Retention Rate at 97% (vs. 95%)
- Awardee for Employee Programs in response to COVID-19: Stevies for Great Employers (WOW From Home, DUDE Bot, COVID-19 Response), CEO Awards Innovation of the Year (DUDE), and Workplace by Facebook Innovation Award for DUDE bot
- Shifted from 16% (2019) to 89% (2020) of employees trained online (Workday, Skillsoft and Degreed); with 98.4% adoption rate for Newton and Average of 14 Newton courses per Learner. 75% of our total employee base completed at least 24 hours training.

Insights into synergies and interlinkages of Globe's 6 Capitals



HUMAN



FINANCIAL

- ₱87 million invested in the company's human capital to support innovation and productivity; factors key to securing robust financial position
- The efforts of Globe's employees ensured that despite a strained business environment caused due to the pandemic the company witnessed only a 2% decline in consolidated revenues.



MANUFACTURED

- Globe's employees play a vital role in the upkeep of the company's infrastructure assets.
- Globe employee's went the extra mile to ensure business continuity and reinstating services for customers during Typhoon Rolly, Typhoon Ulysses and Typhoon Quinta



INTELLECTUAL

- Shifted from 16% (2019) to 89% (2020) of employees trained online (Workday, Skillsoft and Degreed); with 98.4% adoption rate for Newton and Average of 14 Newton courses per Learner. 75% of our total employee base completed at least 24 hours training.
- ₱8.7 million invested for Newton License towards enriching employee skills through training.



SOCIAL & RELATIONSHIP

- Employees investing in community programs translating into a socially engaged work culture.
- ₱13.2 million raised by Employees to support COVID-19 causes and initiatives.



NATURAL

- Employee engagement in Globe's environmental stewardship efforts enhancing the sphere of positive impact.
- ₱14.8 million raised for environmental conservation initiatives

DEVELOPING A FUTURE READY WORKFORCE

IN THIS CHAPTER

- Megatrend
- COVID-19 response
- Employee Engagement
- Employee well-being
- Fostering a Safe Work Environment
- Nurturing an Agile & Thriving Workforce
- The Road Ahead (Outlook for 2021)

STAKEHOLDER IN FOCUS

- Employees

MEGATREND

In the Philippines, digitization is largely constrained because of the country’s low high-speed broadband penetration. Nationwide lockdowns, a deadly virus and a new style of working compounded this issue and presented a unique human resource management challenge. Globe worked relentlessly to preserve the fabric of its work culture and tackled this challenge with a multi-pronged strategy. The company recognized the stress factors affecting employees and designed programs that help employees effectively adapt to remote working.

COVID-19 RESPONSE

Key issues in focus:

- Employee health and safety
- Imposition of a new work paradigm highly reliant on digital tools

Globe’s response:

Globe focused on ensuring 360-degree safety, security and satisfaction of its workforce through a variety of initiatives. The company’s response during the initial phase included thermal screening, provisions for hand sanitization, policy adjustments to restrict travel to high-risk countries, visitor disclosure and screening and awareness building exercises to keep Globe’s workforce abreast of developments. Subsequently, some key measures

undertaken by the company throughout the year included:

1. Enhancing existing medical/HMO insurance coverage for all its employees. For employees infected by the virus, Globe shouldered 100% of all medical expenses.
2. Provisions made for employees working from home:
 - a. Digitization efforts were accelerated to ensure that the workforce remains agile and efficient despite the constraints. Employees were provided with video conferencing tools (e.g., Google Hangouts, Zoom, among others), discounts on home internet access packages, as well as increased data allocation on their service units to help with the data requirements of working from home. Various chatbots were developed to help ease employees into the new working style; such as DANi Bot that was created to help with troubleshooting of employee worktool challenges and Wanda Bot that enabled remote employee recognition.
 - b. The company conducted various virtual employee engagement sessions, to support employee learning using the Newton e-Learning platform. Meanwhile, virtual work-out sessions, talk shows, fun and educational webinars and podcasts were shown via Workplace.
- c. The company introduced WOW From Home program to ensure the employees’ productivity and comfort during their work from home arrangement. Employees were given an exclusive discount on work tools such as gadgets, work chairs, work desks and other items.
3. Provisions for employees working on-site: Throughout the year, the company ensured periodic sanitation of office premises. Globe also provided facilities such as safe lodging, Personal Protective Equipment (PPEs), meals, and vitamins, among others. The company catered to the transportation needs for the Critical Skeletal Force (CSF) employees working on site. The company assisted in securing IATF IDs and Travel Rapid Passes for field employees and critical partners.
4. Tools were developed to help employees keep a tab of their health status while also addressing their COVID-19 linked concerns. Some key initiatives included:
 - a. A dedicated helpdesk was launched to assist employees with COVID-related concerns.
 - b. GCheck, GTrace, GAccess: This suite of tools helped in screening and contact tracing. These tools helped calculate the risk attributed to all employees entering Globe premises. The contact tracing feature notified

Safety Protocols Implemented for the Critical Skeletal Force

When the lockdown was announced, a new set of policies were released to ensure the safety of Globe employees. The company shifted to a full Work from Home (WFH) setup for the majority of its employees. Only the Critical Skeletal Forces (CSF) were allowed to proceed to Globe’s offices and facilities. To ensure that the CSF are protected during the lockdown, the company established the following policies:

- Provision of Full Personal Protective Equipment (PPE) gear
- Free meals and vitamins delivered to their offices.
- Free hotel accommodation for those who lived in the province but had to stay in Metro Manila
- Free hotel accommodation
- Additional Insurance on top of medical coverage as hazard pay
- Full medical expenses if a CSF contracts COVID-19
- Provision of Service Vans to bring CSFs to and from the office
- Regular COVID-19 testing

Globe employees who had come in direct contact with a COVID-19 positive patient. The suite of tools also helped maintain social distancing guidelines within Globe premises by enabling employees to book workstations, cafeteria seating, parking spots and meeting room reservations.

c. Digital Usher for Disasters and Emergencies (DUDE): This interactive channel was designed to perform automated daily health checks and presents employees with a catalog of concerns that will direct them to information sources, links to medical and mental health partners, or to a member of the COVID-19 Response Team. Employees who report feeling unwell or having symptoms are contacted and provided appropriate support. The tool is being further developed to serve purposes beyond being just a health check app to becoming the single source for all COVID-19 linked communication.

The tool contains links to official information sources such as the World Health Organization (WHO), Centers for Disease Control and Prevention (CDC), and Department of Health (DOH), as well as links to internal announcements and updates about COVID-19. The tool makes all these information easily accessible to employees.

5. Initiatives to care for mental health and well-being of employees: A partnership was forged with MindNation and HopeChat

facilitating employee access to mental health professionals. Virtual interventions such as webinars, fitness sessions and chats were also facilitated to keep the employee engaged and motivated.

6. The senior management periodically engaged with the workforce through virtual town hall meetings led by the CEO. Through these meetings employees were updated on developments in the context of the pandemic and the company’s risk mitigation strategies were discussed.

7. As lockdown measures were eased, a return-to-work strategy was formulated which ensured adherence to social distancing guidelines and the safety of all employees. As part of this plan, various initiatives were undertaken such as installation of High Efficiency Particulate Air (HEPA) filters to all offices, rearranging workstations to ensure social distancing, tools for contact tracing and risk monitoring and dedicated PCR testing laboratories were earmarked to service employees through partnerships.

Amidst all these controls however, there were still employees that contracted the virus. All cases in 2020 were submitted for documentation in accordance with the Department of Health’s (DOH) reportorial requirement.

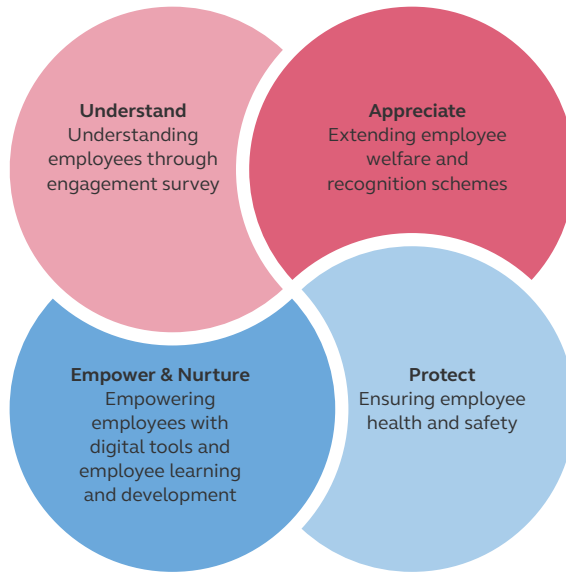
COVID-19 Cases and Recovery

Employee category	COVID-19 Positive Cases	
	Male	Female
Critical Skeletal Force	79	55
Work from Home	70	72
Total	149	127
Employee Recovery	100%	100%

EMPLOYEE ENGAGEMENT

Creates solutions with passion, strives to deliver excellence and brings Globe’s values to life; these are the defining attributes of Globe’s employees. Globe’s workforce dedicates its energies to give color to its corporate aspirations while building a brand that stands as a hallmark for reliability, quality and excellence. The company endeavors to preserve this work culture while enhancing employee productivity, growth and work satisfaction.

Globe has designed a multifaceted employee engagement strategy that focuses on the happiness, well-being, safety and growth of each Globe employee. The company periodically upgrades its strategies to keep pace with evolving employee needs and challenges. Consequently, understanding employee aspirations, goals and needs is a vital aspect of strengthening employee engagement. This is done through



an annual survey to determine how employees see Globe as an employer and how they see themselves helping achieve the company’s purpose. Once employee feedback is captured, post analysis initiatives are undertaken to address identified opportunities.

THE ISPEAK SURVEY

To devise strategies that fuel employee passion and augment employee retention, Globe periodically evaluates employee engagement levels through its sustainable engagement survey. The objective of the engagement survey is to understand the congruence between the workforce’s goals with the company’s strategy and vision. Strengthening this alignment is vital to accelerate shared success for employees and the company. Year 2020 marked the fourth consecutive year of the purpose survey. For 2020, Globe witnessed a 99% Participation Rate and a 93% Engagement Score. As this survey was conducted post the onset of the pandemic, it is a significant achievement for the company to have received sizable turnout and good engagement scores. This substantiates the effectiveness of Globe’s employee focused programs. Furthermore, Globe has been included by Willis Towers Watson in its list of the Top 24 Global High Performance Organizations, for “achieving outstanding financial performance as well as a commitment to the company’s employees by creating an exceptionally engaging employee experience.” Globe is the only Filipino Company to be part of the Willis Towers Watson HPO.



Employee Engagement Score



Factors	2015	2016	2018	2020
Participation Rate	99% 6,203 responses	98% 6,894 responses	97% 7,361 responses	99% 8,212 responses
Engagement Score	92%	91%	91%	93%



Total Number of Employees²

Employee category	January-December 2020				
	<30 years	30-50 years	>50 years	Male	Female
Senior Management	0	452	113	299	266
Middle Management	1,159	4,460	320	3,432	2,507
Rank and File	649	1,151	35	799	1,036
Total	1,808	6,063	468	4,530	3,809



Total Employee Turnover³

Employee category	January-December 2020				
	<30 years	30-50 years	>50 years	Male	Female
Senior Management	0	16	7	12	11
Middle Management	91	247	33	195	176
Rank and File	62	55	8	54	71
Total	153	318	48	261	258



New Joiners⁴

Employee category	January-December 2020				
	<30 years	30-50 years	>50 years	Male	Female
Senior Management	0	24	2	15	11
Middle Management	349	403	6	469	289
Rank and File	33	9	0	17	25
Total	382	436	8	501	325

EMPLOYEE WELL-BEING

Globe is focused on ensuring the all round well-being and satisfaction of its employees. In this effort, the company extends numerous provisions to support employees. Globe ensures the happiness and well-being of its employees from day one of each employee’s association with the company.

The company provides all its full-time employees with benefits such as Personnel Accident Policy, Life Insurance, Disability and Invalidity coverage, Health Insurance Policy, and retirement provision among others. The company also provides parental leave and appropriate support to employees rejoining post their parental leave. All Globe’s offices also have facilities such as a mom’s room to help new parents return to work while balancing their personal commitments. It is noteworthy that the company recorded a 100%

return to work rate post availment of parental leave.

NURTURING AN AGILE & THRIVING WORKFORCE

Globe is committed to providing its employees with an enriching work experience that nurtures their innate talents and helps them tap into their complete potential. While Globe ensures the safety and all round well-being of its employees the company also focuses on providing a fulfilling and satisfying work experience for them. The company focuses on three critical aspects in this regard:

- a. Creating a conducive work environment that enables free exchange of ideas, fosters collaboration as well as innovation
- b. Equipping employees with digital tools to enhance workforce efficiency and collaboration



Number of Employees Entitled to Parental Leave in 2020

Male	Female
220	238

Number of employees that took parental leave in 2020

Male	Female
220	238

Number of employees in 2020 who were due to return to work in the reporting period after parental leave ended

Male	Female
220	238

Number of employees in 2020 who returned to work in the reporting period after parental leave ended

Male	Female
220	238

Number of employees in 2020 who returned to work after parental leave ended that were still employed 12 months after

Male	Female
220	235

Return to Work Rate in 2020	100%
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Employees are entitled to parental leaves based on their eligibility to avail in line with the requirements.

- c. Focusing on employee learning, development and growth to hone their innate talent and empowering them with new skills

The company aims to attract and retain the best talent in the industry by ensuring equal opportunity for all in talent and leadership development, and capability building. To fuel the growth and development of each employee, the company consistently works towards creating learning opportunities for them. Globe has developed digital platforms and various programs to enable employee development.

CREATING A CONDUCTIVE WORK ENVIRONMENT

Globe’s code of conduct elucidates the values and systems that creates an inclusive and supportive work environment. Globe’s code of conduct is based on Philosophy, Purpose and Provision. The code of conduct defines the aegis of platforms for resolution of issues and problems arising from an employee’s performance or behavior or other situations. The Code also includes administrative roles that are established to ensure implementation of corporate procedures towards safeguarding compliance to Globe’s Code of Conduct.

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-2019.pdf>

PROTECTION OF HUMAN RIGHTS

Globe has been a signatory of the United Nations Global Compact (UNGC), since year 2019. Moreover, the company has been committed to the protection of human rights since inception. Globe has a zero-tolerance policy towards child and forced labor. The company ensures no violation of the rights of indigenous people, nor does Globe promote any operational activities that would pose risk or harm to children. The company ensures that no employee is discriminated based on age, gender, marital status, personal beliefs, religion & spiritual practices, political affiliation and sexual orientation. Globe respects employees’ rights to join collective bargaining agreements, in 2020 3.26% of the company’s workforce participated in collective bargaining agreements. Furthermore, Globe’s suppliers undergo performance evaluations wherein the company reviews their performance based on their set of criteria and based on the

Collective Bargaining Agreement Employee Coverage

Collective Bargaining Agreement	2018	2019	2020
Percentage of total permanent employees covered	4.3%	3.72%	3.26%
Total Number of permanent employees covered	331	299	272

requirements of the contract, which include human rights clauses such as collective bargaining agreements.

To ingrain the values of human rights’ protection in the workforce, every employee has to mandatorily undergo training on Globe’s code of conduct which covers key human rights issues. In 2020, there have been no reported cases of human rights violations, child labor or forced labor. In order to promote SDG 5, in 2020 Globe incorporated a new policy covering all regular employees legally married to same-sex partners. The company is the first in the Philippines to extend similar benefits to dependents of its employees who come from the LGBTQ+ community. As dependents, same-sex legal spouses are entitled to benefits such as in-patient and out-patient medical coverage, dental, leave credits due to illness in the family that requires hospital confinement and bereavement leave.

DIGITAL WORKPLACE: EMPOWERING EMPLOYEES WITH DIGITAL TOOLS

The company equipped its 8,000+ employees with digital tools for online communication. At the start of the pandemic, the company increased the 5GB mobile data allowance of employees, to 10GB a month. This was done to ensure that employees keep connected to work and their loved ones. The roll out of digital tools helped employees remain engaged and adapt to a virtual mode of work. Globe provided as many opportunities as possible for its employees to stay motivated and

productive, while ensuring that both their mental and physical health were taken care of.

In terms of employee engagement, the company ensured that its employees’ bond virtually with each other through quiz nights, emoji games, trivia, jamming sessions, etc. Additionally, Globe invited speakers such as Simon Sinek to continue inspiring employees to live out their purposes.

EMPLOYEE LEARNING AND DEVELOPMENT

Globe supports its employees in their professional growth journey by providing various avenues for training and development. The first step in their growth journey is identification of learning needs and understanding action areas. Once learning needs are understood the HR team customizes learning modules to address the identified needs. The company has also been inculcating the practice of Everyday Leadership through six (6) key behaviors in Globe’s employee’s performance and development strategy. These include:

1. Inspire Purpose
2. Collaborate to Achieve Goals
3. Drive Performance
4. Kumustahan and Check-ins
5. Coach and Give Feedback
6. Develop Talent

Through the annual appraisal process, the company also discerns the alignment of the workforce with corporate objectives. Globe leverages the appraisal process to

2020 Globe University Highlights

LEARNING PORTFOLIO



44
Classroom/
ILT Courses



166
Virtual Classes/
Courses



190
Line Trainers

104
Courses Facilitated
by Line Trainers

400
eBooks in Workday
and Newton

- Sales & Marketing
- Leadership
- Project Management
- IT
- Network Productivity
- Design Thinking

40
eCourses in
Workday

- Agile (3)
- AI-ML
- Cloud Essentials
- Code of Conduct
- Comptia Reviewer
- Design Thinking
- DevOps
- Everyday Ways
- LGWS (4)
- Fraud Awareness
- Google Suite (7)
- Infosec & Data Privacy (10)
- Internal Controls
- ITIL Foundation 3
- KMS
- ONE Onboarding
- SDWAN
- Telco 101
- Total Rewards
- Workplace Management

3,809
eCourses in
Newton

- Business Operations
- Customer Service
- Data
- Digital Transformation
- IT Operations
- Leadership
- Management
- Project Management
- Sales & Marketing
- Productivity Tools

FEATURED GU PROGRAMS	Total Trained 2020
5G Fundamentals	199
Agile Awareness Program	4,800
Business Analytics Track	195
Cloud Business Essentials	297
Cloud Certification Program	225
Data Privacy Awareness Program	4,944
Design Thinking Plus	174
DevOps Fundamentals	568
Finance of the Future Enablement Program	377
Globe Marketing Program (GMP)	113
Google Appsheet	455
NTG Digital Talent Program	231
Strategic Thinking	210
Practical Analysis	140
Problem Solving & Decision Making	352
Presentation Skills for the Workplace	472

understand employee aspirations and growth objectives. The company facilitates a systematic approach to up-skilling and realization of an employee's professional goals. This is implemented by sharing feedback with employees on their performance; discussing their strengths and opportunity areas for growth. During this process, KRAs are also mutually decided by each employee with their supervisor through a series of discussions. In 2020, 100% of the workforce (excluding new-joiners) underwent the annual appraisal process¹⁷.

ENABLING EMPLOYEE GROWTH THROUGH GLOBE UNIVERSITY

In the age of enhanced access to knowledge, it is important to keep employees abreast with current trends while offering unique learning experiences in order to drive operational excellence. Through its employee learning and development efforts the company consistently aims to build competitive advantage and unlock a position of market leadership.

Globe university plays a vital role in managing the company's learning

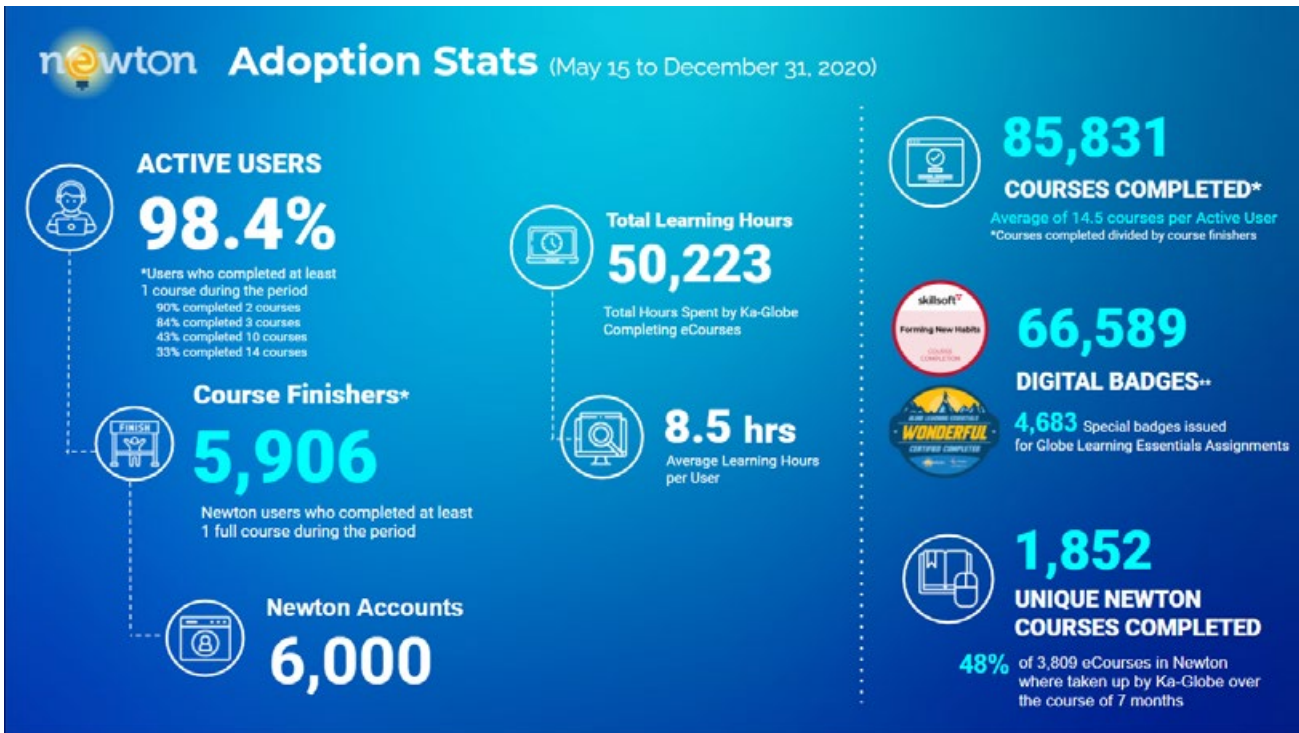
requirements. It focuses on creating and providing collaborative and diverse learning experiences, which helps in enhancing the capabilities of employees. Globe University has Seven Academies: Leadership, Sales, Marketing, Network, Information technology, Essential and Future Skills, and Learning Innovations.

Globe's learning and advancement procedure is a mix of conventional learning methods and upgraded tools to support the holistic development of employees. This comprehensive approach to learning and development empowers employees with both technical and leadership skills.

Average Training Hours per Employee Category

Employee category	Average Training Hours	
	Male	Female
Senior Management	18	20
Middle Management	34	31
Rank and File	20	21

In 2020, Globe launched Newton, an online learning system for Globe employees. 2020 also saw the shift of training delivery to a digital approach via eCourses or virtual classes via Zoom.



Newton Digital Learning Adoption Statistics for 2020

FOSTERING A SAFE WORK ENVIRONMENT

Globe ensures the holistic well-being of its employees; including social, emotional, mental, financial and physical parameters. Aligned to this commitment, the company held online seminars and discussions on various topics, ranging from home workouts, stress busting, healthy home-cooked meals, to staying positive in isolation.

In view of the pandemic, the company also implemented stringent health check protocols for all its installers and repairmen. Globe also created a chatbot that automatically checks on the health status of each of its 8,000+ employees every day and ensures that its workforce remains safe and healthy while under enhanced community quarantine.

In 2020, to contribute to employees’ physical wellness, virtual workout sessions held by professional coaches were organized. A total of 13 virtual sessions were conducted which

included; TRX, Crossfit, HIIT, Zumba and Yoga among others. Around 16 Webinars focused on varied themes spanning Physical, Mental, Financial, and Socio-Economic Wellness were also conducted for the employees. An initiative aimed at fostering workforce cohesion and security termed “Wellness Wednesday” helped the Ka-Globe community experience a sense of shared belonging. This initiative encompassed discussions on a variety of topics every Wednesday.

Globe also partnered with different health companies in its effort to extend best-in-class health care services to its employees. The company offered e-consultation via KonsultaMD (3,087 e-consults), AC Health (2,113 e-consults) and Maxicare (663 e-consults). For mental health, the company partnered with MindNation and HopeChat. MindNation received a total of 292 video calls from people needing support with their mental health, while HopeChat received 545 chat sessions.

For mental well-being, Globe partnered with MindNation, through this partnership employees of Globe and its affiliates and subsidiaries, can request therapy sessions from psychologists to help alleviate symptoms of isolation and anxiety. Periodic health check-ups have been made mandatory for every Globe employee.

OCCUPATIONAL HEALTH AND SAFETY

Globe adopts a proactive approach aligned to global best practices to ensure the safety and well-being of its workforce. The implementation of Occupational Health and Safety (OHS) programs is guided by the Occupational Health and Safety Management System which is being implemented across all operations. The company’s management system has received an enterprise-wide certification on ISO 45001 which is implemented under the Integrated Management System. This ensures that all policies and programs are

planned, implemented, and reviewed on an annual basis to ensure the continuous improvement of the management system.

The company also complies with the Department of Labor and Employment (DOLE) Workplace safety requirements to help address the risks and hazards present in the workplace. Republic Act No. 11805 otherwise known as “An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof” serves as the regulatory compliance document on workplace safety together with its Implementing Rules and Regulations under DOLE Department Order 198-18. Aligned with the regulatory requirements, Globe has trained and designated Safety Officers (SO) across its operations to manage workplace-related risk and hazards along with the submission of reportorial requirements.

Lastly, the company has a dedicated health and safety policy that forms the basis of its OHS strategy which covers six key components.

1. Hazard and risk identification:

Identifying safety-linked hazards at every operational site. Once the hazards are identified, they are assessed and a strategy to minimize the impact of this hazard is established. The company employs Hazard Identification, Risk Assessment and Control (HIRAC) to identify all work-related hazards. These are assessed for both routine and non-routine job functions. The HIRAC process is undertaken by a trained and a 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, employees and the Safety, Health, and Environment (SHE) committee are also encouraged to report any unsafe

Health and 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.

work conditions to enable a safe working environment. The company also 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 public⁸. Some of the significant

health and safety risks identified across Globe operations include:

- Office accidents and ergonomics concerns such as prolonged sitting/standing, eye strain, musculoskeletal pain.
- Danger from hazardous activities such as tower climbing, radiation exposure, and activities in confined space.
- Physical injuries due to equipment failure, office maintenance,

- construction and installations.
- Security incidents and acts of terrorism.
- Motor vehicle accidents during field work and sales operations.

2. Devising and implementing safety linked protocols: The company’s safety protocols are periodically updated to ensure effective risk management and alignment of process with global best practices. An accident and incident investigation process is in place at each operational site. In the event of an incident, a report is immediately shared with the Administration and Safety Team. Investigation is conducted in a timely manner to determine the root-cause of the incident. Preventive control measures are subsequently employed across operational sites to prevent recurrence. A dedicated safety committee has also been formulated which has employee representation. The committee meetings are convened on a monthly-basis and discussions of safety protocols and systems undertaken through these sessions.

3. Safety linked infrastructure: Globe invests in safety related infrastructure at its facilities and provides appropriate Personal Protective Equipment (PPE) for its employees.

4. OHS Audits: To ensure each operational site is aligned with Globe’s safety standards, safety audits are conducted annually.

5. OHS Guidelines, Certifications and Training: Establishing clear OHS guidelines and protocols enables Globe to comprehensively

communicate health and safety processes to all its employees implemented across various operational sites. Twenty major sites of Globe implemented the ISO 45001:2018 aligned occupational health and safety management system and these sites also have the requisite OHS certifications. The scope of ISO 45001 certification hence covers all major facilities of Globe including services rendered by external partners and contractors. To ensure the highest standards of occupational health and safety practices, Globe provides training on various aspects of health and safety to ensure that its employees effectively respond in case of an adverse event. All Globe employees undergo requisite safety training, the training modules are decided based on each employee’s job specifications. In 2020, Globe employees undertook a series of trainings to enhance awareness and skills on Occupational Health and Safety:

- **Training & Response to Unconscious Patient**
The training was set-up with the Clinic Management Team to establish a Response and Emergency Oriented Team in the event of a patient becoming unconscious.
- **Special Emergency Action Team (SEAT)**
Globe completed training 45 members across 2 batches for First Aid Accreditation, Industrial Fire Fighting, and Urban Search and Rescue Operations.
- **Safety Health and Environmental Management System (SHEMS) guidelines**
Globe conducted training on the Construction Occupational

Safety and Health Guidelines implemented across all Project Proponents of Globe. This was undertaken to ensure strict implementation of the SHEMS guidelines among the direct contractors to subcontractors.

- **First Aid Certifications**
Globe completed First Aid Certifications for all facility Emergency Response Team members and administrative staff, including Globe stores. The training was conducted by the Philippine Red Cross as required by the new Republic Act 11085.
- **Safety Officer Training**
Globe conducted basic Occupational Safety and Health, Loss Control Management and 10 hours of mandatory safety training for Safety Officer 1.

EMERGENCY PREPAREDNESS

A myriad of initiatives were undertaken to strengthen the capability and capacity of operational sites to cope with the impact of disasters such as earthquakes. To ensure the safety of employees during disasters, Globe also empowered each site owner with the ability to respond to emergencies through various initiatives. Some key activities undertaken in 2020 in this regard were:

1. Ensuring fire emergency preparedness of Core Sites by conducting fire protection and life saving equipment audits and completing deployment of additional fire extinguishers for all the sites.
2. A tailored Earthquake Response Procedure and General Evacuation Procedure was developed for every site.
3. Empowering site owners by transferring ownership of emergency programs and enabling

Incidents Involving Globe Employees and Direct Contractors

Type of Injury	2018	2019	2020
Non Disabling Injury / Illness	103	87	27
Disabling Injury / Illness	0	0	0

CASE STUDY

Globe says “Sagot Kita”

Globe realized early on that the pandemic brought new challenges to its customers. With the lockdown in effect, stores and payment centers were at a limited capacity. At this time, compassion comes first. Globe extended the bill deadline to several months so that customers did not have to worry about their outstanding balance or being disconnected at such a critical time.

To further extend support to Globe’s customers, the company launched the **Sagot Kita** program which taps its non-frontliner employees to take on a role as personal “Globe ambassadors” to their family, friends, and customers. These Globe ambassadors would attempt to resolve basic connectivity concerns, applying the knowledge they gained from specialized training. Meanwhile, more complex problems would be escalated to **ATOMS bot**, being the virtual concierge which assigns them to a network team for resolution.

As of December 2020, there were 107 Ka-Globe who became full-time Globe ambassadors, while 318 were volunteers. Combined, they were able to escalate or resolve 682 cases. As for ATOMS, there were a total of 376 escalations coursed through the bot, across 768 users.



Globe employees volunteer as customer service representatives during crisis. Rainer del Rosario steps in to serve customer needs during community quarantine.

them to spearhead preparation of safety guidelines and conducting emergency drills.

- 4. The preparation of Temporary shelter to be used in the event of a disaster was concluded in 2020. Globe Facilities that can be used as a feasible site for an evacuation set-up were also identified. 450 units of tents with a complete set of basic needs were provided to these facilities ensuring preparedness of the Temporary shelter.

- 5. Distribution of appropriate head protection to all employees for use in the event of an earthquake
- 6. Installation of earthquake monitoring devices aligned with the evacuation alarms and spiels.

SAFETY HIGHLIGHTS

As for 2020, Globe has disclosed with DOLE through the Annual Work Accident Illness Report (AWAIR) that there were zero-fatalities and zero-man hours lost due to work-related injury or accidents. Zero-fatality and zero-man hours lost indicates that no Globe employees or direct contractors were involved in any incidents that resulted in fatalities and high-consequence work-related injuries.

Despite the controls in place to address risks and hazards in the workplace, there were still incidents that were observed involving employees and the supply chain. Most accidents recorded were related to property damages mainly due to motor vehicle incidents. No incidents in 2020 were recorded for high consequence injuries that pose risk. Tower climbing and construction

have had high related injuries in the past but were addressed and resolved through the company’s insurance policies and risk management strategies.

THE ROAD AHEAD (OUTLOOK FOR 2021)

Globe has built its own COVID-19 testing facility called Globe Labs to give the group’s more than 13,000-strong workforce access to quick, affordable and accurate procedures for diagnosing the disease. The DOH approved and certified facility covers testing for Globe’s employees, their dependents, and employees of its vendor and managed services partners to ensure their safety and health to serve the customers better.

Globe endeavors to take inspiration from the experience of the pandemic to chalk out initiatives that strengthen employee cohesion, enhance efficiencies and fuels a growth orientated mindset. The company will also continue working towards strengthening its practices to promote diversity, inclusion and all round employee well-being.



**SOCIAL &
RELATIONSHIP
CAPITAL**

We work towards co-creating a sustainable future with our partners, suppliers, customers and communities. By collaborating with our stakeholders, we will be able to achieve a vision of shared growth and prosperity, while working towards a sustainable and resilient future.

Alberto M. de Larrazabal
Chief Commercial Officer





STRATEGIC PRIORITIES

- Serve our New Customer
- Expand our Digital Ecosystem



RISKS ADDRESSED

- Business Disruption Risk
- Cybersecurity and Data Privacy Risk
- Digital Transformation Risk
- Political and Socio-economic Risk
- Reputation Risk
- Talent and Succession Risk
- Third Party Risk



GOVERNANCE ASPECTS COVERED

- Board Risk Oversight Committee
- Supplier Code of Ethics
- Audit and Related Party Transactions Committee
- Executive Board Committee
- Finance Committee



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



MATERIAL TOPICS IN FOCUS

- Customer Experience & Service
- Digital Inclusion
- Public Policy & Compliance
- Community Relations
- Materials Sourcing Efficiency



PERFORMANCE HIGHLIGHTS

- UnionBank installed 5G-grade connectivity at Dasmarina, Cavite branch, in partnership with Globe Business.
- Globe's price per GB for its prepaid customers is amongst the lowest in Southeast Asia.
- Globe At Home donated 2,000 Home Prepaid WiFi modems through the Department of Education to equip selected public school teachers with connectivity for distance learning needs.
- In 2020, 85.4% of Globe's suppliers were local suppliers.

Insights into synergies and interlinkages of Globe's 6 Capitals



SOCIAL & RELATIONSHIP



FINANCIAL

- Key investments in community initiatives and strengthened business opportunities with a strong customer base.
- Globe supported initiatives across the areas of digitization, environmental conservation, education, healthcare, disaster support for communities and livelihood development



MANUFACTURED

- Strengthening relationships with our stakeholders to support network expansion and increased accessibility to robust internet connectivity.
- The company supports conducive policy reforms through active engagement with industry specific stakeholders.



INTELLECTUAL

- Leveraging digital platforms to enhance customer experience and security.
- Globe could serve its enterprise and retail customers with emerging needs such as customised data packages and tools/platforms for virtual learning, tele-health solutions, among others.



HUMAN

- Encouraging employees to volunteer and support the company's sustainability agenda.
- Globe employees supported communities by making donations for pandemic relief measures. The employees also worked relentlessly to ensure service continuity.



NATURAL

- Encouraging environmental/eco-friendly initiatives and supporting the Philippine's sustainable development goals
- The company engages with a myriad of stakeholders to promote responsible waste management and biodiversity conservation.

ENRICHING INTERCONNECTIONS AND NURTURING THE COMMUNITY

IN THIS CHAPTER

- Megatrend: Digital payments and security during the COVID-19 pandemic
- COVID-19 Response
- Maintaining and elevating customer experience
- Strengthening customer experience, community relations and responsible supply chain management
- Delighting the customer
- Globe rewards
- Fueling the PULSE of retail customers
- Stimulating the PULSE of SME customers

- Partnering for growth: responsible supply chain management
- Supplier engagement
- Promoting local sourcing
- Standing by partner communities: creating a globe of good
- Programs anchoring responsible digital transformation
- Programs supporting STEM education and livelihood development
- Healthcare focused community development
- Enabling community partners through volunteerism

- Supporting communities during disasters
- Insights into Globe’s affiliates
- Health-based corporate incubators
- Mynt
- Kickstart ventures
- Asticom technology

STAKEHOLDER IN FOCUS

- Customers
- Partner, Vendors and Suppliers
- Employees
- Community
- Government
- Media

MEGATREND: DIGITAL PAYMENTS AND SECURITY DURING THE COVID-19 PANDEMIC

The Philippines witnessed the implementation of two regulatory initiatives that were seen to bolster digital payments in the country. The National Retail Payment System (NRPS) provided the framework for the governance of payments in the Philippines and the National Payment Systems Act or Republic Act No. 11127 provided a regulatory framework of all payment service providers and operators of the payment systems by the BSP. These regulations were further strengthened during the pandemic with the increase in digital payments. Furthermore, while companies faced a major shortage of manpower support, Globe introduced self-service applications to support customer requirements. The company also increased the presence of Globe personnel and customer service agents to reduce the risk of online scams, fraud and social engineering which may put customers’ privacy and security at risk.

COVID-19 RESPONSE

Key issues in focus:

- Elevating customer experience
- Supply chain continuity
- Community relief measures

Globe’s response:

Globe’s culture and values enabled the company to further enhance its stakeholder centered approach towards identified challenges in 2020. The company integrated the emerging needs and challenges of its customers, suppliers and the community at large across various phases of the pandemic.

MAINTAINING AND ELEVATING CUSTOMER EXPERIENCE

The company remained dedicated in its approach to ensure service continuity whilst catering to the emerging needs of customers. The onset of the pandemic disrupted the operations of the company’s third party customer service partners. To minimize the impact of this disruption on customers, Globe encouraged its

employees to volunteer to address customer queries and challenges. Globe’s commitment to build digital customer service channels played a vital role in serving customers during the pandemic. The company remained steadfast in strengthening its service delivery to digital channels and devised strategies to help all its customers make the transition to digital channels for engagement. The company also designed customized service and product bundles to cater to the rise in demand for internet and virtual modes. Globe forged partnerships to deliver service and product bundles for customers from specific segments such as education, healthcare as well as small and medium enterprises among others. As the restrictions were eased, the company opened a limited number of outlets. Globe established stringent protocols to ensure customer and employee safety through its customer experience (CX) strategy. The company’s CX strategy was further enhanced to enable a seamless transition to digitization, focusing on 5 main pillars:

1. Easing the lives of our customers through the pandemic

This included targeted initiatives that aim to ease the financial burden of the pandemic on the company's customers. Globe also strengthened internal synergies to ensure the provision of consistent and relevant information through the uncertain times of the pandemic.

2. Driving collaboration in solving customer problems with VOC as anchor

The company increased its focus on the provision of a multi-channel, end-to-end journey view of customer experience, with the smart identification of emerging customer issues. This was taken forward by incorporating the principles of simple constructs, digital channel reliability and digital first, zero nakaw load and zero manual processes in partnership with business teams to minimize customer calls for support.

3. Establishing platforms for customer requirements - leveraging digital adoption towards caring at scale

In light of limited frontline capacity, Globe leveraged its digital portfolio to effectively strengthen customer experience and serve emerging customer requirements. With the onset of the pandemic, the readiness of Globe apps and its digital platform allowed for alternative and convenient ways for the company's customers to reach out. This included simple self-serve support through initiatives such as voice-assisted inbound hotline to digital, also enabled by an enhanced Amazon Connect IVR. CX assurance also allowed for a more efficacious approach to the monitoring of customer concerns/ requests.

