

**Exhibit 2**

# **Converge Information and Communications Technology Solutions, Inc. and Subsidiaries**

**Sustainability Report  
For the year 2020**

Company Details	
Name of Organization	Converge Information and Communications Technology Solutions, Inc. (“CNVRG” or “Converge”)
Location of Headquarters	New Street Bldg., McArthur Highway, Balibago, Angeles City, Pampanga
Location of Operations	<ul style="list-style-type: none"> <li>● <b>Converge Information and Communications Technology Solutions, Inc. and Metroworks ICT Construction, Inc.</b> Reliance IT Building, 99 E. Rodriguez Jr. Avenue, Brgy. Ugong, Pasig City</li> <li>● <b>Converge ICT Solutions (Global) Limited</b> 27/F Alexandra House, 18 Chater Road Central, Hong Kong</li> <li>● <b>Pentagon Holding Co., Inc.</b> New Street Bldg., Mc Arthur Highway, Balibago, Angeles City, Pampanga</li> </ul> <p>For more information on the sites of business center, please refer to the Properties section of the SEC 17-A Report.</p>
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	<p>This report includes information from the following companies, unless otherwise stated:</p> <ul style="list-style-type: none"> <li>● Converge Information and Communications Technology Solutions, Inc.</li> <li>● Converge ICT Solutions (Global) Limited</li> <li>● Pentagon Holding Co., Inc.</li> <li>● Metroworks ICT Construction, Inc.</li> </ul>
Business Model, including Primary Activities, Brands, Products, and Services	<p>Converge Information and Communications Technology Solutions, Inc. (“CNVRG”, “Converge”) is a high-speed fixed broadband operator providing internet and other connectivity services to the residential and enterprise customers within the Philippines. Such services include connectivity solutions, private data network solutions, and cloud and colocation services. Its primary activity is the sale of internet and connectivity services. Meanwhile, the construction of the telecommunications-related infrastructure of Converge is primarily managed by its subsidiary, Metroworks ICT Construction, Inc.</p> <p>The plans offered to residential customers could be classified into three types of brands: FiberX, Fiber X Time of Day, and Fiber Xtreme. Meanwhile, plans offered to enterprise customers cover a range of branded network solutions, which include iBIZ, flexiBIZ, Converge Connect, Converge Fast, and other cloud and colocation services.</p>
Reporting Period	January 1, 2020 to December 31, 2020
Highest Ranking Person responsible for this report	<p>Owen Kieffer D. Ocampo Investor Relations Director</p> <p>For more information regarding the disclosures contained herein, send an email to: <a href="mailto:investors.relations@convergeict.com">investors.relations@convergeict.com</a></p>

## MATERIALITY PROCESS

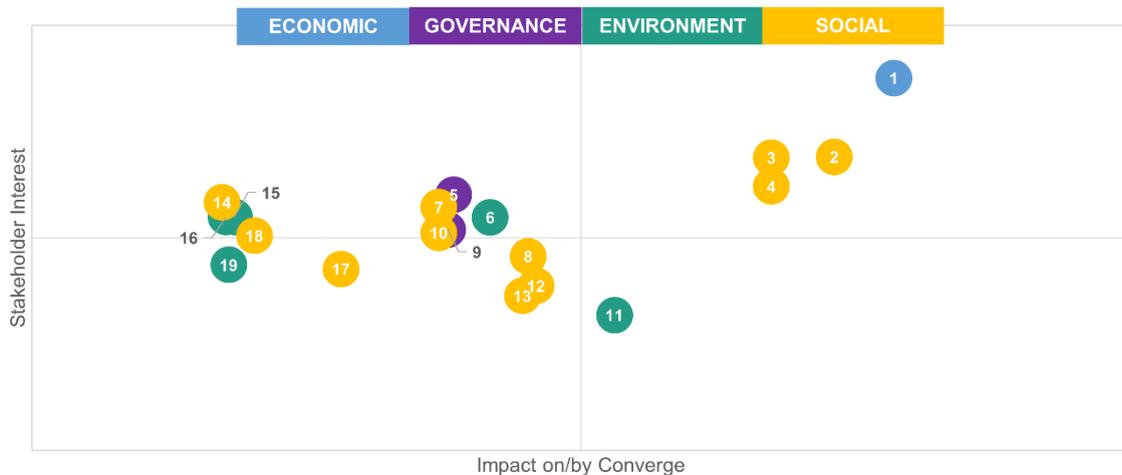
### Explain how you applied the materiality principle (or the materiality process) in identifying your material topics

We followed an extensive process that considered both external and internal perspectives to assess the topics most material to Converge and our stakeholders. The following steps were taken:

- 1. Conduct external reviews.** We surveyed the topics normally reported on by our industry peers. In addition, we reviewed the topics of most interest to institutional investors, standards bodies, non-governmental organizations, government regulatory bodies, and the media. Finally, we considered the United Nations Sustainable Development Goals (“UN SDGs”) 2030 to identify Converge’s impacts on environmental and social areas.
- 2. Conduct internal reviews.** As part of our annual business planning exercise, we reviewed and updated our corporate strategy. From this, we then determined sustainability topics that would have the greatest impact on our success, and on which we could potentially have the biggest influence.
- 3. Prioritize and validate.** Through a cross-functional workshop and subsequent discussions with management, we ranked the topics identified in the reviews based on their importance to Converge and its external stakeholders. Representatives from different departments participated in the exercise to help us better identify highly critical topics related to economic, governance, social, and environmental areas.

Presented below is the materiality matrix developed based on the reviews and workshops conducted:

Legend:



1 - Economic Performance

2 - Customer Satisfaction

3 - Employment

4 - Customer Data Privacy and Security

5 - Risk Management

6 - Climate Change

7 - Occupational Safety and Health (including COVID-19 Response)

8 - Procurement Practices and Supplier Assessment

9 - Anti-Corruption

10 - Learning and Development

11 - Environmental Compliance

12 - Labor-Management Relations

13 - Marketing and Labeling

14 - Diversity and Inclusion

15 - Energy and Emissions

16 - Managing Waste (Solid Waste)

17 - Labor Laws and Human Rights

18 - Customer Health and Safety (including COVID-19 Response)

19 - Materials

Based on the steps above, the sustainability topics to be reported in the various sections of this document are as follows:

- I. ECONOMIC AND GOVERNANCE
  - A. Economic Performance
  - B. Risk Management
  - C. Anti-Corruption
- II. ENVIRONMENT
  - A. Climate Change

- B. Energy and Emissions
- C. Materials
- D. Managing Waste (Solid Waste)
- E. Environmental Compliance
- III. SOCIAL
  - A. Employment
  - B. Learning and Development
  - C. Labor-Management Relations
  - D. Diversity and Inclusion
  - E. Occupational Safety and Health (including COVID-19 Response)
  - F. Labor Laws and Human Rights
  - G. Procurement Practices and Supplier Assessment
  - H. Customer Satisfaction
  - I. Customer Health and Safety (including COVID-19 Response)
  - J. Marketing and Labeling
  - K. Customer Privacy and Data Security

## I. ECONOMIC AND GOVERNANCE

### A. ECONOMIC PERFORMANCE

#### Direct Economic Value Generated and Distributed

Disclosure*	Amount	Units
Direct economic value generated (revenue)	25,219.3	₱ millions
Direct economic value distributed:		
a. Operating costs	15,418.2	₱ millions
b. Employee wages and benefits	1,738.5	₱ millions
c. Payments to suppliers, other operating costs	77.5	₱ millions
d. Dividends given to stockholders and interest payments to loan providers	2,093.6	₱ millions
e. Taxes given to government	1,867.0	₱ millions
f. Investments to community (e.g. donations, Corporate Social Responsibilities)	9.4	₱ millions

\*The amounts above are presented on an accrual basis, which are in line with the results reported in our audited financial statements ("AFS").

#### Impacts, Risks, and Opportunities

**Impacts.** Through its operations, Converge is able to provide direct and indirect employment to thousands of personnel, and build long-lasting, reliable infrastructure that will allow millions of Filipinos to remain connected at an affordable price. Our disclosures above illustrate the value that Converge provides to its customers, business partners, and employees, as well as the contribution it makes to the government and the community.

**Risks.** Our economic performance may be affected by our continued ability to compete effectively in the market, execution risks particularly in the expansion of our network, customer satisfaction with our services, and technological and regulatory changes, among other factors.

**Opportunities.** There are opportunities to further increase our direct economic value generated in the future through expansion into new areas, particularly the Visayas and Mindanao, launching innovative new products and services, and improving the overall experience of our customers.

#### Management Approach

We have established a planning and budgeting process to properly evaluate our investment decisions and drive our economic performance. Part of this process includes the board's approval of the financial budget. Once approval is secured, the key management and executives allocate the budgeted capital and operational expenditures to the required investments to achieve the operational and financial targets of the company.

To ensure strategic alignment, company-wide financial and operational targets are broken down into business segment and departmental targets. We then subsequently monitor and track the achievement of these targets on a monthly basis, and adjust our operational initiatives as required.

In line with our goal to become a leading fixed broadband provider, we aim to reach approximately 55% of households in the Philippines with Fiber-to-the-Home (“FTTH”) services by 2025. We have been able to make significant headway into this goal as we were able to reach 25% of households in the Philippines as of December 31, 2020.