“Globe’s CX aspiration is anchored on our purpose of ‘Treating People Right to Create a Globe of Good’. We bring this to life through our relationships with our stakeholders. We do this by taking sincere interest in our customers, striving everyday to know them deeply and caring for them for the long haul. We empower customers with services and solutions to inspire better lives, uplift the way we live and work, and help transform businesses. Through this, even beyond our economic recovery, we believe we can contribute to collectively building a better and stronger Philippines.”

Rebecca V. Eclipse, Chief Customer Experience Officer (CCEO)

4. Strengthening the foundation for transforming the experience of the new customer

While the pandemic was seen to restructure the day-to-day requirements of Filipinos, Globe accelerated its efforts to serve the emerging new Filipino customer. The company worked to enhance the experience in specific customer episodes through the effective roll-out of Service Design that served as a basis for capability requirements such as Discover & Buy for loans, retailers and mobile journeys and Manage My Account for the Financial Care Program, among others.

5. Continuing to care for our own people - enabling and engaging our team and our frontliners

Globe continued to augment its engagement and enablement programs for 54 vendors that touched the lives of 4,000+ frontliners across the aftersales and BPO frontline teams. The company also provided care packages and initiatives such as COVID-19 benefits, GCash incentives for upsell and migration agents, among others during the pandemic.

SUPPLIER FOCUSED INITIATIVES

Globe strengthened its inclusive and collaboration centric approach in its supplier management strategy across various stages of the pandemic. The company's dedicated Supply Chain Continuity Program established before the pandemic required each of the company's critical vendors to have their own BCP. This helped Globe and its critical vendors in ensuring business continuity throughout the pandemic. Globe proactively reached out to its ecosystem of partners to enable them to effectively manage the impacts of the pandemic and support their wellbeing. The company also ensured continuous sharing of information and resources with its ecosystem of partners to augment effective planning and alignment in response measures being rolled out. Benefits and safety initiatives provided to its own employees were also extended to all suppliers working on Globe's operations.

COMMUNITY ENGAGEMENT PROGRAMS

The company rolled out a myriad of initiatives spanning from responsible online behaviour in an age of enhanced reliance on virtual modes,

free data packages and customized services to hospitals, support in the form of PPE donations to frontline workers and mass messaging support for awareness building on various relevant themes, among others. A detailed discussion of these initiatives has been presented in the COVID-19 response section of the report on pages 30-35.

STRENGTHENING CUSTOMER EXPERIENCE, COMMUNITY RELATIONS AND RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Over the years, Globe has cultivated a vibrant network of relationships that nurtures the company’s ability to co-create value and grow together. Globe believes that its relationship with its stakeholders is important to create shared value and strengthen business performance. Globe strictly adheres to regulations and directives and in 2020, there have been no instances of noncompliance in the social and economic area of operations.

Incorporating the expectations of its customers, suppliers and communities is vital for ensuring the confluence of the company’s vision with the aspiration of its key stakeholders. Globe has devised

Globe Telecom enhances customer mobile experience through Cloudera

To further enhance each customer’s mobile experience and deliver relevant advertising, Globe implemented its modern data management infrastructure, based on Cloudera. The company’s analytical environment inculcates massive volumes of real-time, granular network signal information, combined with batch loads from billing systems and payments, among others. Moreover, the Cloudera Data Platform aims to effectively personalize customer experience as it runs on AWS to manage data, interpret analytics and translate insights into action for our customers.

distinct mechanisms to strengthen its relationships with each stakeholder group. The purpose of this strategy is to capture the PULSE of each stakeholder’s sentiments, which helps Globe build its relationships on the basis of mutual understanding, support and growth. The strategy for fueling customer delight, supplier engagement and community development hinges on 5 vital aspects:

- 1. **Prepare:** Prepare market analysis to identify key action areas for the company to strengthen its relationship with stakeholders.
- 2. **Urge:** Urge its customers, suppliers and communities to engage with the company and share their

thoughts and aspirations.

- 3. **Learn:** Learn about the growth potential and future thrust areas from the dialogue with its valued stakeholders.
- 4. **Synchronize:** Appraise the company’s strategies and services with inputs received from customers, suppliers, regulators and communities.
- 5. **Embed:** Embed learnings and understanding in every facet of business execution.

Globe remains committed to adopting an inclusive approach to strengthen its stakeholder relationships, aided by practicing transparency. The company believes in co-creating a shared future and driving sustained growth through improved products and innovative services. Globe continues to remain understanding of emerging customers’ needs, whilst building a sustainable value chain with its suppliers and improving the lives of the community it serves.

1. DELIGHTING THE CUSTOMER

The company aims to implement a customer-centric culture to enable business success. Globe’s Circle of Happiness also highlights the importance of happy and satisfied customers that translates into satisfied shareholders and motivated employees. As a purpose-driven organization, the company continues



to ensure that its customers are given fair deals and the best experience and service that Globe can provide. The Board Risk Oversight Committee (BROC) also provides oversight on the identification and management of customer experience, among others to ensure effective implementation of the company’s initiatives. The BROC meets on a quarterly basis to ensure effective monitoring of activities and initiatives implemented by the company and addresses any identified recommendations for improvement. The company’s network upgrades have enabled better online experience on mobile phones. With the onset of the new normal and an increased demand for online video streaming, the aggressive network upgrades across 140 municipalities and cities have enabled faster and better immersive experiences for Globe’s customers. The success of the same has also been reflected in Opensignal’s report, with Globe registering a 32.7% improvement score in Mobile Video Experience on 3G and 4G network, based on a year-on-year user data comparison as of end-June 2020. The company was recognized as one of the most improved telcos in the world in terms of video experience, based on its user data comparison between the first half of 2019 and 2020. Customer engagement is one of the key thrust areas that enables Globe to identify customer triggers and pain points. Identified customer challenges form the foundation for creative ideation at Globe. When customer challenges coalesce with our workforce’s technical prowess it creates unique solutions that seamlessly resolve these challenges and creates market differentiators. To establish a continuous dialogue with its customers, Globe has designed a blended approach to customer engagement which combines technology and human interface to create unique customer touchpoints. Globe uses these numerous customer engagement platforms as a means of educating customers on various

“At Globe we ensure that our products are relevant and accessible to everyone across our mobile and broadband services. Our continuous efforts to improve network performance have also resulted in more affordable and faster internet services for our customers.”

Issa Guevarra-Cabreira, Deputy Chief Commercial Officer

features of the apps and services. These platforms also enable customers to receive quick resolution on queries regarding services and products.

Globe’s Net Promoter Score is an integral compass to gain insight into the progress of the company’s customer satisfaction and engagement initiatives. The company has continued to augment efforts to strengthen the long-standing bonds it has with its expansive customer base, showcased through its strong NPS score. With the widespread impact of COVID-19, Globe’s NPS score was monitored across the company’s business units.

Net Promoter Score across Operations

Business Unit	NPS
Globe Postpaid	37.9
Globe Prepaid	26.7
TM	49.4
Broadband Postpaid	13.0
Broadband Prepaid	20.9
Globe Business	29.6
Globe myBusiness	37.4

As the company continued to identify challenges in an unpredictable environment, Globe increased its efforts to recalibrate its customer experience and satisfaction strategy. The company also aims to augment ongoing network build, upgrades and optimization while enhancing end-to-end digital experience in 2021.

GLOBE REWARDS

The company continues to create unique value propositions for its customers and offers personalized rewards to enhance and deliver a gratifying experience. In 2020, with the onset of the pandemic, Globe continued to curate its offers with digital rewards relevant to the new normal and in line with the digital lifestyle of its customers. The company also focused on stimulating customer conversations and positive sentiments all year round with sustainable campaigns as compared to one-time executions. These rewards were promoted during the #Globe0917 celebration or National G Day which was open to all customers and included G Summit, G Music



G Summit
Globe’s first digital summit for MSMEs to help them pivot their business in the new normal



G Music Festival
Globe’s first digital music festival featuring world-class live entertainment



G Chance the Raffle
Globe’s biggest raffle with over 917 digital and enablement prizes up for grabs



G Legends Cup
Globe’s biggest amateur Mobile Legends tournament with over 8,000 players

Festival, G Chance the Raffle, and G Legends Cup.

FUELING THE PULSE OF RETAIL CUSTOMERS

To consistently deliver superior customer experience, Globe empowers its customers through the following:

1. Encouraging enhanced customer experiences through 4G/LTE

Globe continues to encourage its customers to migrate to 4G/LTE in order to experience enhanced benefits of the company’s modernization efforts. The 4G/LTE technology offers higher bandwidth, faster data speed, improved network responsiveness, higher network capacity, backwards compatibility and future-proofing. The all IP network ensures easier integration and cost-efficiency, with heightened security. This enables customers to make the most out of their smartphones with superior experiences across digital streaming platforms and Esports, and efficient use of applications such as GCash. For this purpose, Globe also announced the removal of consumer 3G SIMs across the company’s retail and distribution chains in early 2020.

2. Augmenting customer accessibility to VoLTE and VoWiFi

VoLTE is the high-speed wireless communication standard for mobile

phones that use 4G LTE, instead of the traditional voice networks used by 2G and 3G. It also allows the network to include more customers calling simultaneously, thereby ensuring faster call set-up, clearer voice quality and lower instances of dropped calls. Additionally, VoLTE allows customers to simultaneously connect to the Internet while on call and ensures uninterrupted mobile browsing experience, particularly with online gaming

and video streaming. In order for customers to experience better, clearer and more reliable text and call services, Globe is further set to expand its VoLTE coverage to Visayas and Mindanao, including the entire provinces of Cebu, Davao Del Sur and Davao Del Norte by January 2021. Along with VoLTE, Voice over WiFi (VoWiFi) aims to address indoor mobile connectivity challenges due to distant network towers, blocked wireless signals

In 2020, Globe successfully enabled Voice Over Long Term Evolution (VoLTE) and Voice over WiFi (VoWiFi) in the National Capital Region, Rizal, Bulacan, and Cavite.

CASE STUDY

UnionBank - the first Globe 5G-powered bank in Philippines

To enable the company’s customers to have the best technology for its enterprise services, UnionBank installed 5G-grade connectivity at Dasmariñas, Cavite branch, in partnership with Globe Business. The benefits of this technology will allow its branch employees to connect 32 devices at the same time with faster speeds, higher bandwidth and robust connectivity. Furthermore, 5G banking would enable enhanced customer experience through augmented reality and virtual reality on smartphones and increase the utilization of technology to ensure financial services are available for all Filipinos.

CASE STUDY

Globe 5G Successfully Tests Console-Less Gaming in the Philippines

Over the years, the gaming industry has made substantial progress. What started as simple simulations evolved into arcade games and video consoles featuring sophisticated and life-like graphics.

In 2020, another promising innovation has been achieved with the successful cloud gaming tests conducted by Globe on its highly anticipated 5G mobile network and in partnership with Apper.ph. Globe tested the possibility of enabling gamers to play graphics-heavy games without needing a console or a high powered computing gadget by marrying cloud technology and 5G low latency and ultra fast speed. One of the successfully tested games is BANDAI NAMCO Entertainment Inc’s TEKKEN7 tournament.

Globe’s ultra fast 5G network played-out TEKKEN7 with a jaw-dropping ultra-low latency. This allowed the gamers who tested the 5G tech to play the game seamlessly with close to zero lags, a capability most prized by the eSports community and those who are avid fans of the popular multiplayer online battle games on their mobile.

and poor signal capacity. VoWiFi also enables customers to use their existing WiFi connection to make phone calls. The VoLTE and VoWiFi calls will be charged as a regular call, while registered customers who have the GoUNLI call package can also opt for unlimited VoLTE and VoWiFi calls within the Globe network. Furthermore, in areas where VoLTE is already available, Globe customers can avail of these services if their mobile phones are VoLTE capable.

3. Enabling superior customer experience through 5G

Globe’s strategy for 5G deployment works towards a near-future benefit for better and faster connectivity. February 2020 was a milestone month for Globe, as the company introduced the first 5G-capable device in the country, coupled with more affordable 5G-capable smartphones. In order to make 5G more accessible to Filipinos, the company is making its current LTE SIM cards future-proof by building compatibility with 5G technology.

Globe’s customers would not have to pay any additional fees or visit a Globe Store to change their SIM cards. Additionally, the company offers a range of 5G-ready devices, coupled with postpaid plans, to help every Filipino enjoy the benefits of an upgraded connection. The increased accessibility and availability of 5G technology across the Philippines will propel the evolution of the Filipino digital lifestyle, particularly the education, health and entertainment sectors.

The benefits of 5G technology has transformed the way people communicate and conduct business, including the delivery of service from e-businesses to e-government. As the pandemic accelerated the adoption to a digital lifestyle, 5G may revolutionize remote learning, with increasingly interactive ways of teaching and the use of artificial intelligence for continuous learning. 5G technology can also support the healthcare sector, with local hospitals using information and

Globe unveiled the first 5G service for mobile and introduced the first 5G device in the country, followed by more affordable 5G-capable smartphones.

communications technology to observe social distancing during the COVID-19 pandemic and to conduct emergency consultations while promoting social distancing. This has been further elaborated in the COVID-19 chapter of the report.

Globe continues to expand its 5G services in Metro Manila as well as key cities in Visayas and Mindanao. The company introduced the iPhone 12 along with Globe’s 5G capability as a differentiated product in the Philippine market. This enabled customers to experience all the features offered by the new iPhone,

Innovative and customized plans from Globe At Home

<p style="text-align: center;">HIGH SPEED PLANS WITH FREE DEVICES</p> <p><i>Families can avail of plans that are more suited to their lifestyle and connectivity requirements.</i></p> <p>Globe’s UNLI Plan 1899 with speeds of up to 30 Mbps comes with a free Android TV Box.</p>	<p style="text-align: center;">INSTANT WIFI WITH INSTANT BIG DATA AND ENTERTAINMENT</p> <p><i>Customers in serviceable areas can avail of new and exciting promo plans.</i></p> <p>Globe’s Xtreme WiFi Plan 999 is the network’s most affordable postpaid plan.</p>
<p style="text-align: center;">AFFORDABLE AND RELOADABLE WIFI</p> <p><i>Customers can avail of packages that are most suited to their requirements and time.</i></p> <p>Globe’s Home Prepaid WiFi is available for only ₱999 with benefits of 15GB data allocation and an additional 1GB per day for seven days.</p>	<p style="text-align: center;">FAMILY ESSENTIALS AT HOME</p> <p><i>Families can avail of Globe’s services to ensure their health and safety.</i></p> <p>Customers can use Globe’s GCash app to run errands and complete payment transfers from their home. Globe at Home also partnered with KonsultaMD, a telehealth service at home.</p>
<p style="text-align: center;">ENJOY SURPRISES AND TREATS</p> <p><i>Customers can now avail of exciting new rewards from Globe at Home partners.</i></p> <p>Globe at Home prepaid and postpaid customers can earn vouchers and avail rewards from a range of partners through the Globe at Home app, including special discounts, among others.</p>	<p style="text-align: center;">EXPERIENCE DIGITAL CUSTOMER SERVICE</p> <p><i>While safety is the priority, convenience is also something that Globe at Home would like to offer to their customers by complementing everything with a digital after-sales service.</i></p> <p>Globe At Home customers can get support and avail of other services like bills payment, troubleshooting, plan upgrades, and volume boost to get more data via the Globe At Home app.</p>

Globe increased the availability of GoWiFi services across:

1. Ilocos Norte
2. Iloilo City
3. San Jose del Monte, Bulacan
4. Pangasinan
5. Pampanga
6. Key areas in Cebu
7. Key areas in Davao
8. Misamis
9. Key Negros Occidental Public Areas
10. Pasig City
11. Manila City

such as gaming, streaming, and virtual reality, among others, with reduced lag. Globe also partnered with Huawei to bring the first 5G capable smartphone Huawei Mate 30 pro 5G to the Philippines. The company is pleased to note that the technology offers a tenfold speed increase and 90% real-time latency reduction over 4G. This facilitates ease in carrying out resource-heavy online activities such as cloud gaming, high-definition (HD) live streaming, and HD video calls. The company is elated to bring the first-ever 5G-capable smartphone in the Philippines along with superior 5G technology to Filipino homes.

With the increasing presence of the gaming industry, the promise of innovation has been showcased through Globe’s implementation of its ultra-fast 5G network. The company further experimented with the possibility of enabling access to graphics-heavy games without a console or a high-powered computing device. This

CASE STUDY

Free Internet Connection in Key Negros and Misamis Occidental Public Areas as well as Davao City

Globe provided free GoWiFi internet connection in high-traffic areas of Negros and Misamis Occidental as well as Davao City such as transport terminals, malls, hospitals, government offices, gas stations, supermarkets and schools. The benefits of the GoWiFi connection are realized with increased accessibility to reliable internet connectivity, regardless of the network provider, and is also compatible with any WiFi-enabled device.

initiative was taken forward by integrating cloud computing and 5G technology for low-latency and ultra-fast game speed.

4. GoWiFi

GoWiFi is Globe’s fast and secure public hotspot service, providing customers across the Philippines with accessible and smooth WiFi experiences with seamless connection of up to 100 Mbps. The WiFi service is accessible for Globe, Smart, Sun, TM and TNT subscribers.

Globe continues to lead the country’s digital transformation by introducing innovative products and services. As of December 2020, GoWiFi was the largest WiFi service in the country, accessible in over 2,800 sites across the Philippines. The company worked tirelessly with Local Government Units (LGUs) to enhance the accessibility of each and every Filipino to robust internet connectivity services through GoWiFi.

GoWiFi services can be availed in 2 modes: regular (free) GoWiFi and premium (paid) GoWiFi Auto. Globe ensures that both modes are open to all users who have WiFi-enabled devices, regardless of the network provider for each user. Additionally, the GoWiFi Auto allows customers

to avail the services beyond free browsing time and without any ads. As Filipinos adapted to the new normal, demand for high-quality connectivity has been increasing with more resources and services shifting to digital platforms.

To accelerate the Philippine digital transformation, Globe has partnered with Iloilo City to power key locations with KapitWiFi and GoWiFi services. KapitWiFi is Globe’s most affordable community-based service that offers a range of affordable products to all users, regardless of the network provider. The company has also ensured the availability of GoWiFi service in the Hall of Iloilo, Sunburst Park, Freedom Grandstand, Iloilo International Airport, and Iloilo River Plains Integrated School in Barangay Lanit. The WiFi service was also used to power up the integrated school’s computer lab with unlimited internet access, enabling students to enhance their digital learning experience.

5. Globe at Home

Globe at Home offers a digital ecosystem that is curated to provide customers a platform to recreate their world. With affordable plans, latest innovations and easy access to online content,

Globe’s price per GB for its prepaid customers is amongst the lowest in Southeast Asia.

Globe has a plan for every family across the Philippines. Along with the company’s strategy to expand and upgrade its network infrastructure, Globe continues to introduce and maintain more affordable internet services for its broadband customers. The prices per gigabyte (GB) of Globe’s broadband services such as Globe At Home Prepaid WiFi, Globe At Home Postpaid VDSL and Fiber and Globe at Home Postpaid LTE have reduced by 60% since 2016. Additionally, Globe is also accelerating the deployment of fiber optic cables to ensure a seamless and affordable experience for all its customers.

Globe at Home Postpaid LTE has seen a reduction to ₱9 per GB or a 65.38% price decrease in the last two years. Moreover, Globe at Home Prepaid WiFi customers now pay ₱9 per GB, a 60.87% decrease since 2017. Also, Globe at Home wired customers now have unlimited data access as compared to paying up to ₱13 per GB in 2016.

Families across the Philippines can choose from a variety of innovative and customized plans from Globe at Home.

In 2020, Globe further strengthened its commitment to empower Filipino homes with seamless internet connectivity. In partnership with Victor Consunji Development Corporation (VCDC), the company continues to capitalize on its vision of making a modern and connected home every Filipino’s reality. The M Residences located at

Acacia Estates, Taguig is the first residential townhouse property in the Philippines to have built-in fiber internet connection by Globe At Home. Along with the provision of high-speed connectivity, residents can opt to equip their homes with Globe CONNECTED HOME devices, a range of intelligent home devices that provide coverage and automation across each home. The technology ensures that customers can now experience a digitally-powered home with enhanced comfort, security and entertainment.

6. Entertainment packages and promos

Globe continues to create and deliver better content for its pool of customers, using a two-pronged approach. The company partners with local, regional, and global brands that have the

insight and proven success in their respective fields, ensuring valued content through marketing and distribution channels. The company also continues to work on its own materials, supported by the distribution channel of its partners.

Some of the key packages and promos have been provided below.

- **Kumu**
As a pinoy centered live streaming platform, customers can be a livestreamer, win cash by playing games, or just hangout and watch different content creators on the platform. Kumu also hosts several ABS CBN digital channels like GKNB (Game Ka Na Ba?) a classic ABSCBN gamified show, and FYE (For Your Entertainment) that focuses on celebrity streams, talk shows and MYXPH with music related content.

PATUNAY NA HINDI MAHAL ANG INTERNET SA PILIPINAS

KUMPARA SA ASYA

Kung ikukumpara ang mga internet promos natin sa ibang mga karatig-bansa sa Asya, ang Pilipinas ang isa sa may pinakamurang halaga kada gigabyte ng data.

COUNTRY	TH	SG	ID	PH Globe	MY
Price (Php) PER GB	190.59	35.6	32.76	10.00	4.86

Meron na ring mas sulit na **Go promos** sa Globe Prepaid na may **mas malaking data allocation** at pwedeng gamitin sa lahat ng websites at apps.

* Presyo ng data hangga sa Hunyo 2020 promo rates ng Q4 2019 market leaders.
** Palitan ng Piso kada Dolyar: 1 USD = 50.04 PHP noong June 25, 2020.

#1stWorldInternetPH

• **V Live**

In 2020, Globe brought exclusive K-pop idol content to millions of Globe subscribers in partnership with the leading South Korean live video streaming and entertainment platform service, V Live. Globe ensures that the company’s customers stay connected to their favorite KPop idols with the #KmmunityHwaiting. With access to V Live, the company’s subscribers can continue to stream KPop content such as BTS, BLACKPINK, TWICE, TXT, and NCT, among others.

• **Surf4All**

Surf4ALL is a first-of-its-kind, fully convergent data offer across Globe’s brands. The promo gives customers high GBs for all sites and a shareable GB allocation that is seamlessly accessible for up to 4 users or devices. The combination of Globe’s resilient network and the innovative Surf4ALL product gives Filipinos the ability to make the holidays richer and better, by giving them access to daily essentials and services they find useful and enjoyable throughout the season.

• **GoSURF**

GoSURF is a mobile promo that gives customers bulk mega/gigabytes of consumable mobile data. It also allows them to go share, listen, watch, play and more.

• **GoSAKTO**

With GoSAKTO customers can create personalized promos for their Globe Prepaid account that is suitable for each and every Filipino’s budget.

• **GoWATCH**

GoWATCH is Globe’s new promos designed for video streaming on mobile. It gives customers additional bulk MBs on top of GoSURF (GoWATCH

“As we navigate the new normal, we ensure that our retail channels are compliant with the government protocols on COVID-19. The health and safety of our employees, customers and partners remain our top priority as we continue to deliver essential services for our customers.”

Bernard P. Llamzon, Executive Vice President, Channel Management

29, GoWATCH 399), or as a standalone (GoWATCH 99) for video sites/apps, so one can watch all the videos one wants on mobile without worrying about consuming the GoSURF offer or getting charged regular browsing rates.

• **HomeWATCH**

Globe launched HomeWATCH, a new set of promos for Home Prepaid WiFi that provides customers with generous daily GBs for YouTube.

• **WeSing**

Globe acknowledges the importance of Karaoke as a bonding activity with friends and family in the Philippines. With the onset of the pandemic and the restriction of social gatherings, Globe and TM partnered with WeSing in order for customers to enjoy a digitalized Karaoke experience. Globe is also the first telecom in Southeast Asia to partner with WeSing and increase the accessibility and availability of the App.

7. ECPay

ECPay continues to benefit Globe’s distribution channels by providing small business owners with a platform to offer more products and services, facilitating growth in the e-commerce industry and the digital economy. In 2020, ECPay reported a significant increase in digital merchant partners, biller

portfolio, and customer reach with the onset of the COVID-19 pandemic, as customers shifted to more digital platforms to safeguard themselves from any infection. The service has direct access to 27 million customers across the nation through digital channels as well as 560 unique merchant partners with physical stores and an outreach of 25,000 outlets across the nation. The company continues to establish ECPay as a one-stop shop for customer touchpoints and services, as per their convenience.

STIMULATING THE PULSE OF SME CUSTOMERS

This year, Globe myBusiness continued to drive digital innovations. With the onset of the pandemic, the company recognized the requirement of telehealth services for its Small and Medium Enterprise (SME) customers. In order to provide health benefits to their respective business employees, Globe partnered with KonsultaMD, a pioneer in telehealth across the Philippines. In the company’s endeavor to support entrepreneurs during these trying times, Globe conducted an online seminar to explore benefit options for their employee’s health. The webinar, entitled ‘Telehealth in the PH: Protecting Your Business and Your Employees’ was conducted along with speakers from the Department of Health (DOH), KonsultaMD, and Globe Telecom. The webinar

particularly focused on the benefits of telemedicine that aims to improve access to healthcare services, maximization of available resources and the efficient coordination of end-to-end delivery across facilities. In partnership with KonsultaMD, Globe aims to support businesses by providing them with 24/7 access to local doctors and facilitating easier employee access to healthcare. This, in turn, provides benefits for business owners to ensure increased productivity and accurate health services for their employees.

In 2020, Globe myBusiness also paid tribute to its micro, small, and medium enterprises (MSMEs), the ‘economic heroes’, whose strength and resilience was supported with the #SaludoSME campaign. The Chairman of the Board of Ayala Corporation, Jaime Augusto Zobel de Ayala, and Globe President and CEO, Ernest Cu, kicked off the campaign on the Globe myBusiness Facebook page with the reveal of an inspirational video sung by the Broadway legend and international Filipino pride Lea Salonga, that represented the strength of local SMEs as they resumed business activities in the new normal. Globe continued to honor MSMEs with an exclusive online Business Consultation Caravan, wherein participants received one-on-one consultations from local business titans, led by the Entrepreneurs’ Organization (EO) Philippines’ President and Globe myBusiness Ambassador, Hanky Lee. Globe also seeks to address the prominent challenges of MSMEs through mentorship, online classes, masterclass training, tips and advice from industry experts, business matching and co-marketing opportunities.

Furthermore, the company is looking at introducing digital innovations and practices, such as ‘the cloud’, which can be applied to SMEs in a cost-efficient manner. It enables SMEs to use the same platforms and

systems similar to large enterprises without the need for additional capital expenditure. With subscription services in place, SMEs can also store huge files without the need to own a data center.

2. PARTNERING FOR GROWTH: RESPONSIBLE SUPPLY CHAIN MANAGEMENT

Globe fosters an inclusive and growth-oriented approach in its processes and engagements with suppliers, vendors and other associates. The company believes that the best outcomes for the economy can be generated only through

collaboration, mutual support and a vision for a shared future. The company conscientiously partners only with suppliers and vendors who share the company’s values rooted in sustainability and inclusive growth. Such alignment in early stages of engagement plays a critical role in embedding Globe’s values of ethics and sustainability in the supply chain. In 2020, there have been no significant changes in the supply chain of the company as compared to 2019. The company has meticulously chalked out a Responsible Supply Chain strategy that ensures continuous improvement and alignment of its supply chain with the core corporate values.

Sustainable Supply Chain

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 key facets:

- a. Globe Supplier Code of Ethics (SCOE)
- b. Embedding sustainability in Supplier Contracts
- c. Vendor Monitoring System

The SCOE forms the aegis of the strategy and guides the overall management of the supply chain. The code covers a wide range of aspects covering the economic, social and environmental dimensions of sustainability. Key topics include protection of human rights, environmentally conscious operations, health and safety, business continuity, transparency, integrity, and corporate citizenship. The code is applicable to all Globe’s vendors and suppliers. The company expects each of its vendors and suppliers to acknowledge and respect the expectations set forth in the SCOE. The SCOE is updated biannually to ensure alignment of the code with current market requirements, risks and trends.

Incorporating sustainability in contracts ensures strict adherence of suppliers with Globe’s practices and standards on ethics and sustainability. It is noteworthy that

100% of Globe’s partner vendors that underwent the vendor accreditation process sign up on the Supplier Code of Ethics which includes a clause on sustainability that covers human rights, environmental risk management and business continuity. The vendor monitoring system enables the company to evaluate supplier commitment to sustainability and action areas for improvement. In 2019, several suppliers undertook the supplier self-assessment, which helped the company understand the current level of sustainability linked values embedded in the supply chain.

Through an annual supplier performance evaluation, the vendors are also able to improve their services based on that year’s performance. There has been no instance of failed performance evaluation in the last 4 years indicating the effectiveness of the supplier engagement that Globe has with its partners.

PARTNER ENGAGEMENT

Globe strengthened its inclusive and collaboration centric approach in its supplier management strategy throughout various stages of the pandemic. The company’s dedicated

Supply Chain Continuity Program established before the pandemic required each of the company’s critical vendors to have their own BCP. This helped Globe and its critical vendors in ensuring business continuity throughout the pandemic. Globe proactively reached out to its ecosystem of partners to enable them to effectively manage the impacts of the pandemic and support their well-being. The company also ensured continuous sharing of information and resources with its ecosystem of partners to augment effective planning and alignment in response measures being rolled out. Benefits and safety initiatives provided to its own employees were also extended to all suppliers working on Globe’s operations.

Globe periodically engages with its suppliers through various means such as vendor orientation and assemblies. On an annual basis, the company also conducts Globe Business Partner Awards, with the company’s top 100 suppliers participating in this event. The objective of this event is to recognize suppliers and associates who have performed beyond par and have worked towards creating distinguished value for the economy. Globe myBusiness

Academy facilitated a platform called CONNECT that unlocked networking opportunities for suppliers and SMEs. Thus, through various digitally-enabled outreach mechanisms, Globe ensures a continuous dialogue with its suppliers.

The company also engages with its suppliers through self-assessments and audits. In 2020, 100% of our suppliers underwent accreditation prior to official onboarding and enrollment to the company's procurement system.

PROMOTING LOCAL SOURCING

Consistent with Globe's commitment to nation building and stimulating economic growth in a sustainable manner, the company supports local suppliers and vendors. In 2020, 85.4% of Globe's suppliers were local suppliers. In this context, the term 'local' is defined as vendors that have their main operations in the Philippines.

RESPONSIBLE SUPPLY CHAIN ROADMAP

To reflect the company's heightened focus on sustainability issues, Globe has developed a dedicated sustainable supply chain roadmap with milestones to enable continuous and measurable progress on the

agenda. The Board of Directors oversee the progress on the strategies to manage and mitigate 3rd party risks across the key aspects of the company's operations.

3. STANDING BY PARTNER COMMUNITIES: CREATING A GLOBE OF GOOD

In line with Globe's spirit of giving back to communities and standing by them in times of distress, the company continually engages with communities with the objective of serving them better. This is aligned with the company's vision to partner for the growth and prosperity of all its stakeholders, including customers, suppliers and communities. The Corporate Social Responsibility platform at Globe consistently monitors the progress and implementation of new and innovative initiatives that contribute to nation-building and the empowerment of local communities. The company also adopts best practices of ISO 26000 Social Responsibility to effectively govern and monitor the progress and challenges of its CSR activities.

The pandemic wreaked havoc on the lives of communities worldwide. Rising to the occasion, Globe stepped-up its community outreach efforts in 2020. The company has employed a two-pronged approach that

focuses on leveraging core business capabilities for creating value for communities while also going beyond to serve and support communities through tailored interventions. Globe has worked across various thrust areas to support and nurture communities through a variety of interventions catering to their current and emerging needs. Based on impact assessment reports submitted for CSR Programs, no adverse impacts were brought up. In addition to that, none of Globe's operations have been identified to have adverse impacts on local communities.

PROGRAMS ANCHORING RESPONSIBLE DIGITAL TRANSFORMATION

In view of the increasing reliance on digital tools and the internet for regular activities such as education, retail and entertainment, the role of safe and responsible online behavior has emerged as an issue of paramount and critical importance. Globe has undertaken various initiatives to empower communities with internet and digital tools while ensuring its safe use.

1. Digital Thumbprint Program (DTP): DTP is a series of workshops patterned after the Optus Digital Thumbprint in-school program in Australia. Each module aims to increase students' knowledge of digital citizenship and cybersafety by taking a critical look at their online behavior and helping them develop insights into the influences of the online world and the choices they are making.

Launched in 2016, the program now offers workshops that tackle 5 essential topics on how to be a responsible digital citizen:

1. Online safety and security
2. Online etiquette and responsibility
3. Discernment and online critical thinking





Globe delivers a professional development program for learners and educators nationwide. The Global Filipino Teacher Series: Professional Development Program is a webinar series that promotes 21st century learning and helps public school teachers maximize their digital resources.

- 4. Digital empowerment
- 5. Responsible parenting in the digital age

One its most significant milestones is its successful adoption by the Department of Education (DepEd). The program has been integrated into the K-12 curriculum under values formation.

To further expand the reach and impact of the program, DTP now offers a train-the-trainer’s (T3) workshop strand which empowers even more workshop leaders, interested volunteers and committed program advocates outside of Globe, to share the learnings to more communities around the country. Consequently, the DepEd engaged in a T3 workshop for a select number of educators, tasked to likewise share the knowledge to other members of the DepEd community.

To help address the urgent need for education on digital wellness and online responsibility, Globe carried out workshops on overall mental wellness, anchored on the Digital Thumbprint Program. These efforts were highlighted by webinars such as ‘Responsible parenting in a digital world’ and the “Global Filipino Teacher Series: Digital Thumbprint Program (DTP)”, which featured key note speakers from

UNICEF and the DepEd. The latter catered to DepEd staff covering the national, regional, and division offices around the country.

The substantial increase of internet usage nationwide, as a result of movement restrictions, further added the need for online safety education.

Originally carried out via face-to-face workshops, the delivery of the modules transitioned quickly into both a virtual session via webinar format, and an eLearner series via online videos for self-paced learning. By transitioning the DTP modules into easily accessible, self-learning video materials available online, Globe hopes to reach more internet users and help them become more responsible digital citizens. The digital modules are made available on the Globe website and on Youtube.

2. Global Filipino School (GFS)

Program: GFS was launched in 2012 with the aim of digitally empowering and transforming public schools in the Philippines. Through the GFS program, Globe supports schools with free internet, digital tools and capacity building for teachers to enable them to employ current digital tools in their teaching pedagogy. The GFS program is part of a long-

term partnership between Globe Telecom and the Department of Education (DepEd), meant to forward 21st century learning principles and ICT integration in public schools nationwide. It aims to transform public high schools into ICT centers of excellence by equipping students and teachers with the knowledge, skills, and tools needed for the 21st century. Globe and DepEd introduced the program to all 17 regions in the Philippines, with ARMM as its final leg.

3. Global Filipino Teachers (GFT)

Program: As part of the continuous efforts to empower the public school sector, the Global Filipino Teachers Program was re-launched this year to help teachers develop the requisite know-how in areas such as ensuring responsible online conduct, enabling early language literacy, psychological first-aid and digitally transforming learning experiences for students. Historically, the GFT covered 21st century learning approaches. As teaching delivery transitioned completely to digital platforms as a result of the pandemic, the modules were adjusted and refined to deliver essential content on remote learning. The overall objective of the program this year was to enable teachers to deliver classes effectively, in remote learning format.

4. Initiative to curb online sexual exploitation of children: In partnership with civic groups like Plan International and the Child Rights Network, Globe focused on creating awareness on online sexual exploitation of children in the Philippines. Conducted as part of the Safer Internet Day celebrations, the initiative bolsters the company's efforts to cultivate safe and responsible online behavior centered around Digital Thumbprint Program. In conjunction, Globe supported the ABS-CBN Foundation Inc. by enabling toll-free calls to Bantay Bata #163 helpline for all Globe and TM mobile phone users. This initiative aims to enable safe and timely reporting and support, rescue efforts, and rehabilitate victims and families of child abuse.

5. Globe eLibrary: Globe eLibrary is a web and mobile platform that features age-appropriate and engaging e-books and e-learning videos which can be accessed through mobile phones, tablets, laptops, and desktop computers. It caters K-to-12 students, educators, and parents nationwide with free and quick access to hundreds of ebooks and videos provided by the Department of Education (DepEd) and other sources. For Globe and TM customers, the platform can be accessed without incurring any data charges. The Globe eLibrary is also incorporated into DepED commons which is DepEd's official online content resource platform.

6. Brigada Eskwela - Connectivity Support: In the past, Brigada Eskwela focused on activities where Globe volunteers contributed through repainting activities and clean-ups among others. Due to the shift in requirements under the pandemic, Globe pivoted by establishing the much-needed assistance on providing connectivity support to over 65,000 public school teachers and students

through sims, load cards, modems, and pocket WiFi's.

7. Free Access to government learning portals: Various government learning platforms were supported by Globe in order to aid educators and learners in support of effective remote learning. Globe partnered with DepEd, the Commission of Higher Education (CHED), and the Technical Education and Skills Development Authority (TESDA) to provide free access to respective government learning platforms: the DepEd Commons, CHED's Phil-Connect, and TESDA's Online Platform (TOP).

DepEd Commons contains online review materials and Open Educational Resources (OER) authored by public school teachers who are subject matter experts. Teachers can retain, reuse, revise, remix, and redistribute the content by blending it with a learning management system to deliver a distance learning modality.

PHL CHED Connect, was developed by CHED to maximize the use and increase availability of educational materials, raise the quality standards for educational resources, enhance opportunities for self-learning at home, and support multi-modal approaches to learning. It contains higher education course materials in text, media, and other digital assets that are useful for teaching, learning, and research purposes. Subject matters covered include humanities, architecture, business, engineering, IT, mass communications, criminal justice, agriculture, forestry and fishery among others.

TOP is an open educational resource that aims to make technical vocational education and training (TVET) more accessible to Filipino citizens and widen

their chances of employment or sources of livelihood. It offers free online courses open to the public, targeting those interested to get upskilled for better chances of employment.

8. WiFi2Teach: To further support the delivery of distance learning, Globe At Home donated 2,000 Home Prepaid WiFi modems through the Department of Education to equip selected public school teachers with connectivity for distance learning needs.

9. Affordable WiFi access for communities: Committed to elevating the state of internet availability in the country, Globe has expanded affordable WiFi access via GoWiFi and KonekTayo WiFi to serve and connect more Filipinos nationwide.

The company formed milestone partnerships with different local government units in the country to enable GoWiFi access, while continuing to amplify its presence in other parts of the country, including key areas in the VisMin region. To help address the



Globe At Home powers digital learning for public schools with WiFi2TEACH program. Bagong Silang Elementary School, Los Baños Head Teacher III, Rainiel Victor M. Crisologo.

reinforced need for fast and reliable internet during the COVID-19 crisis, Globe provided free GoWiFi connection across essential services settings such as hospitals, supermarkets, quarantine facilities, and airports nationwide in support of frontline workers and the public to keep them safe, informed and in touch with their loved ones.

KonekTayo WiFi, Globe’s community WiFi service, has strengthened its mission to make reliable broadband internet more accessible for underprivileged communities that need it the most, empowering them with affordable internet as a tool that enables access to education, health and livelihood during the unprecedented times of COVID-19. In collaboration with public and private sectors, Globe deployed KonekTayo WiFi sites to deliver affordable WiFi solutions to low-income families and households in various locations including Iloilo City, Tacloban City, Pasig City, Valenzuela City, Taguig City, and other areas, while further locations are already underway. Globe also launched its partnership with Gawad Kalinga to make KonekTayo

WiFi access available for Gawad Kalinga communities in Santa Rosa, Laguna; Paranaque; and Imus, Cavite. Under a similar partnership with the National Housing Authority, KonekTayo WiFi will also be available in Manila, Quezon City, Caloocan, Mandaluyong and San Juan resettlement areas, aiming to serve more than 350,000 households nationwide. KonekTayo WiFi continues to bolster its role as an enabler of connectivity as it rolls out more developments in the country.