## B. RISK MANAGEMENT

### Impacts, Risks, and Opportunities

**Impacts.** Our long-term success is dependent on our ability to identify and mitigate the risks that may impact our operations. These risks exist in various aspects of our business, from regulatory and competitive environment to our core operations and network expansion. Thus, Converge aims to integrate awareness in all areas of its business and properly balance risk and reward for sustainable growth.

**Risks.** As Converge continues to grow, its current approaches to risk management may no longer be adequate in the future. Failure to continuously enhance our risk management process may result in major risk events occurring without sufficient mitigation.

**Opportunities.** We believe that there is an opportunity for Converge to build a mature, fit-for-purpose Enterprise Risk Management program integrated with strategy and performance that would enhance the resilience of the company.

### Management Approach

We have documented policies and internal controls to reasonably ensure that we are able to manage process-level risks. In addition, at an enterprise and project levels, we have adopted the following management approach:

**Board Committees.** The establishment and maintenance of the various Board Committees is an integral part of our risk management. The Board of Directors created several committees to assist in managing and mitigating the risks surrounding Converge. These bodies are also deeply involved in the overall governance matters of the company. These include the Board Risk Oversight Committee, the Audit and Related Party Transactions Committee, the Corporate Governance Committee, the Nominations and Remuneration Committee, and the Executive Committee.

- The **Board Risk Oversight Committee** oversees handling the various risks that the company could face as we try to achieve our strategic goals. The Committee regularly reviews the current risk management processes to identify areas of weakness and points of improvement to be addressed.
- The **Audit and Related Party Transactions Committee** is responsible for enhancing the Board's oversight capability over the financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations of Converge. It also reviews and evaluates related party transactions to enhance corporate transparency and promote fair transactions.
- The **Corporate Governance Committee** has the duty and responsibility to assist the Board in the performance of its corporate governance responsibilities.
- The **Nominations and Remuneration Committee** is responsible for reviewing the structure, size, and composition of the Board. It reviews and evaluates the qualifications of the persons nominated to the Board and to other positions requiring appointment by the Board. It also reviews succession plans for the Board and makes recommendations to the Board on the policy and structure of Converge for all remuneration of the Directors and senior management.
- The **Executive Committee** possesses the powers of the Board and has the right to use them in managing the business and affairs of Converge when the Board is not in session, except for certain actions and decisions.

**Enterprise Risk Management.** We formally disclosed the key risks related to our business in our Prospectus dated October 8, 2020. These and other risks are regularly discussed and reviewed by our management. With our listing on the Philippine Stock Exchange, it was agreed that a more formal Enterprise Risk Management ("ERM") program was required, in compliance with the SEC's Code of Corporate Governance. In early 2021, we initiated a project to build an ERM capability, including the assignment of a Chief Risk Officer ("CRO"). Our ERM Strategy aims to embed risk awareness within our company culture and effectively communicate to the

board and management the risks that Converge could potentially face. We also plan to look into potential ESG-related risks and assess how these could be incorporated into our ERM framework and eventually formalized in our applicable business processes, metrics and targets.

Our President is responsible for the development, implementation, maintenance, and improvement of risk management policies, processes, and documentation. We are in the process of setting up a dedicated ERM team reporting to the President.

Identified risks under the proposed ERM framework will go through four phases:

- **Analysis** - This refers to the initial planning of how Converge will identify risks and then execute the fact-finding process.
- **Evaluation** - Risks are assessed and assigned to the appropriate bodies based on their urgency, importance, and relevance.
- **Treatment** - Developing action plans for mitigating and combating these risks.
- **Reporting** - Risks are disclosed and the process is evaluated to monitor its effectiveness.

In 2020, our management has also established an Environment, Social and Governance (“ESG”) Committee, a cross-functional working group responsible for determining risks and opportunities related to ESG and the implementation of our ESG and other sustainability-related initiatives. This committee also governs our Corporate Social Responsibility (“CSR”) Team that ensures CSR activities are being planned, implemented, and measured. Currently, the key focus areas of our CSR activities include the provision of: (1) basic needs in response to COVID-19 and natural disasters, (2) support to enhance local health facilities, and (3) digital learning tools and internet access to local communities.

**Project Risk Management.** Project risk management processes are embedded in all of our key strategic and operational initiatives. We require each new major project to have a formal project risk assessment and mitigation plan. Risks and issues are part of regular status reporting.

### C. ANTI-CORRUPTION

#### Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees that the organization's anti-corruption policies and procedures have been communicated to	65	%
Percentage of employees that have received training on anti-corruption	8	%
Percentage of governance body members that have received training on anti-corruption (both internal and external training)	0	%
Percentage of business partners members that the organization's anti-corruption policies and procedures have been communicated to	11	%

*Note: Our anti-corruption training program was temporarily suspended due to the COVID-19 pandemic but has since resumed through online sessions. Personnel who may have high bribery and corruption risks in their daily activities were prioritized for training (e.g. governance body members, supply chain management members, etc.).*

#### Incidents of Corruption

Disclosure	Quantity	Units
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	#
Total number of confirmed incidents in which directors were removed or disciplined for corruption	0	#
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	#

#### Impacts, Risks, and Opportunities

**Impacts.** Incidents or allegations of corruption could result in criminal cases for both the company and our employees, legal fees, reputational damage, and negative impact on our share price.

**Risks.** The Philippines ranked 115<sup>th</sup> out of 180 countries in Transparency International's 2020 Corruption Perception Index with a score of 34 (compared with an average country score of 43). This is indicative of an elevated level of corruption risk when operating in the country. As such, incidents or allegations corruption may arise in multiple areas within the company and among its dealings with third parties such as its suppliers and government agencies.

**Opportunities.** We see an opportunity to ensure that our systems and policies will be continuously updated, implemented, and monitored as new standards, laws, and regulations related to anti-corruption are released. By doing so, we may be able to lower our exposure to legal violations, acquire higher quality materials and equipment, and enhance our customer and brand perception.

## Management Approach

We recognize the threat that corruption and bribery pose to our operations and have made a serious commitment to educating employees and the third parties we deal with on the dangers of these practices and fostering a strong culture of integrity within Converge. In line with this, we adopted the following policies and processes:

**Anti-Bribery and Anti-Corruption (“ABAC”) Policy.** Our ABAC Policy was formally adopted in 2020. It serves as the basis of our training program to align with local and international laws, including but not limited to:

- The United States Foreign Corrupt Practices Act
- The Organization for Economic Cooperation and Development’s Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Convention)
- Local laws on anti-bribery and anti-corruption in the Philippines and Hong Kong, where Converge operates.

**Conflict of Interest Policy.** We have also formalized our Conflict of Interest Policy, which aims to mitigate the risks of our employees’ judgement and commitment to Converge being impaired. This policy describes situations wherein conflicts of interest may arise and events that our employees are not allowed to act upon since it may result in unfair decision making at the expense of Converge. In line with this, employees are also required to accomplish and sign a Conflict of Interest Declaration annually.

**Gift Policy.** Further, we must adhere to our Gift Policy when giving or receiving gifts, meals, and entertainment. Our Gift Policy discusses three key considerations before we act upon such matters: timing, appropriateness, and approval. First, we must consider whether the timing and frequency of giving or receiving gifts may create an appearance of unnecessary influence. Second, we must determine whether the gift is appropriate in terms of its nature, value, and timing. Finally, we must secure approvals from the designated approvers (e.g. immediate supervisor, Human Resources Team, Compliance Team) prior to giving or receiving gifts to prevent any appearance of impropriety.

**Whistleblower Policy.** The Compliance Team has also written a policy on workplace investigation and implemented a Whistleblower Policy to inform employees of the proper process and encourage them to inform management of any wrongdoings by their peers or superiors.

**Annual Compliance Confirmation.** To ensure strict compliance with our corporate governance policies, the Compliance Team has established an Annual Compliance Confirmation Policy that all employees are required to comply with. Under this policy, employees must first read and understand the compliance policies that have been communicated to them via email. These policies are related to: (1) anti-money laundering, (2) anti-bribery/anti-corruption, (3) whistleblowing, (4) conflict of interest policy, and (5) code of business ethics. Afterwards, employees must then confirm their understanding with the Compliance Team by signing off a document that they have read and understood our policies. Our employees must also comply with the five aforementioned policies when dealing with existing and potential suppliers.

**Compliance training.** Our Compliance Team also conducts annual ABAC training sessions for all employees. While the training program was temporarily suspended in 2020 due to the COVID-19 pandemic, it has since resumed through online sessions, with the goal of completing the program by the first half of 2021. This is expected to significantly improve the percentage of employees that have received anti-corruption training.

**Third-party compliance.** Third-party business partners such as marketing service agencies (“MSA”) are also required to comply with these policies as evidenced by online confirmation, compliance activities, and legal clauses related to anti-bribery and anti-corruption indicated in their standard contracts. Suppliers undergo a due diligence assessment as well before any transaction, project, or activity to ensure that Converge establishes business relationships with reputable, qualified, and ethical suppliers. The contract between Converge and the supplier must also contain anti-bribery clauses. Moving forward, we intend to enhance our efforts to communicate our anti-corruption policies and processes to our stakeholders.

**Policy updates and improvements.** We also intend to continuously evaluate the effectiveness of our mandatory compliance policies and suggest improvements for future iterations. Discussions have already been conducted on how we can secure more compliance confirmations from employees after policies have been communicated to them. We are also reviewing and updating our third-party contracts to further strengthen

compliance matters with them. Finally, we plan to enhance anti-corruption controls across key processes (e.g. third-party due diligence, gifts and entertainment, sponsorships, charitable donations, sponsored travel, books and records). Copies of our key compliance policies are publicly available in our website at <https://corporate.convergeict.com/corporate-governance/>

## II. ENVIRONMENT

### A. CLIMATE CHANGE

#### Impacts, Risks, and Opportunities

**Impacts.** Changes in our climate and environmental landscape could adversely affect our financial performance and long-term sustainability. The operational success of our network infrastructure, business sites, and data equipment may be severely hindered by typhoons, earthquakes, excessive rise in heat, and other natural disasters. As the occurrence of extreme weather events becomes more frequent, our infrastructure and operations may become more vulnerable to disruption.

**Risks.** The current approaches of Converge to safeguard its employees, sites, network infrastructure, and operations may be inadequate to cope with climate change. Climate change may result in an increase in adverse weather conditions and natural disasters, environmental work hazards for employees, and physical exposure of equipment to natural elements.

**Opportunities.** There are opportunities for Converge to further enhance our business continuity plan (“BCP”) to address climate change risks, address vulnerability points, and prepare and respond to natural disasters. We also see opportunities to invest in improving our network hardening and redundancy capabilities to help ensure that our operations run with minimal disruption.

#### Management Approach

As one of the leading internet and connectivity service providers in the Philippines, we recognize the importance of being able to respond to unpredictable and severe climate conditions to help people and businesses stay connected. Our approach to climate change is covered by:

**Network infrastructure.** We have a diverse international network across four (4) points-of-presence, six (6) cable systems, and five (5) cable landing systems. On the other hand, our terrestrial National Backbone is completely located underground to ensure maximum reliability, security, and weather protection. The architecture of our backbone network is based on a loop-design to ensure redundancy, whereby data traffic can be seamlessly switched onto an alternative route in the event of unforeseen network outages. This then helps to ensure that no single point of failure would affect information and data transfer throughout the network. We have a distributed system to minimize impacted customers during any outages that may occur.

**Disaster recovery.** In response to climate change uncertainties, we have established a BCP and disaster recovery plan, which enables us to continue critical business functions at an alternative business location. Our critical infrastructure is replicated across multiple sites. Vital records are also periodically backed up and stored at an offsite location as part of normal operations.

**Network operations projects.** We also have ongoing projects that aim to enhance our overall network infrastructure and operations. Their key focus areas include, but are not limited to, assessing facility vulnerabilities, monitoring power-related issues and node operational status, upgrading technology and equipment used, and establishing additional redundancy links.

**Business operations.** Over the course of 2020, we diversified the work locations of our contact center staff to ensure business continuity in case of disruptions. With the COVID-19 community quarantine, we also enabled many of our staff to work from home (“WFH”) on an as needed basis. The WFH protocols developed for the pandemic are also applicable to disruptions that could be brought about by climate change.

## B. ENERGY AND EMISSIONS

Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (renewable sources)*	0	GJ
Energy consumption (gasoline)	14,994	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	20,618	GJ
Energy consumption (electricity)	16,566,140	kWh

*\*While we have not directly sourced from renewable energy providers in 2020, some of the energy providers we are working with recognize the impacts of climate change and in turn, support sustainable energy such as solar, wind, water, biomass, and other sources of renewable energy.*

Greenhouse gas (“GHG”)

Disclosure	Quantity	Units
<b>Scope 1</b>		
Gasoline	1,174	tCO <sub>2</sub> e
Diesel	1,213	tCO <sub>2</sub> e
LPG	0	tCO <sub>2</sub> e
<b>Total Direct (Scope 1) GHG Emissions</b>	<b>2,387</b>	<b>tCO<sub>2</sub>e</b>
<b>Scope 2</b>		
Electricity	12,056	tCO <sub>2</sub> e
<b>Total Energy Indirect (Scope 2) GHG Emissions</b>	<b>12,056</b>	<b>tCO<sub>2</sub>e</b>

The following conversion factors were used to determine energy consumption and GHG emissions:

- Energy consumption
  - Renewable sources (1 GJ = 1.0000 GJ)
  - Gasoline (1 liter = 0.0342 GJ)
  - LPG (1 liter = 0.0257 GJ)
  - Diesel (1 liter = 0.0386 GJ)
- GHG Emissions
  - Gasoline (1 liter = 0.0026765 tCO<sub>2</sub>e)
  - LPG (1 liter = 0.0016117 tCO<sub>2</sub>e)
  - Diesel (1 liter = 0.0022718 tCO<sub>2</sub>e)
  - Electricity – Luzon and Visayas (1 kWh = 0.0007122 tCO<sub>2</sub>e)
  - Electricity – Mindanao (1 kWh = 0.0007797 tCO<sub>2</sub>e)

Conversion factors for energy consumption were retrieved from IOR Energy Engineering Conversion Factors. Conversion factors for GHG emissions were retrieved from Intergovernmental Panel on Climate Change 2006 Guidelines for National Greenhouse Gas Inventories.

*Note: The energy consumption and greenhouse gas emissions disclosed above are presented as a total and cover all our current locations of operations. The amounts were derived based on readily available data. Initiatives to enhance the level of detail for the data will be further explained in our management approach.*

## Impacts, Risks, and Opportunities

**Impacts.** The consumption of electricity and fuel is an integral part of our operations. These are needed to operate and maintain our network, business centers, service operation centers, warehouses, corporate offices, and vehicle fleet.

**Risks.** The continued expansion of Converge will lead to increased energy consumption and GHG emissions. Without mitigation measures, this may contribute to an increase in pollution and difficulty in complying with strict sustainability protocols and regulations.

**Opportunities.** With the recent developments in sustainable technologies, we see opportunities to moderate the increase in our energy consumption and GHG emissions even as we grow our business. These include exploring the usage of renewable and low-carbon energy sources and improving resource planning systems to ensure efficient management of facilities and vehicle fleets.

## Management Approach

We intend to seriously and more carefully assess how we could better manage our energy and emission impacts while considering our increase in operations due to expansion. We also intend to set targets for energy and emissions reductions and report on our efforts in this regard.

Specific management actions being contemplated are set out below:

**Enhanced data capture, validation, and disclosure.** In 2021, we plan to establish a formal process and set of controls that will enhance the capture, validation, and disclosure of data related to our fuel and electricity consumption and resulting GHG emissions. This process will be integrated with our procure-to-pay cycle and will be designed to ensure completeness and accuracy of information. Information System enhancements are being considered to support the improved process.

More detailed data will be used to generate insights to plan for future energy-saving initiatives, such as developing a more robust process for resource planning and allocation related to our facilities and vehicle fleets.

**Renewable and low-carbon energy sourcing.** We are currently exploring the use of renewable and low-carbon energy sources for power generation to take advantage of the Electric Power Industry Reform (“EPIRA”) Law and the Green Energy Option Program under the Renewable Energy Law of 2009.

**Energy and emissions efficiency role.** We have designated a central point of contact for matters related to energy and emissions generation and efficiency improvement. The personnel will coordinate efforts across the enterprise to manage energy consumption and GHG emissions. The Board and ESG committee will also provide oversight on these matters as part of our efforts in developing a comprehensive ESG strategy.

### C. MATERIALS

Disclosure	Quantity	Units
Total weight of materials that are used to produce and package the organization’s primary products and services during the reporting period		
• Non-renewable	72,020,000	kg
• Renewable	Not available	kg
• Recycled	1,204,000	kg
• Total	73,224,000	kg
Percentage of recycled input materials used to manufacture the organization’s primary products and services		
	1.64	%

*Note: The amounts were derived based on readily available data. These were based on actual quantities consumed in 2020. We have not measured the renewable materials for 2020 due to data limitations, and we are exploring if such category could be applicable and measurable in 2021.*

*Non-renewable materials refer to network equipment and devices, cables, wires, modems, and routers. Meanwhile, recycled materials refer to network equipment and devices, modems, and routers. The data cover materials from Converge Information and Communications Technology, Inc. and Metroworks ICT Construction, Inc.*

### Impacts, Risks, and Opportunities

**Impacts.** Network infrastructure and equipment and construction materials make up the bulk of materials we use to deliver services to our customers.

**Risks.** As we continue to expand our operations, an influx of materials being acquired, used, and managed for our operational sites may occur. Gaps and inefficiencies in our processes of managing materials may arise in the future. Failure to address these issues may lead to procurement of lower quality and less sustainable materials, inventory obsolescence and scrap materials.