In collaboration with KonekTayo WiFi, the School Bus WiFi initiative, which made use of school buses equipped with special antennas that broadcast WiFi signal, extended assistance for residents in Manila City and Pasig City to meet demands of distance learning and remote working, and help create employment and livelihood opportunities. This campaign also provided support to school bus operators whose main source of livelihood was affected by the pandemic.

Globe’s initiatives under its GoWiFi and KonekTayo WiFi offerings are

in line with its purpose of unlocking the potential of connectivity for Filipinos and build a digitally transformed economy.

PROGRAMS SUPPORTING STEM EDUCATION AND LIVELIHOOD DEVELOPMENT

1. Globe Maker Lab and Innovation Hub: This program has been collaboratively undertaken with Mano Amiga, a school that provides affordable international quality education to underprivileged communities with livelihood, skills training, and development programs for the whole family to ensure holistic and sustainable intervention. The key objective of this program is to enable access to best-in-class Science, Technology, Engineering and Mathematics (STEM)-education for disadvantaged learners. This program contributes to nation building by equipping budding talents to thrive in an innovation-driven world. This program incorporates a project-based approach to learning that fosters an application-oriented mindset from an early age. The program

Globe Chairman Jaime Augusto Zobel de Ayala, Globe President and CEO Ernest Cu, Manila City Mayor Isko Moreno and other Ayala, Globe and Manila LGU officials officially kicked off the KonekTayo School Bus WiFi project at the Kartilya ng Katipunan Plaza in Manila.





In line with the World Mental Health Day celebration on October 10, Globe dedicates the #StartANewDay webinar to the “Family’s Role on One’s Mental Health”.

Guest speakers are Dr. Anna Tuazon, a family and child therapist who is also an assistant professor at UP Diliman’s Department of Psychology, and Jean Goulbourn, a designer and a mental health advocate who founded the Natasha Goulbourn Foundation which operates HOPELINE, a 24/7 suicide prevention and crisis support helpline.

Panelists include entrepreneur Ari Verzosa who is a staunch mental health advocate and motivational speaker on personality development and actress Iza Calzado who lost her mom to depression almost two decades ago and has openly supported and spoken about mental health.

continued to be delivered by transitioning to virtual modes after the onset of the pandemic.

2. Creating livelihood opportunities for recovering drug dependents:

In association with Davao-based social enterprise Virtualahan, Globe has supported recovering drug dependents through a digital training initiative called “Project New Life”. This program aims to provide post-deaddiction reintegration support by upskilling recovering or recovered drug addicts in order to enable them to make a living. In this program, Virtualahan provides the requisite training and employment support, while Globe provides the digital tools and internet connectivity for online learning. The success rate for this program is at 60% where graduates have either been employed or started a new business.

HEALTHCARE-FOCUSED COMMUNITY DEVELOPMENT

Globe rolled out various programs to tackle a myriad of mental health issues, the incidence of which surged as an impact of the pandemic. Some key programs and campaigns undertaken were:

1. Hope Bank: This online platform was designed with the objective of promoting mental wellness, by creating a safe space for all its members. Through this community, members are encouraged to share messages of hope to uplift those who are coping with stress, fear and uncertainty. Especially during the COVID-19 pandemic, Hope Bank became an inspirational platform that provides a positive space amidst the negativity, boost the morale of our frontliners, and offer support for people who have been affected in any way by COVID-19, and the community quarantines implemented in the country. As a part of this community’s program, Globe also launched the “Kwento ng Tagumpay” in partnership with Philippine Star, which showcased inspiring stories from real people who, against all odds, managed to thrive through the challenges of the pandemic.

2. HOPELINE 2919: This toll-free number, rolled-out in partnership with Natasha Goulbourn Foundation, caters to people in emotional distress, requiring immediate assistance. Globe supported the foundation through internet connection and mobile phone subscriptions needed for operations. On December 2020, HOPELINE has partnered with

telehealth service integrator HealthNow to give the public more ways to reach the hotline. HOPELINE can be found under HealthNow app’s Urgent Help button on the welcome page. Globe and TM subscribers will be able to call the hotline toll-free.

3. UP Diliman Psychosocial Services (UPD PsycServ): Globe partnered with UPD PsycServ, an organization that extends free counseling or psychotherapy services to those in need. For the duration of the enhanced community quarantine, Globe is giving free unlimited calls and texts to UPD PsycServ to allow volunteers to reach out to those who send them messages via text or Viber.

4. Webinars and awareness building sessions on mental health: Globe rolled out various webinars and sessions to help its customers and communities to understand mental health issues better.

a. #StartANewDay webinar focusing on “Family’s Role on One’s Mental Health”: This dedicated session was conducted as part of the World Mental Health Day celebration on October 10, 2020. As part of a webinar series, this episode covered helpful topics to educate

families in forming a support system for family members dealing with mental health difficulties. Topics included sighting symptoms, available options for help, and building the foundation of support within the family and community. This webinar was attended by top mental health advocates, medical professionals, and trained psychologists that provided valuable insights on managing mental health issues within the family.

b. #StartANewDay – Let’s Talk About Mental Health: A Forum for Educators: This session was conducted in partnership with the Department of Education-Disaster Risk Reduction Service (DepEd-DRRMS) and formed a part of the DepEd-DRRMS Wellness Check Series. The program was tailored for educators and aimed to enable them to identify work-induced stress/ mental disorders and

strategies to mitigate the risk posed by remote learning for educators. Participants were exposed to various tools to assess their mental health status, such as the Maslow’s Hierarchy of needs-based self-checkup.

c. #StartANewDay- Insights for Millennials and Gen Z: With the younger generation being more aware of mental health issues and more open to build conversations around mental health, the #StartANewDay webinar series launched by encouraging a healthy discussion between millennials and Gen-Z to help others within their age group cope and be of support to their peers.

5. GoHealth: In partnership with Pacific Cross, this program was launched to enable access to affordable health insurance, thereby bringing insurance coverage to the reach of low-income households. With a nominal

subscription fee of ₱20, customers can avail health insurance coverage provided by Pacific Cross for up to ₱1,000 worth of emergency medical treatment.

ENABLING COMMUNITY PARTNERS THROUGH VOLUNTEERISM

1. Treasure-based volunteering through Globe Rewards: Outside of the COVID-19 fundraising for frontliner support, Globe Rewards has enabled customers to contribute to their chosen advocacies via donation of their rewards points where every point is equal to ₱1.00. At the end of the year, a total of ₱54.25 million in donations; ₱17.7 million supported various causes such as mental wellness, education, environmental sustainability, marine biodiversity, reforestation, disaster response and relief, animal welfare, hunger mitigation, and child protection.



₱1.7 billion raised for services and assistance packages for COVID-19



2. Internal volunteering activities:

Due to the limitations brought about by the pandemic, Globe has transitioned its volunteering activities to digital fundraising and digital skill-based volunteerism.

a. #OneGlobeVsCovid: On March 2020, Globe and its employees with the help of Singtel were able to raise over ₱27 million which was used to procure PPEs, food packs, test kits for frontliners and partner LGUs as well as funding and connectivity support for quarantine facilities.

b. 12 Days of Giving: Through its 12 Days of Giving Project, Globe is able to foster volunteering and sharing among its employees during Christmas. This was furthered by using GCash QR Codes which enable employees to contribute any amount to the advocacies they believe in even while working from home. In the past two years, Globe's Christmas fundraising initiative involved putting up a physical tree, The Purpose Tree, in Taguig Headquarters. The tree was adorned with GCash QR Codes of partner organizations where employees and guests can donate. Given the work from home set-up, Globe has transitioned the Purpose Tree to a fully virtual fundraising drive. To make it bigger, Globe expanded the beneficiary base of its internal Christmas donation drive from 4 to 6 organizations to 12 beneficiaries this year.

c. Digital Thumbprint

Ambassadorship: Due to physical distancing, Globe has expanded its Digital Thumbprint Program's (DTP) Train the Trainers initiative to online platforms where Globe employees can virtually train to be workshop facilitators on responsible online behavior. These trained employees are given an ambassadorship role

and empowered to share the knowledge to teachers, students, and parents within their circles, via virtual sessions. A total of 182 new ambassadors were trained in 2020.

SUPPORTING COMMUNITIES DURING DISASTERS

Globe has supported communities at times of distress through various relief programs. A total of 81 Libreng Tawag, Libreng Charging stations deployed and 36,872 families supported through relief efforts. Some key initiatives undertaken during various disasters have been described below:

1. Taal volcano eruption: Globe invited its customers to donate their Globe Rewards points for partner organization, Rise Against Hunger. The points were channeled towards purchasing meal packs for 8,512 families and supporting other relief measures.

2. Typhoon Quinta: Globe rolled out Dyip Sagip to support severely affected provinces by the typhoon Quinta by offering Libreng Tawag, Libreng Charging, and Libreng WiFi services. This free communication service was made available at select Municipal grounds for limited time slots for a period of 4 days. The booths were managed in a manner compatible with the restrictions imposed by the pandemic. Globe also supported 2,145 families with meal packets through a partnership with ABS-CBN Foundation.

3. Typhoon Rolly: Globe worked relentlessly to restore its services and restore power across affected cell sites in the most adversely affected areas. These areas included NCR, Rizal, Batangas, Camarines Norte, Marinduque, Sorsogon, Samar, Albay, Virac, Catanduanes and Western Samar. Globe deployed Dyip Sagip and

extended free data to its broadband customers in the areas affected by the typhoon. In addition, free unlimited calls and texts were offered to Globe/TM for a period of 3 days. Relief support was also provided to 15,515 families in the Bicol Region which includes the 12,000 food packs provided by Globe Rewards in partnership with Ayala Foundation, Inc.

4. Typhoon Ulysses: Globe employees worked round the clock to restore its services post the impact of the Typhoon. To ease the impact of the calamities Typhoon Ulyses and Rolly, Globe extended free services in various affected areas. The company also made it possible for its customer base to support the victims of the calamities by donating their Globe Rewards points or providing donations via GCash. Food packs were also distributed in the most affected areas such as Isabela, Cagayan, Marikina City, Rizal, Catanduanes, and Camarines Sur supporting 10,700 families.

GMovies and UPSTREAM also rolled out a fundraising campaign to support the victims of the typhoons. The proceeds of these initiatives were used to support the Ayala Foundation and ABS-CBN Foundation in their disaster relief measures.

INSIGHTS INTO GLOBE AFFILIATES

Empowering customers through the use of digital

1. 917Ventures

Globe continues its journey to strengthen its position as an enabler of the Filipino digital lifestyle. The company aims to partner with more non-telco businesses and introduce subsidiaries that strengthen Globe's presence and support its ambition to bring about the digital transformation of the Philippines.



HealthNow reached 45,000 users since it was launched last August 2020.

Health-based corporate incubators

Through 917Ventures, the company operates 2 telehealth services:

- a. KonsultaMD - A partnership with Mexico’s Salud Interactiva.
- b. HealthNow - Powered by Vigos Health, an AHealth subsidiary.

Both KonsultaMD and HealthNow ensure that the public can interact with skilled and licensed Filipino doctors, thereby increasing the accessibility of safe medical assessment and advice on basic healthcare and informed medication,

issue of e-prescriptions and access to laboratory results. The increased availability of video consultations has also augmented the usage of both telehealth services. Additionally, KonsultaMD also provides medical advice via phone for the budget conscious.

• **Mynt**

Mynt, a partnership between Globe Telecom, the Ayala Corporation, and Ant Financial provides innovative and best-in-class fintech solutions to consumers, merchants, and organizations. It operates two fintech companies:

- a. GCash, a micropayment service that transforms the mobile phone into a virtual wallet for secure, fast, and convenient money transfer.
- b. Fuse, a tech-based lending company that enables Filipinos to procure microloans to business loans without the traditional requirements set by banks and other lending institutions.

Mynt’s vision is to enable financial access for consumers and merchants by disrupting traditional channels through digital financial technology services.

GCash is the number one e-wallet in the Philippines with 23 million customers and 75,000 QR merchants. With the onset of the new normal, Globe encouraged Local Government Units (LGUs) to boost e-commerce platforms, ensuring the convenience and safety of their constituents and helping SMEs with online businesses. With the ever increasing demand for online services, 91% of online Filipinos have visited an online retail store, of which 71% have bought a product online. Likewise, the use of the GCash app promotes transparency and minimizes red tape and corruption in LGUs dealings with various constituents.

Mynt’s vision is to enable financial access for consumers and merchants by disrupting traditional channels through digital financial technology services.

CASE STUDY

GCash: Enabling Filipinos in the new normal with finance for all

The onset of the COVID-19 pandemic led to the implementation of a strict enhanced community quarantine (ECQ) that impacted the lives and livelihoods of each and every Filipino. There was a quick shift to and increased use of online platforms as well as digital businesses. In this manner, financial technology or the fintech industry seemed to take centre stage to support the quarantine lifestyle and help Filipinos transition to the new normal, giving rise to a new “Stay-At-Home Economy”.

GCash provided a strong foundation of digital finance, strengthening its products and services to support its customers, businesses and partners amidst the pandemic. With features such as mobile wallets, payment solutions as well as financial tools and services, GCash has supported its customers to ensure minimal impact of the pandemic on their everyday transactions and to successfully manage their savings and investments, regardless of the location and while staying safe at home. Moreover, the app also supported merchants and sellers in digitizing their business through safe contactless payment solutions as well as provided an opportunity for the young generation to better manage, save and invest their hard earned income.

GCash also provides financial and lifestyle products and services such as Bank Transfer, GInsure, GInvest, GCredit, GCash Forest and Pay Online among others. The app also provides customer friendly technology to provide seamless payment, payroll and enterprise solutions. GCash exceeded its 2020 business targets, achieving its ₱1 trillion transaction value in 2020, with an impressive 254% YoY growth.

- **Puregold**

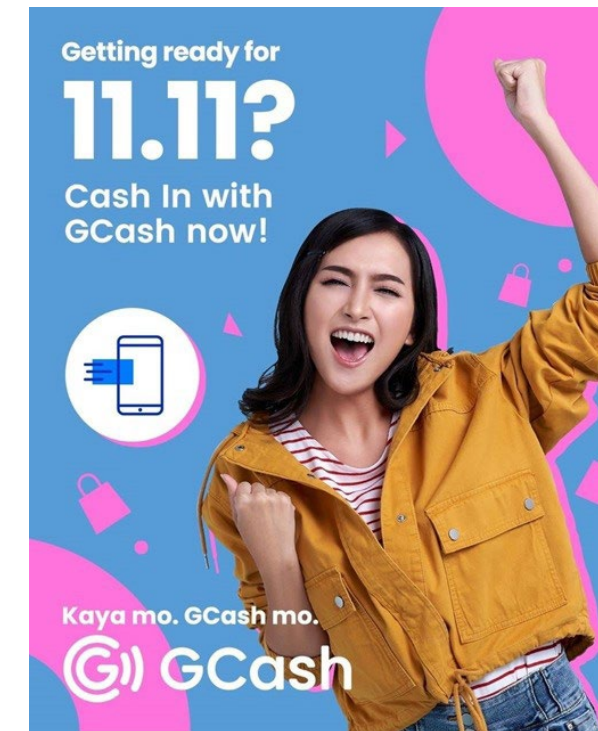
In 2020, Globe partnered with Puregold to launch the Puregold Mobile app, elevating the grocery shopping experience for its customers. The app has features such as item barcode scanning, store pickup, real-time updates on order status and stock replenishing, and also allows loyal customers to link their Tindahan ni Aling Puring (TNAP) or Puregold Perks Card to easily track their points and access exclusive discounts. Furthermore, shoppers can purchase items via GCash, apart from in-store pickup, at select Puregold branches in the Greater Manila Area.

- **PureGo**

In partnership with PureGold, 917Ventures launched PureGo, an e-commerce platform that offers an extensive variety of affordable grocery items. The service provides a seamless and premium experience by delivering grocery essentials at the doorstep of customers. Through PureGo, Filipinos can purchase their grocery essentials from the comfort of their home and have it all delivered within 24 hours.

- **KonsultaMD**

Globe's strategy to drive aggressive network upgrades and cell site expansion is in conjunction with the company's vision to bring telemedicine services to more Filipinos across the country. Moreover,



GCash became the Philippines' number 1 finance app with 33 million registered users.

the company understands the urgent requirement of telehealth services, particularly for those Filipinos living in remote areas without immediate access to licensed medical practitioners. The benefits of telemedicine are among the plenty with only one doctor for every 33,000 Filipinos. Telemedicine can be considered as an alternative for hospital visits or clinics, as the service allows one to easily connect a patient to a doctor as and when medical assistance is required. Regardless of the location, telemedicine ensures easy accessibility for Filipinos and aids in saving time and money. The company continues to enhance telemedicine with the vision to make healthcare easily accessible to every Filipino.

- **FreebieMNL**

In 2020, Globe launched FreebieMNL under 917Ventures. It represents a one-stop platform that combines the most popular social messaging apps with deals and vouchers from the Philippine's top brands such as Zalora, Shopee,

PARTNER TESTIMONIAL

Paco Magsaysay, CEO of Carmen's Best recognized the effort of Globe and GCash in supporting businesses to transition towards an online platform during the COVID-19 pandemic.

"We have chosen to work with 917Ventures of Globe to help us set up our e-Store or e-Commerce store. The great thing about it is it ties in logistics for our e-Store with Globe. For the ice cream business, logistics is very critical because our products have to be frozen all the time," Magsaysay said.

BeautyMNL, Boozy and PoundIt, as well as shops and restaurants such as Bo’s Coffee, Shake Shack, The Red Crab Group, The Store Specialist Group, Digital Walker, GNC and Discovery Hotels and Resorts, among others. The app is currently available on both Viber and Facebook Messenger.

• **ZRewards**

With community quarantine, a limited number of people have been able to step out and, in turn, support business operations. ZRewards by Zeal represents a one-stop shop under 917Ventures for customers to enjoy amazing deals across restaurants and more.

• **Perx Lifestyle**

In 2020, 917Ventures partnered with Singapore-based Lifestyle Marketing SaaS Platform-Perx Lifestyle to deepen customer engagement between brands and customers. The strategic partnership, along with the Zeal app and RUSH brands under 917Ventures, will enable the company to scale, transform and introduce consumer-focused innovations for customers. The platform translates last-mile in-app interactions and user preferences into real-time actionable insights. The instant feedback received provides valuable insights for enterprises and merchants to further enhance customer engagement mechanisms and strategies. The company aims to redefine mobile-first customer engagement and deliver valued solutions for over 80 million consumers in the Philippines and the Asia Pacific Region.

• **Velocity**

917Ventures launched Velocity, a regional venture incubation program in 2020. The program aims to gather the best innovators and talent in Southeast Asia with an initial grant of up to US\$50,000. Velocity further aims to provide



KonsultaMD had an increase of 461% in consultations in 2020.

917Ventures with resources and expertise in product development, go-to-market strategic design, lean operations, digital marketing and legal support, among others.

• **RUSH**

What started as a white label loyalty program has grown to become a leader in providing robust solutions to some of the top companies in the Philippines. RUSH is a customizable digital platform that allows enterprises to easily build, track, and manage their own customer loyalty program. To date, RUSH continues to be a trusted brand that helps businesses in their digital transformation by providing cost-effective and fast solutions.

• **AdSpark**

AdSpark joins the portfolio of 917Ventures to strengthen and continue delivering delight on display through creative, media, and unique innovations. This is

enhanced by intelligent solutions and decisions that are more efficient, faster and controlled for marketers today, while strongly leveraging on telco assets, creative capabilities, and data intelligence.

On a mission to accelerate digital and mobile advertising in the Philippines, guided by an in-depth understanding of the Filipino consumer, AdSpark has evolved into a full service, data-driven agency from solely SMS marketing back in 2012. Adspark helps brands create digitally assisted human connections through innovative, less invasive and more intuitive advertising solutions for SMEs, enterprises, and agencies, helping them navigate the complex and ever-changing digital marketing landscape.

2. Kickstart Ventures

Kickstart Ventures, a wholly owned subsidiary of Globe Telecom, aims to

support early-stage to growth-stage tech startups and help them expand their presence across Southeast Asia. In 2020, Kickstart Ventures targeted this expansion through a US\$200 million fund, along with capitalizing on Philippine companies that work towards bridging the gap for unmet needs in the region.

Kickstart continues to represent Globe Telecom's market-leading venture capital commitment to digital innovation with dedicated funds that focus on Consumer and Corporate Digital Transition, Telecoms-Media-Technology and the Ayala Corporation Technology Innovation Venture Fund (or the ACTIVE Fund). During the pandemic, Kickstart proactively shifted its monthly communicating network event,

'Raid the Fridge' to a digital platform, Zoom. This initiative continues to encourage founders, investors, corporates and other Filipinos to support and build the startup landscape in the Philippines.

Kickstart Ventures has supported 42 companies globally, including 30 in the Philippines.

3. Asticom Technology, Inc.

The onset of the pandemic has caused loss of livelihood as well as posed a plethora of challenges for business operations. In light of this, Asticom Technology doubled its efforts to offer more opportunities that could generate the demand for jobs with regard to current market requirements. Initiatives, such as Project Alalay, enabled Filipinos to

Kickstart Ventures has supported 42 companies globally, including 30 in the Philippines.

access job opportunities during the community quarantine, successfully opening 2,814 opportunities to job seekers. Asticom consistently implements a holistic approach to upskilling people and managing business operations to adapt to the new normal. The company has also seen a surge in roles across customer experience, mobile, web-enterprise application development, as well as warehousing and logistics support.

CASE STUDY

Supporting Lalamove jeepney drivers through the COVID-19 Pandemic

ZRewards is the country's newest online marketplace for discounts and freebies launched last July 15.

The jeepney drivers who lost their livelihoods were taken in by on-demand delivery company Lalamove in agreement with the Quezon City local government unit. Instead of carrying passengers, Lalajeps carry goods for businesses which need a more affordable means to deliver their products.

To further assist the Lalajep drivers, ZRewards committed to provide them with care packages once the website reaches 100,000 registered members from July 20 to August 15, 2020.

ZRewards by Zeal, in partnership with Lalamove and Minimart.ph, has turned over care packages composed of food, toiletries, laundry supplies, and protective equipment, to jeepney drivers and their families who were displaced by the current pandemic.

The move was part of the HELPJEEP campaign launched by the three parties last July wherein the public was encouraged to take part by simply becoming a member of ZRewards for free. ZRewards, in turn, committed to provide care packages upon reaching its target membership milestone.



We are committed to the preservation and conservation of natural resources. We have been building our business operations in a manner compatible with long-term sustainability and well-being for all our stakeholders.

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

**NATURAL
CAPITAL**

Photo from AC Energy

 <p>STRATEGIC PRIORITIES</p> <ul style="list-style-type: none"> • Accelerate Network Rollout 	 <p>RISKS ADDRESSED</p> <ul style="list-style-type: none"> • Business Disruption Risk • Finance Risk • Regulatory Risk • Reputation Risk • Talent and Succession Risk • Third Party Risk
 <p>GOVERNANCE ASPECTS COVERED</p> <ul style="list-style-type: none"> • Board Risk Oversight Committee 	 <p>ALIGNMENT WITH SDGs</p> <ul style="list-style-type: none"> • 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
 <p>MATERIAL TOPICS IN FOCUS</p> <ul style="list-style-type: none"> • Climate Risk • Public Policy & Compliance • Waste & E-Waste • Materials Sourcing Efficiency 	 <p>PERFORMANCE HIGHLIGHTS</p> <ul style="list-style-type: none"> • As of 2020, 3.95% of Globe's energy is sourced from renewable sources. • The company has also deployed 8,794 Green Network Solutions to use cleaner fuel with lower emissions, consume less diesel fuel and provide energy-efficient heat removal. • Solid waste management efforts across the offices also effectively diverted over 7.32% waste from landfills. • Globe has an enterprise-wide certification on ISO 14001:2015 certified Integrated Management System (IMS) for Environmental Management.

Insights into synergies and interlinkages of Globe's 6 Capitals

 <p>NATURAL</p>	 <p>FINANCIAL</p> <ul style="list-style-type: none"> ■ Financial savings in the medium and long term as a result of resource/energy efficiency and reduced environmental impacts. ■ 7 Globe sites are now running on renewable energy and energy efficient technologies which have been embedded across operations leading to energy and cost savings.
	 <p>MANUFACTURED</p> <ul style="list-style-type: none"> ■ Integrating environmental consciousness into the company's manufactured asset portfolio. ■ Around 8,794 Green Network Solutions have been deployed by Globe to embed resource conservation across its network infrastructure.
	 <p>INTELLECTUAL</p> <ul style="list-style-type: none"> ■ Digital platforms and tools leveraged to unlock a participatory approach in environmental conservation. ■ The GCash forest feature on the app based interface facilitated 220,000 trees to be claimed via GForest users.
	 <p>HUMAN</p> <ul style="list-style-type: none"> ■ Engaging employees in the company's environmental stewardship program. ■ ₱14.8 million funds raised for 34.42 hectares rainforestation program
	 <p>SOCIAL & RELATIONSHIP</p> <ul style="list-style-type: none"> ■ Facilitating a multi-stakeholder participatory approach in environmental conservation. ■ Globe has been able to partner with communities, NGOs customers and employees in its environmental stewardship efforts. For instance, ₱48.8+ million Globe customers have opted for e-billing over the years contributing to a paperless economy.

WEAVING ENVIRONMENTAL CONSCIOUSNESS INTO GLOBE'S OPERATIONS

IN THIS CHAPTER

- a. Megatrend: Climate Change
- b. COVID-19 Response
- c. Approach to Environmental Stewardship
- d. Climate Action Strategy
- e. Climate Change Adaptation
- f. Climate Change Mitigation
- g. Energy and Emission Management
- h. Commitment to Rainforestation
- i. Globe Backs 'Race to Zero' CO2 Emissions Campaign
- j. Waste Management
- k. Customer Engagement
- l. Water Management
- m. The Road Ahead (Outlook for 2021)

STAKEHOLDER IN FOCUS

- Communities
- Shareholders
- Investors
- Customers
- Regulators

MEGATREND: CLIMATE CHANGE

Amidst the COVID-19 pandemic, while corporates worldwide appreciated the opportunities for environmental conservation, the damage caused by global warming and environmental degradation over time continued to wreak havoc across geographies. The year 2020 witnessed wildfires and cyclones of unprecedented scale and magnitude. According to the Intergovernmental Panel on Climate Change (IPCC) report on the Ocean and Cryosphere, oceans globally have been warming since 1970 taking up over 90% of excess heat in the climatic system. This has occurred alongside global sea level rise which has been accelerated in recent decades due to increasing loss of ice cover in Greenland and the Antarctic.¹ For the Philippines, a study by the Asian Development Bank on the economics of climate change found that the Philippines economy could lose as much as 6% of its GDP annually if it doesn't act by 2020 to avert climate change risks².

COVID-19 RESPONSE

Key issues in focus:

- Enhancing energy and resource efficiency
- Effective climate change strategy and disclosures
- Commitment to reduce the company's carbon footprint

Globe's response:

The company strives to translate promise into action by actively enhancing its climate change strategy. With the onset of the COVID-19 pandemic, Globe has taken measurable steps to continue its journey in combating climate change. In 2020, the company further strengthened its environmental sustainability initiatives such as green network solutions, carbon neutral offices, sustainable power purchasing, verifiable emission reductions, e-waste management, marine conservation, rainforestation, mangrove conservation, avoidance of single-use plastics and paperless billing, among others.

Furthermore, the pandemic has nudged stakeholders to push for an increase in the awareness and disclosure around sustainability and climate change. To increase transparency around Globe's current environmental impacts, the company received a B- rating from Carbon Disclosure Project (CDP) in 2020 along with enhancing its performance across the Task Force on Climate-related Financial disclosures (TCFD) recommendations. By establishing a robust roadmap in consultation with climate experts, the company plans to implement the TCFD recommendations in strategic phases.

With the onset of the pandemic, Globe encouraged the use of

online platforms such as Zoom, or Google Hangouts for meetings and introduced flexible work plans for its employees to help them work from home, encouraging reduced trips to the office. These initiatives also helped limit the use of motorized vehicles, enabling the company to reduce its GHG emissions. The company continued its carpooling initiative "Project Loop" which provided employees with shuttle services. Loop enables employees to reserve seats on the company's shuttle services. During the pandemic, the company offered shuttle services to its critical skeletal workforce to ease their commute while encouraging carpooling activities. Globe continues to be a strong advocate of environmental protection and conservation, consistently encouraging the implementation of innovative measures to enhance energy and resource efficiency.

GLOBE BACKS 'RACE TO ZERO' CO₂ EMISSIONS CAMPAIGN

In line with Globe's endeavor to support the Global System for Mobile Communications Association (GSMA) and United Nations Framework Convention on Climate Change (UNFCCC) 'Race to Zero', the company has initiated its journey towards decarbonizing its operations. The company joined various stakeholders globally which set a roadmap to

Globe achieved carbon neutrality for electricity consumption of its headquarters and six other offices and key facilities.

2050. Globe’s target is to reduce 30% carbon intensity by 2030; anchoring on its commitment to the UN Sustainable Development Goals No. 9 on Innovation. The company introduced targeted initiatives to encourage clean energy procurement. As of 2020, 3.95% of Globe’s energy is sourced from renewable sources. The company spent ₱123.87 million in Power Purchase Agreements for renewable energy in 2020.

The success of carbon neutrality for electricity consumption at Globe’s headquarters, three data centers in Makati and Cebu, one facility in Tarlac, and two offices in Quezon City was achieved through securing and retiring carbon offsets from renewable energy sources. With

the company’s Sustainable Power Purchasing program, Globe acquired the Verified Emission Reduction (VER) Certification through Gold Standard as proof of the carbon emission offset with a total of 12,304 tCO₂. The company has also deployed 8,794 Green Network Solutions to use cleaner fuel with lower emissions, consume less diesel fuel and provide energy-efficient heat removal.

Aligned to the company’s carbon emission reduction targets, Globe continuously seeks to adopt innovative practices to enhance energy and resource efficiency. The company has also been decommissioning legacy machines to ensure only energy-efficient systems are used for its operations. Efforts are underway to attain enterprise wide ISO 50001 certification for energy management.

APPROACH TO ENVIRONMENTAL STEWARDSHIP

Globe consciously works towards addressing climate change related

impacts and developing agile mitigation measures. The company has been proactively working towards understanding and offsetting its adverse impacts on the environment, while curating strategic plans to minimize the impact of extreme weather events on service delivery.

Globe’s environmental sustainability policy provides the basis for governing environmental conservation efforts within the company. Globe’s environmental sustainability policy provides the basis for governing environmental conservation efforts within the company. The company’s Board has oversight over Sustainability which is implemented and governed by its Chief Sustainability Officer (more information may be found at the Corporate Governance section of this report). Additionally, management evaluates the progress made by the team and the environmental sustainability policy on an annual basis. The Board Risk Oversight Committee discusses climate-related risks to guide the environmental management and sustainability

Climate Action Strategy

Climate Governance	Climate Change Adaptation	Climate Change Mitigation	
Advocating for transparency and process excellence on its environmental impacts	Identification and Assessment of Climate Risk to ensure Business Continuity	Reduction of Carbon Emissions across the company’s operations	Management of waste by collectively engaging stakeholders
<ul style="list-style-type: none"> ✓ Environmental Sustainability Policy ✓ Certified ISO 14001 on Environmental Management ✓ Attainment of B-CDP Rating in 2020 	<ul style="list-style-type: none"> ✓ Transitional Risks: these are risks caused as a result of the transition to a low-carbon economy ✓ Physical Risk: these are risks posed by the physical impacts of climate change such as extreme weather events <p>More information can be found on pages 112-113 of this report</p>	<ul style="list-style-type: none"> ✓ Engaging a Sustainable Supply Chain ✓ Transitioning to renewable energy sources for offices and key facilities ✓ Implementation of energy efficiency initiatives and technologies across the network ✓ Carbon offsetting through reforestation partnerships 	<ul style="list-style-type: none"> ✓ Management of e-waste through E-waste Zero ✓ Hazardous Waste disposal in partnership with DENR-accredited facilities ✓ Customer shift to paperless billing scheme

Environmental Sustainability Policy

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

We commit to:

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

program’s key strategy and implementation. The Enterprise Risk Management team and Corporate Legal Services team ensures compliance to national environmental laws and regulations. The company’s initiatives are aligned to contribute towards the success of the Paris Agreement and the Sustainable Development Goals (SDGs).

Globe envisions to galvanize action to anchor the transition to a low carbon and sustainable future. In line with the company’s commitment to be a responsible and proactive global corporate citizen, the company

has been setting high standards of environmental management and stewardship in order to reduce its impact on the natural capital.

Globe has an enterprise-wide certification on ISO 14001:2015 for Environmental Management System (EMS). The company’s sustainability data management systems cater to the requirements of global sustainability frameworks such as the GRI standards, SASB standards, CDP requirements and the TCFD recommendations. The data management system is periodically appraised to ensure alignment with global best practices. In 2020, there

have been no instances of non-compliance to environmental laws and regulations.

CLIMATE ACTION STRATEGY

Globe has identified a multi-pronged approach towards climate action. The company started by adopting various globally-recognized reporting frameworks to disclose and track the company’s climate action initiatives. Globe’s support for environmental sustainability is evident in its recent commitments such as the Race to Zero global campaign led by the United Nations Framework Convention on Climate Change (UNFCCC). These commitments are aligned with the national climate action agenda to work towards decarbonizing the Philippine economy by 70% by 2030.

To strengthen its commitment to climate transparency, the company will formally express support to the globally-recognized Task Force on Climate-Related Financial Disclosure (TCFD) in 2021. This will help to mitigate the impact of climate change by having a science-based and data-backed report. The company’s climate strategy primarily aims at making substantial contributions UN Sustainable Development Goals of reducing 30% carbon emissions intensity by 2030 and to the #RaceToZero campaign which aims to achieve carbon neutrality by 2050.

CLIMATE CHANGE ADAPTATION

Globe had already identified climate risk as part of its Business Continuity Planning (BCP) as early as 2014 after Typhoon Haiyan caused immense destruction in the country. This resulted in establishing guidelines on response procedures during extreme weather events and the improvement of physical infrastructure requirements for the facilities. It is also good to note that environmental

risk is one of the top five (5) risks in terms of likelihood of occurrence as indicated in the 2020 Global Risk Report. While these mounting risks have signaled a sense of urgency for all companies to actively build operational resilience, it also provides a great opportunity to mitigate these risks while tapping into new ways of doing business for a sustainable future.

Aside from the 2020 Global Risk Report, Globe has also identified its own top risks prioritizing efforts on improving service. This takes into account the Philippines being more susceptible to extreme weather patterns. Globe has anchored its climate change adaptation in Business Continuity Management to ensure the continuity of services and incorporating these plans into the implementation of the company's environmental management system.

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 is being developed by the company to gain a holistic understanding of climate risks to its business. In parallel, Globe has been working towards building resilience into its network and supporting infrastructure through implementation of appropriate measures. These include engineering controls, investing in disaster recovery and service restoration solutions, equip selected sites with relevant access technologies and redundant transport facilities as "First to recover and Last to be Disrupted" in the event of an area-wide outage among others.

CLIMATE CHANGE MITIGATION

Globe's climate change mitigation plan comprise of two key facets; carbon emission management and carbon offset. The company adopts a systematic approach to carbon

management, comprising of four key steps:

1. Tracking energy consumption and carbon emissions (direct and indirect)
2. Identification of energy and emission hotspots
3. Tailoring interventions to minimize energy consumption and emissions for the prioritized action areas
4. Investing in cleaner sources of energy, emission abatement programs and energy efficiency initiatives
5. Rainforestation and Mangrove – Carbon Sequestration

The first step towards contributing to climate change mitigation is to understand the current level of energy consumption and carbon emissions. To this end, Globe has established an energy and carbon emission monitoring system. The company also conducts detailed trend analysis and site wise comparisons to discern emission reduction opportunities. Based on the feasibility of implementation of various interventions and the corresponding emission reduction potential, an analysis is conducted to prioritize technologies for implementation.

ENERGY EFFICIENCY AND EMISSION MANAGEMENT

Globe has been continuously innovating to enhance energy and resource efficiency through undertaking best practices before any local regulatory compliance requirements. In 2019, Republic Act No. 11285, otherwise known as the Energy Efficiency and Conservation Act, was enacted under the Department of Energy (DOE). Since then, Globe has been working to comply with its regulatory requirements. This includes the appointment of Certified Energy Managers (CEM) and Certified Energy Conservation Officers (CECO) along with the submission of the Energy

Enterprise Report, Annual Energy Utilization Report (AEUR) and Annual Energy Efficiency and Conservation Report (AEECR).

The company has shifted to buying power directly from power plants producing renewable energy since 2019 and now 7 of Globe's corporate offices and key facilities run on renewable sources of energy, representing 26% of Globe's corporate offices. These offices are located in:

- Makati (2)
- Quezon City (2)
- Taguig (Head Office)
- Tarlac (1)
- Cebu (1)

The company has also engaged partners for potential implementation of renewable energy solutions like solar panels and fuel cells within its operations. These efforts will culminate in shifting Globe's energy reliance to renewable sources, thereby decarbonizing its operations. Globe tracks its energy and emission data on a monthly basis. Data validation is also conducted on a quarterly basis.

Globe's key energy efficiency initiatives:

- Power Usage Effectiveness (PUE) improvement initiatives
- Introduced a 'Greening the towers' initiative that has deployed 8,794 green solutions across its network. These solutions use cleaner fuel with lower emissions, consume less diesel fuel, and provide energy-efficient heat removal.
- Implemented a Fuel Cell System which represents an alternative to a diesel genset to provide back-up power to cell sites. Fuel cells require a lower maintenance cost with no moving parts compared to generator sets that require more extensive maintenance of diesel motors. The Fuel Cell System also offers a simpler method of fuel refilling.

Carbon Management Performance Barometer

Parameter	2018	2019	2020
Electricity Consumption (In kWh)			
Scope / Boundaries: Cell Site, Core Network Facilities, Corporate Offices, Data Centers, Operations (owned and leased facilities),Stores, Warehouse			
Electricity Consumption	484,421,707.75	602,550,201.76	590,554,787.77
Fuel Consumption from generators (In liters)			
Scope / Boundaries: Cell Sites, Core Network Facilities, Corporate Offices, Data Centers			
Diesel	8,050,514.74	9,134,663.56	11,653,519.83
Gasoline	89,442.16	70,721.59	51,394.35
Fuel Consumption from fleet (In liters)			
Scope / Boundaries: Cell Sites, Core Network Facilities, Corporate Offices, Data Centers			
Diesel	1,321,415.72	1,729,880.31	1,266,376.01
Gasoline	3,637,291.28	2,973,395.71	681,667.32
Overall Energy Consumption (in GJ)			
Overall energy consumed by cellular network	1,442,603.02	1,679,055.94	1,835,617.16
Overall energy consumed by others (Corp Offices, Data Centers, Stores)	301,315.13	490,124.79	206,354.51
Net energy consumption (in GJ)	1,743,918.15	2,169,180.73	2,041,971.67
Summary of GHG Emissions in tCO₂ (Scope 1 and scope 2)			
Scope 1	36,167.20	36,574.16	38,757.85*
Scope 2	352,389.63	435,073.80	424,753.41

*Scope 1 emissions increased due to the additional cell sites built in 2020 along with the use of generator sets as back-up power in areas damaged by typhoons later in the year.