**Opportunities.** The efficient and judicious use of materials will reduce our scrap materials and e-waste. Opportunities include:

- Enhancement of our purchasing criteria to consider environmental impact and supplier commitment to green product design and manufacturing
- Strengthening of our materials requirements planning and inventory management practices to reduce waste, inventory obsolescence, and damage
- Development of recovery initiatives in the future that would promote the recycling of returned or used good-quality materials for operational re-use

### Management Approach

Our network infrastructure, equipment, and construction materials are centered on the use of fiber optic technology. Apart from being able to provide higher bandwidth and faster internet connections, this technology is more sustainable than legacy copper technology in the following aspects:

- Lower energy consumption
- Lower usage of copper and heavy metals

- Higher usage of silicon dioxide, which is more abundant and less harmful to extract from the environment
- Lower rate of repairs

We employ a number of supply chain management practices:

**Requisitioning and ordering.** All procurements for materials, including tools and equipment, are coursed through purchase requisitions and orders. Efforts are made to purchase only what is required by operations.

**Receiving and Issuance.** After being delivered to our warehouse or directly on-site (e.g. service line installations or repairs, etc.) for operational use, we ensure that the products are received and accepted based on the required product specifications. Policies have also been established related to proper storage, accounting, inventory reconciliation, and prompt issuance of materials to the requisitioning department.

**Monitoring and tracking.** We continuously monitor materials usage and replenishment to identify areas of shrinkages or excess build-ups in inventory. Further, repurchase points and critical inventory levels are continuously being reviewed and established to ensure that we only procure what is needed in our operations, while slow and non-moving inventories are closely monitored.

Specific policies have also been established regarding our Customer Premises Equipment (“CPE”). As formally defined, CPEs refer to the modems that customers use within their premises. The policies are as follows:

- **Requisition of CPE and Accessories for Repair Purpose.** This policy aims to define the process of our warehouse in handling requisitions for CPEs and accessories to be used for repair-related concerns or replacements, and to ensure proper recording or documentation of all withdrawn CPEs and accessories into our system.
- **Requisition and Usage Reporting of CPEs for New Installation.** This policy aims to ensure the proper recording/documentation of requests/movement of modems into the system and to transfer accountability when the installation team submitted their requests. This was also created to establish a smooth releasing process of modems for new installations.

Additionally, for customers that have churned out, we implemented a process to retrieve CPEs from their premises for refurbishment and reuse.

Moving forward, we aim to regularly revisit our policies and practices as we seek to adhere to industry best practices and realize the opportunities identified above.

## D. MANAGING WASTE (SOLID WASTE)

### Impacts, Risks, and Opportunities

**Impacts.** At the end of life of the materials we procure for our operations, solid waste is generated and needs to be properly disposed of or recycled. In particular, solid e-waste is generated upon the retirement or replacement of old or broken materials and equipment.

**Risks.** As we continue to expand our operations across the country, our solid waste management processes may not be able to scale. Failure to address this risk may then result in marine life contamination and legal exposure.

**Opportunities.** We see opportunities in better managing our solid waste through the following activities:

- Reviewing our policies and procedures about solid waste management and disposal (especially for e-waste) to ensure that it is continuously aligned with leading industry practices, laws, and regulations
- Exploring opportunities to increase our efforts in reducing, reusing, and recycling our materials bound for disposal

### Management Approach

We comply with local environmental laws in the management of solid waste. However, we recognize that more needs to be done in this area to capture the opportunities outlined above. Currently, our key practices include the following:

- Instead of sending physical copies of the Statement of Account (“SOA”) to our customers, by default, we issue our SOAs electronically through our web portal to reduce paper usage.
- As discussed in the ‘Materials’ section of our sustainability report, we currently have our Asset Recovery Process, which covers the re-use of returned assets such as modems from our customers. Further, an asset disposal policy is currently being formulated to manage the disposition of assets, with the objective of either having these re-used, recycled, and/or sold for cost recovery initiatives.
- When applicable, we practice responsible and sustainable disposal of network-materials are done through third party-controlled disposal facilities or return to suppliers in exchange for credit.
- We require our contractors to properly manage the waste produced during construction, as part of our contracts with them.
- In terms of the garbage we produce in our daily operations, we currently manage disposal through haulers accredited by the Local Government Units where we operate. In 2020, we also started including putting in place waste segregation facilities in certain locations and intend to expand such facilities across our locations over time.

As part of our plans in 2021, we intend to:

- Prioritize solid waste management in our ESG strategy. E-waste is of particular concern to us. This includes old modems, network equipment, computers, and servers
- Initiate data collection processes needed to manage our solid waste and establish necessary baselines for 2021 (basis for the 2022 targets). As we have not been comprehensively tracking our solid waste data in 2020, this exercise will provide us value through better insights and action enablement
- Implement waste segregation in of more sites
- Develop more comprehensive policies and target key performance indicators (“KPIs”) for our overall solid waste management

## E. ENVIRONMENTAL COMPLIANCE

### Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	₱
Number of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
Number of cases resolved through dispute resolution mechanisms	0	#

### Impacts, Risks, and Opportunities

**Impacts.** We are subject to various laws and regulations relating to environmental matters. In addition, any construction or network rollout project that could be expected to have a significant impact to the quality of the environment is subject to the Philippine Environment Impact Study system, for which an Environmental Compliance Certificate would need to be obtained from the Department of Environment and Natural Resources before the project can proceed.

**Risks.** As sustainability becomes a key priority for civil society, environmental laws and regulations may further tighten and increase in scope. Our current approaches to ensure environmental compliance may no longer be adequate in the future. Failure to address the risk of non-compliance may result in higher exposure to legal fines, disruption or suspension of key operational activities, difficulty in complying with strict sustainability protocols and regulations, and negative effects to public or brand perception.

**Opportunities.** There are opportunities to further develop and improve on our policies, processes, and targets to comply with existing regulations and ultimately reduce our environmental impacts.

### Management Approach

As part of our overall commitment in addressing sustainability in our operations, we recognize that complying with environmental laws and regulations is essential. Our activities currently comply with the relevant laws and regulations through careful supervision and guidance of our management. For example, we have established a specific policy to ascertain that all vehicles undergo the necessary emission tests prior to annual renewal of registration.

Moving forward, we intend to:

- Establish proactive policies and procedures related to our overall environmental compliance - to align with leading industry practices
- Strengthen our environmental policies in relation to air emissions, wastewater, and solid waste management in 2021. This could include the appointment of a Pollution Control Officer and Managing Head to supervise our compliance with all environmental regulatory requirements
- Consider expanding the scope of the current Occupational Safety and Health (“OSH”) committee to address relevant issues and concerns with respect to the environment. Currently, the OSH Committee is a cross-functional team that develops recommendations and suggestions and develop programs to improve workplace safety.
- Incorporate specific environment-related compliance in our policies
- Implement a communication program to raise environmental awareness among employees and business partners

### III. SOCIAL

#### A. EMPLOYMENT

Employee data

Disclosure	Quantity	Units
Converge ICT Solutions, Inc.	2,205	#
Converge ICT Solutions (Global) Limited	1	#
Pentagon Holding Company, Inc.	0	#
Metroworks ICT Construction, Inc.	757	#
<b>Total number of employees</b>	<b>2,963</b>	<b>#</b>
a. Number of female employees	844	#
b. Number of male employees	2,119	#
Attrition rate	31%	rate
Average ratio of lowest paid employee against minimum wage per region	1.22	ratio
Ratio of lowest paid employee against minimum wage per region		
NCR	1.07	ratio
CAR	1.36	ratio
I	1.21	ratio
III	1.14	ratio
IV-A	1.26	ratio
V	1.03	ratio
VII	1.62	ratio

Employee benefits

List of benefits	Is the benefit being provided?				% of female employees who availed for the year	% of male employees who availed for the year*
	Converge ICT Solutions, Inc.	Converge ICT Solutions (Global) Limited*	Pentagon Holding Company, Inc.*	Metroworks ICT Construction, Inc.		
SSS	Y	N	N/A	Y	100%	99.5%
PhilHealth	Y	N	N/A	Y	100%	99.5%
Pag-ibig	Y	N	N/A	Y	100%	99.5%
Parental leaves	Y	N	N/A	Y	100%	99.5%

List of benefits	Is the benefit being provided?				% of female employees who availed for the year	% of male employees who availed for the year*
	Converge ICT Solutions, Inc.	Converge ICT Solutions (Global) Limited*	Pentagon Holding Company, Inc.*	Metroworks ICT Construction, Inc.		
Vacation leaves	Y	Y	N/A	Y	100%	100%
Sick leaves	Y	Y	N/A	Y	100%	100%
Medical benefits (aside from PhilHealth)	Y	Y	N/A	Y	100%	99.5%
Housing assistance (aside from Pag-ibig)	N	N	N/A	N	0%	0%
Retirement fund (aside from SSS)	N	N	N/A	N	0%	0%
Further education support	N	N	N/A	N	0%	0%
Company stock options**	Y	Y	N/A	Y	0%	0%
Telecommuting	Y	Y	N/A	Y	See below	See below
Flexible-working Hours	Y	Y	N/A	Y	See below	See below
Others	N/A	N/A	N/A	N/A	0%	0%

*\*Converge ICT Solutions (Global) Limited is a company incorporated in Hong Kong governed by the laws of the jurisdiction and is not mandated to make contributions nor offer parental leaves that the local Philippine government requires. Meanwhile, Pentagon Holding Company, Inc., being simply a holding company with no operations, does not have employees of its own.*

*\*\*An Employee Share Option Plan was established on September 18, 2020 with the goal of incentivizing certain executive officers, employees, and other eligible participants. It is anticipated that the maximum number of share options that may be granted by Converge is expected to represent 0.85% of the total number of issued shares in the capital of the company.*

*Telecommuting and flexible working hours were both introduced from March 16 until the end of 2020. These were special arrangements in line with our COVID-19 protocols and not part of the regular practices. The estimated number of employees with telecommuting and flexible working hours statuses as of December 31, 2020 are shown below:*

	Converge ICT Solutions, Inc.	Converge ICT Solutions (Global) Limited	Pentagon Holding Company, Inc.	Metroworks ICT Construction, Inc.	Total
Telecommuting	547	1	N/A	41	589
Flexible working hours	471	1	N/A	210	682

**Impacts, Risks, and Opportunities**

**Impacts.** It is our goal to provide decent work and productive employment. We also understand the importance of managing overall employee welfare and development to attract and retain talent. An important element of this is to ensure that the company provides fair compensation and benefits.