- Implemented a Direct Current (DC)-Hybrid Generator which consists of a DC generator set and deep cycle batteries (DCB) used for “Off-Grid” sites. This further reduces the use of diesel fuel and maintenance costs by 60%.
- Implemented a free cooling system which reduces the operation of the air-conditioning units in the cabin when the ambient temperature outside is still low therefore reducing electricity usage.
- Encouraged the use of lithium ion batteries as an alternative back-up power to cell sites since it requires reduced charging power compared to lead acid batteries.
- Introduced targeted initiatives to encourage clean energy procurement. With the Sustainable Power Purchasing program, Globe

acquired the Verified Emission Reduction (VER) Certification through Gold Standard as proof of the carbon emission offsetted with a total of 12,304 tCO₂.

COMMITMENT TO RAINFORESTATION

Conservation of rainforests can play a central role towards the transition of the Philippine economy to a sustainable future, as it is a holistic intervention that supports both climate change adaptation and mitigation efforts. Reforestation and conservation of watersheds can also play a pivotal role in mitigating the impact of extreme weather events such as typhoons and floods. Regrettably, the rainforest cover in

the Philippines has been decreasing over the years from an estimated 70% rainforest cover in 1990 to around 23% as of 2015, compounding the vulnerability of the region. Globe has been committed to supporting reforestation efforts through its partnership with Hineleban Foundation, Inc., a non-stock, non-profit organization based in Manolo Fortich, Bukidnon. Through this partnership, ~16,411 MT of carbon dioxide has been sequestered through the plantation activities since 2016.

In 2020, Globe has helped reforest a total of 34.42 hectares of primary rainforest in Bukidnon and denuded upland areas in Zambales in partnership with Hineleban Foundation, Inc. and The Mead Foundation. This brings Globe’s total

reforested areas to 159.42 hectares of land planted with a healthy mix of interim species Calliandra, Carribean Pines, Brazilian Fire trees, dipterocarps and indigenous tree species such as Narra, White Lauan, Balsa Bitag, Ulayan and Katii. Globe customers also have the opportunity to participate in reforestation advocacy by donating their Globe reward points to Hineleban Foundation. For every 100 reward points donated by a customer, 1 tree is planted by the foundation. Furthermore, Globe is also dedicated to contributing to the preservation of the invaluable biodiversity of the Philippines through awareness building, social innovation and spearheading programs focused on marine biodiversity conservation. It is also noteworthy to emphasize that Hineleban Foundation's unique reforestation method involves Calliandra calothyrsus as an interim species introduced only during the initial stage of forest establishment because of its ability to overcome the hostile growing conditions typical in a grassland (cogonal) ecosystem. Calliandra's profuse production of leaf litter and detritus boost the build up of soil organic matter essential for the successful establishment of the desired indigenous forest stand on degraded and nutrient deficient soils of grasslands. The Calliandra are to be harvested for fuel and forage before they get eventually shaded by the commercial and indigenous tree species. The commercial species however are harvested as timber as soon as they approach harvestable size in 12 years after planting, leaving behind the indigenous tree species to flourish with the floristic composition and structure of a tropical rainforest.

Moreover, in 2020, Globe also engaged in a 5-year partnership with the Zoological Society of London for the implementation of its mangrove rehabilitation program starting with Iloilo city.

WASTE MANAGEMENT

Globe's approach to waste management focuses on waste minimization at source, effective waste segregation, and the safe disposal of waste. Notwithstanding the challenges imposed by the pandemic on the transport and disposal of waste, Globe ensured adherence to waste management best practices.

Globe complies with the requirements of 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. Globe facilities have Materials Recovery Facilities (MRF) to ensure that solid waste generated are properly segregated as either residual or recyclable waste before these are collected for disposal.

Globe 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. As a regulatory requirement,

all hazardous waste generators must register as a hazardous waste generating facility with the DENR-EMB. Being registered as one provides EMB the visibility and assurance that all hazardous wastes generated are properly monitored and disposed of. The company ensures that it partnered only with the Department of Environment and Natural Resources - Environmental Management Bureau (DENR-EMB) Accredited Treatment, Disposal, and Storage (TSD) Facilities and Transporters nationwide.

Additionally, the company also trained and designated Pollution Control Officers (PCO) across its operations who serve as the environmental compliance officers of a facility. They ensure that Globe submits reportorial requirements and addresses all environmental aspects of its operations to mitigate any impact to its surroundings.

Globe facilitates additional support for responsible hazardous waste management by deploying hazardous waste storage containers across the company's key facilities to provide temporary storage for their generated

Hazardous Wastes disposed and weight by type (in MT)

Hazardous waste	2018	2019	2020
Batteries	150.72	448.27	78.85
E-Waste Zero	288.24	343.27	284.26
Internal	283.33	302.83	274.85
External	4.91	40.44	9.41
Used oil	4.75	1.34	5.45
Grease Waste	6.07	0.90	0.00
Busted Fluorescent Lamps	0.00	1.15	0.00

Solid Waste disposed and weight by type (in MT)

Non-hazardous waste	2018	2019	2020
Recyclable	20.68	17.97	6.75
Residual	150.92	153.58	85.50

Hazardous Waste Management Methodology

Hazardous Waste Type	Treatment / Disposal Methodology
Used lead acid batteries	Globe has partnered with Oriental and Motolite Marketing Corporation (OMMC) and Envirocare Mgt. Precision Inc. (EMPI) as its primary transporters nationwide and Evergreen Environmental Resources, Inc. (EERI) as its TSD. EERI utilizes green slag technology for lead recycling, crushing and recovery of plastic materials for plastic recycling as well as acid neutralization for the battery acid. The recycling process is a closed-loop system thereby ensuring zero waste generation.
Used oil	The company partnered with Genetron International Marketing through the Bantay Langis Project of ABS-CBN Lingkod Kapamilya Foundation which has nationwide coverage along Maritrans Recycler, Inc. and Cleanway Environmental Management Solutions, Inc. (CEMSI) which serves as a back-up partner TSD as well. Genetron International Marketing collects used oil and re-refines it to re-incorporate the treated product into the economy.
Busted Fluorescent Lamps (BFL)	Globe partnered with Maritrans Recycler, Inc. for the responsible waste management of Busted Fluorescent Lamps (BFL) across Visayas and Mindanao. Furthermore, the company partnered with Cleanway Environmental Management Solutions, Inc. (CEMSI) as its transporters and treaters for Luzon. BFL contains mercury vapor, which is hazardous to human health and are treated using bulb crusher machines which contain the mercury vapor through a vacuum and separates the glass fragments for recycling. For grease wastes, the company partnered with Cleanway Environmental Management Solutions, Inc. (CEMSI) for proper treatment and disposal. The grease waste undergoes physio-chemical treatment prior to encapsulation and disposal in their very own double lined secure landfill, located within their facility premises.
Electronic wastes (e-wastes)	Globe partnered with Total Environment Solutions Asset Material Management Philippines (TES-AMM) and Maritrans Recycler, Inc., responsible for disassembling or shredding e-waste to recover plastic materials, electronic components, and precious metals for recycling. The unrecyclable components would then be decontaminated, encapsulated and sent to a secured sanitary landfill for final disposal. TES-AMM is Globe's partner for E-Waste Zero while Maritrans Recycler, Inc. is the partner for internally generated e-waste disposals.

hazardous wastes prior to disposal. Once the waste is generated, they are declared for disposal and are required to be properly stored until the DENR-EMB accredited partner is able to responsibly dispose of the hazardous waste.

CUSTOMER ENGAGEMENT

Globe encourages consumers to reduce environmental impact by using mobile services. To further expand the company's efforts towards environmental conservation and resource efficiency, Globe took measurable steps to encourage consumers to reduce their environmental impact. Through the use of mobile devices, consumers can access health, financial, educational, entertainment, retail, food, and other services, thus minimizing travel and its accompanying environmental footprint. Through these digital initiatives, the company along with its consumers can potentially reduce the contribution to greenhouse gas emissions. Since 2010, the company planted 689,215 seedlings and has encouraged its customers to contribute to environmental conservation efforts via donations to key partners. Globe has also successfully saved 781.41 tons of paper from 48.8 million customers who availed of paperless billing. A few of Globe's initiatives to engage customers in environmental conservation through direct and indirect interventions have been provided below.

a. 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. In 2020, 220,000 trees have been planted by customers using the GCash forest feature on the app. This has contributed towards the company’s efforts in rebuilding the Philippine forests.

b. E-billing and E-SIM

In Globe’s efforts to engage customers with responsible waste management, the company has rolled out various initiatives to support at-source waste minimization and responsible waste disposal. The company’s e-billing scheme, implemented since 2015 enables customers to opt for a greener choice. Similarly, Globe also offers e-simcards which has helped the company’s customers to have plastic-free sim cards. To date, over 48.8 million Globe customers have opted for e-billing.

c. E-waste Zero

To support responsible waste disposal and awareness on the e-waste, Globe revamped its electronic recycling program, E-Waste Zero, formerly known as ‘Project 1Phone’, that empowers customers to recycle electronic waste such as mobile phones, tablets and other portable devices.

“Mobile operators around the world are doing their best to reduce the impact of climate change through various innovations. We at Globe continue to look for ways to reduce our own carbon footprint while helping consumers, businesses, and industries do the same through mobile technologies.”

Yoly Crisanto, Globe Chief Sustainability Officer and SVP for Corporate Communications

As of 2020, there are over 100 drop-off locations nationwide. The drop-off locations accessible to the public are located in Globe Stores and some partner Local Government Units. Other drop-off locations are within the premises of partner companies and organizations for their respective drives on responsible e-waste recycling programs. The complete list of drop off points may be viewed at <https://www.globe.com.ph/about-us/sustainability/environment/e-waste-zero-bins.html>.

The program was established to encourage everyone to practice proper disposal of any old and non-working electronic or battery-

operated devices and IT accessories and peripherals which are no longer working or wanted. For 2020, a total of more than 280,000 kilograms of e-waste 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 1.4 million kilograms since the partnership started in 2014. To date, more than 66 corporations, non-government organizations and schools have contributed to this environmental advocacy.

On top of this, Globe has been promoting the reuse and minimization of e-waste.



Globe and its customers have raised ₱14.8 million equivalent to 34.42 hectares of reforestation sites in several areas in Bukidnon and Lanao del Sur as part of Globe’s partnership with Hineleban Foundation, Inc., a non-stock, non-profit organization based in Manolo Fortich, Bukidnon.

Recognizing the rise in demand for laptops in schools as a result of remote learning, Globe undertook an initiative to reuse the laptops used by Globe employees in the past couple of years. Through this initiative, Globe refurbished these laptops and gifted them to schools facing a shortage of laptops. This step not only enabled the company to support schools but also contributed to waste minimization by extending the life of these assets.

WATER MANAGEMENT

Over 5 million people lack access to safe water in the Philippines. Water stress has been projected as one of the key physical risks of climate change in the geography. In recognition of this risk and the need for responsible water use, Globe

has adopted a proactive approach to water management focusing on the 3R principle of recharge, retention and reuse. This strategy forms a part of the company’s climate adaptation plan and focuses on tracking current consumption trends to ensure sustainable water use while integrating water use minimization. In 2020, the company reported 77,641.17 cubic meter of water consumption. The company also has been reusing non-potable water in restrooms and garden maintenance. Globe undertakes rainwater harvesting and water reuse. Across facilities, waste water from cooling towers and air handling unit condensate is reused. Adsorption Filtration process using activated carbon is employed to facilitate water reuse. On an average the company utilises 1,320 cubic meter of reused water.

**THE ROAD AHEAD
(OUTLOOK FOR 2021)**

For 2021, Globe Telecom joined over 1,700 companies across 77 countries in supporting the Task Force on Climate-Related Financial Disclosure (TCFD). By declaring the company’s support, Globe affirms its commitment to global climate action efforts. The company recognizes the serious risks posed by climate change and commits to do its part in mitigating these risks. The company’s senior management have devised a roadmap in consultation with climate experts for the implementation of the recommendations in a phased manner. This will build on Globe’s existing climate strategy by strengthening climate risk management and mitigation measures.

¹https://www.ipcc.ch/site/assets/uploads/sites/3/2019/11/03_SROCC_SPM_FINAL.pdf

²<https://niccdies.climate.gov.ph/climate-change-impacts>

³Scope / Boundaries: Corporate Offices, Data Centers, Cell Sites, Stores, Warehouse, Operations (owned and leased facilities)

GREEN PRACTICES AT THE GLOBE TOWER

LEED GOLD CERTIFIED BUILDING

RUNS ON 100% RENEWABLE ENERGY

RAINWATER COLLECTION SYSTEM

NON-POTABLE WATER RECYCLING VIA ADSORPTION FILTRATION PROCESS

E-WASTE DROP OFF LOCATION





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	14-15	
	GRI 102-5 Ownership and legal form	About Globe Telecom, Inc.	06-07	
	GRI 102-6 Markets served	Globe Value Map	14-15	
	GRI 102-7 Scale of the organization	Globe Value Map	14-15	
	GRI 102-8 Information on employees and other workers	Human Capital	136-147	
	GRI 102-9 Supply Chain	About Globe Telecom, Inc. Social & Relationship Capital	06-07 148-171	
	GRI 102-10 Significant changes to the organization and its supply chain	Social & Relationship Capital	148-171	
	GRI 102-11 Precautionary principle or approach	Risk Management	76-87	
	GRI 102-12 External initiatives	About this Report	16-17	
	GRI 102-13 Membership of associations	Sustainability at Globe	96-99	
	GRI 102-14 Statement from senior decision-maker	Message from the Chairman	22-25	
	GRI 102-15 Key impacts, risks, and opportunities	Risk Management	76-87	
	GRI 102-16 Values, principles, standards, and norms of behaviour	About Globe Telecom, Inc.	06-07	
	GRI 102-17 Mechanisms for advice and concerns about ethics	Corporate Governance	48-75	
	GRI 102-18 Governance structure	Corporate Governance	48-75	
	GRI 102-40 List of stakeholder groups	Stakeholder Engagement	100-101	
	GRI 102-41 Collective bargaining agreements	Human Capital	136-147	
	GRI 102-42 Identifying and selecting stakeholders	Stakeholder Engagement	100-101	
	GRI 102-43 Approach to stakeholder engagement	Stakeholder Engagement	100-101	
	GRI 102-44 Key topics and concerns raised	Stakeholder Engagement	100-101	
	GRI 102-45 Entities included in the consolidated financial statements	Conglomerate Map	12-13	
	GRI 102-46 Defining report content and topic Boundaries	About this Report	16-17	
	GRI 102-47 List of material topics	Materiality	102-103	
	GRI 102-48 Restatements of information	About this Report	16-17	
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GRI 102-50 Reporting period	About this Report	16-17		
GRI 102-51 Date of most recent report	About this Report	16-17		
GRI 102-52 Reporting cycle	About this Report	16-17		

GRI Standard	Disclosure Title	Report Reference	Page Number	Omissions
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	GRI 102-54 Claims of reporting in accordance with the GRI Standards	About this Report	16-17	
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	GRI 102-56 External assurance	Independent Assurance Statement	190-193	
Topic Specific Disclosures				
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Climate Risk				
GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Financial Capital	108-113	
	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	172-183	
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	172-183 148-171	
	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	148-171	
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GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Natural Capital	172-183	
	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	48-75 102-103 114-125	
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	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 419: Socioeconomic Compliance 2016	GRI 419-1 Non-compliance with laws and regulations in the social and economic area	Social & Relationship Capital	148-171	
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GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Intellectual Capital	126-135	
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	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			
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GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Human Capital	136-147	
	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 405: Diversity and equal opportunity 2016	GRI 405-1 Diversity of governance bodies and employees	Corporate Governance	48-75	

GRI Standard	Disclosure Title	Report Reference	Page Number	Omissions
GRI 406: Non Discrimination 2016	GRI 406-1 Incidents of discrimination and corrective actions taken	Human Capital	136-147	
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 408: Child Labor 2016	GRI 408-1 Operations and suppliers at significant risk for incidents of child labour			
Human Rights				
GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Human Capital	136-147	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 412: Human Rights Assessment 2016	GRI 412-2 Employee training on human rights policies or procedures			
Customer Experience & Service Digital Inclusion				
GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Social & Relationship Capital	148-171	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
Non-GRI	Customer Experience & Service			
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GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Social & Relationship Capital	148-171	
	GRI 103-2 The management approach and its components			
	GRI 103-3 Evaluation of the management approach			
GRI 413: Local Communities 2016	GRI 413-2 Operations with significant actual and potential negative impacts on local communities			
Anti-Bribery & Corruption				
GRI 103: Management Approach 2016	GRI 103-1 Explanation of the material topic and its boundary	Corporate Governance	48-75	
	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			



INDEPENDENT ASSURANCE STATEMENT

Introduction

DNV GL AS Philippines Branch ("DNV") has been commissioned by the management of Globe Telecom, Inc. ("Globe" or the "Company", SEC Identification Number: PW00001177) to undertake an independent assurance of the sustainability/non-financial disclosures in Globe's 2020 Integrated Report (the "Report") in its printed format for the year ended 31st December 2020. The intended users of this Assurance Statement are the management of the Company.

We performed this assurance engagement using DNV's assurance methodology VeriSustain^{TM1}, 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 2020 to April 2021.

We understand that the reported financial data and related information are based on statutory disclosures and Audited Financial Statements[#], which are subject to a separate independent statutory audit process. We did not review financial disclosures and data as they are not within the scope of our assurance engagement.

We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion related to non-financial sustainability disclosures in this Report. We are providing a 'limited level' of assurance based on DNV VeriSustain and no external stakeholders were interviewed as part of this assurance engagement.

The engagement excludes the sustainability management, performance, and reporting practices of Globe'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.

Responsibilities of the Management of Globe Telecom, Inc. and of the Assurance Provider

The Board of Globe Telecom Inc. has sole responsibility for the preparation of the Report and is responsible for all information provided in the Report as well as the processes for collecting, analysing and reporting the information presented in the Report. Globe has stated that this Report has been prepared based on the Guiding Principles and Content Elements of the International <IR> Framework (the "<IR> Framework") and has adopted general disclosures and selected topic-specific disclosures related to identified material topics from the GRI Standards 2016, selected GRI Standards (2018 and 2020) as well as the SASB Standards 2018 (Telecommunication Services) and TCFD for climate-related financial disclosures.

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, true, and free from material misstatements. Because of the selected nature (sampling) and other inherent limitation of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. DNV was not involved in the preparation of any statement or datum included in the Report except for this Assurance Statement. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Our verification engagement included limited level of verification of sustainability performance disclosures for the identified material topics of Globe as identified under the reporting boundary brought out in the Report in the section "Materiality" ie. covering entities over which Globe has

¹ The VeriSustain protocol is available on dnv.com.

* Assurance Engagements other than Audits or Reviews of Historical Financial Information.

[#] Dated 26th February 2021



operational control. Our verification applies a $\pm 5\%$ uncertainty threshold towards errors and omissions for the performance data brought out in the Report

Basis of our Opinion and Limitations

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 Telecommunications sector and its key stakeholders. A multi-disciplinary team of sustainability and assurance specialists reviewed non-financial disclosures related to the Head Office at Taguig City, based on DNV's sampling plan. Due to the outbreak of the COVID-19 pandemic and associated travel restrictions, we carried out remote assessments as one-to-one discussions and onsite location assessments were not feasible. We undertook the following activities:

- Review of the non-financial sustainability disclosures in this Report;
- Review of approach to materiality determination and stakeholder engagement and recent outputs although 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 reporting framework adopted by Globe;
- Interviews with selected members of leadership team, and senior managers responsible for management of sustainability issues and review of selected evidence to support issues discussed. We were free to choose interviewees and interviewed those with overall responsibility for the programmes to deliver the targets for medium- and long-term vision, mission and milestones;
- Performed desk review of selected sustainability parameters for sampled entities, and findings were discussed and resolved with the Corporate Sustainability Team;
- Review of supporting evidence for key claims and data disclosed in the Report. Our verification processes were prioritized based on our risk-based approach, i.e. relevance of identified material topics and sustainability context of the business;
- Review of the processes for gathering and consolidating the performance data and, for a sample, checking the data consolidation at site and corporate levels.

The procedures performed in a limited assurance engagement vary in nature and timing and are shorter in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed. During the assurance process, we did not come across limitations to the scope of the agreed assurance engagement.

Opinion and Observations

On the basis of the assurance engagement undertaken, nothing has come to our attention to suggest that Globe Telecom, Inc's 2020 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.

The Company has identified shareholders and investors, employees, customers, community, partners and vendors, government and media as its key stakeholders. The Report brings out the different formal and non-formal modes of engagement that Globe has established to identify stakeholder concerns and the Company's responses to these key concerns through various disclosures on strategies and value creation in the Report, and other platforms and mechanisms.



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 brings out Globe's process for identification of material issues to be brought out within the Report. This is based on the requirements of the <IR> Framework's Guiding Principles, coupled with global environmental, social and governance (ESG) standards, Sustainability Accounting Standards Board (SASB) framework and GRI Standard. In addition, the Report has also brought about how these issues have been prioritized considering factors such as its business model, geographic presence, product offerings and macroeconomic trends.

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 responses to identified material topics and significant issues which have arisen during the reporting period are addressed through disclosures on strategies and management approach along with selected KPI's i.e. Report also brings out its non-financial performance related to its material topics through selected GRI Topic-Specific Standards and Sustainability Accounting Standards Board (SASB) disclosures. The Report considers the risks, opportunities and outcomes associated with significant stakeholders and the external environment and brings out the implications and mitigation mechanisms deployed by the Company to maintain its ability to create value on the long term.

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 through desk reviews, were found to be fairly accurate, reliable, identifiable and traceable to the source. Considering the limited sampling, we did not detect any major errors related to data collection or aggregation. We also reviewed the calculations and related assumptions used for its suitability, taking into account the principle of Reliability. Some of the data inaccuracies identified during the verification process were found to be attributable to interpretation and aggregation errors. These identified errors were communicated, and the responses and corrections made to the reported data and information were reviewed.

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 brings out the Company's non-financial disclosures in line with the Content Elements and considering the Guiding Principles of the <IR> framework and performance related to its material topics during the reporting period using appropriate GRI Topic Specific Standards and SASB disclosures. The reported non-financial performance and information covers the identified boundary of operations, ie. Globe's operations and subsidiaries with 100% ownership, and covers the Company's operational and governance performance, strategy, business model, risks and opportunities and six capitals of the <IR> framework during the reporting period.



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 represents Globe’s performance related to its identified material topics, and key challenges and concerns during the reporting period in a neutral, consistent and balanced manner, applying adequate consideration to not unduly influence stakeholders’ opinions made based on the reported data and information.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

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 Conduct² 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., Manila Water Company Inc., AC Energy Philippines, Inc and the Bank of Philippine Islands. In our opinion, there is no conflict of interest in the assurance engagement provided to the business units of Ayala Group. DNV did not provide any services to Globe Telecom Inc. in 2020 that could compromise the independence or impartiality of our work.

For and on behalf of DNV GL AS Philippines Branch

<p>Soh, Mui Yan</p> <p>Digitally signed by Soh, Mui Yan Date: 2021.04.07 09:11:35 +08'00'</p>	<p>Mak, Heng Chwin</p> <p>Digitally signed by Mak, Heng Chwin Date: 2021.04.07 10:21:21 +08'00'</p>	<p>Vadakepathth, Nandkumar</p> <p>Digitally signed by Vadakepathth, Nandkumar Date: 2021.04.07 08:59:05 +05'30'</p>
<p>Mui Yan Soh Lead Assessor DNV Business Assurance Singapore Pte. Ltd.</p>	<p>Heng Chwin Mak Regional Manager APAC IME, DNV Business Assurance Singapore Pte. Ltd.</p>	<p>Vadakepathth Nandkumar Assurance Reviewer DNV Business Assurance India Private Limited.</p>

7th April 2021, Manila, Philippines

DNV GL Business Assurance AS Philippines Branch is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

² The DNV Code of Conduct is available from the DNV website (www.dnv.com)



 **Globe Telecom, Inc.**
The Globe Tower
32nd Street corner 7th Avenue,
Bonifacio Global City,
Taguig, Philippines 1634
 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 29, 2021, Taguig City.



MARISALVE CIOacson-CO

Senior Vice President – Law and Compliance,
Chief Compliance Officer and Assistant Corporate Secretary

Countersigned by:



ERNEST L. CU

President and Chief Executive Officer



 **Globe Telecom, Inc.**
The Globe Tower
32nd Street corner 7th Avenue,
Bonifacio Global City,
Taguig, Philippines 1634

 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 29, 2021, Taguig City.

2020 GLOBE INTEGRATED REPORT


RENATO M. JIAO
Chief Human Resource Officer

Certification

Aon certifies that an independent Third Party Board Evaluation for 2019 was conducted for

Globe Telecom, Inc.

The third party Board Evaluation was conducted through an
Evaluation Questionnaire answered by every Director

The evaluation criteria include board composition, board roles, functions and processes, information management, representation of shareholders and ESG factors, managing company's performance, senior executive's talent management and succession planning, dynamics and relationships, and corporate governance practices related to the strategy, policy, risk, oversight, and accountability functions, which gave insights on the effectiveness of the Board, the Committees, the Chairperson, and the Directors.



3 DECEMBER 2020

Na Boon Chong
Managing Director & Partner

AON
Empower Results®



**Report of the Audit and Related Party Transactions Committee to the Board of Directors
For the Year Ended 31 December 2020**

The Audit and Related Party Transactions Committee (the Committee) upholds strong corporate governance supporting Globe's long term success and commitment to create sustainable value for its shareholders and stakeholders, through its oversight responsibilities relating to Globe's: a) financial statements and disclosure, financial reporting principles, process, policies and systems; b) internal controls; c) external/ independent auditors; d) internal audit function; f) compliance with relevant legal, regulatory and corporate governance requirements; and g) related party transactions (RPT). Globe's Management, however, is responsible in ensuring the integrity of Globe's financial statements, reporting and disclosures; and establishing and maintaining a strong and effective system of internal controls to ensure the integrity, transparency and proper governance in the conduct of business.

For 2020, 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, the Compliance Officer and other members of Management during the year.
- We approved the revisions of the Audit and RPT Committee Charter and Internal Audit Charter resulting from the annual review.
- We reviewed and discussed the results of 2020 quarterly unaudited financial statements and the audited annual financial statements of Globe Telecom, Inc. and subsidiaries (Globe Group) for the year ended 31 December 2020, including key audit matters, highlights of Management's Discussion and Analysis of financial condition and results of operations with Isla Lipana & Co./PwC Philippines, the CFO, and CAE.
- We discussed the reports of IL/PwC on financial statements, control considerations during COVID19, updates on the adoption of financial reporting standards on Revenue from Contracts with Customers (PFRS 15), Leases (PFRS 16) and Financial Instruments (PFRS 9) including impact of COVID19 on expected credit losses estimation, Bayantel Franchise renewal, Kickstart Ventures Inc. (KV) valuation, CAPEX Data Analytics, goodwill, provisions and contingencies and investment in Fintech business. No material control weaknesses were noted by IL/PwC.
- We discussed the overview of corporate governance and operations of the Globe subsidiaries: Kickstart Ventures, Globe Telehealth (Konsulta MD) and Electronic Commerce Payments, Inc. (ECPay).
- 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 discussed with the Human Resources Group Head updates on Globe Whistleblower reports.
- We reviewed and discussed the updates, action plans and strategies of the Transfer Pricing Study.
- We discussed the results and reports of Internal Audit (IA) 2020 reviews resulting from completion of the approved annual work plan, key contributions in continuous audits and advisory engagements in various Globe projects, status of implementation of audit recommendations and progress of IA's digital agenda. We noted Management's attention in the closure of all issues and continuous improvement of internal control and compliance systems.
- We reviewed the operational effectiveness of the Internal Audit (IA) function ensuring compliance with International Standards for the Professional Practice of Internal Auditing and progress against key metrics providing value to the Company. We reviewed and approved the CAE's proposed 2021 IA annual work plan and concluded that IA's resources are allocated to review high-risk areas and support critical projects.
- We discussed with IL/PwC the overall scope of, and focus areas for, the proposed 2020 statutory audit plan, approved the same and reviewed 2020 audit performance; and discussed IL/PwC's responses and actions to address areas for improvement.
- We reviewed and approved 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 approved the 2020 RPT 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 2020, in accordance with SEC's guidelines, to confirm that the Committee continues to meet board, management and shareholder expectations.

Based on the reviews and discussions referred to above, the Committee recommends that the audited financial statements be included in the Annual Report for the year ended 31 December 2020 for filing with the SEC. We also recommend the re-appointment of IL/PwC as the Globe Group's external/independent auditor for 2021, for ratification at the Annual Shareholders' Meeting in April 2021.


We confirm that the Company's internal controls and risk management systems are adequate and effective in all material respects.

08 February 2021


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
For the year ended December 31, 2020

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 2020, we have fulfilled our risk governance responsibilities to the Board by enabling and ensuring:


- An effective, efficient and integrated risk management process in Globe.
- A sound organizational structure with an effective Enterprise Risk Management (ERM) framework and function in place
- The Identification, analysis and assessment of key exposures, its impact to strategic business objectives and formulation of risk management strategies.
- Clear definition of risk-taking authority, ownership, accountability and proper segregation of duties
- A risk-aware culture is pervasive throughout Globe ensuring transparency in reporting of risks.

The Committee reports that for 2020:

- 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. The Q1 BROC meeting last February was held at The Globe Tower, Taguig, while succeeding meetings were conducted virtually (via Zoom) due to travel restrictions brought about by the COVID-19 pandemic.
- 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 2020, we met four times, in February, May, August and the last meeting was on October 30th.
- 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:


<ul style="list-style-type: none"> ■ Political & Regulatory Uncertainties ■ Financial Sustainability ■ Network Quality & Experience ■ Business Disruption (COVID-19) 	<ul style="list-style-type: none"> ■ Competition ■ Cybersecurity & Data Privacy Threats ■ Talent & Succession
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------
 - We discussed and reviewed the following matters as related to the top risks, key operational risk areas, and key emerging risks, namely:
 - Upcoming regulatory changes brought about by calls from the Government to improve telecommunication services to the country, and the appropriate responses to said changes (Corporate Legal and Regulatory Team).
 - The COVID-19 Pandemic and how it affected Globe's Financial outlook and overall business operations (Finance and Business Advisory).
 - Globe's COVID-19 Response Journey and way forward strategies to Ensure Business Continuity, Operating in Full capacity in the New Normal and the "bounce back strategies" to Rebound & Re-imagine the Business post pandemic. We also discussed how Globe's pandemic response efforts continue to ensure employee safety. As well as updates on Globe's own PCR test Lab for employees which is expected to be fully operational 1Q 2021 (Enterprise Risk Management)
 - Continuous monitoring of Network and IT resiliency and recovery/response plans in the event of a "the Big One" (West Valley Fault Earthquake) in Metro Manila (Business Continuity Management Head)
 - Programs to ramp up network builds driven by expedited processing of Government permits and increasing demand and traffic volume in both broadband and mobile (Chief Technical Information Officer)
 - Key Commercial Risks and 2020 Financial Outlook, taking into account the impact of COVID-19 (Chief Commercial Officer)
 - Uncertainty and volatility of the Philippine Political and Regulatory landscape driving Competition Risk, including the impact of RA 11469 or the Bayanihan to Heal as One Act and other related laws and regulations (Corporate Legal and Regulatory Team)
 - Status of key projects that further enhances Globe's cyber security and data protection controls to address spike in cybercriminal activities taking advantage of increased online transactions during the lockdown [ECQ] (Chief Information Security Officer).
 - Plans and programs for talent/people development and Top Management Succession Plan, including plans to ensure employee physical and mental health during the pandemic (Chief Human Resources Officer).
 - Impact and scenario assessment on US Clean Network Initiative which may disrupt 3rd Party Partners' operations on Globe's supply chains. Specifically, suppliers providing network solutions and equipment. (Chief Compliance officer and Network Technical Group Head)
 - Network Build Enablement as a response to the Government's requirement of improved Telecom services (coming from the President's State of the Nation Address) and to fast track Network Build efforts to support increasing market demands and traffic requirements (VP Procurement and Logistics)
 - Updates on Globe's Sustainability program, including how COVID-19 impacted Globe's Sustainability Risks (Chief Sustainability Officer).
 - Updates on fraud detections, risks, losses incurred and actions done (Enterprise Fraud Risk Management Head)

February 8, 2021.


SAW PHAIK HWA
Chairwoman


CIRILO P. NOEL
Member


REX M. A. MENDOZA
Member


ROMEO L. BERNARDO
Member



By Royal Charter

Certificate of Registration

BUSINESS CONTINUITY MANAGEMENT SYSTEM - ISO 22301:2012

This is to certify that:

Globe Telecom, Inc.
The Globe Tower
32nd Street corner 7th Avenue
Bonifacio Global City, Taguig
Philippines

Holds Certificate No:

BCMS 580506

and operates a Business Continuity Management System which complies with the requirements of ISO 22301:2012 for the following scope:

The delivery of Voice, SMS, Data products, Internet and Data Centre related services, through its mobile and fixed line networks to its domestic and international customers by its functional units from its facilities at Metro Manila, Cebu, Tarlac, Nasugbu, Iligan, Ballesteros, Cabanatuan, Aurora, Canero, Mandaluyong, San Juan, Bacoor, Carmona, Talisay, Cagayan de Oro, General Trias and Davao.

Previous certificate expired on 01/02/2018
Recertification audit ended on 13/06/2018

For and on behalf of BSI:

Andrew Launn, EMEA Systems Certification Director

Original Registration Date: 2012-02-02

Latest Revision Date: 2018-07-30

Effective Date: 2018-07-30

Expiry Date: 2021-02-01

Page: 1 of 4



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This certificate was issued electronically and remains the property of BSI and is bound by the conditions of contract.

An electronic certificate can be authenticated [online](https://www.bsi-global.com/ClientDirectory).

Printed copies can be validated at www.bsi-global.com/ClientDirectory or telephone +(65)62700777.

Further clarifications regarding the scope of this certificate and the applicability of ISO 22301:2012 requirements may be obtained by consulting the organization.

This certificate is valid only if provided original copies are in complete set.

Information and Contact: BSI, Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes MK5 8PP. Tel: + 44 345 080 9000
BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.
A Member of the BSI Group of Companies.





By Royal Charter

Certificate of Registration

ENVIRONMENTAL MANAGEMENT SYSTEM - ISO 14001:2015

This is to certify that:

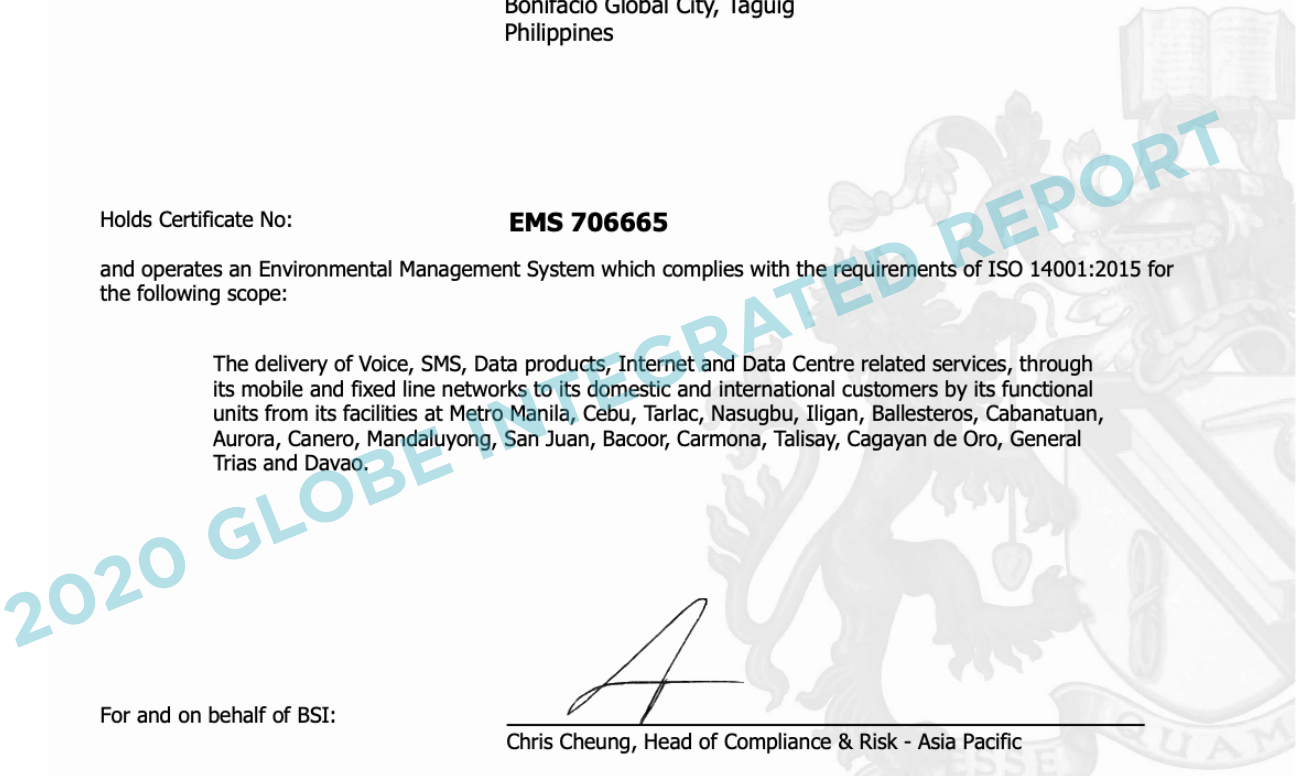
Globe Telecom, Inc.
The Globe Tower
32nd Street corner 7th Avenue
Bonifacio Global City, Taguig
Philippines

Holds Certificate No:

EMS 706665

and operates an Environmental Management System which complies with the requirements of ISO 14001:2015 for the following scope:

The delivery of Voice, SMS, Data products, Internet and Data Centre related services, through its mobile and fixed line networks to its domestic and international customers by its functional units from its facilities at Metro Manila, Cebu, Tarlac, Nasugbu, Iligan, Ballesteros, Cabanatuan, Aurora, Canero, Mandaluyong, San Juan, Bacoar, 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: 2019-07-05

Latest Revision Date: 2019-07-05

Expiry Date: 2022-07-04



Page: 1 of 4

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Printed copies can be validated at www.bsi-global.com/ClientDirectory or telephone + (65)62700777.

Further clarifications regarding the scope of this certificate and the applicability of ISO 14001:2015 requirements may be obtained by consulting the organization.

This certificate is valid only if provided original copies are in complete set.

Information and Contact: BSI, Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes MK5 8PP. Tel: + 44 345 080 9000
BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.
A Member of the BSI Group of Companies.





By Royal Charter

Certificate of Registration

OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM - ISO 45001:2018

This is to certify that:

Globe Telecom, Inc.
The Globe Tower
32nd Street corner 7th Avenue
Bonifacio Global City, Taguig
Philippines

Holds Certificate No:

OHS 706668

and operates an Occupational Health and Safety Management System which complies with the requirements of ISO 45001:2018 for the following scope:

The delivery of Voice, SMS, Data products, Internet and Data Centre related services, through its mobile and fixed line networks to its domestic and international customers by its functional units from its facilities at Metro Manila, Cebu, Tarlac, Nasugbu, Iligan, Ballesteros, Cabanatuan, Aurora, Canero, Mandaluyong, San Juan, Bacoor, Carmona, Talisay, Cagayan de Oro, General Trias and Davao.

For and on behalf of BSI:

Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2019-07-05

Latest Revision Date: 2019-07-05

Effective Date: 2019-07-05

Expiry Date: 2022-07-04

Page: 1 of 4



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An electronic certificate can be authenticated [online](#).

Printed copies can be validated at www.bsi-global.com/ClientDirectory or telephone + (65)62700777.

Further clarifications regarding the scope of this certificate and the applicability of ISO 45001:2018 requirements may be obtained by consulting the organization.

This certificate is valid only if provided original copies are in complete set.

Information and Contact: BSI, Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes MK5 8PP. Tel: + 44 345 080 9000
BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.
A Member of the BSI Group of Companies.



Registration Certificate

This is to certify that the Management Systems of

GLOBE DATA CENTER

have been assessed by AJA Registrars Ltd and registered
against the requirements of

ISO 9001:2015


Certificate No. : **AJA16/AN2270**

Date of Original Registration : **22nd December 2016**

Expiry Date : **21st December 2021**

Date of Re-Registration : **21st December 2018**




Certification General Manager - AJA Registrars Ltd



This certificate is issued in respect of the locations & scope of registration detailed in the Associated Registration Schedule.
This certificate is the property of AJA Registrars Ltd Unit 6 Gordano Court Gordano Gate Business Park Serbert Close Portishead Bristol UK BS20 7FS
and must be returned on request. A member of the AJA Group of Companies

Registration Certificate

This is to certify that the Management Systems of

GLOBE TELECOM INC. - Network Technical Group (NTG) – Service Command Center (SCC)

have been assessed by AJA Registrars and registered
against the requirements of

ISO 9001:2015

Certificate No. : **AJA18/18516** Date of Original Registration : **2nd February 2017**

Expiry Date : **6th December 2022** Date of Re-Registration : **9th January 2019**



0059

A handwritten signature in black ink, appearing to read "David".

Certification General Manager - AJA Registrars Ltd



This certificate is issued in respect of the locations & scope of registration detailed in the Associated Registration Schedule.
This certificate is the property of AJA Registrars Ltd Unit 6 Gordano Court Gordano Gate Business Park Serbert Close Portishead Bristol UK BS20 7FS
and must be returned on request. A member of the AJA Group of Companies

Registration Certificate

*This is to certify that
The Information Technology Service Management Systems of*

GLOBE DATA CENTER

*have been assessed by AJA Registrars and registered
against the requirements of*

ISO 20000-1:2011

Certificate No: **AP/PH/13/IT/004**

Date of Original Registration: **15th January 2013**

Date of Expiry: **14th January 2022**

Date of Re-Registration: **15th January 2019**




Certification General Manager



This Certificate is the Property of AJA Registrars and must be returned on request.

Registration Certificate

*This is to certify that
The Information Technology Service Management Systems of*

**GLOBE TELECOM INC. - Network Technical Group (NTG)
- Service Command Center (SCC)**

*have been assessed by AJA Registrars and registered
against the requirements of*

ISO 20000-1:2011

Certificate No: **AP/TH/18/IT/007**

Date of Original Registration: **01:09:15**

Date of Expiry: **31:08:21**

Date of Re-Registration: **07:02:19**




Certification General Manager



This Certificate is the Property of AJA Registrars and must be returned on request.

Registration Certificate

This is to certify that the Management Systems of

GLOBE DATA CENTER

have been assessed by AJA Registrars and registered
against the requirements of

ISO 27001:2013

Certificate No. : **AJA09/13249**

Date of Original Registration : **2nd February 2009**

Expiry Date : **22nd September 2021**

Date of Re-Registration : **17th December 2018**



0059

A handwritten signature in black ink, appearing to read 'David', written over a horizontal line.

Certification General Manager - AJA Registrars Ltd



This certificate is issued in respect of the locations & scope of registration detailed in the Associated Registration Schedule.
This certificate is the property of AJA Registrars Ltd Unit 6 Gordano Court Gordano Gate Business Park Serbert Close Portishead Bristol UK BS20 7FS
and must be returned on request. A member of the AJA Group of Companies



VERIFIED EMISSION REDUCTION ISSUANCE CERTIFICATE

Gold Standard[®]


AC Energy certifies that 1,969 Gold Standard Verified Emission Reduction (VER) certificates have been retired on behalf of

BAYAN TELECOMMUNICATIONS, INC.

Maginhawa, East Teachers Vill., Diliman, QC, Metro Manila

for its electricity consumption from 26 July 2019 to 25 July 2020 thereby saving 1,969 metric tons of CO₂ emissions.


Eric Francia
President & CEO
AC Energy


Miguel de Jesus
Executive Director and Head,
Commercial Operations,
AC Energy



VERIFIED EMISSION REDUCTION
ISSUANCE CERTIFICATE


Gold Standard


AC Energy certifies that 3,819 Gold Standard Verified Emission Reduction (VER) certificates have been retired on behalf of

GLOBE TELECOM, INC.

27th Avenue St., Fort Bonifacio, Taguig City, Metro Manila

for its electricity consumption from 26 October 2019 to 25 October 2020 thereby saving 3,819 metric tons of CO₂ emissions.


Eric Francia
President & CEO
AC Energy


Miguel de Jesus
Executive Director and Head,
Commercial Operations,
AC Energy



VERIFIED EMISSION REDUCTION
ISSUANCE CERTIFICATE

Gold Standard

AC Energy certifies that 6,516 Gold Standard Verified Emission Reduction (VER) certificates have been retired on behalf of

GLOBE TELECOM, INC.

Cebu Civic & Trade Center, Salinas Drive, Cebu City

for its electricity consumption from 26 October 2019 to 25 October 2020 thereby saving 6,516 metric tons of CO₂ emissions.


Eric Francia
President & CEO
AC Energy


Miguel de Jesus
Executive Director and Head,
Commercial Operations,
AC Energy

23rd February 2021

CERTIFICATION

This is to certify that MPower has provided Renewable Energy (RE) to **Bayan Telecommunications**, with Contestable Service ID Number (CSIN) **100058910102** from November 26, 2020 to December 25, 2020. Below is the monthly RE delivered and the equivalent Carbon Emission Reduction/Carbon Credit.

2020	Renewable Energy (MWh)
December	387.8
TOTAL	387.8

Carbon Credit:

= Renewable Energy x Grid Emission Factor

= 387.8 MWh x 0.6836 ($\frac{\text{tonneCO}_2}{\text{MWh}}$)

= 265.1 tonne of CO₂

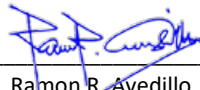
= 265.1 Carbon Credit

Note:

1. One (1) Carbon Credit/Offset Certificate = 1 tonne of CO₂ reduction
2. Based on DOE's 2015-2017 National Grid Emission Factor (NGEF)

Combined Margin (CM) Emission Factor

Parameters	(t-CO ₂ /MWh)
2015-2017 EFgrid, CM,y (Wind and solar)	0.6836



 Ramon R. Avedillo
 Head, Energy Operations

23rd February 2021

CERTIFICATION

This is to certify that MPower has provided Renewable Energy (RE) to **Globe Telecom, Inc.**, with Contestable Service ID Number (CSIN) **310065670101** from November 26, 2020 to December 25, 2020. Below is the monthly RE delivered and the equivalent Carbon Emission Reduction/Carbon Credit.

2020	Renewable Energy (MWh)
December	2358.7
TOTAL	2358.7

Carbon Credit:

= Renewable Energy x Grid Emission Factor

= 2358.7 MWh x 0.6836 ($\frac{\text{tonneCO}_2}{\text{MWh}}$)

= 1612.4 tonne of CO₂

= 1612.4 Carbon Credit

Note:

1. One (1) Carbon Credit/Offset Certificate = 1 tonne of CO₂ reduction
2. Based on DOE's 2015-2017 National Grid Emission Factor (NGEF)

Combined Margin (CM) Emission Factor

Parameters	(t-CO ₂ /MWh)
2015-2017 EFgrid, CM,y (Wind and solar)	0.6836



Ramon R. Avedillo
 Head, Energy Operations

23rd February 2021

CERTIFICATION

This is to certify that MPower has provided Renewable Energy (RE) to **Innovate Communications, Inc.**, with Contestable Service ID Number (CSIN) **310065420101** from November 26, 2020 to December 25, 2020. Below is the monthly RE delivered and the equivalent Carbon Emission Reduction/Carbon Credit.

2020	Renewable Energy (MWh)
December	1974.38
TOTAL	1974.38

Carbon Credit:

= Renewable Energy x Grid Emission Factor

= 1974.38 MWh x 0.6836 $\left(\frac{\text{tonneCO}_2}{\text{MWh}}\right)$

= 1349.69 tonne of CO₂


= 1349.69 Carbon Credit

Note:

1. One (1) Carbon Credit/Offset Certificate = 1 tonne of CO₂ reduction
2. Based on DOE's 2015-2017 National Grid Emission Factor (NGEF)

Combined Margin (CM) Emission Factor

Parameters	(t-CO ₂ /MWh)
2015-2017 EFgrid, CM,y (Wind and solar)	0.6836



 Ramon R. Avedillo
 Head, Energy Operations

COVER SHEET

P W 0 0 0 0 1 1 7 7

G L O B E T E L E C O M , I N C .

(Company's Full Name)

2 7 / F T H E G L O B E T O W E R
 3 2 N D S T R E E T C O R N E R 7 T H A V E N U E
 B O N I F A C I O G L O B A L C I T Y T A G U I G

(Business Address: No. Street City / Town / Province)

ROSEMARIE MANIEGO-EALA

Contact Person

7797-2000

Company Telephone Number

1 2 3 1
 Month Day
 Fiscal Year

1 7 C

FORM TYPE

0 4 2 0
 Month Day
 Annual Meeting

Secondary License Type, if Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. Of Stockholders

Total Amount of Borrowings

Domestic	Foreign

 To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

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 26, 2021
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, 2020)
<u>COMMON SHARES</u>	<u>133,432,727</u>
<u>TOTAL DEBT (In Millions of Pesos)</u>	<u>167.673</u>

Indicate the item numbers reported herein : Please refer to attached

Re: Globe Telecom, Inc. and Subsidiaries FY 2020 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 : 26 February 2021

GLOBE TELECOM, INC.
Registrant

ROSEMARIE MANIEGO-EALA
Chief Finance Officer

26 February 2021

Securities and Exchange Commission

Attn.: Atty. Rachel Esther J. Gumtang-Remalante
Officer-in-Charge, Corporate Governance and Finance Department
G/F Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City

Philippine Stock Exchange

Attn.: Ms. Janet A. Encarnacion
Head – Disclosure Department
6/F PSE Tower, 5th Avenue corner 28th 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, 2020 and 2019, 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, 2020, 2019, and 2018, and a summary of significant accounting policies and other explanatory information.

Thank you.

Very truly yours,



ROSEMARIE MANIEGO-EALA
Chief Finance Officer

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, 2020, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRSs).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statement of financial position as at December 31, 2020;
- the consolidated statement of total comprehensive income for the year ended December 31, 2020;
- the consolidated statement of changes in equity for the year ended December 31, 2020;
- the consolidated statement of cash flows for the year ended December 31, 2020; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audit 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.

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Revenue recognition</p> <p>Refer to notes 2.15 and 33 to the consolidated financial statements.</p> <p>Revenue recognition has been identified as a key audit matter 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.</p>	<p>We addressed all assertions by understanding the Group's revenue recognition policy 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> <p>In addition, we performed a combination of controls and substantive testing approach as follows:</p> <ul style="list-style-type: none"> • We tested the operating effectiveness of key controls over subscriber acquisition, rate changes, charging, billing, and recording of revenue transactions.



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 data-bbox="341 1099 794 1160">Impairment loss recognized on telecommunications equipment</p> <p data-bbox="341 1178 794 1238">Refer to note 11 to the consolidated financial statements.</p> <p data-bbox="341 1256 794 1491">The Group recognized impairment loss on telecommunications equipment in relation to the replacement of existing fixed line broadband facilities by fiber technology and change out of 3G equipment to give way to the 5G deployment and LTE capacity expansion. This represents a significant event that occurred during the period.</p>	<ul data-bbox="836 757 1345 1081" style="list-style-type: none"> • We tested key reports and reconciliations used by management to ensure the completeness and accuracy of revenue from business support systems to the general ledger. We tested the accuracy of adjustments on revenues recognized including those from other carriers and value-added service providers. • We performed substantive procedures to gain comfort over significant service and non-service revenues including allocation of relevant transaction prices. <p data-bbox="820 1111 1345 1189">We performed the following audit procedures to test the impairment loss recognized on telecommunications equipment:</p> <ul data-bbox="836 1218 1345 1520" style="list-style-type: none"> • We performed procedures to understand the Group's network modernization plan and the specific assets identified for impairment. • We performed substantive procedures to ensure completeness and accuracy of the assets identified for impairment in accordance with the network modernization plan. • We independently assessed Group's business plans and basis for retaining the carrying amount of certain assets that were not identified for impairment.

Other Matter

The consolidated financial statements of the Group as at December 31, 2019 and for the years ended December 31, 2019 and 2018 were 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.



Independent Auditor's Report
To the Board of Directors and Shareholders of
Globe Telecom, Inc.
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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.

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.
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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.

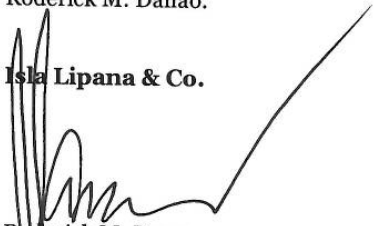


Isla Lipana & Co.

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 5, 2021, 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 9, 2021





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, 2020, on which we have rendered the attached report dated February 9, 2021.

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 ninety seven (897) shareholders owning one hundred (100) or more shares each as at December 31, 2020.

Isla Lipana & Co.


Roderick M. Danao
Partner

CPA Cert. No. 88453

P.T.R. No. 0011280, issued on January 5, 2021, 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 9, 2021

Isla Lipana & Co., 29th Floor, Philamlife Tower, 8767 Paseo de Roxas, 1226 Makati City, Philippines
T: +63 (2) 8845 2728, F: +63 (2) 8845 2806, www.pwc.com/ph

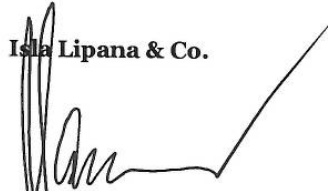


Statement Required by Rule 68
Securities Regulation Code (SRC)

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, 2020, on which we have rendered the attached report dated February 9, 2021. 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, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part 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 5, 2021, 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

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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, 2020, and have issued our report thereon dated February 9, 2021. 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, 2020 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 5, 2021, 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
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Makati City
February 9, 2021

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Globe Telecom, Inc.
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 Taguig, Philippines 1634
 +632.7972000
 www.globe.com.ph

**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, 2020, and 2019 and for each of the three years in the period ended December 31, 2020, 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 year ended December 31, 2020; and Navarro Amper & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2019 and 2018, have examined 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 examination.

[Handwritten signature]
JAIME AUGUSTO ZOBEL DE AYALA
 Chairman of the Board

[Handwritten signature]
ERNEST L. CU
 President and Chief Executive Officer

[Handwritten signature]
ROSEMARIE MANIEGO-EALA
 Chief Finance Officer and Treasurer

Signed this 9th day of February 2021

FEB 09 2021 TAGUIG CITY

SUBSCRIBED AND SWORN to before me this _____ at _____ 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
Ernest L. Cu	P1077475A	December 3, 2016	December 2, 2021
Rosemarie Maniego-Eala	P6763585A	April 13, 2018	April 12, 2028

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 Page No. ; **66**
 Book No. ; **III**
 Series of 2021.

[Handwritten signature]
ATTY. NINA MIRABELLA S. SARMIENTO
 Notary Public for Taguig City
 Appointment No. 79 (2019-2021)
 Until June 30, 2021
 28th Floor, The Globe Tower
 32nd Street corner 7th Avenue
 Bonifacio Global City, Taguig 1634
 PTR No. A-5075038/January 5, 2021/Taguig
 IBP Lifetime No. 850/August 22, 2000
 Roll of Attorney No. 60958

GLOBE TELECOM, INC. AND SUBSIDIARIES

Consolidated Financial Statements
December 31, 2020, 2019 and 2018





GLOBE TELECOM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Notes	2020	2019
<i>(In Thousand Pesos)</i>			
ASSETS			
Current Assets			
Cash and cash equivalents	5	P19,508,114	P8,298,092
Trade receivables – net	6	20,145,484	21,138,950
Contract assets and deferred contract costs – net	7	6,956,159	8,339,219
Inventories and supplies – net	9	5,988,899	4,713,572
Derivative assets – current	8	2,014	301,624
Prepayments and other current assets	10	11,497,195	18,948,015
		64,097,865	61,739,472
Noncurrent Assets			
Property and equipment – net	11	190,292,393	182,662,528
Intangible assets and goodwill – net	12	17,052,913	15,553,097
Right of use assets – net	13	4,300,835	3,566,280
Investments in associates and joint ventures	15	35,706,460	34,473,865
Deferred income tax assets – net	29	2,556,059	1,866,591
Derivative assets – net of current portion	8	56,510	125,331
Deferred contract costs – net of current portion	7	356,657	289,663
Other noncurrent assets	10	25,360,145	4,013,910
		275,681,972	242,551,265
TOTAL ASSETS		P339,779,837	P304,290,737
LIABILITIES AND EQUITY			
Current Liabilities			
Trade payables and accrued expenses	16	P56,377,186	P56,979,315
Contract liabilities and deferred revenues – current	7	9,033,697	8,764,803
Loans payable – current	18	8,521,424	12,919,898
Derivative liabilities – current	8	1,056,816	547,046
Lease liabilities - current	13	999,200	981,817
Provisions	17	2,784,521	2,622,318
Income tax payable	29	1,502,194	1,761,984
		80,275,038	84,577,181
Noncurrent Liabilities			
Loans payable – net of current portion	18	156,270,726	122,942,837
Contract liabilities – net of current portion	7	227,923	49,869
Deferred income tax liabilities – net	29	5,056,340	5,057,641
Derivative liabilities – net of current portion	8	1,882,967	291,270
Lease liabilities – non current	13	3,525,472	2,681,800
Pension liability	28	5,647,387	3,738,430
Other long-term liabilities	19	4,089,514	3,704,712
		176,700,329	138,466,559
Total Liabilities		256,975,367	223,043,740
Equity			
Capital Stock	21	8,464,211	8,452,995
Additional paid in capital	21	37,001,626	36,808,776
Cost of share-based payments	28	638,323	447,656
Other reserves	21.6	(4,219,590)	(1,766,610)
Retained earnings	21.5	40,682,494	37,169,604
Equity attributable to equity holders of the Parent		82,567,064	81,112,421
Non-controlling interest		237,406	134,576
Total Equity		82,804,470	81,246,997
TOTAL LIABILITIES AND EQUITY		P339,779,837	P304,290,737

See accompanying Notes to Consolidated Financial Statements.



GLOBE TELECOM, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME

	Notes	For the Years Ended December 31		
		2020	2019	2018
<i>(In Thousand Pesos, Except Per Share Figures)</i>				
REVENUES				
Service revenues		₱146,388,134	₱149,009,963	₱132,875,310
Nonservice revenues		14,131,408	17,650,374	18,297,496
	33	160,519,542	166,660,337	151,172,806
INCOME (LOSSES)				
Equity share in net losses of associates and joint ventures	15	(2,367,440)	(2,554,782)	(1,249,603)
Interest income	22	194,938	500,437	391,030
Gain on disposal of property and equipment – net		33,244	43,012	73,088
Other income – net	23	3,817,211	1,047,007	695,405
		1,677,953	(964,326)	(90,080)
COSTS AND EXPENSES				
General, selling and administrative expenses	24	64,913,355	64,471,409	57,742,131
Depreciation and amortization	25	35,412,038	34,143,541	30,421,721
Cost of inventories sold	9	16,406,196	18,554,814	18,645,314
Interconnect costs	34	1,007,234	3,982,873	5,677,375
Financing costs	26	7,111,410	6,802,861	6,195,225
Impairment and other losses	27	10,207,599	4,913,137	4,787,644
		135,057,832	132,868,635	123,469,410
INCOME BEFORE INCOME TAX		27,139,663	32,827,376	27,613,316
PROVISIONS FOR INCOME TAX				
Current		8,139,602	8,488,595	7,259,985
Deferred		377,016	2,055,024	1,727,388
	29	8,516,618	10,543,619	8,987,373
NET INCOME		18,623,045	22,283,757	18,625,943
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will be reclassified into profit or loss in subsequent periods:				
Transactions on cash flow hedges – net		(725,684)	(1,213,355)	863,715
Exchange differences arising from translations of foreign investments		(3,385)	(106,988)	28,524
	21.6	(729,069)	(1,320,343)	892,239
Item that will not be reclassified into profit or loss in subsequent periods:				
Changes in fair value of financial assets at fair value through other comprehensive income		1,362	440,349	151,974
Remeasurement gain (loss) on defined benefit plan		(1,817,274)	(1,373,043)	49,709
	21.6	(1,815,912)	(932,694)	201,683
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		(2,544,981)	(2,253,037)	1,093,922
TOTAL COMPREHENSIVE INCOME		₱16,078,064	₱20,030,720	₱19,719,865

(Forward)



GLOBE TELECOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF TOTAL COMPREHENSIVE INCOME

	Notes	For the Years Ended December 31		
		2020	2019	2018
<i>(In Thousand Pesos, Except Per Share Figures)</i>				
Total net income attributable to:				
Equity holders of the Parent		₱18,578,322	₱22,269,340	₱18,640,740
Non-controlling interest		44,723	14,417	(14,797)
		18,623,045	22,283,757	18,625,943
Total comprehensive income attributable to:				
Equity holders of the Parent		16,033,341	20,016,303	19,734,662
Non-controlling interest		44,723	14,417	(14,797)
		₱16,078,064	₱20,030,720	₱19,719,865
Earnings Per Share				
Basic	30	₱135.04	₱162.96	₱135.91
Diluted	30	₱134.40	₱162.20	₱135.40
Cash dividends declared per common share	21.3	₱107.99	₱91.00	₱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, 2020							
	Capital Stock	Additional Paid-in Capital	Cost of Share-Based Payments	Other Reserves (Note 21.6)	Retained Earnings	Total Equity Attributable to Parent	Non-controlling Interest	Total
	Notes (Note 21.2)							
As of January 1, 2020		P8,452,995	P36,808,776	P447,656	(P1,766,610)	P37,169,604	P134,576	P81,246,997
Total comprehensive income for the period		-	-	-	(2,544,981)	18,578,322	44,723	16,078,064
Dividends on:	21.3							
Common Stock		-	-	-	-	(14,403,344)	-	(14,403,344)
Preferred Stock - voting		-	-	-	-	(50,027)	-	(50,027)
Preferred Stock - non-voting		-	-	-	-	(520,060)	-	(520,060)
Share-based compensation	28	-	-	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	21.6	-	-	-	92,001	(92,001)	-	-
Non-controlling interest arising from business combination	14	-	-	-	-	-	58,107	58,107
As of December 31, 2020		P8,464,211	P37,001,626	P638,323	(P4,219,590)	P40,682,494	P237,406	P82,804,470

(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	Cost of Share-Based Payments	Other Reserves (Note 21.6)	Retained Earnings	Total Equity Attributable to Parent	Non-controlling Interest	Total
As of January 1, 2019, as previously stated		P8,445,238	P36,528,251	P417,345	P561,103	P27,167,398	P73,119,335	P24,172	P73,143,507
Adjustment on initial application of PFRS 16, net of tax	3.2	-	-	-	-	336,464	336,464	505	336,969
As of January 1, 2019, as restated		8,445,238	36,528,251	417,345	561,103	27,503,862	73,455,799	24,677	73,480,476
Total comprehensive income for the period		-	-	-	(2,253,037)	22,269,340	20,016,303	14,417	20,030,720
Dividends on:	21.3	-	-	-	-	(12,118,071)	(12,118,071)	-	(12,118,071)
Common Stock		-	-	-	-	(50,027)	(50,027)	-	(50,027)
Preferred Stock - voting		-	-	-	-	(520,060)	(520,060)	-	(520,060)
Preferred Stock - non-voting		-	-	-	-	-	-	-	-
Share-based compensation	28	-	-	325,160	-	-	325,160	-	325,160
Exercise of stock options	21.2	499	11,354	(4,300)	-	-	7,553	-	7,553
Issue of shares under share-based compensation plan	21.2	7,258	269,171	(276,429)	-	-	-	-	-
Forfeiture of stock option		-	-	(14,120)	-	9,884	(4,236)	-	(4,236)
Reclassification of accumulated share in an associate's other comprehensive income	21.6	-	-	-	1,101	(1,101)	-	-	-
Reclassification of fair value gain on investment in equity securities at FVOCI	21.6	-	-	-	(75,777)	75,777	-	-	-
Minority buyout from subsidiary		-	-	-	-	-	-	(536)	(536)
Non-controlling interest arising from business combination	14	-	-	-	-	-	-	96,018	96,018
As of December 31, 2019		P8,452,995	P36,808,776	P447,656	(1,766,610)	P37,169,604	P81,112,421	P134,576	P81,246,997

(Forward)



GLOBE TELECOM, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		For the Year Ended December 31, 2018						Total
Notes	Capital Stock (Note 21)	Additional Paid-in Capital	Cost of Share-Based Payments	Other Reserves (Note 21.6)	Retained Earnings	Total Attributable to Parent	Non-controlling Interest	
				(in Thousand Pesos)				
As of January 1, 2018, as previously stated	₱8,438,404	₱36,319,449	₱401,543	(₱352,375)	₱21,708,003	₱66,515,024	₱42,713	₱66,557,737
Adjustment on initial application of PFRS 15, net of tax	-	-	-	-	4,880,805	4,880,805	954	4,881,759
Adjustment on initial application of PFRS 9, net of tax	-	-	-	-	(5,581,683)	(5,581,683)	(4,843)	(5,586,526)
As of January 1, 2018, as restated	8,438,404	36,319,449	401,543	(352,375)	21,007,125	65,814,146	38,824	65,852,970
Total comprehensive income for the year	-	-	-	1,093,922	18,640,740	19,734,662	(14,797)	19,719,865
Dividends on:								
Common Stock	-	-	-	-	(12,104,579)	(12,104,579)	-	(12,104,579)
Preferred Stock – voting	-	-	-	-	(41,752)	(41,752)	-	(41,752)
Preferred Stock – non-voting	-	-	-	-	(520,060)	(520,060)	-	(520,060)
Share-based compensation	-	-	236,714	-	-	236,714	-	236,714
Issue of shares under share-based compensation plan	6,463	202,629	(208,221)	-	-	871	-	871
Exercise of stock options	371	6,173	(4,862)	-	-	1,682	-	1,682
Forfeiture of stock options	-	-	(7,829)	-	5,480	(2,349)	-	(2,349)
Reclassification remeasurement gains (losses) on defined benefit plans	-	-	-	(180,444)	180,444	-	-	-
Non-controlling interest arising from business combination	-	-	-	-	-	-	145	145
As of December 31, 2018	₱8,445,238	₱36,528,251	₱417,345	₱561,103	₱27,167,398	₱73,119,335	₱24,172	₱73,143,507

See accompanying Notes to Consolidated Financial Statements.



GLOBE TELECOM, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the Years Ended December 31		
	Notes	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		<i>(In Thousand Pesos)</i>		
Income before income tax		₱27,139,663	₱32,827,376	₱27,613,316
Adjustments for:				
Depreciation and amortization	25	35,412,038	34,143,541	30,421,721
Impairment and other losses	27	10,207,599	4,913,137	4,787,644
Financing cost	26	7,111,410	6,802,861	6,195,225
Equity share in net losses of associates and joint ventures	15	2,367,440	2,554,782	1,249,603
Gain on deemed sale of investment in Mynt	15	(2,042,441)	-	-
Foreign exchange losses (gains) – net	23	(1,690,842)	(848,394)	900,430
(Gain) loss on derivative instruments	23	1,579,746	809,540	(1,004,171)
Pension expense	28	898,536	1,121,653	594,633
Share-based compensation	28	394,733	325,160	236,714
Gain on debt renegotiation	23	(343,122)	-	-
Interest income	22	(194,938)	(500,437)	(391,030)
Gain on settlement and remeasurement of ARO	19, 23	(34,845)	(5,769)	(27,894)
Gain on disposal of property and equipment		(33,244)	(43,012)	(73,088)
Gain on sale of investment in associate	15, 23	-	(240,000)	-
Operating income before working capital changes		80,771,733	81,860,438	70,503,103
Changes in operating assets and liabilities:				
Decrease (Increase) in:				
Trade receivables – net		(4,949,952)	(2,424,629)	(5,791,841)
Inventories and supplies		(1,560,116)	(572,350)	(1,990,025)
Contract assets		1,316,067	158,341	(784,314)
Prepayments and other current assets		15,611,495	(5,301,967)	(2,327,349)
Other noncurrent assets		(21,339,684)	(258,528)	(147,569)
Increase (Decrease) in:				
Trade payables and accrued expenses		2,600,560	6,715,399	2,092,554
Other long-term liabilities		(1,441,720)	(741,332)	(1,128,399)
Contract liabilities and deferred revenues		446,948	697,416	2,199,814
Cash generated from operations		71,455,331	80,132,788	62,625,974
Income taxes paid		(6,295,333)	(6,090,569)	(4,775,445)
Net cash flows from operating activities		65,159,998	74,042,219	57,850,529
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property and equipment		(60,268,935)	(50,975,224)	(42,768,194)
Investment in joint ventures	15	(1,532,500)	(3,305,000)	(111,200)
Intangible assets	12	(32,586)	(48,532)	(490,569)
Collections of loans receivable from related party		358,620	70,000	180,000
Net cash outflow from acquisition of subsidiaries, net of cash acquired	14	(385,181)	(1,563,649)	-
Interest received		193,249	544,739	352,302
Proceeds from sale of property and equipment		93,154	101,463	171,638
Dividends received		-	21,368	13,852
Proceeds from sale of investment in equity securities		-	124,056	418
Net cash flows used in investing activities		(61,574,179)	(55,030,779)	(42,651,753)

(Forward)



GLOBE TELECOM, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	For the Years Ended December 31		
		2020	2019	2018
<i>(In Thousand Pesos)</i>				
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings:				
Long-term	18	₱43,998,820	₱5,000,000	₱24,156,000
Short-term	18	18,440,000	-	-
Repayments of borrowings:				
Long-term	18	(12,928,496)	(16,745,816)	(8,319,604)
Short-term	18	(17,740,000)	(300,000)	-
Payments of dividends to stockholders:				
Common	21.3	(14,403,344)	(12,118,071)	(12,104,579)
Preferred		(570,087)	(570,087)	(561,812)
Exercise of stock options		-	7,553	2,553
Payments of lease liabilities	13	(1,536,853)	(1,298,341)	-
Interest paid		(6,770,877)	(7,232,591)	(6,607,604)
Net cash provided by (used in) financing activities		8,489,163	(33,257,353)	(3,435,046)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		12,074,982	(14,245,913)	11,763,730
NET FOREIGN EXCHANGE DIFFERENCE ON CASH AND CASH EQUIVALENTS		(864,960)	(682,381)	240,436
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		8,298,092	23,226,386	11,222,220
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		₱19,508,114	₱8,298,092	₱23,226,386

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) using a fully digital network. 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. GTHK is 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) and Subsidiaries

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.

In 2013, GTEU incorporated its wholly owned subsidiaries, UK Globetel Limited (UKGT), Globe Mobilé Italy S.r.l. (GMI), and Globetel Internacional European España, S.L. (GIEE), for the purpose of establishing operations in Europe by marketing and selling mobile telecommunications services to Filipino individuals and businesses located in the United Kingdom, Spain and Italy.

On June 2, 2016, the BOD approved the cessation of the operations of UKGT, GMI and GIEE effective July 31, 2016. UKGT and GMI completed the liquidation process in 2018. On July 30, 2019, GIEE completed its regulatory requirements for liquidation.

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 a Subsidiary

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 previously owns 11% of Third Pillar Global Delivery Center Inc. (TPGDC). GTI's acquisition of TPBAI also mandated TPBAI's acquisition of the remaining 89% ownership of TPGDC making TPBAI the sole owner of TPGDC. TPGDC is engaged in software implementation and maintenance services and the outsourcing arm of TPBAI.

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.

1.10 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, a wholly owned subsidiary of KCCL; and, (3) Kickstart Ventures Co. Ltd., a 65% owned subsidiary of KCCL. These entities were formed as a platform for the management of third party venture capital investment funds.

1.11 Asticom Technology, Inc. (Asticom) and Subsidiaries

On June 3, 2014, Globe Telecom signed an agreement with Azalea Technology Investments Inc. (ASTI) and SCS Computer Systems, Pte. Ltd. acquiring 100% ownership stake in Asticom. Asticom is 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, Asticom Business Services, Inc. (ABSI). ABSI was incorporated to leverage Asticom's business growth, particularly its full-BPO services offering.

1.12 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" and will 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. On January 29, 2016, AI acquired 70% of the outstanding shares of Socialytics Inc. (Socialytics), a social media marketing firm. In 2020, AI acquired the remaining 30% of the outstanding shares of Socialytics making it a wholly owned subsidiary of AI.

GCVHI owns 40% ownership interest in Globe Fintech Innovations, Inc. (GFI) and 50% ownership interest in Global Telehealth, Inc. (GTHI).



On February 4, 2020, GCVHI incorporated 917Ventures, Inc. as a holding company for GCVHI's business incubators.

1.13 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").

1.14 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.

1.15 GTowers Inc (GTowers)

On August 17, 2018, GTowers was incorporated and registered under the laws of the Philippines as a wholly owned subsidiary of Globe Telecom. GTowers is still under pre-operating stage as of reporting date.

1.16 Yondu, Inc. and a Subsidiary

Yondu 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.

As of December 31, 2018, Yondu was 51% owned by Xurpas Inc. (Xurpas) and 49% owned by Globe Telecom. On September 11, 2019, the BOD of Globe Telecom approved the acquisition of 51% of the outstanding shares of Yondu, equivalent to 22,950 shares. The acquisition increased Globe Telecom's ownership interest from 49% to 100% and was accounted for as an acquisition of a subsidiary.

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.

1.17 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 9, 2021, the BOD approved and authorized the release of the consolidated financial statements of Globe Telecom, Inc. and its subsidiaries as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020.

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	
			2020	2019
Innove	Philippines	Wireline voice and data communication services	100%	100%
GTI	Philippines	Holding company	100%	100%
GTIC	United States	Wireless and data communication services	100%	100%
GTHK	Hong Kong	Marketing and distributing company	100%	100%
GTSG	Singapore	Wireless and data communication services	100%	100%
GTEU	United Kingdom	Holding company	100%	100%
TPBAI ³	Philippines	Data management services	67%	-
TPGDC ³	Philippines	Support and shared services provider	100%	-
CaelumPacific ⁴	Philippines	Technical consulting and IT related services	100%	-
Caelum US ⁴	United States	Holding company	100%	-
Caelum Northwest ⁴	United States	Cloud software development and consulting services	100%	-
KVI	Philippines	Venture capital company	100%	100%
FPSI ¹	Philippines	E-book solutions	40%	40%
KCCL ⁴	Cayman Islands	Management of capital investment funds	100%	-
KVCL ⁴	Cayman Islands	Management of capital investment funds	65%	-
AAAL ⁴	Cayman Islands	Management of capital investment funds	100%	-
Asticom	Philippines	Support and shared services provider	100%	100%
ABSI ⁴	Philippines	Support and shared services provider	100%	-
GCVHI	Philippines	Holding Company	100%	100%
917V ⁴	Philippines	Holding Company	100%	-
AHI	Philippines	Holding company	100%	100%
AI	Philippines	Advertising company	100%	100%
Socialytics	Philippines	Advertising company	100%	70%
BTI	Philippines	Wireline voice and data communication services	99%	99%
RCPI	Philippines	Wireline communication services	91%	91%
Telicphil ¹	Philippines	Telco equipment administration and maintenance	58%	58%
Sky Internet	Philippines	Data communication services	100%	100%
GlobeTel Japan	Japan	Wireless and data communication services	100%	100%
NLI	Philippines	Land holding company	70%	70%
Tao	Philippines	Distributing company	67%	67%
G Towers, Inc.	Philippines	Tower company	100%	100%
Yondu ²	Philippines	Information technology and software development	100%	100%
Rocket Search ²	Philippines	Information technology and software development	100%	100%
EC Pay ²	Philippines	Information technology and electronic services	77%	77%

¹ Ceased operations

² Consolidated in 2019

³ Consolidated in 2020

⁴ Incorporated in 2020



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.

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 that is available without undue cost or effort. 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.

Irrespective of the outcome of the above assessment, the Globe Group presumes that the credit risk on non-trade receivables has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Globe Group has reasonable and supportable information that demonstrates otherwise.

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 reorganisation; 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.



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
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 of expected future technological developments and market behavior.

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 policies.

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.

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 Employee 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 Group did not make any such adjustments during the periods presented.

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, 2020

In the current year, the Globe Group has applied a number of amendments to PFRS and interpretation issued by IASB that are effective for annual period that begins on January 1, 2020. 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

The amendments provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.



In assessing the hedge effectiveness of the cash flow hedges directly affected by the interest rate benchmark reform, the Globe Group assumed that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

3.1.2 Amendments to PFRS 16 Covid-19-Related Rent Concessions

The amendment provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to PFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID19-related rent concession is a lease modification.

A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying PFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if certain conditions provided by the amendments are met.

3.1.3 Amendments to PFRS 3 Definition of a Business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

3.1.4 Amendments to PAS 1 and PAS 8 Definition of Material

The amendments are intended to make the definition of material in PAS 1 easier to understand and are not intended to alter the underlying concept of materiality in PFRS. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in PAS 8 has been replaced by a reference to the definition of material in PAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

3.1.5 Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on March 28, 2018, the IASB has also issued Amendments to References to the Conceptual Framework in PFRS Standards. The document contains amendments to PFRS 2, PFRS 3, PFRS 6, PFRS 14, PAS 1, PAS 8, PAS 34, PAS 37, PAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.



Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

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 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
ASSETS			
	<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
LIABILITIES AND EQUITY			
Liabilities			
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
Equity			
Retained earnings	27,167,398	336,464	27,503,862
Non-controlling interest	24,172	505	24,677

3.3 Adoption of Standards Effective January 1, 2018

The Globe Group adopted PFRS 9 and 15 when they became effective on January 1, 2018.

The adoption of expected credit loss method of impairment under PFRS 9 resulted in recognition of additional allowance for doubtful debts on subscribers' receivables at transition date.



In adopting PFRS 15, the Globe Group identified all performance obligations from its contracts with subscribers and assessed whether they are separately identifiable and capable of being distinct. For each identified distinct performance obligation, the Globe Group performed re-allocation of contract consideration based on their relative stand-alone selling prices. These resulted in recognition of contract assets and contract liabilities at transition date. The Globe Group also capitalized certain costs that were identified to be incremental in obtaining and fulfilling its contracts with subscribers which resulted in the recognition of deferred contract costs at transition date.

In adopting PFRS 9 and 15, the Globe Group used the modified retrospective approach wherein the cumulative effect of the initial application of the standards were recognized at January 1, 2018, and the comparative periods were not restated.

The following table shows the individual line items affected by the adjustments from the adoption of PFRS 15 and 9. Accounts not affected by the new standards are excluded in the presentation.

	December 31, 2017	Effect of PFRS 9	Effect of PFRS 15	January 1, 2018
ASSETS				
	<i>(In Thousand Pesos)</i>			
Trade receivables – net	₱27,304,288	(₱7,980,751)	(₱640,605)	₱18,682,932
Contract assets and deferred contract costs-net	-	-	8,002,909	8,002,909
Deferred income tax assets – net	2,761,626	390,432	(276,284)	2,875,774
LIABILITIES AND EQUITY				
Liabilities				
Unearned revenues	5,509,773	-	(5,509,773)	-
Contract liabilities and deferred revenues	-	-	5,898,136	5,898,136
Deferred income tax liabilities – net	2,748,826	(2,003,793)	1,815,898	2,560,931
Equity				
Retained earnings	21,708,003	(5,581,683)	4,880,805	21,007,125
Non-controlling interest	42,713	(4,843)	954	38,824

3.4 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.

3.4.1 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.

3.4.2 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 1 January 2022 and apply prospectively.

3.4.3 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.

3.4.4 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.

3.4.5 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.