**Risks:** Not providing competitive remuneration and benefits can result in an increase in employee turnover and challenges in recruiting the talent required for our operations.

**Opportunities.** We believe that there are opportunities for Converge to enhance its efforts in promoting employee welfare through provision of fair and competitive pay and benefits in the workplace through: (1) review of the current compensation structure across all business teams to assess its relevance and effectiveness to the employees, and (2) alignment of reward and performance through a robust corporate performance management system.

**Management Approach**

Overall, we have existing policies on the different areas of human resources management regarding promoting employee welfare such as compensation, promotion, and training and development (as contained in the Employee Handbook) that are aligned with providing employees both fair pay and benefits and progressive work experience in Converge.

In line with our goal to continuously improve employee welfare in the workplace, we have plans to enhance or develop the following functions:

- Total Rewards - manage employee compensation, benefits, and rewards
- Employee and Labor Relations - manage employer-employee relations
- Learning and Development - manage professional training and upskilling
- Centers of Excellence - increased focus on serving HR customers, the Converge employees

From late 2020 (and continuing into 2021), we also started to:

- Review the overall compensation structure of the employees to ensure that they are aligned with leading industry practice. Currently, we have an on-going project that aims to revisit and improve the effectiveness of the variable compensation scheme for our sales personnel.
- Develop our corporate performance management system, which aims to link performance and rewards. This also includes the development of goals and targets for our overall compensation strategy, percentage of the employee base to be promoted or that will have a salary increase and the requirements for such promotions and increase activities (e.g. number/ types of trainings required, etc.).

## B. LEARNING AND DEVELOPMENT

Disclosure	Quantity	Units
Total training hours provided to employees (see note below on data limitations)	2,623	hours
Average training hours provided to employees	0.89	hours/ employee

*Note: The training hours disclosed above are based on records with our Human Resources and Compliance Departments. Attendance records for male and female employees were not recorded separately. Training programs were impaired by the COVID-19 pandemic and resulting community quarantine. In addition, employees receive significant informal training and coaching within their respective work groups or other groups, and such training hours are not adequately tracked and monitored at this time. Moving forward, we intend to enhance our monitoring efforts for our training sessions as we improve our HR operations.*

### Impacts, Risks, and Opportunities

**Impacts.** To expand and provide quality service, Converge invests a significant amount of resources in ensuring that our employees are competent and are able to grow in their respective roles. With a growing workforce deployed in different departments, both their technical and interpersonal skills are required to achieve long-term success and expand our business.

**Risks.** An inadequate Learning & Development program may negatively affect the professional growth and personal motivation of employees as they may perceive that they are not growing or learning in their respective roles. This may lead to higher employee attrition in the future. The financial and operational performance of Converge may also be at risk if succession plans cannot be properly executed due to a lack of qualified and competent employees.

**Opportunities.** Having reviewed our current L&D practices, we have identified several opportunities for improvement:

- Improvement in L&D record keeping, particularly to account for technical/functional training provided within the work group, as well as self-study hours
- Formalization of curricula and syllabi

### Management Approach

Converge has existing policies on learning and development as specified in our Employee Handbook/Code of Conduct and Discipline.

The existing mandatory training sessions for learning and development under Converge are:

- New Hire Orientation
- Compliance Policies Training on Business Ethics, Data Privacy
- Anti-Bribery & Corrupt Practices Act (done by the Compliance Team)

Converge also supports the professional development of employees by providing them the opportunity to pursue certification programs relevant to their roles (e.g. vendor equipment certification).

Different departments within Converge also conduct training sessions specific to the roles of their personnel. There is an on-going initiative to develop trainings in the following areas:

- A comprehensive Converge Learning Academy to fill the need for a formal L&D process owner within the company
- Fiber-technology training to educate employees on the company’s main products and services
- Project management and presentation trainings to equip employees with project management know-hows and soft skills

In early 2021, we onboarded an L&D manager to improve our L&D strategy and practices.

### C. LABOR-MANAGEMENT RELATIONS

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

#### Impacts, Risks, and Opportunities

**Impacts.** A good working relationship between employees and management is essential for the long-term success of Converge. We encourage empathy and open communication between employees and management, ensuring that concerns are heard and addressed.

At the moment, there are no trade unions within Converge and thus, there is no policy specific to this. If our employees choose to form a union, Converge may revisit its policies to adapt accordingly.

**Risks.** Labor and management relation policies that are either lacking or not properly implemented carry the risk of possible labor relationship tensions and labor cases (e.g. illegal dismissal, etc.). Further, if employees are not properly consulted as internal policies affecting them are developed, we may face the risk of low employee satisfaction and eventually, higher attrition rates. This may then lead to the loss of talent and skills that could further enhance the value we provide to our stakeholders.

**Opportunities.** We believe that there is an opportunity to improve our labor and management relation policies by ensuring that organized feedback loops and personal interaction are deeply embedded in our Human Resources (“HR”) operations and processes. By doing so, we may be able to address our employee’s concerns in a timely and relevant manner.

#### Management Approach

There are several avenues that employees can use to communicate their concerns to management such as:

- We practice an open-door policy wherein issues and concerns could be brought up to immediate heads, group heads, HR leaders and members, and/or other appropriate groups.
- We conduct regular face-to-face town hall meetings to update the employees on business performance and activities and to give the employees a platform to voice out their concerns. However, these meetings are temporarily suspended due to the ongoing pandemic. In lieu of face-to-face meetings, we have kept our communication channels open so that employees can have virtual consultations directly with the immediate heads, group heads, or HR leaders and members to raise their concerns.
- The Compliance Team has also written a policy on workplace investigation with the whistleblower policy in place to ensure that there is a fair and transparent process in place whenever there are escalations.

In early 2021, Converge also set aside resources to improve overall employee welfare and satisfaction such as:

- Reviewing and improving its HR processes, tools, and data to better serve its employees. For example, we have recently launched an intranet portal that provides employees convenient access to important announcements, events, websites, and internal systems that are frequently used. Using this portal, they could also interact with the management (e.g. voice out their opinions, etc.) and with other employees.
- Assigning an HR business partner for each business team to serve as a liaison between the business team and the HR Department, ensuring that employee concerns will be addressed.

To further improve labor relations, Converge is in the process of recruiting an employee and labor relations manager to manage and measure the effectiveness of current programs as well as develop future initiatives. We also plan to upgrade our human resources information system, which will provide management with better workforce analytics to enable us to be more responsive to the needs of our people.

## D. DIVERSITY AND INCLUSION

Disclosure	Converge ICT Solutions, Inc.	Converge ICT Solutions (Global) Limited	Pentagon Holding Company, Inc.	Metroworks ICT Construction, Inc.	Overall/ Total
% of female workers in the workforce	32%	0%	N/A	18%	28%
% of male workers in the workforce	68%	100%	N/A	82%	72%
Number of employees from indigenous communities and/or vulnerable sector*	7	0	N/A	1	8

\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (“BOP”; Class D and E).

### Impacts, Risks, and Opportunities

**Impacts.** Converge prides itself as an equal-opportunity employer who does not discriminate on the basis of race, religion, sex, creed, region, and ethnicity. We believe that different viewpoints unified in pursuing the same goals are an asset to our operations and demonstrate to stakeholders that Converge and its subsidiaries are at par with the global standards in these areas.

**Risks.** The lack of policies and practices addressing diversity and inclusivity within the company may lead to blind spots in planning and decision-making. Converge could leverage its diverse workforce to ensure that various perspectives are considered in its plans, strategies, and initiatives. We also recognize the risk that our multinational partners and stakeholders may require that these policies and practices be in place to continue with our business relationships.

**Opportunities.** We believe that there is an opportunity to better understand how to leverage a diverse workforce and how this diversity can support the business. This will help us better connect with our employees and make use of their talents, giving them the support that they need in line with the principle of equality of outcomes. Converge may also develop programs that address diversity and ensure ample opportunities are given to minority groups.

### Management Approach

Converge recently appointed a champion for Diversity and Inclusivity who will focus on developing and managing programs related to ensuring equality and inclusivity in the workplace.