3.4.6 Amendments to PFRS 9, PAS 39 and PFRS 7 Interest Benchmark Reform (Phase 2)

Further to the effect of the amendment disclosed in [Note 3.1.1](#), Amendments to PFRS 9, PAS 39 and PFRS 7 Interest Benchmark Reform, management is also evaluating the impact of the Phase 2 of such amendment which will be effective beginning January 1, 2021. Phase 2 provides practical expedients to changes in benchmark interest rates for financial instruments, lease liabilities for lessee and further reliefs for hedge accounting to address issues that might affect financial reporting when an existing interest rate benchmark is actually replaced.

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 Contact 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 2020 and 2019 on subscribers receivable amounted to ₱4,998.56 million and ₱3,147.13 million (see [Notes 6 and 27](#)), and contract assets amounted to ₱500.67 million and ₱256.90 million, respectively (see [Notes 7.1 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 2020, 2019 and 2018 amounted to ₱284.79 million, ₱713.72 million and ₱377.78 million, respectively (see [Notes 9](#) and [27](#)).

Inventories and supplies, net of allowances, amounted to ₱5,988.90 million and ₱4,713.57 million as of December 31, 2020 and 2019, 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, 2020 and 2019:

	Notes	2020	2019
		<i>(In Thousand Pesos)</i>	
Property and equipment - net	11	₱157,593,032	₱157,803,876
Intangible assets - net	12	13,717,995	12,653,778
Right of use assets – net	13	4,300,835	3,566,280
		₱175,611,862	₱174,023,934

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, 2020 and 2019:

	Notes	2020	2019
		<i>(In Thousand Pesos)</i>	
Property and equipment - net	11	₱190,292,393	₱182,662,528
Investments in associates and joint ventures	15	35,706,460	34,473,865
Intangible assets - net (excluding Goodwill)	12	13,902,229	12,653,778
Right of use assets – net	13	4,300,835	3,566,280
		₱244,201,917	₱233,356,451

Impairment loss recognized on property and equipment amounted to ₱4,149.34 million, ₱59.16 million and ₱61.74 million in 2020, 2019 and 2018, 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, 2020 and 2019, the carrying value of goodwill amounted to ₱3,150.68 million and ₱2,899.32 million, respectively (see [Note 12](#)).

In 2018, management determined that the recoverable amounts of goodwill related to the acquisition of TAO and Socialytics are less than their carrying values. Accordingly, the Globe Group recognized impairment loss amounting to ₱140.40 million and ₱2.39 million, respectively (see [Notes 12 and 27](#)). No impairment loss on goodwill was recognized in 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, 2020 and 2019, the combined gross deferred tax assets of the Globe Group amounted to ₱11,392.67 million and ₱10,178.55 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, 2020 and 2019 amounted to ₱5,647.39 million and ₱3,738.43 million, respectively (see [Note 28.1](#)).



4.2.8 Fair Values of Identifiable Assets and Liabilities in a Business Combination

When a business combination occurs, the fair values of the identifiable assets and liabilities assumed, including intangible assets, are recognized in the consolidated statement of financial position.

The determination of the fair values of acquired assets and liabilities is based, to a considerable extent, on management's judgment and estimates. The Globe Group selects the most appropriate valuation methodologies which may include the net present value techniques, comparison to similar assets for which market observable prices exist and other relevant valuation models. If the purchase consideration exceeds the fair value of the net assets acquired then the difference is recognized as goodwill. If the purchase price consideration is lower than the fair value of the assets acquired then a gain is recognized in the consolidated profit or loss.

The table below presents the carrying amount of goodwill and the fair values of the net assets recognized by the Globe Group on its statements of financial position arising from business combinations:

	Note	Fair value of net assets	Goodwill
<i>(In Thousand Pesos)</i>			
2020			
Third Pillar Group	14.1	₱176,340	₱53,434
Caelum (Provisional)	14.2	1,040	197,931
		₱177,380	₱251,365
2019			
Yondu	14.3	₱462,562	₱540,523
ECPay	14.4	417,470	1,218,548
		₱880,032	₱1,759,071

4.2.9 Provisions and Contingencies

The Globe Group is currently involved in various legal proceedings. 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, 2020 and 2019 amount to ₱2,784.52 million and ₱2,622.32 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:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Cash on hand and in banks	₱ 8,040,660	₱3,728,294
Short-term money market placements	11,467,454	4,569,798
	₱19,508,114	₱8,298,092

Cash in banks earn interest at respective bank deposit rates.

Interest income from cash and cash equivalents are as follows (see [Note 22](#)):

	2020	2019	2018
	<i>(In Thousand Pesos)</i>		
Short-term money market placements	₱125,597	₱440,402	₱332,525
Cash on hand and in banks	19,408	17,158	12,353
	₱145,005	₱457,560	₱344,878

The ranges of interest rates of the above placements are as follows:

	2020	2019	2018
Placements:			
PHP	0.01% to 3.5%	0.175% to 7.15%	0.375% to 6.00%
USD	0.0010% to 1.75%	0.50% to 3.00%	0.10% to 2.75%

The principal noncash transactions from investing activities are as follows:

	Notes	2020	2019	2018
		<i>(In Thousand Pesos)</i>		
Acquisition of property and equipment		₱14,647,764	₱6,514,835	₱7,800,727
Gain on deemed sale of investment in Mynt	23	(2,042,441)		
Uncollected proceeds from sale of AFPI	15.2	-	(240,000)	-
Unpaid purchase consideration from acquisition of EC Pay	14.4	(26,830)	(76,329)	-
Capitalized ARO	19	(34,875)	(38,997)	(9,831)

Unpaid cash dividends declared related to non-voting preferred stock amounted to ₱260.03 million as at December 31, 2020 and 2019 (see [Note 16](#)).



6 Trade receivables - net

This account consists of receivables from:

	Notes	2020	2019
<i>(In Thousand Pesos)</i>			
Subscribers		₱24,385,535	₱23,554,867
Traffic settlements - net	32.2, 34.1	1,336,205	1,904,982
Dealers		222,689	1,935,236
Others		4,730,579	3,161,346
		30,675,008	30,556,431
Less allowance for impairment losses:			
Subscribers		9,588,598	8,618,104
Traffic settlements and others		940,926	799,377
		10,529,524	9,417,481
		₱20,145,484	₱21,138,950

Trade receivables are noninterest-bearing and are generally due within twelve months.

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>					
2020					
December 31, 2019	₱4,239,820	₱3,530,940	₱847,344	₱799,377	₱9,417,481
Charges for the period (Note 27)	3,661,204	846,862	490,489	68,585	5,067,140
Recoveries and write-offs – net	(1,758,272)	(1,590,204)	(679,585)	72,964	(3,955,097)
December 31, 2020	₱6,142,752	₱2,787,598	₱658,248	₱940,926	₱10,529,524
2019					
December 31, 2018	₱7,292,652	₱3,261,130	₱1,378,980	₱590,125	₱12,522,887
Charges for the period (Note 27)	2,332,884	593,716	220,534	193,022	3,340,156
Arising from acquisition of a subsidiary	-	-	-	7,178	7,178
Recoveries and write-offs – net	(5,385,716)	(323,906)	(752,170)	9,052	(6,452,740)
December 31, 2019	₱4,239,820	₱3,530,940	₱847,344	₱799,377	₱9,417,481

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:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Contract assets	₱5,397,829	₱7,045,794
Deferred contract costs	1,914,987	1,583,088
	7,312,816	8,628,882
Less current portion	6,956,159	8,339,219
Noncurrent portion of deferred contract costs	₱356,657	₱289,663

7.1.1 Contract Assets

The following table provides information about contract assets with customers:

	Note	2020	2019
		<i>(In Thousand Pesos)</i>	
Contract assets			
Balance at beginning of the year		₱7,961,272	₱8,672,121
Additions during the year		6,380,831	8,717,202
Reductions during the year		(7,528,123)	(8,538,842)
Write-off		(776,438)	(889,209)
Balance at end of year		₱6,037,542	7,961,272
Allowance for impairment loss			
Balance at beginning of the year		(915,478)	(1,547,789)
Impairment loss	27	(500,673)	(256,898)
Write-off		776,438	889,209
Balance at end of year		(639,713)	(915,478)
Contract assets - net		₱5,397,829	₱7,045,794

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:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Cost to obtain contracts with customers:		
Commissions	₱1,183,944	₱1,039,265
Cost to fulfill contracts with customers		
Installation costs	731,043	543,823
	₱1,914,987	₱1,583,088

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:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Balance at beginning of the year	₱1,583,088	₱1,662,891
Amounts capitalized during the period	2,456,135	2,051,580
Amounts recognized as expense	(2,124,236)	(2,131,383)
Balance at the end of the year	₱1,914,987	₱1,583,088

7.2 Contract Liabilities and Other Deferred Revenues

The following table provides information about the contract liabilities and other deferred revenues:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Deferred revenue from wireless subscribers under prepaid arrangements	₱4,487,825	₱4,094,957
Advance monthly service fees	2,889,286	2,937,868
Deferred revenue rewards	1,301,155	1,431,103
Contract liability from wireline services	315,631	291,288
Others	267,723	59,456
	9,261,620	8,814,672
Less current portion	9,033,697	8,764,803
Non current portion	₱227,923	₱49,869



The following table shows the roll forward analysis of contract liabilities:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Contract liabilities		
Balance at beginning of the year	₱291,288	₱360,743
Additions during the year	465,179	469,329
Recognized as revenue during the year	(440,836)	(538,784)
Balance at end of year	₱315,631	₱291,288

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 which is generally within 12 months.

Advance monthly service fees represent advance collections from postpaid subscribers.

Deferred revenue rewards represent unredeemed customer award credit under customer loyalty program.

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:

2020

	USD Notional Amount	PHP Notional Amount	Derivative Assets	Derivative Liabilities
	<i>(In Thousands)</i>			
Derivative instruments designated as hedges				
<i>Cash flow hedges</i>				
Cross currency swaps*	\$302,900	₱ -	₱-	₱1,892,708
Principal only swaps**	660,000	-	58,524	945,975
Interest rate swaps	40,000	-	-	53,720
Derivative instruments not designated as hedges				
<i>Freestanding</i>				
Nondeliverable forwards	20,000	-	-	47,380
Net			58,524	₱2,939,783
Less current portion			2,014	1,056,816
Non current portion			56,510	₱1,882,967

*Pay-fixed rate 4.29%-6.68%, received floating rate USD LIBOR+(0.60%-1.12%)

** Pay-fixed rate 1.31%-2.8%



2019

	USD Notional Amount	PHP Notional Amount	Derivative Assets	Derivative Liabilities
<i>(In Thousands)</i>				
Derivative instruments designated as hedges				
<i>Cash flow hedges</i>				
Cross currency swaps*	\$298,450	₱ -	₱205,290	₱679,628
Principal only swaps**	97,700	-	217,622	53,016
Interest rate swaps	77,700	-	2,784	34,714
Derivative instruments not designated as hedges				
<i>Freestanding</i>				
Deliverable forwards	82,000	-	1,259	13,273
Nondeliverable forwards	30,000	-	-	57,685
Net			426,955	838,316
Less current portion			301,624	547,046
Non current portion			₱125,331	₱291,270

*Pay-fixed rate 4.15%-6.68%, received floating rate USD LIBOR+(0.60%-1.00%)

** Pay-fixed rate 1.31%-2.39%

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 USD302.90 million and USD298.45 million as of December 31, 2020 and 2019, respectively. Principal only swaps have a notional amount of USD660.00 million and USD97.70 million as of December 31, 2020 and 2019, respectively. The fair values of the currency swaps as of December 31, 2020 and 2019 amounted to net liability of ₱2,780.16 million and ₱309.73 million, respectively, of which ₱952.52 million and ₱242.09 million (net of tax), respectively is included in "Other reserves" in the equity section of the consolidated statements of financial position (see [Note 21.6](#)).

- *Interest Rate Swaps*

As of December 31, 2020 and 2019, the Globe Group has USD40.00 million and USD77.70 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% over the duration of the agreement, which involves quarterly payment intervals up to April 2022 and October 2022.

As of December 31, 2020 and 2019, the fair value of the outstanding swap amounted to a net liability of ₱53.72 million and ₱31.93 million, respectively, of which ₱37.60 million and ₱22.35 million (net of tax), respectively, is included in "Other reserves" in the equity section of the consolidated statements of financial position (see [Note 21.6](#)).



Swap costs arising from both cross currency and interest rate swaps recognized as financing cost amounted to ₱742.06 million, ₱366.95 million, and ₱220.06 million in 2020, 2019 and 2018, 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, 2020 and 2019, the Globe Group has USD20.00 million and USD112.00 million deliverable and non-deliverable currency forward contracts not designated as hedges, respectively.

8.3 Hedge Effectiveness Results

As of December 31, 2020 and 2019, the effective fair value changes on the Globe Group's cash flow hedges that were deferred in equity amounted to loss of ₱990.12 million and ₱264.44 million, net of tax, respectively ([Note 21.6](#)). Derivatives designated as cash flow hedges for the years ended December 31, 2020, 2019 and 2018 are fully effective with 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:

	2020	2019
	<i>(In Thousand Pesos)</i>	
At beginning of year	(₱411,361)	₱2,051,712
Net changes in fair value of derivatives:		
Designated as cash flow hedges (Note 21.6)	(3,234,275)	(2,835,986)
Not designated as cash flow hedges	(124,221)	(73,870)
	(3,769,857)	(858,144)
Fair value of settled instruments	888,599	446,783
At end of period	(₱2,881,258)	(₱411,361)

Details of amounts reclassified from cash flow hedge reserve to profit or loss in relation to hedge accounting transactions are shown below.

	Notes	2020	2019
		<i>(In Thousand Pesos)</i>	
Loss on derivative instruments – net		(₱1,455,525)	(₱735,670)
Swap costs	26	(742,059)	(366,952)
	21.6	(₱2,197,584)	(₱1,102,622)



9 Inventories and Supplies - net

This account consists of:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Handsets, devices and accessories	₱2,033,064	₱2,761,286
Broadband device	1,478,618	498,380
Modem and accessories	1,267,286	844,518
Supplies	967,839	420,142
SIM cards and SIM packs	161,909	133,530
Call cards and others	80,183	55,716
	₱5,988,899	₱4,713,572

Breakdown of cost of inventories recognized as expense are as follows:

	Note	2020	2019	2018
		<i>(In Thousand Pesos)</i>		
Cost of inventories sold		₱16,406,196	₱18,554,814	₱18,645,314
Inventory obsolescence	27	284,788	713,717	377,775
		₱16,690,984	₱19,268,531	₱19,023,089

Cost of inventories sold consists of:

	2020	2019	2018
	<i>(In Thousand Pesos)</i>		
Handsets, devices and accessories	₱11,271,066	₱16,212,378	₱16,132,844
Broadband device	4,129,544	1,458,295	1,686,459
SIM cards and SIM packs	393,342	529,248	651,342
Modems and accessories	200,382	116,026	20,637
Supplies	3,120	14,269	6,765
Call cards and others	408,742	224,598	147,267
	₱16,406,196	₱18,554,814	₱18,645,314



10 Prepayment and Other Assets

This account consists of:

	Notes	2020	2019
		<i>(In Thousand Pesos)</i>	
Advance payments to suppliers and contractors	34.2	₱21,447,121	₱10,449,595
Prepayments		3,341,508	2,740,940
Input VAT – net		3,292,287	2,077,338
Investments in debt and equity securities		2,541,271	2,137,781
Non-trade receivables – net		1,564,304	1,455,747
Security deposits		1,347,216	1,261,620
Creditable withholding tax		1,140,735	976,295
Loans receivable from related parties	20	478,000	836,620
Others		1,704,898	1,025,989
		36,857,340	22,961,925
Less current portion		11,497,195	18,948,015
Non current portion		₱25,360,145	₱4,013,910

The "Prepayments" account includes prepaid insurance, rent, maintenance, and licenses fees among others.

Others include investment properties with carrying amount of ₱14.36 million and ₱19.92 million as of December 31, 2020 and 2019, respectively. Investment properties consist of building and improvements which are held to earn rentals. Depreciation and amortization of investment properties amounted to ₱5.56 million, ₱5.60 million and ₱10.02 million in 2020, 2019 and 2018, respectively. (see [Note 25](#)).

Fair value gain (loss) from investment in equity securities recognized in consolidated OCI amounted to (₱56.69 million), ₱188.49 million and ₱170.65 million in 2020, 2019 and 2018, respectively. (see [Note 21.6](#)).

Non-trade receivables – net consists of:

	Note	2020	2019
		<i>(In Thousand Pesos)</i>	
Due from related parties	20	₱395,984	₱451,490
Advances to employees		168,116	192,219
Others		1,090,219	900,931
		1,654,319	1,544,640
Allowance for impairment loss		(90,015)	(88,893)
		₱1,564,304	₱1,455,747

Impairment loss related to non-trade receivable amounted to ₱1.12 million in 2020 and nil in 2019 and 2018 (see [Note 27](#)).



11 Property and Equipment – net

The rollforward analysis of this account follows:

2020

	Buildings, Land and Leasehold Improvement					Cable System	Office Equipment	Transportation Equipment	Assets Under Construction	Total
	Telecommunication Equipment									
Cost										
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			
Accumulated Depreciation and Amortization										
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			
Impairment Losses										
At January 1	1,219,011	15,313	-	-	-	-	1,792,763			
Additions (Note 27)	4,088,106	9,860	-	128	-	-	51,243			
Write-off/adjustments	-	-	-	-	-	-	(33,384)			
At December 31	5,307,117	25,173	-	128	-	-	576,298			
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			

(In Thousand Pesos)



2019

	Buildings, Land and Leasehold Improvement					Cable System	Office Equipment	Transportation Equipment	Assets Under Construction	Total
	Telecommunication Equipment									
Cost										
At January 1	₱271,677,263	₱59,699,937	₱26,682,217	₱15,780,704	₱2,975,487	₱23,987,705	₱400,803,313			
Additions	739,310	22,367	-	58,048	448,380	444,482,801	45,750,906			
Acquired on acquisition of a subsidiary (Note 14)	27,873	50,443	-	137,027	3,371	-	218,714			
Retirements/disposals	(748,425)	(12,325)	(13,403)	(82,592)	(242,367)	(19,869)	(1,118,981)			
Reclassifications (Note 12)	31,454,170	5,385,020	(6,676)	848,549	-	(43,033,546)	(5,352,483)			
ARO Remeasurements	25,096	-	-	-	-	-	25,096			
At December 31	303,175,287	65,145,442	26,662,138	16,741,736	3,184,871	25,417,091	₱440,326,565			
Accumulated Depreciation and Amortization										
At January 1	170,812,209	27,467,103	16,283,949	13,028,408	1,975,468	-	229,567,137			
Acquired on acquisition of a subsidiary (Note 14)	17,631	30,602	-	59,712	2,067	-	110,012			
Depreciation and amortization (Note 25)	21,383,867	2,871,545	1,009,119	1,531,348	387,422	-	27,183,301			
Retirements/disposals	(661,258)	(7,573)	(3,623)	(73,257)	(225,737)	-	(971,448)			
ARO Remeasurements	(17,728)	-	-	-	-	-	(17,728)			
At December 31	191,534,721	30,361,677	17,289,445	14,546,211	2,139,220	-	255,871,274			
Impairment Losses										
At January 1	1,219,011	25,173	-	-	9,860	588,364	1,842,408			
Additions (Note 27)	-	-	-	-	-	59,157	59,157			
Write-off/adjustments	-	(9,860)	-	-	(9,860)	(89,082)	(108,802)			
At December 31	1,219,011	15,313	-	-	-	558,439	1,792,763			
Carrying amount at December 31	₱110,421,555	₱34,768,452	₱9,372,693	₱2,195,525	₱1,045,651	₱24,858,652	₱182,662,528			



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 the acquisition of self-constructed property and equipment. Borrowing costs incurred relating to these acquisitions were included in the cost of property and equipment using 4.36% and 5.20% capitalization rates in 2020 and 2019, respectively. The Globe Group's total capitalized borrowing costs amounted to ₱1,279.97 million and ₱1,251.52 million in 2020 and 2019, 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](#)).

Pursuant to the Amended Rehabilitation Plan (ARP) and Master Restructuring Agreement (MRA), the remaining outstanding restructured debt of BTI to creditors other than Globe Telecom amounting to USD1.27 million ([Note 18.1](#)) will be secured by a real estate mortgage on identified real property assets. The processing of the real properties to be mortgaged is still ongoing as of December 31, 2020.

12 Intangible Assets and Goodwill - net

The rollforward analysis of this account follows:

2020

	Application Software and Licenses	Goodwill	Other Intangible Assets	Total Intangible Assets and Goodwill
<i>(In Thousand Pesos)</i>				
Cost				
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
Accumulated Amortization				
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
Carrying Amount at December 31	₱12,077,285	₱3,150,684	₱1,824,944	₱17,052,913

2019

	Application Software and Licenses	Goodwill	Other Intangible Assets	Total Intangible Assets and Goodwill
<i>(In Thousand Pesos)</i>				
Cost				
At January 1	₱35,541,741	₱1,140,248	₱2,174,325	₱38,856,314
Additions	48,532	-	-	48,532
Acquired on acquisition of a subsidiary (Note 14)	48,478	1,759,071	453,040	2,260,589
Reclassifications (Note 11)	5,352,483	-	-	5,352,483
At December 31	40,991,234	2,899,319	2,627,365	46,517,918
Accumulated Amortization				
At January 1	24,174,859	-	983,186	25,158,045
Amortization (Note 25)	5,549,460	-	241,690	5,791,150
Acquired on acquisition of a subsidiary (Note 14)	15,626	-	-	15,626
At December 31	29,739,945	-	1,224,876	30,964,821
Carrying Amount at December 31	₱11,251,289	₱2,899,319	₱1,402,489	₱15,553,097

Application software licenses and other intangible assets

Other intangible assets consist of customer contracts, franchise, spectrum and merchant networks. As of December 31, 2020 and 2019, 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:

	2020	2019	2018
<i>(In Thousand Pesos)</i>			
BTI	₱1,140,248	₱1,140,248	₱1,140,248
EC Pay	1,218,548	1,218,548	-
Yondu	540,523	540,523	-
Caelum	197,931	-	-
Third Pillar Group	53,434	-	-
	₱3,150,684	₱2,899,319	₱1,140,248

The Globe Group conducts its annual impairment test of goodwill in the third fiscal quarter of each year. The Globe Group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment.



BTI, EC Pay and Yondu

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 2020, the recoverable amount of mobile communications services CGU was substantially in excess of its carrying amount.

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.

Third Pillar Group and Caelum

Allocation of goodwill arising from GTI's acquisition of Third Pillar Group and Caelum's acquisition of Cascadeo to specific CGU are still being finalized and expected to be completed in 2021.

Tao and Socialytics

In 2018, management determined that the recoverable amount of goodwill related to the acquisition of TAO and Socialytics are less than its carrying value. Accordingly, the Globe Group recognized impairment loss amounting to ₱140.40 million and ₱2.39 million, respectively (see [Note 27](#)).

13 Lease Commitments

13.1 Right of use assets – net

The rollforward analysis of this account follows:

2020

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased lines	Total
Cost	<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
Accumulated Depreciation						
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
Carrying Amount at December 31	₱3,595,331	₱368,582	₱255,967	₱80,771	₱184	₱4,300,835

2019

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased lines	Total
Cost						
<i>(In Thousand Pesos)</i>						
Transition adjustment (Note 3.2)	₱2,261,738	₱584,297	₱552,803	₱81,701	₱2,666	₱3,483,205
Additions	631,497	371,640	118,264	144,381	-	1,265,782
Pre-terminations	(4,070)	(19,454)	-	-	-	(23,524)
At December 31	2,889,165	936,483	671,067	226,082	2,666	4,725,463
Accumulated Depreciation						
<i>(In Thousand Pesos)</i>						
Depreciation (Note 25)	544,228	342,694	196,849	78,273	1,447	1,163,491
Pre-terminations	(1,180)	(3,128)	-	-	-	(4,308)
At December 31	543,048	339,566	196,849	78,273	1,447	1,159,183
Carrying Amount at December 31	₱2,346,117	₱596,917	₱474,218	₱147,809	₱1,219	₱3,566,280

13.2 Lease liabilities

The following table provides the lease liabilities in relation to leased assets:

	2020	2019
<i>(In Thousand Pesos)</i>		
Network sites	₱3,780,215	₱2,408,958
Transportation Equipment	381,968	610,316
Corporate Office	274,396	489,194
Stores	87,855	153,843
Leased lines	238	1,306
	4,524,672	3,663,617
Less current portion	999,200	981,817
Non current portion	₱3,525,472	₱2,681,800

The rollforward analysis of this account follows:

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
Settlements	(771,681)	(413,525)	(240,989)	(109,541)	(1,117)	(1,536,853)
Pre-terminations	(951)	(11,610)	-	(377)	-	(12,938)
Carrying Amount at December 31	₱3,780,215	₱381,968	₱274,396	₱87,855	₱238	₱4,524,672

2019

	Network Sites	Transportation Equipment	Corporate Office	Stores	Leased lines	Total
<i>(In Thousand Pesos)</i>						
Transition adjustment (Note 3.2)	₱2,222,516	₱584,252	₱552,524	₱81,332	₱2,666	₱3,443,290
Additions	631,497	371,640	118,264	144,381	-	1,265,782
Interests (Note 26)	176,724	50,330	35,065	9,925	127	272,171
Settlements	(619,030)	(379,370)	(216,659)	(81,795)	(1,487)	(1,298,341)
Pre-terminations	(2,749)	(16,536)	-	-	-	(19,285)
Carrying Amount at December 31	₱2,408,958	₱610,316	₱489,194	₱153,843	₱1,306	₱3,663,617

The table below presents the maturity profile of the Globe Group's lease liabilities using undiscounted cash flows of future lease payments.

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	₱726,556	₱2,494,751	₱1,518,394	₱4,739,701
Transportation equipment	277,897	121,870	-	399,767
Corporate office	195,829	96,041	375	292,245
Stores	53,682	35,573	9,268	98,523
Leased lines	211	-	-	211
	₱1,254,175	₱2,748,235	₱1,528,037	₱5,530,447

2019

	1 year	More than 1 year but not more than 5 years	More than 5 years	Total
<i>(In Thousand Pesos)</i>				
Network Sites	₱597,545	₱1,795,895	₱747,639	₱3,141,079
Transportation equipment	357,698	297,738	-	655,436
Corporate office	240,989	289,157	3,088	533,234
Stores	96,761	67,924	10,397	175,082
Leased lines	1,122	211	-	1,333
	₱1,294,115	₱2,450,925	₱761,124	₱4,506,164

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 ₱6,208.75 million and ₱5,793.30 as of December 31, 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's 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>
ASSETS	
Current assets	₱103,790
Property and equipment (Note 11)	3,038
Other noncurrent assets	9,364
	<hr/> 116,192
LIABILITIES	
Current Liabilities	73,521
Noncurrent Liabilities	3,840
	<hr/> 77,361
Total net assets at fair value	<hr/> ₱38,831
Intangible assets arising on acquisition (Note 12)	
Supplier relationship	₱184,234
Customer relationship	12,207
	<hr/> 196,441
Deferred tax liabilities (Note 29)	<hr/> (58,932)
Net assets acquired and liabilities assumed	<hr/> ₱176,340
Purchase consideration transferred	₱171,582
Net assets acquired and liabilities assumed	(176,340)
Non-controlling interest measured at fair value	58,192
	<hr/> Goodwill arising on acquisition (Note 12) ₱53,434



Net cash outflow from the acquisition is as follows (in thousand pesos):

Total purchase consideration	(₱171,582)
Cash and cash equivalents acquired from Third Pillar	12,200
Net cash outflow on acquisition	(₱159,382)

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 4, 2020, all the definitive agreements relating to the transaction have been signed and executed, and all closing conditions have been met.

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.

	Amount recognized on acquisition
	<i>(In Thousand Pesos)</i>
Purchase consideration transferred	₱198,971
Assets acquired	(1,040)
Goodwill arising on acquisition (Note 12)	₱197,931

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 8. None of the goodwill recognized is expected to be deductible for income tax purposes.

Net cash outflow from the acquisition is as follows (in thousand pesos):

Total purchase consideration	(₱198,971)
Cash and cash equivalents acquired from Caleum Pacific	-
Net cash outflow on acquisition	(₱198,971)



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).

Details of the fair values upon acquisition of Yondu in 2019 follows:

	Amounts recognized on acquisition
	<i>(In Thousand Pesos)</i>
ASSETS	
Current assets	₱681,644
Property and equipment (Note 11)	90,681
Application software and licenses (Note 12)	244
Other noncurrent assets	36,898
	809,467
LIABILITIES	
Current Liabilities	346,905
Net assets acquired and liabilities assumed	₱462,562
Purchase consideration transferred	₱501,252
Acquisition-date fair value of previously held interest	501,833
Net assets acquired and liabilities assumed	(462,562)
Goodwill arising on acquisition (Note 12)	₱540,523

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.

Details of the fair values upon acquisition of EC Pay in 2019 follows:

	Amount recognized on acquisition
	<i>(In Thousand Pesos)</i>
ASSETS	
Current assets	₱1,180,885
Property and equipment (Note 11)	18,021
Application and software (Note 12)	603
Other noncurrent assets	4,155
	<hr/> 1,203,664
LIABILITIES	
Current Liabilities	1,125,725
	<hr/>
Total net assets at fair value	₱77,939
Intangible assets arising on acquisition (Note 12)	
Contractual merchant network	₱176,190
Non-contractual merchant network	276,850
Platform	32,005
	<hr/> 485,045
Deferred tax liabilities	(145,514)
Net assets acquired and liabilities assumed	₱417,470
	<hr/>
Purchase consideration transferred	₱1,540,000
Net assets acquired and liabilities assumed	(417,470)
Non-controlling interest measured at proportionate share of its interest	96,018
	<hr/>
Goodwill arising on acquisition (Note 12)	₱1,218,548

Net cash outflow from the acquisition is as follows (in thousand pesos):

Total purchase consideration	(₱1,540,000)
Unpaid purchase consideration (Note 5)	76,329
Cash and cash equivalents acquired from ECPay	286,780
	<hr/>
Net cash outflow on acquisition	(₱1,176,891)

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.

The fair value of the identifiable intangible assets is based on valuations performed by an independent appraiser using acceptable valuation techniques within the industry.

Portion of the unpaid balance from acquisition in 2019 amounting to ₱26.83 million was subsequently paid on February 21, 2020.



15 Investments in associates and joint ventures

This account consists of the following as of December 31:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Investments in joint ventures:		
Vega	₱32,809,813	₱32,755,463
Mynt	2,678,250	1,563,980
TechGlobal	150,612	90,893
Bridge Mobile Pte. Ltd (BMPL)	46,823	51,926
Konsulta	10,962	11,603
Telecommunications Connectivity, Inc. (TCI)	10,000	-
	₱35,706,460	₱34,473,865

Details of the Globe Group's investments in joint venture and the related percentages of ownership as of December 31, 2020 and 2019 are shown below:

	Country of Incorporation	Principal Activities	2020	2019
Joint Ventures				
VTI	Philippines	Telecommunications	50%	50%
BAHC	Philippines	Holding company	50%	50%
BHC	Philippines	Holding company	50%	50%
Konsulta	Philippines	Health hotline facility	50%	50%
TechGlobal	Philippines	Installation and management of data centers	49%	49%
Mynt	Philippines	Holding company	40%	46%
BMPL	Singapore	Mobile technology infrastructure and common service	10%	10%
TCI	Philippines	Telecommunications	33%	-

Equity share in net (loss) income from investment in associates and joint ventures are as follows:

	2020	2019	2018
	<i>(In Thousand Pesos)</i>		
Investments in associates:			
AFPI	₱-	₱-	(₱115,745)
Yondu	-	32,250	38,258
Investments in joint ventures:			
Mynt	(2,450,671)	(2,590,650)	(1,179,871)
TechGlobal	59,719	1,191	(3,478)
Vega	26,315	2,105	18,760
BMPL	(2,162)	3,540	2,056
Konsulta	(641)	(3,218)	(9,583)
TCI	-	-	-
	(₱2,367,440)	(₱2,554,782)	(₱1,249,603)



Investment in associates and joint ventures share in other comprehensive income are as follows:

	Note	2020	2019	2018
<i>(In Thousand Pesos)</i>				
Investments in joint ventures:				
Vega		₱28,035	₱271,411	₱-
BMPL		(2,941)	(2,054)	2,089
	21.6	₱25,094	₱269,357	₱2,089

The movement in investments in joint ventures and associates are as follows:

	Notes	2020	2019
<i>(In Thousand Pesos)</i>			
Costs			
At January 1		₱39,381,115	₱37,608,176
Additional capital contributions during the year			
Investment in Mynt	15.4	1,522,500	3,292,500
Investment in TCI	15.8	10,000	-
Investment in Konsulta	15.7	-	12,500
Disposal		-	(1,532,061)
Gain on deemed sale of investment in Mynt	15.4	2,042,441	-
At December 31		42,956,056	39,381,115
Accumulated Equity in Net Losses			
At January 1		(5,204,041)	(2,921,697)
Equity share in net losses		(2,367,440)	(2,554,782)
Disposal		-	272,438
At December 31		(7,571,481)	(5,204,041)
Other Comprehensive Income			
At January 1		296,791	26,333
Equity share in currency translation adjustment	21.6	(2,941)	(2,054)
Equity share in investment in equity securities	21.6	41,042	275,325
Equity share in retirement obligation	21.6	(13,007)	(3,914)
Disposal	21.6	-	1,101
At December 31		321,885	296,791
Impairment Losses			
At January 1		-	(286,036)
Disposal		-	286,036
At December 31		-	-
Carrying Value at December 31		₱35,706,460	₱34,473,865



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:

2020

	Vega	Mynt	TechGlobal	BMPL	Konsulta
<i>(In Thousand Pesos)</i>					
Statements of Financial Position:					
Current assets	₱5,973,853	₱22,407,757	₱314,711	₱584,056	₱58,243
Noncurrent assets	42,988,975	1,275,011	202,598	17,432	1,732
Current liabilities	2,089,615	19,748,313	146,566	124,326	38,053
Noncurrent liabilities	13,522,392	29,760	63,369	8,932	-
Equity attributable to Parent Company	30,142,290	3,904,695	307,374	468,230	21,922
Statements of Comprehensive Income:					
Revenue	3,412,533	21,572,627	200,829	228,868	58,717
Costs and expenses	(2,142,282)	(27,153,829)	(58,779)	(250,488)	(60,001)
Income before tax	1,270,251	(5,581,202)	142,050	(21,620)	(1,284)
Income tax	(439,886)	(3,439)	(20,172)	-	-
Profit (Loss) for the period	830,365	(5,584,641)	121,878	(21,620)	(1,284)
Other comprehensive income (loss)	56,072	-	-	(29,410)	-
Total comprehensive income	₱886,437	(₱5,584,641)	₱121,878	(₱51,030)	(₱1,284)

2019

	Yondu	AFPI	Vega	Mynt	TechGlobal	BMPL	Konsulta
<i>(In Thousand Pesos)</i>							
Statements of Financial Position:							
Current assets	₱681,643	₱644,964	₱3,622,452	₱5,823,136	₱96,739	₱614,083	₱53,321
Noncurrent assets	127,823	918,555	43,766,193	1,285,411	197,704	12,294	1,531
Current liabilities	346,904	418,396	2,245,872	6,161,631	80,136	106,914	31,342
Noncurrent liabilities	-	267,873	11,924,101	61,241	28,811	203	304
Equity attributable to Parent Company	462,562	877,250	30,033,589	885,675	185,496	519,260	23,206
Statements of Comprehensive Income:							
Revenue	89,200	65,129	3,338,561	5,341,656	58,836	297,243	77,770
Costs and expenses	(18,027)	(797,468)	(2,011,962)	(10,909,848)	(55,260)	(261,843)	(83,939)
Income before tax	71,173	(732,339)	1,326,599	(5,568,192)	3,576	35,400	(6,169)
Income tax	(5,356)	-	(460,328)	(54,747)	(1,146)	-	(267)
Profit (Loss) for the period	65,817	(732,339)	866,271	(5,622,939)	2,430	35,400	(6,436)
Other comprehensive income (loss)	-	-	542,824	-	-	(20,540)	-
Total comprehensive income	₱65,817	(₱732,339)	₱1,409,095	(₱5,622,939)	₱2,430	₱14,860	(₱6,436)

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 which remained outstanding to date (see [Note 5](#)). 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 21.6](#)).

The Globe Group has no share in any contingent liabilities of any associates as of December 31, 2020 and 2019.

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, 2020 and 2019.

The table below presents the additional financial information of Vega:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Items in the Statements of Financial Position		
Cash and cash equivalents	₱3,073,723	₱2,590,339
Current financial liabilities, excluding trade and other payables and provisions	-	-
Non-current financial liabilities, excluding trade and other payables and provisions	-	-
Items in the Statements of Comprehensive Income		
Depreciation and amortization	₱631,010	₱522,528
Interest income	24,858	63,503
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 electric money issuer. GXI handles the mobile 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 ₱1,522.50 million and ₱3,292.50 million in 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](#))

Notional goodwill recognized as part of investment in Mynt amounted to ₱1,110.23 million and ₱1,153.49 million, as of December 31, 2020 and 2019, respectively.



The table below presents the additional financial information of Mynt:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Items in the Statements of Financial Position		
Cash and cash equivalents	₱15,518,164	₱3,316,403
Current financial liabilities, excluding trade and other payables and provisions	13,562,111	2,774,045
Non-current financial liabilities, excluding trade and other payables and provisions	-	-
Items in the Statements of Comprehensive Income		
Depreciation and amortization	₱242,622	₱158,988
Interest income	32,622	28,850
Interest expense	58,080	12,481

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. GTHI started commercial operations in July 2015.

The Globe Group infused ₱12.5 million of additional capital in 2019.



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") 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 ₱10.00 million for 33.33% ownership TCI.

16 Trade Payables and Accrued Expenses

This account consists of:

	Notes	2020	2019
<i>(In Thousand Pesos)</i>			
Accrued expenses		₱25,323,132	₱25,477,531
Trade payable		12,738,170	9,863,681
Accrued project costs	34.2	8,482,151	12,558,734
Taxes payable		5,781,765	4,315,397
Traffic settlements - net	32.2, 34.1	330,867	993,030
Dividends payable	21.3	260,030	260,030
Other creditors		3,461,071	3,510,912
		₱56,377,186	₱56,979,315

Traffic settlements payable are presented net of traffic settlements receivable from the same carrier (see [Note 32.2](#)).

Accrued expenses consists of the following:

	2020	2019
<i>(In Thousand Pesos)</i>		
Services	₱5,387,265	₱5,795,411
Repairs and maintenance	4,697,460	4,165,209
Manpower	2,802,372	3,907,900
General, selling and administrative	3,649,351	3,687,094
Lease	3,149,327	2,899,002
Advertising	3,378,673	3,022,973
Utilities	1,383,141	1,274,691
Interest	875,543	725,251
	₱25,323,132	₱25,477,531

General, selling and administrative accrued expenses include travel, professional fees, supplies, commissions and miscellaneous, which are individually immaterial.



17 Provisions

The rollforward analysis of this account follows:

	Notes	2020	2019
<i>(In Thousand Pesos)</i>			
At beginning of year		₱2,622,318	₱2,549,387
Provisions for claims	27	410,898	438,724
Assumed provision from a business combination		-	1,688
Payments and reversals for claims	27	(248,695)	(367,481)
At end of year		₱2,784,521	₱2,622,318

Provisions pertain to assumed liabilities related to various pending unresolved claims over the Globe Group's businesses such as provision for taxes, employee benefits, onerous contracts 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, 2020, the remaining claims are still being resolved.

18 Loans Payable

The Globe Group's loans payable consists of the following:

	2020	2019
<i>(In Thousand Pesos)</i>		
Term Loans:		
Peso	₱114,188,487	₱106,697,990
Dollar	19,301,661	22,200,060
	133,490,148	128,898,050
Retail bonds:		
Peso	2,973,203	6,964,685
Dollar	28,328,799	-
	31,302,002	6,964,685
	164,792,150	135,862,735
Less current portion	8,521,424	12,919,898
Net of current portion	₱156,270,726	₱122,942,837



The rollforward analysis of this account follows:

	Note	2020	2019
<i>(In Thousand Pesos)</i>			
At beginning of year		₱135,862,735	₱148,281,897
Cash items			
Proceeds from long term borrowings		43,998,820	5,000,000
Proceeds from short term borrowings		18,440,000	-
Repayments of long term borrowings		(12,928,496)	(16,745,816)
Repayments of short borrowings		(17,740,000)	(300,000)
		31,770,324	(12,045,816)
Non-cash items			
Debt issuance cost		(674,703)	(36,353)
Amortization of debt issue cost		132,639	148,458
Acquired from acquisition of a subsidiary		21,077	300,000
Gain on debt renegotiation	23	(343,122)	-
Foreign exchange gain		(1,976,800)	(785,451)
		(2,840,909)	(373,346)
At end of year		₱164,792,150	₱135,862,735

The maturities of loans payable at nominal values as of December 31, 2020 follow (in thousands):

Due in:	
2021	₱8,553,345
2022	14,714,121
2023	17,835,974
2024	16,746,924
2025 and thereafter	108,341,483
	₱166,191,847

The interest rates and maturities of the above debts are as follows:

	Maturities	Interest Rates
Term Loans:		
Peso	2021-2031	1.66% to 7.91% in 2020
	2019-2031	3.71% to 7.91% in 2019
Dollar	2021-2027	0.83% to 6.00% in 2020
	2019-2027	2.72% to 6.00% in 2019
Retail bonds		
	2023	5.28% in 2020
	2020-2023	4.89% to 6.00% in 2019
	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 ₱5,751.08 million, ₱5,937.70 million and ₱5,748.85 million in 2020, 2019 and 2018, respectively (see [Note 26](#)).

Total interest expenses capitalized as part of property and equipment amounted to ₱1,279.97 million and ₱1,251.52 million in 2020 and 2019, 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.

The Globe Group also has a secured debt amounting to USD1.27 million as of December 31, 2020 arising from its acquisition of BTI (see [Note 11](#)).

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 will be 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, 2020 and 2019, the Globe Group is not in breach of any loan covenants.

19 Other Long-term Liabilities

This account consists of:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Asset retirement obligation (ARO)	₱2,852,256	₱2,742,633
Others	1,237,258	962,079
	₱4,089,514	₱3,704,712

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	2020	2019
		<i>(In Thousand Pesos)</i>	
At beginning of year		₱2,742,633	₱2,523,939
Accretion expense during the year	26	151,460	155,674
Capitalized to property and equipment during the year	5	34,875	38,997
Settlements and reversals		(65,237)	(17,205)
Remeasurements		(11,475)	41,228
At end of year		₱2,852,256	₱2,742,633

Gain on settlement and remeasurement of ARO recognized in consolidated profit or loss amounted to ₱34.85 million, ₱5.77 million and ₱27.89 million in 2020, 2019 and 2018, 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 significant influence. 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 of the Globe Group where those parties are individuals, 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):

	Note	Amount of transaction			Outstanding Balance		Terms	Conditions	
		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			
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	-	-	408,556	676,700	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
BHI	20.3	4,794	-	-	-	-	-	3 years, 5.75% settlement in cash	Unsecured, no impairment
BEAM	20.3	-	220,167	-	-	-	-	-	-
Altimax	20.3	-	3,891	-	-	-	-	-	-
Key management personnel	20.4	-	509,475	-	-	-	-	-	-
Others	20.3	734,759	307,684	61,934	695,994	225,042	14,926	Interest-free excluding cash and cash equivalents, settlement in cash	Unsecured, no impairment
		P1,294,240	P2,571,531	P61,934	P695,994	P1,174,819	P792,192		



2019

	Note	Amount of transaction			Outstanding Balance			Terms	Conditions
		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	P466,404	P333,714	P-	P-	P117,433	P55,876	Interest-free, settlement in cash	Unsecured, no impairment
AC	20.1	14,413	64,367	-	-	1,175	2,754	Interest-free, settlement in cash	Unsecured, no impairment
Jointly controlled entities									
BMPL	20.2	-	21,459	-	-	-	1,384	Interest-free, settlement in cash	Unsecured, no impairment
Mynt	20.2	51,786	322,045	-	-	550,141	53,346	Interest-free, settlement in cash	Unsecured, no impairment
Other related parties									
GRP	20.3	31,093	-	-	-	548,000	-	3 years, 5.5% settlement in cash	Unsecured, no impairment
BHI	20.3	6,473	-	-	-	108,620	-	3 years, 5.75% settlement in cash	The P250.00 million is covered by a pledge agreement while the P45.00 million is fully secured by chattel mortgage agreement.
BEAM	20.3	-	175,604	-	-	-	-	-	-
Altimax	20.3	-	11,765	-	-	-	-	-	-
Key management personnel	20.4	-	470,000	-	-	-	-	-	-
Others	20.3	458,457	357,164	56,898	3,714,646	225,042	38,604	Interest-free excluding cash and cash equivalents, settlement in cash	Unsecured, no impairment
		P1,028,626	P1,756,118	P56,898	P3,714,646	P1,550,411	P151,964		



Amounts owed by related parties are presented in the statement of financial position as follows:

	Notes	2020	2019
		<i>(In Thousand Pesos)</i>	
Trade receivables – net		₱300,835	₱262,301
Due from related parties	10	395,984	451,490
Loans to related parties	10	478,000	836,620
		₱1,174,819	₱1,550,411

As of December 31, 2020 and 2019, 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 ₱43,039 million and ₱26,647 million, respectively.

20.1 Entities with Joint Control over Globe Group - AC and Singtel

Singtel

Globe Telecom has interconnection agreements with Singtel. Interconnection revenues and costs recognized from the agreements with Singtel are as follows:

	2020	2019	2018
	<i>(In Thousand Pesos)</i>		
Service revenues	₱463,331	₱466,404	₱639,399
Interconnection costs	61,970	42,184	61,423

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, and maintenance cost transactions with Singtel.

The details of fees incurred under these agreements are as follows:

	2020	2019	2018
	<i>(In Thousand Pesos)</i>		
Technical assistance fee	₱138,411	₱132,576	₱158,117
Maintenance costs	55,405	119,336	83,497
Software development, supply, license and support	13,418	39,618	45,799
	₱207,234	₱291,530	₱287,413

AC

Globe Telecom, Innove and BTI earn subscriber revenues from AC. Service revenues recognized from AC amounted to ₱13.93 million, ₱14.41 million and ₱31.36 million in 2020, 2019 and 2018, respectively.



Globe Telecom reimburses AC for certain operating expenses. Total expense recognized by the Globe Group from the transaction amounted to ₱54.44 million, ₱64.37 million and ₱86.60 million in 2020, 2019 and 2018, 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 ₱1.33 million and ₱1.38 million as of December 31, 2020 and 2019, respectively. Total expenses recognized related to these transactions amounted to ₱21.82 million, ₱21.46 million and ₱20.70 million in 2020, 2019, and 2018, respectively.

Mynt

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 ₱51.79 million in 2020 and 2019 (see [Note 23](#)).

The Globe Group also has a VAS sharing agreement with GXI. Under the agreement, GXI shall perform the following services and shall be entitled to a certain percentage of data revenues arising from GCash transactions:

- (1) provide an e-commerce system (the application that drives the service) through which mobile wallets get updated for each cash-in and cash-out transaction;
- (2) provide cash-in and cash-out distribution channels for the remittance business through its partners (which may include Globe Stores); and
- (3) provide customer support.

GXI is also entitled to a certain percentage share for the airtime load purchased by the Globe Group's subscribers and Application Processing Interface (API) fees for the usage of GCash system in continuing service of the various products and services of the Globe Group.

Total amount charged to consolidated profit and loss amounted to ₱1,184.85 million and ₱322.05 million in 2020 and 2019, 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. Interest income amounted to ₱25.65 million, ₱31.09 million and ₱36.37 million in 2020, 2019 and 2018, respectively (see [Note 22](#)). As of December 31, 2020 and 2019, the outstanding balance of loan receivable from GGRP amounted to ₱478.00 million and ₱548.00 million, respectively (see [Note 10](#)).



The retirement plan utilized the loan to fund its investments in 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.

BHI

The Globe Group granted loans amounting to ₱250.00 million and ₱45.00 million to BHI at 5% interest which matured on August 14, 2017. The ₱250.00 million loan is covered by a pledge agreement whereby in the event of default, the Globe Group shall be entitled to offset whatever amount is due to BHI from any unpaid fees to BEAM from the Globe Group. The ₱45.00 million loan is fully secured by a chattel mortgage agreement dated December 21, 2009 between Globe Group and BEAM. Upon maturity, the loan was extended until August 14, 2020 with the interest rate increased to 5.75% per annum. The loan was prepaid in full on October 16, 2020.

As of December 31, 2020 and 2019, the outstanding balance of loan receivable from BHI amounted to nil and ₱108.62 million, respectively. (Note 10). Interest income amounted to ₱4.79 million, ₱6.47 million and ₱7.50 million in 2020, 2019, and 2018, 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 ₱220.17 million, ₱175.60 million and ₱190.00 million in 2020, 2019 and 2018, 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 ₱3.89 million, ₱11.77 million and ₱55.00 million in 2020, 2019 and 2018, 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	2020	2019
		<i>(In Thousand Pesos)</i>	
Short-term employee benefits	28	₱294,900	₱275,400
Share-based payments	28	198,400	181,600
Post-employment benefits	28	16,175	13,000
		₱509,475	₱470,000

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, 2020 and 2019 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:

	2020		2019	
	Shares	Amount	Shares	Amount
<i>(In Thousand Pesos and Number of Shares)</i>				
Voting preferred stock	158,515	₱792,575	158,515	₱792,575
Non-voting preferred stock	20,000	1,000,000	20,000	1,000,000
Common stock	133,432	6,671,636	133,208	6,660,420
Total capital stock		₱8,464,211		₱8,452,995

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.

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:

	2020		2019	
	Shares	Amount	Shares	Amount
	<i>(In Thousand Pesos and Number of Shares)</i>			
At beginning of year	133,208	₱6,660,420	133,053	₱6,652,663
Exercise of stock options	-	-	10	499
Issuance of shares under share-based compensation plan and exercise of stock options	224	11,216	145	7,258
At end of year	133,432	₱6,671,636	133,208	₱6,660,420

Holders of fully paid common stock are entitled to voting and dividends rights.

21.3 Cash Dividends

Information on the Globe Telecom's BOD declaration of cash dividends follows:

	Per Share	Amount	Date	
			Record	Payment
<i>(In Thousand Pesos, Except Per Share Figures)</i>				
Dividends on Voting Preferred stock:				
November 5, 2018	0.26	41,752	November 19, 2018	December 5, 2018
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
Dividends on Non-voting Preferred stock:				
May 4, 2018	13.00	260,030	August 10, 2018	August 22, 2018
December 6, 2018	13.00	260,030	January 28, 2019	February 22, 2019
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
Dividends on Common stock:				
February 5, 2018	22.75	3,023,852	February 20, 2018	March 5, 2018
May 7, 2018	22.75	3,026,804	May 21, 2018	June 1, 2018
August 7, 2018	22.75	3,026,962	August 24, 2018	September 6, 2018
November 5, 2018	22.75	3,026,961	November 19, 2018	December 5, 2018
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	4,180,447	November 17, 2020	December 3, 2020

Unpaid cash dividends declared related to non-voting preferred stock amounted to ₱260.03 million as of December 31, 2020 and 2019 (see [Note 16](#)).



21.4 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. On November 8, 2011, the BOD approved the current dividend policy of Globe Telecom to distribute cash dividends at the rate of 75% to 90% of prior year's core net income. On August 6, 2013, the BOD further approved the change in distribution from semi-annual dividend payments to quarterly dividend distributions.

On November 5, 2018, the BOD approved the change in the dividend policy from 75% to 90% of prior year's core net income to 60% to 75% of prior year's core net income, to be applied to the 2019 dividend declaration.

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.

21.5 Retained Earnings Available for Dividend Declaration

The total unrestricted retained earnings available for dividend declaration amounted to ₱17,193.84 million as of December 31, 2020. 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](#)).

21.6 Other Comprehensive Income

Other Reserves

2020

	Cash flow hedges	Investment in equity securities	Currency translation adjustment	Remeasurement on defined benefit plan (Note 28)	Total
<i>(In Thousand Pesos)</i>					
As of January 1	(₱264,436)	₱660,311	(₱62,623)	(₱2,099,862)	(₱1,766,610)
Other comprehensive income for the year:					
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)
Reclassification of fair value gain on investment in equity securities at FVOCI	-	92,001	-	-	92,001
As of December 31	(₱990,120)	₱753,674	(₱66,008)	(₱3,917,136)	(₱4,219,590)

2019

	Cash flow hedges	Investment in equity securities	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	-	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)

2018

	Cash flow hedges	Investment in equity securities	Currency translation adjustment	Remeasurement on defined benefit plan (Note 28)	Total
<i>(In Thousand Pesos)</i>					
As of January 1	₱85,204	₱141,874	₱15,841	(₱595,294)	(₱352,375)
Other comprehensive income for the year:					
Fair value changes	1,178,226	170,645	-	-	1,348,871
Remeasurement gain on defined benefit plan	-	-	-	71,013	71,013
Transferred to profit or loss	55,653	-	-	-	55,653
Exchange differences	-	-	38,061	-	38,061
Share in OCI from investment in associate (Note 15)	-	-	2,089	-	2,089
Income tax effect	(370,164)	(18,671)	(11,626)	(21,304)	(421,765)
	863,715	151,974	28,524	49,709	1,093,922
Reclassification of remeasurement losses on defined benefit plans	-	-	-	(180,444)	(180,444)
As of December 31	₱948,919	₱293,848	₱44,365	(₱726,029)	₱561,103



22 Interest Income

Interest income is earned from the following sources:

	Notes	2020	2019	2018
<i>(In Thousand Pesos)</i>				
Short-term placements	5	₱125,597	₱440,402	₱332,525
Loans receivable:				
GRP	20.3	25,645	31,093	36,366
BHI	20.3	4,794	6,473	7,498
Cash in banks	5	19,408	17,158	12,353
Others		19,494	5,311	2,288
		₱194,938	₱500,437	₱391,030

23 Other Income - net

This account consists of:

	Notes	2020	2019	2018
<i>(In Thousand Pesos)</i>				
Gain on deemed sale of investment in Mynt	15	₱2,042,441	₱-	₱-
Gain (loss) on derivatives instruments – net		(1,579,746)	(809,540)	1,004,171
Foreign exchange gain (loss) - net		1,690,842	848,394	(900,430)
Gain on debt renegotiation	18.1	343,122	-	-
Management fees	20.2	51,786	51,786	51,786
Lease		45,503	23,604	65,302
Gain on settlement and remeasurement of ARO	19	34,845	5,769	27,894
Gain on sale of Investment in associate	15.2	-	240,000	-
Others		1,188,418	686,994	446,682
		₱3,817,211	₱1,047,007	₱695,405

24 General, Selling and Administrative Expenses

This account consists of:

	Notes	2020	2019	2018
<i>(In Thousand Pesos)</i>				
Staff costs	28	₱15,957,403	₱15,479,606	₱13,271,175
Professional and other contracted services		11,770,784	13,127,917	11,028,251
Repairs and maintenance		9,587,216	8,493,916	7,944,057
Selling, advertising and promotions		6,398,713	6,448,214	5,620,077
Utilities, supplies and other administrative expenses		6,296,354	6,576,249	5,957,642
Lease	13	6,208,748	5,793,299	6,535,147
Taxes and licenses		3,575,873	3,844,761	3,106,915
Insurance and security services		1,871,360	1,764,324	1,607,072
Courier and delivery		500,017	531,653	516,314
Others		2,746,887	2,411,470	2,155,481
		₱64,913,355	₱64,471,409	₱57,742,131

25 Depreciation and amortization

The account consists of:

	Notes	2020	2019	2018
<i>(In Thousand Pesos)</i>				
Property and equipment	11	₱28,195,155	₱27,183,301	₱24,895,449
Intangible assets	12	5,849,612	5,791,150	5,516,254
Right of use assets	13	1,361,716	1,163,491	-
Investment properties	10	5,555	5,599	10,018
		₱35,412,038	₱34,143,541	₱30,421,721

26 Financing Costs

This account consists of:

	Notes	2020	2019	2018
<i>(In Thousand Pesos)</i>				
Loans payable*	18	₱5,751,079	₱5,937,695	₱5,748,853
Swap costs	8.1	742,059	366,952	220,061
Lease liabilities	13.2	301,952	272,171	-
ARO accretion expense	19	151,460	155,674	140,457
Pension cost	28.1.1	142,096	66,690	84,837
Others		22,764	3,679	1,017
		₱7,111,410	₱6,802,861	₱6,195,225

*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	2020	2019	2018
<i>(In Thousand Pesos)</i>				
Impairment loss on				
Trade receivables	6	₱5,067,140	₱3,340,156	₱2,972,345
Property and equipment	11	4,149,337	59,157	61,739
Contract assets	7.1.1	500,673	256,898	457,657
Non-trade receivables	10	1,121	-	-
Remeasurement of investment in associate	14.3	-	470,653	-
Other assets		42,337	1,313	116,362
Goodwill	12	-	-	142,794
Provisions for (reversal of):				
Inventory obsolescence	9	284,788	713,717	377,775
Other probable losses - net	17	162,203	71,243	658,972
		₱10,207,599	₱4,913,137	₱4,787,644

28 Staff Cost

This account consist of:

	Recognized in profit or loss (Note 24)	Recognized in OCI (Note 21.6)
<i>(In Thousand Pesos)</i>		
2020		
Short-term benefits	₱14,664,134	₱-
Pension benefits	898,536	2,575,897
Share based compensation	394,733	-
	₱15,957,403	₱2,575,897
2019		
Short-term benefits	₱14,032,793	₱-
Pension benefits	1,121,653	1,956,549
Share based compensation	325,160	-
	₱15,479,606	₱1,956,549
2018		
Short-term benefits	₱12,439,828	₱-
Pension benefits	594,633	(71,013)
Share based compensation	236,714	-
	₱13,271,175	(₱71,013)



28.1 Pension Benefits

The details of pension liability recognized in the consolidated statements of financial position are as follows:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Globe Retirement Plan (GRP)	₱5,602,670	₱3,721,403
Other pension benefits	44,717	17,027
	₱5,647,387	₱3,738,430

The details of pension expense recognized in the consolidated statements of comprehensive income are as follows:

	Recognized in profit or loss	Recognized in OCI
	<i>(In Thousand Pesos)</i>	
2020		
GRP	₱873,433	₱2,575,352
Others	25,103	545
	₱898,536	₱2,575,897
2019		
GRP	₱1,122,558	₱1,956,549
Others	(905)	-
	₱1,121,653	1,956,549
2018		
GRP	₱590,510	(₱71,013)
Others	4,123	-
	₱594,633	(₱71,013)

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 investment policy is also geared towards maintaining highly saleable government securities as a significant part of the plan investment portfolio even as other private securities and unquoted securities provided higher yields.



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 all 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 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.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

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, 2020 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:

	2020	2019	2018
	<i>(In Thousand Pesos)</i>		
Current service cost	₱922,795	₱524,762	₱590,510
Past service cost	-	638,061	-
	922,795	1,162,823	590,510
Less: components capitalized as property and equipment	(49,362)	(40,265)	-
Amount recognized in profit or loss	873,433	1,122,558	590,510
Net interest expense (Note 26)	142,096	66,690	84,837
Components of defined benefit costs recognized in profit or loss	1,015,529	1,189,248	675,347
Remeasurement on the net defined benefit liability:			
Return on plan assets (excluding amounts included in net interest expense)	549,767	(312,149)	515,908
Actuarial gains and losses:			
from changes in assumptions	1,911,762	1,796,723	(892,818)
from experience adjustments	113,823	471,975	305,897
Components of defined benefit costs recognized in other comprehensive income	2,575,352	1,956,549	(71,013)
	₱3,590,881	₱3,145,797	604,334

The breakdown of pension liability is as follows:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Present value of benefit obligation	₱13,316,312	₱10,291,704
Less: fair value of plan assets	7,713,642	6,570,301
Pension liability	₱5,602,670	₱3,721,403

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

	2020	2019
	<i>(In Thousand Pesos)</i>	
Balance at beginning of year	₱10,291,704	₱6,689,557
Current service cost	922,795	524,762
Interest cost	504,637	489,592
Benefits paid	(421,774)	(318,966)
Transfer of employees	(6,635)	-
Remeasurements in other comprehensive income:		
Actuarial gains and losses arising from changes in assumptions	1,911,762	1,796,723
Actuarial gains and losses arising from experience adjustments	113,823	471,975
Plan changes/ amendments	-	638,061
Balance at end of year	₱13,316,312	₱10,291,704



Fair value of plan assets

	2020	2019
	<i>(In Thousand Pesos)</i>	
Balance at beginning of year	₱6,570,301	₱5,234,216
Remeasurement (gains)/losses:		
Return on plan assets (excluding amounts included in net interest expense)	(549,767)	312,149
Contributions from the employer	1,758,976	920,000
Interest income	362,541	422,902
Benefits paid	(421,774)	(318,966)
Transfer payments	(6,635)	-
Balance at end of year	₱7,713,642	₱6,570,301
Actual return on plan assets	(₱187,227)	₱735,051

The recommended contribution for the Globe Group retirement fund for the year 2021 amounted to ₱1,909.36 million. This amount is based on the Globe Group's actuarial valuation report as of December 31, 2020.

The allocation of the fair value of the plan assets of the Globe Group as of December 31 is as follows:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Cash and cash equivalents	₱132,675	₱279,237
Investment in debt securities	2,732,172	2,507,227
Investment quoted in equity shares	3,849,107	2,783,837
Investment in unquoted in equity shares	999,688	1,000,000
Total	₱7,713,642	₱6,570,301

The assumptions used to determine pension benefits for the Globe Group are as follows:

	2020	2019
Discount rate	3.75%	5.00%
Salary rate increase	4.50%	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 2020 and 2019, 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, 2020 and 2019, assuming all other assumptions were held constant (in thousand pesos):

December 31, 2020

	Increase (decrease) in basis points	Increase (decrease) on defined benefit obligation
Discount rates	+0.50%	(632,058)
	-0.50%	693,831
Future salary increases	+0.50%	685,596
	-0.50%	(631,029)
Mortality	+10.00%	2,047
	-10.00%	(2,047)

December 31, 2019

	Increase (decrease) in basis points	Increase (decrease) on defined benefit obligation
Discount rates	+0.50%	(₱458,311)
	-0.50%	585,889
Future salary increases	+0.50%	585,889
	-0.50%	(462,432)
Mortality	+10.00%	1,030
	-10.00%	(1,026)

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 12.64 years and 12.14 years in 2020 and 2019, respectively.



Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Within 1 year	₱486,797	₱397,936
More than 1 year to 5 years	2,821,452	2,355,474
5 years to 10 years	4,975,818	4,689,956
	₱8,284,067	₱7,443,366

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 from 2006 to 2009:

Date of Grant	Number of Options or Grants	Exercise Price	Exercise Dates	Fair Value of Each Option or Grants	Fair Value Measurement
August 1, 2008	635,750	1,064.00 per share	50% of the options become exercisable from August 1, 2010 to July 31, 2018, the remaining 50% become exercisable from August 1, 2011 to July 31, 2018	305.03	Trinomial option pricing model
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 of December 31, 2020 and 2019.



28.1.2 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, 2015	114,392	100% after 3 years subject to attainment of plan targets and subject to stock ownership requirements	1,738.30	Market price
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 subject to stock ownership requirements	1,997.35	Market price
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

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 2020, 2019 and 2018 amounted to ₱394.73 million, ₱325.16 million and ₱236.71 million, respectively.



29 Income Tax

Income Tax Expense

Income tax expense includes the following:

	2020	2019	2018
	<i>(In Thousand Pesos)</i>		
Current	₱8,139,602	₱8,488,595	₱7,259,985
Deferred	377,016	2,055,024	1,727,388
	₱8,516,618	₱10,543,619	₱8,987,373

The reconciliation of the provision for income tax at statutory tax rate and the actual current and deferred provision for income tax follows:

	2020	2019	2018
	<i>(In Thousand Pesos)</i>		
Income before income tax	₱27,139,663	₱32,827,376	₱27,613,316
Multiplied by statutory income tax rate	30%	30%	30%
Provision at statutory income tax rate	8,141,898	9,848,213	8,283,995
Add (deduct) tax effects of:			
Equity in net losses of associates and joint ventures	710,232	766,435	374,881
Impairment loss on goodwill	-	-	42,838
Income subjected to lower tax rates	(292,551)	(128,585)	(71,985)
Others	(42,961)	57,556	357,644
Actual provision for income tax	₱8,516,618	₱10,543,619	₱8,987,373

The current provision for income tax includes the following:

	2020	2019	2018
	<i>(In Thousand Pesos)</i>		
RCIT or MCIT, whichever is higher	₱8,051,157	₱8,335,287	₱7,151,614
Final tax	88,445	153,308	108,371
	₱8,139,602	₱8,488,595	₱7,259,985

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:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Net deferred income tax assets*	₱2,556,059	₱1,866,591
Net deferred income tax liabilities (Globe, GCVH, GTI and KVI)	(5,056,340)	(5,057,641)
Net deferred income tax (liabilities) assets	(₱2,500,281)	(₱3,191,050)

*2020 consist of Innove, GTI, Asticom, BTI, GCVH, Tao, Yondu, GTowers and ECPay

*2019 consist of Innove, BTI, GCVH, Yondu and GTowers



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):

	2020					2020
	2019	Movements			Other equity item	
		Acquired from a business combination	Profit or Loss	Other Comprehensive Income		
Deferred tax assets						
Allowance for impairment losses on receivables	₱2,851,993	₱-	₱125,714	₱-	₱-	₱2,977,707
Unearned revenues and advances already subjected to income tax	2,042,421	-	144,666	-	-	2,187,087
Accrued manpower cost	1,302,374	-	(379,395)	-	-	922,979
Accrued pension	1,547,001	-	13,546	771,630	-	2,332,177
Unrealized foreign exchange losses	502,150	-	(985,228)	-	-	(483,078)
ARO	767,673	-	41,381	-	-	809,054
Provision for claims and assessment	492,738	-	70,715	-	-	563,453
Cost of share-based payments	188,278	-	98,954	-	-	287,232
Accumulated impairment losses on property and equipment	150,465	-	1,229,823	-	-	1,380,288
Inventory obsolescence and market decline	159,070	-	11,862	-	-	170,932
Contract liabilities	87,388	-	7,301	-	-	94,689
Lease liabilities net of ROU	29,200	-	39,123	-	-	68,323
MCIT	798	-	35,372	-	-	36,170
NOLCO	93	-	39,618	-	-	39,711
Others	56,905	-	(72,618)	-	21,654	5,941
	10,178,547	-	420,834	771,630	21,654	11,392,665
Deferred tax liabilities						
Excess of accumulated depreciation and amortization of Globe Telecom equipment for (a) tax reporting over (b) financial reporting	(9,514,936)	(58,932)	(2,100,945)	-	-	(11,674,813)
Undepreciated capitalized borrowing costs already claimed as deduction for tax reporting	(1,175,211)	-	1,175,211	-	-	-
Contract asset	(2,297,560)	-	103,715	-	-	(2,193,845)
Unrealized gain on derivative transaction	123,408	-	429,962	311,007	-	864,377
Unrealized foreign exchange gain	(28,570)	-	313	-	-	(28,257)
Unamortized discount on noninterest bearing liability	(11,308)	-	10,008	-	-	(1,300)
Loan remeasurement	-	-	(97,230)	-	-	(97,230)
Others	(465,420)	5,229	(318,884)	17,197	-	(761,878)
	(13,369,597)	(53,703)	(797,850)	328,204	-	(13,892,946)
Net deferred income tax assets (liabilities)	(₱3,191,050)	(₱53,703)	(₱377,016)	₱1,099,834	₱21,654	(₱2,500,281)

	2019					2019
	Movements				Other equity item	
	2018	Acquired from a business combination	Profit or Loss	Other Comprehensive Income		
Deferred tax assets						
Allowance for impairment losses on receivables	₱3,711,267	₱5,591	(₱864,865)	₱-	₱-	₱2,851,993
Unearned revenues and advances already subjected to income tax	1,967,076	-	75,345	-	-	2,042,421
Accrued manpower cost	1,123,845	-	178,529	-	-	1,302,374
Accrued pension	814,264	(2,158)	147,475	587,420	-	1,547,001
Unrealized foreign exchange losses	810,409	7	(308,266)	-	-	502,150
ARO	701,327	-	66,346	-	-	767,673
Provision for claims and assessment	505,719	-	(12,981)	-	-	492,738
Cost of share-based payments	174,360	-	18,154	-	(4,236)	188,278
Accumulated impairment losses on property and equipment	159,442	-	(8,977)	-	-	150,465
Inventory obsolescence and market decline	158,722	-	348	-	-	₱159,070
Contract liabilities	108,223	-	(20,835)	-	-	87,388
Lease liabilities net of ROU	-	-	173,345	-	(144,145)	29,200
MCIT	21,258	-	(20,460)	-	-	798
NOLCO	556	-	(463)	-	-	93
Others	180,725	(83,843)	(39,977)	-	-	56,905
	10,437,193	(80,403)	(617,282)	587,420	(148,381)	10,178,547
Deferred tax liabilities						
Excess of accumulated depreciation and amortization of Globe Telecom equipment for (a) tax reporting over (b) financial reporting	(7,921,353)	(145,514)	(1,448,069)	-	-	(9,514,936)
Undepreciated capitalized borrowing costs already claimed as deduction for tax reporting	(1,076,544)	-	(98,667)	-	-	(1,175,211)
Contract asset	(2,330,482)	-	32,922	-	-	(2,297,560)
Unrealized gain on derivative transaction	(615,513)	-	218,912	520,009	-	123,408
Unrealized foreign exchange gain	(12,207)	(1,759)	(14,604)	-	-	(28,570)
Unamortized discount on noninterest bearing liability	(11,113)	-	(195)	-	-	(11,308)
Others	(313,408)	(866)	(128,042)	(23,104)	-	(465,420)
	(12,280,620)	(148,139)	(1,437,743)	496,905	-	(13,369,597)
Net deferred income tax assets (liabilities)	(₱1,843,427)	(₱228,542)	(₱2,055,025)	₱1,084,325	(₱148,381)	(₱3,191,050)



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:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Deferred tax assets on:		
Allowance for impairment of assets	₱605,282	₱605,282
Provision for probable loss	197,380	251,668
	₱802,662	₱856,950

30 Earnings Per Share

The Globe Group's earnings per share amounts were computed as follows:

	2020	2019	2018
	<i>(In Thousand Pesos and Number of Shares Except per Share Figures)</i>		
Net income attributable to common shareholders	₱18,578,322	₱22,269,340	₱18,640,740
Less dividends on preferred shares:			
Non-voting preferred shares	520,060	520,060	520,060
Convertible voting preferred shares	50,027	50,027	41,752
Net income attributable to common shareholders for basic earnings per share (a)	18,008,235	21,699,253	18,078,928
Add dividends on convertible voting preferred shares	50,027	50,027	41,752
Net income attributable to common shareholders for diluted earnings per share (b)	18,058,262	21,749,280	18,120,680
Common shares outstanding, beginning	133,208	133,053	132,917
Add Weighted average number of issued shares under share-based compensation	149	-	-
Weighted average number of exercised shares for stock options	-	101	101
Weighted average number of shares for basic earnings per share (c)	133,357	133,154	133,018
Add Dilutive shares arising from:			
Convertible preferred shares	390	399	431
Share based compensation plans	611	535	371
Stock options	-	-	15
Adjusted weighted average number of common shares for diluted earnings per share (d)	134,358	134,088	133,835
Basic earnings per share (a/c)	₱135.04	₱162.96	₱135.91
Diluted earnings per share (b/d)	₱134.40	₱162.20	₱135.40



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, 2020 and 2019 was at 67% and 63%, respectively.

The Globe Group's loan agreements include compliance with certain ratios (see [Note 18](#)).

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, 2020 and 2019. 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, 2020 and 2019 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:

	2020	2019
USD fixed rate loans	91%	57%
PHP fixed rate loans	85%	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 to and equity 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>			
2020			
USD	+50bps	₱8,058	₱9,490
	-50bps	(8,058)	(9,494)
PHP	+200bps	169,316	49,461
	-200bps	(169,316)	(49,532)
2019			
USD	+50bps	₱6,547	₱372
	-50bps	(6,547)	(372)
PHP	+120bps	87,957	7,438
	-120bps	(87,957)	(7,443)

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, 29% and 16.33% of debt as of December 31, 2020 and 2019, 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:

	2020		2019	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
<i>(In Thousand)</i>				
Assets				
Cash and cash equivalents	\$115,666	₱5,554,401	\$68,305	₱3,470,052
Trade Receivables	89,146	4,280,876	83,492	4,241,541
	204,812	9,835,277	151,797	7,711,593
Liabilities				
Trade payable and accrued expenses	472,929	22,710,522	463,249	23,533,959
Loans payable	1,003,448	48,186,567	437,734	22,237,758
	1,476,377	70,897,089	900,983	45,771,717
Net foreign currency - denominated liabilities	\$1,271,565	₱61,061,812	\$749,186	₱38,060,124



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>			
2020	+.90	(₱1,145,296)	(₱856,014)
	-.90	1,145,296	856,014
2019	+.60	(₱401,161)	(₱241,255)
	-.60	401,161	241,255

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	2020	2019
<i>(In Thousand Pesos)</i>			
Cash and cash equivalents	5	₱19,508,114	₱8,298,092
Trade receivables – net	6	20,145,484	21,138,950
Contract assets – net	7	5,397,829	7,045,794
Derivative assets	8	58,524	426,955
Loans receivable from related parties	10	478,000	836,620
Non-trade receivables	10	1,564,304	1,455,747
		₱47,152,255	₱39,202,158

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, 2020 and 2019.

	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

	High Quality	Medium Quality	Low Quality	Terminated Accounts	Total
<i>(In Thousand Pesos)</i>					
2019					
Wireless subscribers receivables:					
Consumer	₱4,308,644	₱1,337,781	₱771,013	₱2,255,493	₱8,672,931
Key corporate accounts	418,062	80,521	54,425	1,162,158	1,715,166
Other corporations and SMEs	495,137	73,159	3,143	151,044	722,483
	5,221,843	1,491,461	828,581	3,568,695	11,110,580
Wireline subscribers receivables:					
Consumer	687,389	539,126	287,567	2,359,190	3,873,272
Key corporate accounts	3,919,246	849,667	518,313	2,185,751	7,472,977
Other corporations and SMEs	150,774	164,219	48,307	734,738	1,098,038
	4,757,409	1,553,012	854,187	5,279,679	12,444,287
Total subscribers' receivables	9,979,252	3,044,473	1,682,768	8,848,374	23,554,867
Wireless contract assets					
Consumer	4,907,241	1,342,050	273,103	97,684	6,620,078
Key corporate accounts	460,551	75,944	2,926	13,958	553,379
Other corporations and SMEs	697,806	58,551	18,069	13,389	787,815
	6,065,598	1,476,545	294,098	125,031	7,961,272
Total subscribers' receivables and contracts assets	₱16,044,850	₱4,521,018	₱1,976,866	₱8,973,405	₱31,516,139

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, 2020 and 2019.

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	₱195,638	₱-	₱65,633	₱13,173	₱538,122	₱812,566
Local	304,964	478	922	234	217,041	523,639
	500,602	478	66,555	13,407	755,163	1,336,205
Other trade receivables	2,674,951	665,466	491,956	212,550	908,345	4,953,268
Total	₱3,175,553	₱665,944	₱558,511	₱225,957	₱1,663,508	₱6,289,473

2019

	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	₱765,314	₱-	₱193,377	₱166,732	₱502,133	₱1,627,556
Local	50,017	7,622	5,675	5,389	208,723	277,426
	₱815,331	7,622	199,052	172,121	710,856	₱1,904,982
Other trade receivables	3,379,480	530,089	311,039	121,312	754,662	5,096,582
Total	₱4,194,811	₱537,711	₱510,091	₱293,433	₱1,465,518	₱7,001,564

With respect to receivables from related parties, the exposure to credit risk is managed on a group basis.

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 large 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:

	2020	2019	2018
Local bank deposits	99.99%	100%	59%
Onshore foreign bank	0.01%	-	31%
Offshore bank deposit	-	-	10%

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):

	2020	2019
Long-term committed	₱3,500	₱-
Short term		
Committed	₱3,000	₱3,000
Uncommitted		
USD	\$83.90	\$93.9
PHP	₱16,223.70	₱16,350

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 December 31 that are exposed to liquidity risk and interest rate risk and presented by maturity profile including forecasted interest payments for the next five years from December 31 figures.

Loans Payable

2020

	Less than 1 year	1 to 3 years	Over 3 years
	<i>(In Thousands)</i>		
Loans Payable			
Fixed Rate			
USD notes	\$504	\$762	\$600,000
Philippine peso	₱7,745,299	₱20,417,211	₱69,747,500
Floating rate			
USD notes	\$11,950	\$217,550	\$173,000
Philippine peso	₱210,000	₱18,396,250	₱1,473,750
Interest payable*			
PHP debt	₱5,342,733	₱13,460,718	₱10,991,150
USD debt	\$25,972	\$72,397	\$184,740

*Used month-end USD LIBOR and Philippine Dealing and Exchange Corporation (PDEX) rates.

2019

	Less than 1 year	1 to 3 years	Over 3 years
	<i>(In Thousands)</i>		
Loans Payable			
Fixed Rate			
USD notes	\$454	\$1,266	\$-
Philippine peso	₱6,157,500	₱26,005,000	₱63,187,500
Floating rate			
USD notes	\$129,150	\$150,250	\$157,250
Philippine peso	₱210,000	₱6,860,000	₱11,720,000
Interest payable*			
PHP debt	₱6,014,003	₱15,105,917	₱13,598,501
USD debt	\$11,147	\$21,454	\$8,900

*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, 2020 and 2019 (in thousand pesos).

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	-	-	1,237,258	1,237,258
	₱50,595,421	₱-	₱1,237,258	₱51,832,679

*Excludes taxes payable which is not a financial instrument.

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	\$-



2019

Other Financial Liabilities

	Less than 1 year	1 to 5 years	Over 5 years	Total
Trade payables and accrued expenses*	₱52,663,918	₱-	₱-	₱52,663,918
Other long-term liabilities	-	-	962,079	962,079
	₱52,663,918	₱-	₱962,079	₱53,625,997

*Excludes taxes payable which is not a financial instrument.