While the processes and policies regarding Diversity and Inclusivity are still being formalized, we observe fairness and equality in our end-to-end human resource practices (hire to retire). During hiring, we assess candidates based on their professional and technical qualifications, ensuring they are provided equal treatment regardless of individual background.



With the HRIS being currently rolled out, we plan to gather more data related to diversity in our workplace and leverage these to identify how we can create a more inclusive work environment.

## E. OCCUPATIONAL SAFETY AND HEALTH

Disclosure	Quantity	Units
Safe Man-Hours	4,358,016	Man-hours
No. of work-related injuries*	3	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	0	#

*\*The work-related injuries were incurred during our network and construction activities. They did not involve any fatalities, and were immediately addressed (from an investigation, process and compensation perspective) based on applicable laws and company policies.*

### Impacts, Risks, and Opportunities

**Impacts.** Our ability to operate despite the COVID-19 pandemic depends on how responsive we are in developing and implementing safety protocols for our employees. Although occupational safety and health has been a key priority in previous years, we recognize the importance of updating our policies to adapt to the pandemic situation.

**Risks.** Converge considers the spread of the COVID-19 virus as the biggest threat to its employees' health and safety. Given the uncertainty as to when the status quo to return, field and office operations heighten the risk of the virus spreading to employees, customers, and other stakeholders, and in extension, inadvertent transmission to their respective friends and families. This may adversely impact both the company's operations and the personal lives of our stakeholders.

**Opportunities.** With the ongoing COVID-19 pandemic, there is an opportunity to provide a comprehensive health and wellness program across the organization that will not only be reactive to health issues that may occur but proactive in trying to ensure that these issues do not happen in the first place.

### Management Approach

Even prior to the COVID-19 pandemic, Converge ensures that both its front (cable installation and infrastructure construction) and back-end personnel (office-based) are safe in the execution of their duties by having OSH policies and safeguards in place. Our occupational safety and health policies and practices are compliant with the Department of Labor and Employment ("DOLE") D.O. 198 series of 2018<sup>(1)</sup> and R.A. 11058<sup>(2)</sup>.

We offer occupational health services such as consultations, first aid treatment, and other health-related activities. All regular Converge employees are covered by benefits such as health maintenance organization ("HMO") coverage, on-premise clinics, and annual physical exam. All incoming employees go through appropriate medical exams to ensure that they are fit to work prior to the start of their employment. The company also has an cross-functional OSH committee who conducts regular monthly meetings to gather recommendations and suggestions and develop programs to improve workplace safety. Risk assessments are conducted, analyzed and reported on a monthly basis, so that they are easily identified and eliminated.

[1] Department Order 198 series of 2018 refers to the Implementing Rules and Regulations of Republic Act No. 11058

[2] Republic Act No. 11058 refers to "An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations thereof"

Converge also conducts Health and Safety webinars to inform employees of recent OSH policies, programs and initiatives and provide an avenue where employee concerns and inquiries can also be evaluated, answered and acted upon in a timely manner. The OSH Committee also regularly sends out relevant communications, such as infographics and campaigns, to increase health and safety awareness.

The company regularly holds Mandatory Safety Training, New Hires Orientation, and Physical and Mental Health sessions to help employees and management take better care of their health. After the pandemic began, these events were conducted entirely virtually to prevent any risks of infection.

Employee activities done in the workplace and work sites and held during official business hours are covered by our company's health and safety policies. The most common occupational accidents include trips, slips, and falls due to working at heights from ladders and posts. Converge regularly reminds employees to be careful and attentive in the workplace, especially when they are in an accident-prone environment. Employees must also report accidents to their respective immediate head who will then involve the OSH supervisors and coordinate with the Medical Team and HR operations for investigation with immediate action being taken after the incident. The necessary assistance is given to the employee concerned, and if there is negligence on the part of the team members present, the appropriate disciplinary action is applied. We encourage employees to inform their immediate heads if they have concerns with the safety of their work and to prioritize their health and safety in the execution of their duties.

Further, job hazard analysis is currently only being done in the North and Central Luzon regions, where the current OSH supervisor for the region holds office. Upon the request of specific customers, the relevant team conducts job hazard analysis on their site. There is a plan to implement this practice in our operations nationwide.

In the future, Converge is looking to build a stronger OSH team with the necessary manpower, technical training, and expertise to avoid workplace health hazards.

**COVID-19 Policy.** In 2020, Converge focused on creating specific protocols to contain the spread of the COVID-19 virus, which includes outlining home quarantine, isolation, and local government reporting procedures for employees who may have been exposed or are suspected to be infected. Enhanced contact tracing has also been implemented together with the development of an online application (Daily Health Checker) to track the health and wellness of our employees as far as COVID-19 symptoms are concerned. Converge also transitioned many its employees who work in the office to work from home to mitigate unnecessary risks of infection.

To protect workers, contractors/subcontractors, clients, and guests, the OSH Committee developed and implemented a policy to address the minimum health standards set by the Department of Health ("DOH") in light on the ongoing pandemic. The policy emphasizes the recommended activities necessary for stakeholders to stay safe and healthy such as upholding standard actions to prevent the transmission of COVID-19 (e.g. wearing of masks and face shields, frequent disinfection, observance of physical distancing), holding company-wide lectures on mental health and wellness, keeping work and operating site premises well ventilated, and observing healthy diet and exercise.

Further, employees attend a special mandatory training session regarding the DOLE/DTI Guidelines on COVID Protocols so that they remain aware and updated with the necessary standard health protocols.

For personnel who are required to report to our offices, antigen testing with a negative result is required prior to entry. The antigen testing is planned to be done regularly and costs are shouldered by the company. Also, on a case-to-case basis, Converge provides support by means of food, transportation, and living arrangements to some of our employees.

We have also begun planning for the procurement of COVID-19 vaccines for our employees. In early 2021, we have already started gathering relevant employee information and have surveyed their willingness to be vaccinated as well.

**F. LABOR LAWS AND HUMAN RIGHTS**

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

**Impacts, Risks, and Opportunities**

**Impacts.** In the course of its operations, Converge policies and practices ensure that it is compliant with all laws that stemmed from Section 11 of the 1987 Constitution of the Republic of the Philippines (“The State values the dignity of every human person and guarantees full respect for human rights”), including R.A. 9231 or the “Special Protection of Children Against Child Abuse, Exploitation and Discrimination Act,” as the company is strongly committed to the protection of human rights, especially women and children, and any violation would constitute legal action.

**Risks.** Inadequate development and implementation of practices related to labor laws and human rights may increase the risk of labor tensions and legal cases. Other risks such as employee dissatisfaction, higher attrition rates, and reputational damage may also arise.

**Opportunities.** With appropriate policies already in place, there is an opportunity to communicate our commitment to compliance with relevant labor laws and human rights advocacies (especially towards child labor) to our internal and external stakeholders to ensure that we, as a company, consider this as our top value.

**Management Approach**

Converge policies, code of business ethics and employee handbooks explicitly disallow violations of labor laws and human rights (e.g. harassment, bullying) in the workplace - including employment of forced and child labor. As mentioned in the previous sub-section, Converge has policies in place to ensure compliance with the relevant laws and regulations on labor and human rights. Converge continuously reviews such policies to ensure that they are up-to-date and that violations of the same are prevented and addressed if such violations occur.

## G. PROCUREMENT PRACTICES AND SUPPLIER ASSESSMENT

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers*		
Converge ICT Solutions, Inc.	12	%
Metroworks ICT Construction, Inc.	91	%
Combined (Converge ICT Solutions, Inc. and Metroworks ICT Construction, Inc.)	53	%

\*Percentage presented represents the percentage of our Purchase Order (“PO”) value attributed to local suppliers in 2020.

Note: Most of the PO value of Converge ICT Solutions Inc. could be attributed to materials and equipment for network infrastructure. Meanwhile, most of the PO value of Metroworks ICT Construction, Inc. could be attributed mainly to our local suppliers as it represents mostly on-site construction costs such as construction materials, contractors and outsourced manpower.

### Impacts, Risks, and Opportunities

**Impacts.** Throughout its operations, Converge interacts with multiple external stakeholders such as suppliers and vendors. The choice of whom we do business with reflects our values as a company; thus, we believe that vetting partners and ensuring that they uphold labor and environmental standards is an essential step in the company’s supply chain management. Our processes also aim to balance supplier/vendor compliance with our requirements and maintain a good working partnership with our suppliers. By sourcing from local suppliers, we contribute to the growth of the Philippine industry, economic development, and employment.

**Risks.** Lenient supply chain management processes, including accreditation, may increase the risk of working with suppliers and vendors who have lower compliance to ethical and environmental standards, lack qualifications, and provide substandard materials. This may result in the lack of availability of quality materials to be used, potential disruption of operations, and lower ability to enhance quality of internet and connectivity services compared to competitors. Further, having excessive supplier concentration may also result in business operational challenges in the event of a supply chain disruption.

**Opportunities.** We believe that there is an opportunity to further develop comprehensive supplier/vendor accreditation policies to be able to select responsible suppliers who are not just able to provide quality materials and equipment but are also committed to the sustainability topics that are important to us including ‘Anti-Corruption’, ‘Materials’, and ‘Labor Laws and Human Rights’.