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	₱63,489	₱67,811	₱46,945	₱74,596	₱-	₱-
Cross Currency Swaps	₱355,228	₱657,151	₱719,408	₱1,585,458	₱446,786	₱805,836
Principal Only Swaps	₱583,719	₱76,245	₱1,167,439	₱80,912	₱-	₱-

	Less than 1 year		1 to 3 years		Over 3 years	
	Receive	Pay	Receive	Pay	Receive	Pay
Projected Principal Exchanges:						
FX Swap, Buys USD Forward	\$112,000	₱5,766,580	\$-	₱-	\$-	₱-
Cross Currency Swaps- PHP	₱-	₱4,589,271	₱-	₱2,666,662	₱-	₱8,050,948
Cross Currency Swaps- USD	\$90,550	\$-	\$50,650	\$-	\$157,250	\$-
Principal Only Swaps- PHP	₱-	₱1,795,721	₱-	₱2,986,508	₱-	₱-
Principal Only Swaps- USD	\$37,700	\$-	\$60,000	\$-	\$-	\$-

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:

	2020	2019
	<i>(In Thousand Pesos)</i>	
Financial Assets		
Derivative assets:		
Derivative assets designated as cash flow hedges (FVOCI)	₱58,524	₱425,696
Derivative assets not designated as hedges (FVPL)	-	1,259
Financial assets at FVOCI:		
Investment in equity securities	2,457,616	1,762,825
Financial assets at FVPL:		
Investment in debt securities	83,655	374,956
Financial assets at amortized cost		
Cash and cash equivalents	19,508,114	8,298,092
Trade receivables – net	20,145,484	21,138,950
Contract assets – net	5,397,829	7,045,794
Non-trade receivables	1,564,304	1,455,747
Loans receivable from related parties	478,000	836,620
	₱49,693,526	₱41,339,939
Financial Liabilities:		
Derivative liabilities		
Derivative liabilities designated as cash flow hedges (FVOCI)	₱2,892,403	₱767,358
Derivative liabilities not designated as hedges (FVPL)	47,380	70,958
Financial liabilities at amortized cost		
Trade payables and accrued expenses*	50,595,421	52,663,918
Loans payable	164,792,150	135,862,735
Other long term liabilities**	1,237,258	962,079
	₱219,564,612	₱190,327,048

*Trade payables and accrued expenses do not include taxes payables which are not considered financial liabilities.

**Other long term liabilities do not include ARO which is 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>					
December 31, 2020					
Derivative assets	₱58,524	₱-	₱58,524	(₱52,149)	₱6,375
Derivative liabilities	2,939,783	-	2,939,783	(52,149)	2,887,634
Traffic settlements receivable (Note 6)	1,868,744	(532,539)	1,336,205	-	1,336,205
Traffic settlements payable (Note 16)	863,406	(532,539)	330,867	-	330,867
December 31, 2019					
Derivative assets	₱426,955	₱-	₱426,955	(₱168,291)	₱258,664
Derivative liabilities	838,316	-	838,316	(168,291)	670,025
Traffic settlements receivable (Note 6)	2,948,547	(1,043,565)	1,904,982	-	1,904,982
Traffic settlements payable (Note 16)	2,036,595	(1,043,565)	993,030	-	993,030

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:

	2020		2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>(In Thousand Pesos)</i>				
Financial Assets				
Derivative assets ¹	₱58,524	₱58,524	₱426,955	₱426,955
Investment in debt and equity securities ¹	2,541,271	2,541,271	2,137,781	2,137,781
	₱2,599,795	₱2,599,795	₱2,564,736	₱2,564,736
Financial Liabilities				
Derivative liabilities ¹	₱2,939,783	₱2,939,783	₱838,316	₱838,316
Loans payables ²	164,792,150	184,236,544	135,862,735	145,473,115
	₱167,731,933	₱187,176,327	₱136,701,051	₱146,311,431

¹ Measured at fair value on a recurring basis

² 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 quoted prices of similar instruments (Level 1) and recent funding round prices of identical or similar instruments (Level 2). Certain investments in equity securities with no recent funding round were valued using sales enterprise value multiple of comparable companies ranging from 1.9x to 22.9x. These investments were transferred to Level 3 of the fair value hierarchy.

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. The discount rate used is 1.9302% for USD floating loans.

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			Total
	Level 1	Level 2	Level 3	
2020	<i>(In Thousand Pesos)</i>			
Financial Assets				
Derivative assets	P-	P58,524	P-	P58,524
Investment in debt and equity securities	452,591	971,159	1,117,521	2,541,271
Financial Liabilities				
Derivative liabilities	-	2,939,783	-	2,939,783
Loans payable	-	184,236,544	-	184,236,544
2019				
Financial Assets				
Derivative assets	P-	P426,955	P-	P426,955
Investment in debt and equity securities	402,200	1,735,581	-	2,137,781
Financial Liabilities				
Derivative liabilities	-	838,316	-	838,316
Loans payable	-	145,473,115	-	145,473,115

There were no transfers from Level 1 and Level 2 fair value measurements for the years ended December 31, 2020 and 2019.



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:

	2020			Consolidated
	Mobile Communications Services	Wireline Communications Services	Others	
<i>(In Thousand Pesos)</i>				
REVENUES:				
Service revenues:				
External customers:				
Data	₱71,953,848	₱12,539,234	-	₱84,493,082
Voice	20,129,875	2,620,106	-	22,749,981
SMS	11,029,640	-	-	11,029,640
Broadband	-	26,798,310	-	26,798,310
Others	-	-	1,317,121	1,317,121
	103,113,363	41,957,650	1,317,121	146,388,134
Nonservice revenues:				
External customers	11,968,825	2,071,964	90,619	14,131,408
Segment revenues	115,082,188	44,029,614	1,407,740	160,519,542
Adjusted EBITDA	60,240,700	12,656,740	614,915	73,512,355
Depreciation and amortization	(23,025,483)	(12,291,232)	(95,323)	(35,412,038)
EBIT	37,215,217	365,508	519,592	38,100,317
NET INCOME BEFORE TAX	28,325,800	(1,493,984)	307,847	27,139,663
Provision for income tax	(8,888,710)	468,697	(96,605)	(8,516,618)
NET INCOME (LOSS)	₱19,437,090	(₱1,025,287)	₱211,242	₱18,623,045
Core net income after tax				₱19,523,157
Intersegment revenues	(₱1,518,596)	(₱1,348,759)	(₱4,238,354)	(₱7,105,709)
Interest income	161,927	21,922	11,089	194,938
Finance cost	(7,076,628)	(12,631)	(22,151)	(7,111,410)
Equity in net losses of associates and joint ventures	(2,427,159)	59,719	-	(2,367,440)
Impairment and other losses	5,397,218	4,863,483	(53,102)	10,207,599
Total additions to property and equipment and intangible assets	37,059,532	9,730,107	178,958	46,968,597
Cost of inventories sold	(11,926,754)	(4,151,777)	(327,665)	(16,406,196)
Gain on deemed sale of investment in Mynt	2,042,441	-	-	2,042,441
Gain on debt renegotiation	343,122	-	-	343,122
Operating expenses	(42,914,734)	(27,221,097)	(465,161)	(70,600,992)
Cash Flows				
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

	2019			
	Mobile Communications Services	Wireline Communications Services	Others	Consolidated
<i>(In Thousand Pesos)</i>				
REVENUES:				
Service revenues:				
External customers:				
Data	₱71,431,987	₱12,968,682	₱-	₱84,400,669
Voice	24,002,225	2,667,751	-	26,669,976
SMS	15,530,520	-	-	15,530,520
Broadband	-	21,746,532	-	21,746,532
Others	-	-	662,266	662,266
	110,964,732	37,382,965	662,266	149,009,963
Nonservice revenues:				
External customers	17,254,403	393,503	2468	17,650,374
Segment revenues	128,219,135	37,776,468	664,734	166,660,337
Adjustment EBITDA	63,774,629	12,261,344	(4,540)	76,031,433
Depreciation and amortization	(21,257,411)	(12,843,276)	(42,854)	(34,143,541)
EBIT	42,517,218	(581,932)	(47,394)	41,887,892
NET INCOME BEFORE TAX	33,373,586	(516,836)	(29,374)	32,827,376
Provision for income tax	(10,719,052)	165,999	9,434	(10,543,619)
NET INCOME (LOSS)	₱22,654,534	(₱350,837)	(₱19,940)	₱22,283,757
Core net income after tax				₱22,450,847
Intersegment revenues	(₱1,725,386)	(₱1,541,929)	(₱2,633,927)	(₱5,901,242)
Interest income	257,297	239,199	3,941	500,437
Finance cost	(6,699,056)	(99,981)	(3,824)	(6,802,861)
Equity in net losses of associates and joint ventures	(2,554,782)	-	-	(2,554,782)
Impairment and other losses	3,016,058	1,802,004	95,075	4,913,137
Total additions to property and equipment and intangible assets	36,566,209	9,195,494	37,735	45,799,438
Cost of inventories sold	(18,063,607)	(432,208)	(58,999)	(18,554,814)
Operating expenses	(46,380,949)	(25,082,916)	(610,276)	(72,074,141)
Cash Flows				
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)

	2018			
	Mobile Communications Services	Wireline Communications Services	Others	Consolidated
<i>(In Thousand Pesos)</i>				
REVENUES:				
Service revenues:				
External customers:				
Data	₱28,210,415	₱2,977,017	₱-	₱31,187,432
Voice	19,993,637	-	-	19,993,637
SMS	51,042,385	11,835,151	-	62,877,536
Broadband	-	18,605,636	-	18,605,636
Others	-	-	211,069	211,069
	99,246,437	33,417,804	211,069	132,875,310
Nonservice revenues:				
External customers	17,810,983	391,951	94,562	18,297,496
Segment revenues	117,057,420	33,809,755	305,631	151,172,806
Adjusted EBITDA	54,670,619	10,400,882	55,614	65,127,115
Depreciation and amortization	(18,106,260)	(11,945,141)	(370,320)	(30,421,721)
EBIT	36,564,359	(1,544,259)	(314,706)	34,705,394
NET INCOME BEFORE TAX	28,621,149	(667,081)	(340,752)	27,613,316
Provision for income tax	(9,315,395)	217,117	110,905	(8,987,373)
NET INCOME (LOSS)	₱19,305,754	(₱449,964)	(₱229,847)	₱18,625,943
Core net income after tax				₱18,734,587
Intersegment revenues	(₱1,766,230)	(₱1,697,538)	(₱2,335,717)	(₱5,799,485)
Interest income	264,574	125,324	1,132	391,030
Finance cost	(6,177,590)	(16,298)	(1,337)	(6,195,225)
Equity in net losses of associates and joint ventures	(1,249,603)	-	-	(1,249,603)
Impairment and other losses	3,126,016	1,660,935	693	4,787,644
Total additions to property and equipment and intangible assets	26,572,572	9,713,380	28,835	36,314,787
Cost of inventories sold	(18,045,081)	(502,497)	(97,736)	(18,645,314)
Operating expenses	(44,341,724)	(22,906,377)	(152,282)	(67,400,383)
Cash Flows				
Net cash from (used in):				
Operating activities	₱45,568,742	₱12,458,938	(₱177,151)	₱57,850,529
Investing activities	(33,090,435)	(9,542,862)	(18,456)	(42,651,753)
Financing activities	(8,388,356)	4,953,310	-	(3,435,046)



The reconciliation of the Adjusted EBITDA to income before income tax presented in the consolidated statements of comprehensive income is shown below:

	Notes	2020	2019	2018
<i>(In Thousand Pesos)</i>				
Adjusted EBITDA		₱73,512,355	₱76,031,433	₱65,127,115
Depreciation and amortization	25	(35,412,038)	(34,143,541)	(30,421,721)
Financing costs	26	(7,111,410)	(6,802,861)	(6,195,225)
Impairment of property and equipment		(4,149,337)	(59,157)	(61,739)
Equity in net losses of associates and joint ventures	15	(2,367,440)	(2,554,782)	(1,249,603)
Gain on deemed sale of investment in Mynt	15, 23	2,042,441		
Foreign exchange gain (loss) - net	23	1,690,842	848,394	(900,430)
Gain (loss) on derivative instruments	23	(1,579,746)	(809,540)	1,004,171
Gain on debt renegotiation	23	343,122	-	-
Interest income	22	194,938	500,437	391,030
Gain on disposal of property and equipment - net		33,244	43,012	73,088
Remeasurement loss on investment in associate	27	-	(470,653)	-
Gain on sale of Investment in associate	23	-	240,000	-
Impairment of goodwill	27	-	-	(142,794)
Other items		(57,308)	4,634	(10,576)
Income before income tax		₱27,139,663	₱32,827,376	₱27,613,316

The reconciliation of core net income after tax (core NIAT) to NIAT is shown below:

	2020	2019	2018
<i>(In Thousand Pesos)</i>			
Core NIAT	₱19,523,157	₱22,450,847	₱18,734,587
Impairment of property and equipment	(2,904,536)	(41,410)	(43,217)
Gain on deemed sale of investment in Mynt	1,736,075	-	-
Foreign exchange gains (losses)	(1,183,589)	593,876	(630,301)
Gain (loss) on derivatives instruments	1,105,822	(566,678)	702,919
Gain on debt renegotiation	240,185	-	-
Remeasurement loss on investment in associate	-	(432,975)	-
Gain on sale of Investment in associate	-	240,000	-
Impairment of goodwill	-	-	(142,794)
Others	105,931	40,097	4,749
NIAT	₱18,623,045	₱22,283,757	₱18,625,943

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 its 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 2020, 2019 and 2018 amounted to ₱1,007.23 million, ₱3,982.87 million and ₱5,677.38 million, respectively.

Net traffic settlement receivables amounted to ₱1,336.21 million and ₱1,904.98 million while net traffic settlement payables amounted to ₱330.87 million and ₱993.03 million as of December 31, 2020 and 2019, 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, 2020 and 2019 included in the "Trade payables and accrued expenses" account in the consolidated statements of financial position amounted to ₱8,482.15 million and ₱12,558.73 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, 2020 and 2019, the unapplied advances made to suppliers and contractors relating to purchase orders issued amounted to ₱21,447.12 million and ₱10,449.60 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 (in case an appeal is 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. The case remains pending with the SC.

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 case filed by BCC against FBDC, Globe Telecom, and Innove before the RTC of Pasig, 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 of Pasig, as prayed for, dismissed the complaint on the aforesaid grounds. The motion for reconsideration filed by BCC on July 20, 2012 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 PLDTs 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 NTC Regulation

On February 8, 2019, the RA 11202 or the "Mobile Number Portability Act" was signed into law. The act allows subscribers to change their subscription plans or service providers and still keep their current mobile numbers.

Consistent with the basic premise of RA 11202 to promote consumer welfare by fostering freedom of choice, the act further provides that no interconnection fee or charge shall be imposed by mobile service provider for any domestic calls and SMS made by a subscriber which took effect in January 2020, or six months after the effective date of the rules and regulations implementing the act.

On June 11, 2019, the NTC signed the rules and regulation implementing RA 11202 which took effect fifteen (15) days after its publication in a newspaper of general circulation and submission of three (3) certified copies to the University of the Philippines Law Center.

37 Events After Reporting Period

On February 9, 2021, 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 24, 2021. Total dividends amounting to ₱3.6 billion will be payable on March 11, 2021.

Corporate Recovery and Tax Incentives for Enterprises (CREATE) Bill

The CREATE bill which seeks to lower corporate income tax rates and to rationalize fiscal incentives had been approved by the House of Representatives on September 13, 2019 and by the Senate on the third and final reading on November 26, 2020. The bill was approved by the Bicameral Conference Committee on February 4, 2021, but has yet to be signed into law by the President of the Philippines.



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.

Since the CREATE bill has not been substantively enacted by the time the Globe Group's consolidated financial statements were authorized for release, the Globe Group' consolidated financial statements do not include any adjustments or disclosures that will capture the impact of the proposed changes in corporate income tax rate.

38 Impact of Corona Virus (COVID19) on Operations

In 2020, the Philippines was affected by the rapid spread of the COVID-19. In a bid to contain the spread, the government imposed various measures including travel restrictions, which required various activities such as work, education and others to shift online. This resulted in a decline in economic activity throughout most part of the year.

As a telecommunications company, the Globe Group continued to provide telecommunication services to its subscribers. However, the Globe Group was not spared from the adverse impact of limited mobility and slowdown in economic activity as both consumer and corporate subscribers were affected. Globe suspended store operations for a few months during the quarantine, and encountered some supply chain and network build disruptions at the onset. These activities slowly returned to normal as the economy gradually opened up. To help the customers, Globe extended the payment due dates during the quarantine period up to May 15, 2020.

The impact of the pandemic led to the moderate decline in the consolidated revenues and profit as the growth in home broadband and data revenues were not able to cover for the decline in voice and SMS revenues. The Globe Group also recognized a higher amount of impairment loss on its subscribers' receivables. Despite the contraction in revenues and profit, the Globe Group's financial position as of December 31, 2020 remained strong and gearing comfortably within bank covenants.



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 of Preferred Shares Offering Proceeds

Schedule 5 - Supplementary Schedules required by Annex 68-E



Schedule 1

FINANCIAL SOUNDNESS INDICATORS	December 31 2020	December 31 2019
FINANCIAL RATIOS		
Interest Coverage Ratio	9.07	9.53
Debt to Equity (D/E Ratio)	2.02	1.68
Total Asset to Equity Ratio	4.10	3.75
Current Ratio	0.80	0.73
Solvency Ratio	0.23	0.27
Acid test ratio	0.72	0.67
PROFITABILITY MARGINS		
EBITDA Margins	50%	51%
Net Profit Margin	13%	15%
Return on Asset	5%	7%
Return on Equity	23%	29%



Schedule 2

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS OF DECEMBER 31, 2020

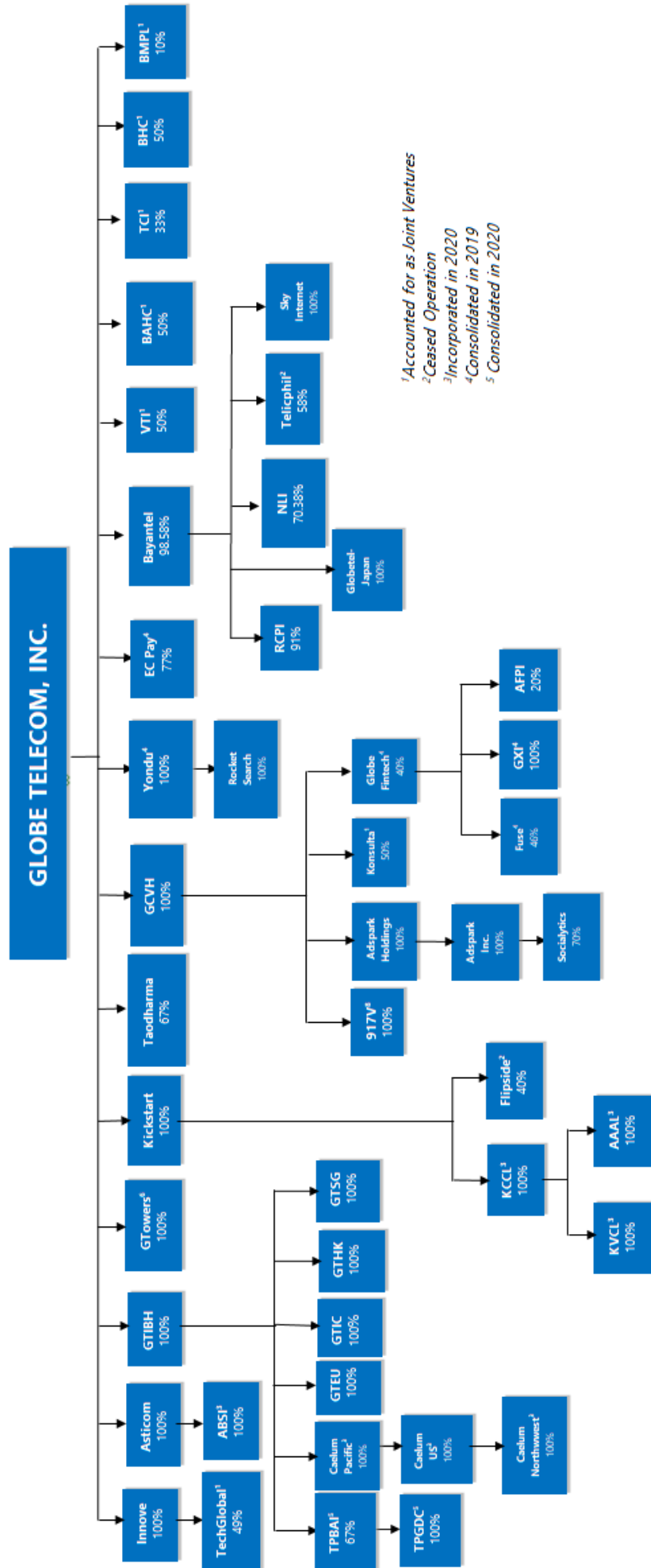
Items	Amount (In thousands)
Unappropriated Retained Earnings, beginning	₱18,281,937
Adjustments	1,229,343
Unappropriated Retained Earnings, as adjusted, beginning	19,511,280
Net income during the period closed to Retained Earnings	13,964,717
Less: Non-actual/unrealized income net of tax	
Unrealized foreign exchange gain net of previously recognized accumulated unrealized loss reversed during the year	(1,032,975)
Deferred tax assets realized during the year	(275,751)
Net income actually earned/realized during the period	12,655,991
Add (Less):	
Dividend during the period	(14,973,431)
Unappropriated Retained Earnings, as adjusted, ending	₱17,193,840



Schedule 3

MAP OF THE RELATIONSHIP OF THE COMPANIES WITHIN THE GROUP AS OF DECEMBER 31, 2020

Globe Telecom, Inc. and Subsidiaries



¹Accounted for as Joint Ventures
 ²Ceased Operation
 ³Incorporated in 2020
 ⁴Consolidated in 2019
 ⁵Consolidated in 2020



Schedule 4

**SCHEDULE OF PREFERRED SHARES OFFERING PROCEEDS
AS OF DECEMBER 31, 2020**

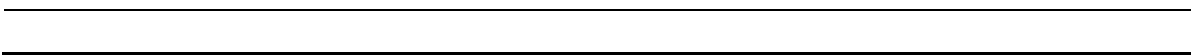
Preferred Shares Offering Proceeds	₱-
<h1>Not Applicable</h1>	
Balance of Proceeds as at December 31, 2020	₱-



**SCHEDULE 5A – FINANCIAL ASSETS
DECEMBER 31, 2020**

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
------------------------------------------------------	---------------------------------------------------------	-----------------------------------	-----------------------------

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, 2020)	Additions	Amounts collected	Balance at the end of period	
				Current	Not-current (December 31, 2020)
Education Loan	₱87,374,984	₱99,431,502	₱115,022,965	₱71,783,521	₱71,783,521
Hospitalization Loan	38,278,736	25,660,197	21,044,180	42,894,753	42,894,753
Housing and Renovation Loan	42,386,323	49,499,125	59,302,468	32,582,979	32,582,980
Medical and Health Related Loan	28,864,201	1,793,874	27,355,895	3,302,181	3,302,180
Others	1,631,636	32,173,147	24,437,534	9,367,249	9,367,249
Total	₱198,535,880	₱208,557,845	₱247,163,042	₱159,930,683	₱159,930,683



Schedule 5C - Trade & Other Receivables Eliminated During Consolidation

Creditor	Creditor's Relationship	Account Type	Beginning Balance (January 1, 2020)	Net Movement	Outstanding Balance (December 31, 2020)
Globe	Parent	Traffic receivable	306,474,939	259,361,219	565,836,158
	Parent	Trade Receivables	483,560,202	(309,595,338)	173,964,864
	Parent	Other Receivables	11,670,290,079	10,083,666,556	21,753,956,635
Innovate	Subsidiary	Traffic receivable	186,719,127	64,580,391	251,299,518
	Subsidiary	Trade Receivables	108,056,991	8,517,275	116,574,266
	Subsidiary	Other Receivables	4,027,116,687	3,080,514,004	7,107,630,691
	Co-Subsidiary	Trade Receivables	88,631,247	176,564,501	265,195,748
	Co-Subsidiary	Other Receivables	237,939,980	21,208,621	259,148,601
	Co-Subsidiary	Traffic receivable	12,085,506	301,999	12,387,505
Asticom	Subsidiary	Trade Receivables	-	1,201,460,376	1,201,460,376
	Co-Subsidiary	Trade Receivables	-	102,766,179	102,766,179
BTI	Subsidiary	Other Receivables	2,096,478,862	501,021,355	2,597,500,217
	Subsidiary	Traffic receivable	146,735,611	3,011,569	149,747,180
	Subsidiary	Trade Receivables	43,786,552	1,184,178	44,970,730
	Co-Subsidiary	Trade Receivables	53,631,235	(2,099,021)	51,532,214
	Co-Subsidiary	Traffic receivable	28,808,344	215,883	29,024,227
	Co-Subsidiary	Other Receivables	5,776,306,610	862,988,575	6,639,295,185

(forward)



Creditor	Creditor's Relationship to the Reporting Co. (Subsidiary or Parent)	Account Type	Beginning Balance	Net Movement	Outstanding Balance
			(January 1, 2020)		(December 31, 2020)
GCVH	Subsidiary	Trade Receivables	355,820,684	(355,820,684)	-
	Subsidiary	Other Receivables	-	241,687,714	241,687,714
	Co-Subsidiary	Other Receivables	8,542,791	4,214,117	12,756,908
	Co-Subsidiary	Trade Receivables	125,062,970	399,533,161	524,596,131
GTI	Subsidiary	Other Receivables	101,692,007	(101,692,007)	-
	Co-Subsidiary	Other Receivables	712,075,712	(284,942,004)	427,133,708
TAOD	Subsidiary	Other Receivables	806,392	4,926,093	5,732,485
	Co-Subsidiary	Other Receivables	-	35,892	35,892
Kickstart	Co-Subsidiary	Other Receivables	-	11,179,938	11,179,938
	Subsidiary	Other Receivables	-	9,135,873	9,135,873
Yondu	Subsidiary	Other Receivables	19,466,514	298,943,366	318,409,880
	Co-Subsidiary	Trade Receivables	8,000,000	155,877,153	163,877,153
EC Pay	Subsidiary	Trade Receivables	20,089,108	(18,952,198)	1,136,910
	Co-Subsidiary	Trade Receivables	28,325,116	(27,027,466)	1,297,650
Gtowers	Subsidiary	Other Receivables	138,815	(138,815)	-
TOTAL			26,646,642,081		43,039,270,536



SCHEDULE 5D – LONG TERM DEBT
DECEMBER 31, 2020

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	Interest rates	Maturity dates
Term Loans:					
Dollar	\$447,970,906	₱594,565,314	₱18,707,095,073	0.83% to 6.00%	2021-2027
Peso	₱118,000,000,000	7,926,859,038	106,261,628,277	1.66% to 7.91%	2021-2031
Retail Bonds					
Dollar	\$600,000,000	-	28,328,799,075	3.13% to 3.75%	2030-2035
Peso	₱3,000,000,000	-	2,973,203,373	5.28%	2023
		₱8,521,424,352	₱156,270,725,798		



SCHEDULE 5E – INDEBTEDNESS TO RELATED PARTIES (LONG-TERM LOANS FROM RELATED COMPANIES)

DECEMBER 31, 2020

Name of Related Party	Balances at beginning of period	Balance at end of period
<h1>Not Applicable</h1>		



**SCHEDULE 5F – GUARANTEES OF SECURITIES OF OTHER ISSUERS
DECEMBER 31, 2020**

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
<h1>Not Applicable</h1>				

**SCHEDULE 5G - CAPITAL STOCK
DECEMBER 31, 2020**

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers and employees	Others
Common	148,934,373	133,432,727	8,936,062	103,842,408	772,586	28,817,733
Voting preferred stock	160,000,000	158,515,021	-	158,515,016	5	-
Non-voting preferred stock	40,000,000	20,000,000	-	27,800	25,700	19,946,500

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, 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>						
Wireless subscribers receivables:						
Consumer	P3,017,147	P1,754,324	P415,059	P318,468	P2,266,947	P7,771,945
Key corporate accounts	20,889	45,124	70,204	185,674	1,535,666	1,857,557
Other corporations and SME	201,737	171,855	81,001	50,587	391,454	896,634
	3,239,773	1,971,303	566,264	554,729	4,194,067	10,526,136
Wireline subscribers receivables:						
Consumer	744,905	229,495	137,540	148,096	4,786,698	6,046,734
Key corporate accounts	90,730	329,071	349,503	455,216	5,451,296	6,675,816
Other corporations and SME	80,931	81,510	70,996	41,528	861,884	1,136,849
	916,566	640,076	558,039	644,840	11,099,878	13,859,399
Total subscribers receivables	4,156,339	2,611,379	1,124,303	1,199,569	15,293,945	24,385,535
Traffic receivables:						
Foreign	195,638	-	65,633	13,173	538,122	812,566
Local	304,964	478	922	234	217,041	523,639
Total traffic receivables	500,602	478	66,555	13,407	755,163	1,336,205
Other trade receivables	2,674,951	665,466	491,956	212,550	908,345	4,953,268
	P7,331,892	P3,277,323	P1,682,814	P1,425,526	P16,957,453	P30,675,008

GLOSSARY

<IR>	Integrated Reporting
917V	917Ventures Inc.
4G	Fourth Generation
5G	Fifth Generation
AAAL	All Asia Asset Capital Ltd.
AEECR	Annual Energy Efficiency and Conservation Report
AEUR	Annual Energy Utilization Report
ABSI	ASTI Business Services, Inc.
ACGS	ASEAN Corporate Governance Scorecard
ACTIVE	Ayala Corporation Technology Innovation Venture
AFPI	Automated Fare Payments, Inc.
AHI	Adspark Holdings, Inc.
AI	Adspark Inc.
AIC	Aboitiz InfraCapital Inc.
APEC	Asia-Pacific Economic Cooperation
AOI	Articles of Incorporation
ARC	Audit and Related Party Transactions Committee
ARPU	Average Revenue Per Unit
ARTA	Anti-Red Tape Authority
ASEAN	Association of Southeast Asian Nations
ASM	Annual Stockholders' Meeting
ASTICOM	Asticom Technology, Inc.
AttyATBP	Attorney At Iba Pa
AWAIR	Annual Work Accident Illness Report
BA	Bachelor of Arts
BCDA	Bases Conversion Development Authority
BCM	Business Continuity Management
BCP	Business Continuity Plan
BFL	Busted Fluorescent Lamps
BGC	Bonifacio Global City
BHAC	Barington/Hilco Acquisition Corp
BMPL	Bridge Mobile Pte. Limited
BPO	Business Process Outsourcing
BROC	Board Risk Oversight Committee
BSC	Balanced Score Card
BTI	Bayan Telecommunications Inc.
CAE	Chief Audit Executive
CAELUMPACIFIC	Caelum Pacific Corp.
CAPEX	Capital Expenditures
CBA	Collective Bargaining Agreement
CCEO	Chief Customer Experience Officer
CCO	Chief Commercial Officer
CDC	Centers for Disease Control and Prevention
CDP	Carbon Disclosure Project
CECO	Certified Energy Conservation Officer

CEM	Certified Energy Manager
CEMSI	Cleanway Environmental Management Solutions, Inc.
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG	Corporate Governance
CHED	Commission on Higher Education
CHRO	Chief Human Resource Officer
CIO	Chief Information Officer
CISO	Chief Information Security Officer
CLSG	Corporate and Legal Services Group
CO2	Carbon Dioxide
COBIT	Control Objectives for Information and related Technology
CoC	Code of Conduct
CoI	Conflict of Interest
COLT	Cellular-on-a-Light-Truck
COSO	Commission of Sponsoring Organization of the Treadway Commission Framework
COW	Cellsite on Wheels
CRE	Chief Risk Executive
CRO	Chief Risk Officer
CSF	Critical Skeletal Force
CSO	Chief Strategy Officer
CSO-Sustainability	Chief Sustainability Officer
CSR	Customer Social Responsibility
CTIO	Chief Technology Information Officer
DANI	Device Anomaly Investigator
DC-Hybrid Generator	Direct Current- Hybrid Generator
DCB	Deep Cycle Batteries
DENR-EMB	Department of Natural Resources – Environmental Management Bureau
DepEd	Department of Education
DICT	Department of Information and Communications Technology
DILG	Department of the Interior and Local Government
DIS	Definitive Information Sheet / SEC Form 20-IS
DPO	Data Protection Officer
DOE	Department of Energy
DOH	Department of Health
DOLE	Department of Labor and Employment
DRRMS	Disaster Risk Reduction and Management Service
DTP	Digital Thumbprint Program
DUDE	Digital Usher for Disasters and Emergencies
E-Billing	Electronic Billing
EBIT	Earnings Before Interest, Property and Equipment-related Gains and Losses and Income Taxes

EBITDA	Earnings Before Interests, Taxes, Depreciation and Amortization	ICD	Institute of Corporate Directors
ECPAY	Electronic Commerce Payments, Inc.	ICT	Information and Communications Technology
ECQ	Enhanced Community Quarantine	ID	Independent Director
ED	Executive Director	i-AGCR	Integrated Annual Corporate Governance Report
EDSA	Epifanio de los Santos Avenue,	IIA	Institute of Internal Auditors
EERI	Evergreen Environmental Resources, Inc.	IIRC	International Integrated Reporting Council
EID-BCP	Emerging Infectious Disease Business Continuity Plan	IL/PwC	Isla Lipana & Co./ PricewaterhouseCoopers Philippines
EMPI	Envirocare Mgt. Precision Inc.	IMD	Institute for Management Development
EMS	Environmental Management System	IMS	Integrated Management System
EnMS	Energy Management System	INNOVE	InnoVe Communications, Inc
ERM	Enterprise Risk Management	INSEAD	Institut Européen d'Administration des Affaires
ERMD	Enterprise Risk Management Department	IoT	Internet of Things
ESG	Environmental, Social and Governance	IPPC	Intergovernmental Panel on Climate Change
Etom	Enhanced Telecommunications Operations Map	IR	Investor Relations
E-waste	Electronic Waste	ISDP	Information Security and Data Privacy
FINEX	Financial Executives of the Philippines	ISO	International Organization for Standardization
FOREX	Foreign Exchange	IT	Information Technology
FPSI	Flipside Publishing Services, Inc	JMC	Joint Memorandum Circular
FTA	Frontier Towers & Associates	KIA	Knowledge Information Assistant
FTTH	Fiber to the Home	KCCL	Kickstart Capital Co. Ltd.
FVOCI	Fair Value through Other Comprehensive Income	KG	Kilogram
GB	Gigabyte	Konsulta	KonsultaMD
GCQ	General Community Quarantine	KRA	Key Responsibility Areas
GCVHI	Globe Capital Venture Holdings Inc.	KVCL	Kolmar Vietnam Co., Ltd.
GDP	Gross Domestic Product	KVI	Kickstart Ventures, Inc.
GFI	Globe Fintech Innovations	KWH	Kilowatt-hour
GFS	Global Filipino School Program	LBT	Lazaro Bernardo Tiu and Associates
GHG	Greenhouse Gas	LCC	Liveable Cities Challenge
GJ	Gigajoules	LGBTQ+	Lesbian, Gay, Bisexual, Transgender, Queer and Intersex
GRI	Global Reporting Initiative	LGU	Local Government Unit
GSMA	Global System for Mobile Communications Association	LMS	Learning Management System
GT	Globe Telecom, Inc.	LRTA	Light Rail Transit Administration
GTEU	Globetel European Limited	LTE	Long Term Evolution
GTHK	Globe Telecom HK Limited	LT/LC/LW	Libreng Tawag, Libreng Charging, Libreng WiFi
GTI	Global Business Holdings, Inc.	Mbps	Megabits Per Second
GTIC	GTI Corporation	MCC	Medical Command Center
GTowers	GTowers, Inc.	MCG	Manual of Corporate Governance
GTSG	Globetel Singapore Pte. Ltd	MDC	Manila Development Corporation
GWeN	Globe Whistleblower Network Portal	MECQ	Modified Enhanced Community Quarantine
GXI	G-Xchange, Inc.	MRF	Materials Recovery Facility
HD	High-Definition	MSCI	Morgan Stanley Capital International
HEPA	High Efficiency Particulate Air	MSME	Micro, Small and Medium Enterprise
HIRAC	Hazard Identification, Risk Assessment and Control	MT	Metric Ton
HR	Human Resource	MWF	Manila Water Foundation
i-ACGR	Integrated Annual Corporate Governance Report	MwH	Megawatt hour
IA	Internal Audit	NA/DP	Navarro Amper & Co./Deloitte Philippines
		NCR	National Capital Region

NDRRMC	National Disaster Risk Reduction and Management Council	SHEMS	Safety Health and Environmental Management System
NED	Non-Executive Director	SIM	Subscriber Identification Module
NEDA	National Economic and Development Authority	SLEX	South Luzon Expressway
NGF	Natasha Gouldborne Foundation	SMS	Short Message Service
NGO	Non-Governmental Organization	SO	Safety Officer
NIAT	Net Income After Tax	SOC	Security Operations Center
NIB	Network-in-a-Box	SROI	Social Return on Investment
NIST	National Institute of Standards and Technology	STEM	Science, Technology, Engineering and Math
NLEX	North Luzon Expressway	TAO	TaoDharma Inc.
NLI	NDTN Land, Inc.	TPBAI	Third Pillar Business Applications, Inc.
NPS	Net Promoter Score	TCI	Telecommunications Connectivity, Inc.
NTC	National Telecommunications Commission	tCO2	Carbon Dioxide Measure
OECD	Organisation for Economic Cooperation and Development	TCFD	Task Force on Climate-related Financial Disclosures
OHS	Occupational Health and Safety	Telicphil	Telecoms Infrastructure Corp. of the Philippines
OMMC	Oriental and Motolite Marketing Corporation	TES-AMM	Total Environment Solutions – Asset Material Management Philippines
OPE	Out-of-Pocket Expenses	TESDA	Technical Education and Skills Development Authority
OPEX	Operating Expenses	TM	Touch Mobile
OSM	Office of Strategy Management	TPGDC	Third Pillar Global Delivery Center Inc.
P&L	Profit and Loss	ToR	Terms of Reference
PCC	Philippine Competition Commission	TOW	Tower on Wheels
PCI DSS	Payment Card Industry Data Security Standard	TSD	Treatment, Storage, and Disposal
PCO	Pollution Control Officer	TGT	The Globe Tower
PCR	Polymerase Chain Reaction	UCL	University College London
PDEx	Philippine Dealing System Holdings	UNICEF	United Nations International Children's Emergency Fund
PFRS	Philippine Financial Reporting Standards	UNGC	United Nations Global Compact
PMBOK	Project Management Body of Knowledge	UNFCC	United Nations Framework Convention on Climate Change
PPE	Personal Protective Equipment	UN SDGs	UN Sustainable Development Goals
PR	Public Relations	UPD PsycServ	University of the Philippines - Diliman Psychosocial Services
PSE	Philippine Stock Exchange	US	United States
PULSE	Purpose, Urge, Learn, Synchronize, Embed	USD	US Dollar
QAIP	Quality Assurance Improvement Program	VEND Phils. Inc.,	Vending Experts Night and Day Philippines, Inc.
QAR	Quality Assurance Review	VER	Verified Emission Reduction
QR Code	Quick Response Code	VisMin	Visayas and Mindanao
RA	Republic Act	VOIP	Voice Over Internet Protocol
RCPI	Radio Communications of the Philippines, Inc.	VoLTE	Voice Over Long Term Evolution
RM	Risk Management	VoWiFi	Voice over WiFi
ROE	Return on Average Equity	VTI	Vega Telecom, Inc.
ROI	Return on Investment	WEF	World Economic Forum
RPT	Related Party Transactions	WHO	World Health Organization
RT-PCR	Reverse Transcription Polymerase Chain Reaction	WiFi	Wireless Fidelity
SAP	System Applications and Products	YoY	Year-on-Year
SASB	Sustainability Accounting Standards Board	ZIA	Zscaler Internet Access
SDA	Simple, Digital, Agile	ZPA	Zscaler Private Access
SDG	Sustainable Development Goal		
SEAT	Special Emergency Action Team		
SEC	Securities and Exchange Commission		



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

Meanwhile, Globe's 2020 Audited Consolidated Financial Statements released and filed to relevant regulators on February 26, 2021, may be accessed from www.globe.com.ph. For further information regarding the Integrated Report, please contact ir@globe.com.ph or gcorpcomm@globe.com.ph.



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