### Management Approach

Our procurement and supplier accreditation policies are aligned with the code of business ethics and anti-bribery and corruption policies of Converge, which cover the following sustainability topics:

- Forced Labor
- Child Labor
- Human Rights
- Bribery and Corruption

We are compliant with regulatory fair business ethics/practices, performing the due diligence required of us to ensure that our suppliers are reputable, qualified, and ethical. In line with this, we also have existing policies for social performance and good governance. As mentioned in the ‘Anti-Corruption’ section, we have established policies that ensure good governance and fair dealings with our suppliers such as our ABAC policies.

Converge is in the process of enhancing its third party due diligence process covering vendors, service providers, contractors and subcontractors. We also have a plan to develop an internal Vendor Management and Development Team, who will play an integral role in spearheading further improvements in our supply chain and procurement guidelines.

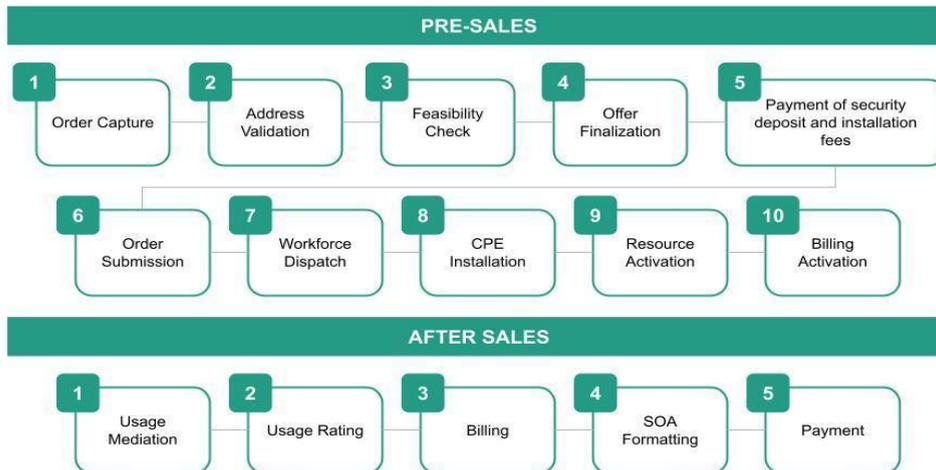
We are also in the process of establishing a policy that will eventually cover our commitment to protect the environment and mitigate our impact. Specific policies for suppliers with regards to environmental standards are still being discussed and will hopefully be implemented in the near future. The institutionalization of relevant goals and targets for our vendors, suppliers, contractors and subcontractors is an integral part of our soon to be developed Vendor Management and Development Team, who, on top of spearheading relations with suppliers, will ensure their alignment with our sustainability policies in the future. We are currently exploring and may include in the supplier accreditation process the assessment of our suppliers' environmental performance (on the topics of materials, energy, water, effluents, biodiversity, emissions, wastes and environmental compliance as outlined in GRI 300 series).

## H. CUSTOMER SATISFACTION

Disclosure	Score/Rate**	Remarks/Computation
Net Promoter Score (“NPS”) as conducted by Nielsen Survey	+83	Residential Survey as of June 2020
NPS as conducted internally*	31% (Likely to recommend)	(Satisfied respondents – Dissatisfied respondents)/Overall respondents  Based on an internally defined rating, this score aims to measure the likelihood of a customer to recommend our services to a friend or colleague.
Customer effort score (CES)*	19% (Very Satisfied)	(Satisfied respondents – Dissatisfied respondents)/Overall respondents  Based on an internally defined rating, this score aims to measure how well we handled our existing/potential customers’ concerns at the time of a call or engagement with us in their pre-sales and after sales experiences.

\*The surveys above were conducted internally and did not involve the assistance of any third-party. Further, we were not able to conduct a separate overall customer satisfaction survey (“CSAT”) in 2020 as we focused on our core customer experience activities during the peak of the pandemic (e.g. addressing tickets and customer complaints, etc.).

\*\*The scores were computed based on an internally defined five-point rating scale pertaining to the aspects of our customer journey (1 – Very dissatisfied, 2 – Dissatisfied, 3 – Neutral, 4 – Satisfied, 5 – Very satisfied). Our high-level customer journey could be illustrated as follows:



Average monthly churn rate per quarter*	Q1 2020	Q2 2020	Q3 2020	Q4 2020
Residential	0.39%	1.08%	1.63%	1.35%
Enterprise	0.30%	0.33%	0.49%	1.61%

*\*Monthly churn for the quarter is the total quarterly churn divided by the average of the beginning and ending subscriber count for a specific quarter, divided by three.*

### Impacts, Risks, and Opportunities

**Impacts.** As an internet service provider, the reliability and quality of our services as perceived by our customers is one of our primary business concerns. Our customer satisfaction processes aim to ensure that our subscribers are happy and content. This covers:

- **Pre-sales.** From order to activation.
- **Post sales.** From activation to deactivation or active customer lifecycle.

**Risks.** As Converge continues to expand its customer base, the current operational processes and customer channels to ensure smooth customer experience may no longer be adequate in the future. Gaps and inefficiencies may arise, resulting in poor customer satisfaction. This may lead to other risks such as lower customer acquisition rates, higher customer churn rates, revenue loss, reputational damage, and potential legal action against the company if such gaps are escalated to the appropriate government agencies (e.g. National Telecommunications Commission (“NTC”))

**Opportunities.** We believe that there is an opportunity to further enhance the performance of our customer experience channels to provide clear avenues for our customers to raise their concerns in their pre-sales and post-sales journey. This may then lead to higher retention rates and further expansions in our customer base. We also see an opportunity to partner with third-party experts in conducting customer experience surveys to better understand our customers’ sentiments.

### Management Approach

Our customer experience team is focused on addressing customer needs and complaints in the most efficient and effective manner possible, improving customer satisfaction as a whole. The team uses multiple channels (e.g. voice, non-voice, social media, etc.) not only to address such needs and complaints but also to gauge leading indicators of customer satisfaction as well.

We enhanced our digital channels by implementing improvements in our self-service portal and through the launch of our Converge Xperience mobile application on Android and iOS platforms, among others. Around a third of our subscribers had already downloaded our app by the end of 2020.

We have also made it much easier for customers to reach us by doubling our contact center workforce and diversifying their work locations to ensure business continuity. In 2020, we have also appointed a dedicated Chief Customer Experience Officer to head our customer experience team. This has brought our answered call rate back to pre-pandemic levels.

On the network front, we rolled out a third core backbone node for redundancy and more efficient traffic distribution to provide a better customer experience.

To continuously improve our CES and NPS, we have existing policies and programs to ensure that customer satisfaction is managed, monitored, and improved. There are three on-going projects that aims to improve customer experience (process, people, and technology) in the following areas:

- Order to Activation
- Active Customer Lifecycle
- Data Analysis (to give us insights on churn trends and basis for action planning)

We are planning to conduct another round/s of customer satisfaction surveys in 2021, including the CSAT, CES, and NPS, through emails and callouts to get continuous feedback from our customers on how well we are doing as an internet service provider as well as our approach on the same. We are also revisiting our operational KPIs such as ticket resolution timeline, downtimes, etc. to develop strategies and achieve our goals.

## I. CUSTOMER HEALTH AND SAFETY

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

### Impacts, Risks, and Opportunities

**Impacts.** As an internet and connectivity service provider, we recognize the importance of maintaining a safe and healthy environment for our customers. Thus, we are committed to health and safety standards during face-to-face interactions with customers such as subscriber line installation and repair (including COVID-19 health protocols). Equipment installed at customer premises must likewise not pose any health and safety hazards. Finally, we are committed to continue improving our efforts in preventing malicious content and malware from penetrating our network which could ultimately harm our customers' welfare.

**Risks.** Ensuring our customers' safety is one of our top priorities. If proper safety policies and controls are not implemented, we may potentially face the risk of losing our customers' trust. From a regulatory perspective, we may also be at risk of higher exposure to fines and violations due to non-compliance with relevant laws and regulations. This may then translate into reputational damage as a reliable internet service provider and lead to the loss of significant revenues.

**Opportunities.** To mitigate the risks related to customer and internet safety, we see opportunities to constantly review and reassess the effectiveness of our safety policies and controls. There are also opportunities to upgrade our technologies as necessary to properly safeguard our network. Doing so may not only help us gain our customers' trust and confidence but may also help ensure that our network operations run smoothly with fewer issues.

### Management Approach

**COVID-19 Policy.** For our customers, the OSH Committee developed and implemented a policy to address the minimum health standards set by the Department of Health (DOH) in light on the ongoing pandemic. The policy emphasizes the recommended activities during customer visits and implementations. Our company also practices bi-weekly COVID-19 testing for our frontliners and equips them with the appropriate tools (e.g. PPE, alcohol, etc.) to ensure the health and safety of both customers and our personnel.

**Equipment safety.** We also ensure that all our network-related equipment (e.g. CPEs) have passed quality checks and are compliant with relevant product regulations.

**Internet safety.** Our approach to ensure the internet safety of our customers involves the continuous implementation of safety and security measures to prevent explicit and malicious content from propagating online. We understand the urgency to create a safe online environment. Thus, we have installed the required available technology, programs, and software in compliance with NTC guidelines.

The firewall system we installed can examine the data that flows into the network then verifies if it is safe to pass through to the business. This technology prevents unauthorized access to or from a private network, preventing the circulation of explicit or malicious content. In addition, we have a Secure Domain Name Solution that blocks at the domain level those websites carrying child pornography material.

Further, part of our campaign for internet safety also includes public reminders published in our website that remind our customers to be vigilant against internet fraud. We offer quick access to online support to all our subscribers so they may all stay connected in a secured manner. Any report of inappropriate or illegal content and behavior online is taken seriously and immediately acted upon.

More information can be found on the links below:

- <https://corporate.convergeict.com/news/converge-promotes-a-safer-digital-experience-for-children/>
- <https://www.convergeict.com/watchoutforfraud/>

Moving forward, we intend to continuously upgrade our safety policies and network technologies to enhance our efficiency and effectiveness in minimizing risks arising from virus transmission, equipment hazards, and malicious and explicit content. In relation to internet safety, we also plan to constantly work closely with the NTC and explore studying our products on whether we can include parental control and other similar options to limit the browsing capacity of minors.

## J. MARKETING AND LABELING

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

### Impacts, Risks, and Opportunities

**Impacts.** As a consumer-centric business, we recognize that marketing communications and labelling play an important role in building trust with society, driving value-adding business activity, and improving our brand perception in the market. Thus, upholding responsible advertising remains to be a key business matter to ensure that the information our customers received about our service offerings are adequate, holistic, accurate, and truthful. Through our communication channels and initiatives, we may also be able to promote transparency about the impact our services have on the economy, environment, and society.

**Risks.** Inadequate marketing and labeling policies for digital and print media may lead to risks of higher exposure to legal fines and loss of customer and investor trust.

**Opportunities.** We see an opportunity to ensure that our policies and processes will be continuously updated, implemented, and monitored to adhere to responsible and ethical advertising standards, laws, and regulations. By doing so, we may be able to improve our net positive share of voice, customer loyalty, and market perception.

### Management Approach

Our approach in developing our marketing communication and labelling practices is anchored to our commitment to uphold responsible advertising. In line with this, we do our best to maximize available communication channels to launch relevant products, programs, and promotions on a campaign basis and yearly timeline to increase our customers’ awareness. Our modes of communication with the public transcend both online and offline means, some of which include marketing materials, company website, social media posts, and press releases.

We practice due diligence and adhere to regulatory policies to be able to provide accurate and adequate information to our customers. Regulatory policies would include those released by the Ad Standards Council for advertising, the Department of Trade and Industry (“DTI”) for promotions, and the NTC for new products. We ensure that proper review and approvals are secured before we release any materials to the public.

Before executing our initiatives, both our Marketing Head and Chief Operations Officer (“COO”) must review and provide approval that the initiatives adhere to regulatory policies. Meanwhile, products to be submitted to the NTC are reviewed and approved by our Chief Technology Officer (“CTO”).

Further, the Marketing Team also works closely with the Customer Experience Team and Legal Department to address any complaints about our communication materials. We also provide grievance mechanisms to receive feedback from customers such as customer care, business centers, and social media monitoring. Through the tickets these mechanisms obtain, we could perform careful evaluation of the complaints received and release letters or callouts with approved spiels to inform our customers of any updates or resolutions about an issue.

Moving forward, we continue to evaluate the effectiveness of our communication initiatives on an on-going basis by analyzing the take-up rate of products and promotions, and complaints from social media and those formally lodged to the regulating bodies. Our grievance mechanisms are also evaluated based on the number of resolutions made in

response to the complaints. Based on these evaluations, we formulate action plans to improve our communications. An example would be our plans of providing more detailed disclosures about our services in our out-of-home communication materials.

In terms of labeling product and service information, we release instructions and reminders to our customers about the safe use of their modems through our customer care, business center, and social media channels. Upon the disposal of the product, we also inform them about our asset recovery policy for their modems.

## K. CUSTOMER PRIVACY AND DATA SECURITY

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#
No. of data breaches, including leaks, thefts and losses of data	0	#

*\*Substantiated complaints include complaints from customers that went through the organization’s formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

### Impacts, Risks, and Opportunities

**Impacts.** As one of the leading ICT solutions companies in the Philippines, Converge recognizes its responsibility to protect the privacy of our users and overall data security. Every day, CICT collects and processes vast amounts of personal client data and with third parties also having access, this entails certain risks in securing and safeguarding this information.

**Risks.** Personal data breaches may impact the reputation of Converge, leading to a loss of our customers’ trust and confidence to avail our products and services as Converge is required to report privacy data breaches to the National Privacy Commission (“NPC”). As a result, data breaches may also affect the financial stability of the company. These breaches would incur costs, fines, and penalties and perhaps even in some extreme cases, incarceration or the banning of CICT from collecting and processing data.

**Opportunities.** In response to the growing threat of personal data breaches, the importance of data privacy has increased. As our commitment to customer data protection and experience satisfaction grows, we see an opportunity to actively enhance our processes and steps to have more robust safeguards to protect user data.

### Management Approach

Currently, our processes and policies are aligned with relevant regulations and standards such as the Data Privacy Act of 2012 and ISO/IEC 27001:2013. We do our utmost to ensure that our customers’ information is only used in the provision of safe and quality services on our part and that no external entities unrelated to this will be able to access their data. We have implemented and are practicing the following:

**Designated Data Privacy Officer (“DPO”).** We have appointed a DPO in charge of reviewing the current policies of the company regarding customer privacy and ensuring that company practices are up-to-date and assessed regularly.

**Developed a data privacy manual.** We have also consolidated all our data privacy and security approach, risks, policies, protocols, and processes into a manual, and we update it regularly to have a single source of truth for all data privacy and security-related topics.

**Data Privacy and Security Policies Communication.** We have also communicated our data privacy and security policies to our employees and other parties who act on behalf of Converge. They are regularly engaged in training sessions to keep them informed and updated with our latest policies and processes and may help mitigate any risks pertaining to data breach or mishandling. We also communicate our data privacy and security policies to our customers regularly. These policies are also posted on our website via <https://www.convergeict.com/privacy-notice>.

**Established data breach protocols.** We have established and are continuously reviewing the effectiveness of our protocols for when data breaches occur, especially in how quickly these will be carried out by our employees and other parties who act on behalf of Converge.

To further strengthen our compliance with Data Privacy standards, we are considering the following activities:

**Appointment of a Compliance Officers for Privacy (“COPs”).** As our business expands in scale and scope, we may consider appointing COPs who will support the DPO in overseeing data privacy and security in our business centers and operational sites as we expand our reach within the Philippines.

**Updating our data privacy impact assessment.** As we transform our IT and process landscape, we will need to reevaluate the ability of our processes, systems, and technology to safeguard the security, confidentiality, and integrity of personal data.

## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

### Product or Service Contribution to UN SDGs

As a high-speed fixed broadband operator, Converge provides internet and connectivity services both for the residential and enterprise groups. For residents, it primarily offers high-speed fixed broadband internet services. For enterprises, it offers a wide range of internet and network solutions such as high-speed fixed broadband internet services, private data network solutions, cloud and colocation services, and other connectivity solutions.

Our services support the following United Nations Sustainable Development Goals:

**SDG #1: No Poverty.** Our vision in Converge is to build a business focused on providing high-speed fixed broadband to millions of unserved and underserved households and businesses across the Philippines. In line with this, we always ensure that the services we offer have the best value product in the market in which we offer the best possible experience at the lowest price possible. By providing the Filipinos the internet they need and deserve at the most affordable rates, we may help in alleviating the gap between the economic brackets.

**SDG #4: Quality Education.** Through our services, we have enabled access to education as well given that schooling was made remote from March 2020 due to the pandemic and travel restrictions imposed. We have also been integral in providing connectivity in cities like Angeles City in Pampanga and Imus City in Cavite to help in their online education programs. Moving forward, we aim to extend our efforts to more communities in the future to further enable inclusive and quality educational experiences.

**SDG #8: Decent Work and Economic Growth.** Given that the Philippines has a significant and rapidly growing demand for broadband connectivity, the Philippine fixed broadband market has significant connectivity needs that are currently underserved. This growing demand is driven by the country's young population who are not only known to be well adept in using the internet, but also consume significant amounts of data (e.g. online video content). The Philippines is also home to a thriving technology-enabled services industry, including a world-class business process outsourcing sector for which connectivity is essential to meeting customers' expectations. By striving to meet this growing demand, Converge could help in promoting sustainable and inclusive economic growth by boosting overall productivity and connectivity across the country. We are also able to provide direct and indirect employment opportunities to people through our operations and business partnerships with vendors, who are able to employ people as well as they continue to do business.

**SDG #9: Industry, Innovation, and Infrastructure.** The continuous expansion of our network contributes to building a more reliable and resilient information communications infrastructure within the Philippines, which could further support inclusive and sustainable industrialization. Our use of fiber optic technology also contributes to driving innovation in our industry on technology use and sustainability practices as fiber optics use dramatically less energy than legacy copper technologies. We continue to seek opportunities that may allow us to enhance our network, better serve our stakeholders, and ultimately foster progress and innovation in the country.