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SECURITIES AND EXCHANGE COMMISSION

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INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	COMPLIANT	Under the Company's Revised Manual on Corporate Governance, (please access at: https://www.ltg.com.ph/manual-on-corporate-governance.html, the following are the "minimum qualification requirements": 1. Holder of at least one thousand (1000) shares of stock of the Company; 2. Bachelor's degree or equivalent experience in managing the business as gained from the profession and/or industry; 3. At least twenty one (21) years of age; 4. Proven to possess integrity and probity; and	
2. Board has an appropriate mix of competence and expertise.	COMPLIANT		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	COMPLIANT		

		5. Have attended an annual seminar on corporate governance with a duly accredited or recognized private or government institution and submitted a copy of his/her certificate of attendance to the Compliance Officer which seminar shall not be less than four (4) hours. Likewise, a list of academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of the directors is uploaded in the Company website at https://www.ltg.com.ph/bod.html.	
Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	COMPLIANT	The Company's Board consists of 11 members, 8 of whom are non-executive directors, namely: Carmen K. Tan, Harry C. Tan, Lucio K. Tan, Jr., Peter Y. Ong, Florencia G. Tarriela, Wilfrido E. Sanchez, Robin C. Sy and Johnip G. Cua The composition of the Board of Directors is disclosed at the PSE website and may likewise be viewed at the Company website, https://www.ltg.com.ph/bod.html.	
Recommendation 1.3			

1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	COMPLIANT	The Company requires all new Directors to undergo an orientation program which will enable them to be informed of the Company's business, corporate structure, vision, mission and all other matters necessary for the effective performance of their duties and responsibilities. Directors are likewise required to undergo the annual training seminar on corporate governance even while the Corporate Secretary gives periodic updates on PSE/SEC Memorandum Circulars and other developments. Moreover, the Company provides trainings/seminars regarding developments in Tax and policies which might or will affect the conduct of business. For this matter, the Company, in conjunction with its subsidiaries' resource persons or experts in their respective fields, conducts trainings or exposures in law, taxes, sustainability initiatives and economic impacts of governmental actions. In 2018, all Directors and Key Officers of the Company attended a Corporate Governance training seminar.	
2. Company has an orientation program for first time directors.	COMPLIANT		
3. Company has relevant annual continuing training for all directors.	COMPLIANT		

		For more details on the matters involved, kindly visit [www.ltg.com.ph /manual-on-corporate-governance.html](http://www.ltg.com.ph/manual-on-corporate-governance.html)	
Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	The Nomination and Compensation Committee was established to ensure a formal and transparent Board nomination process, and to select, compensate, monitor and, when necessary, replace key executives and oversee succession planning. They evaluate the qualifications of Directors, one of which is that he/she must be a holder of a "Bachelor's degree or equivalent experience in managing the business as gained from the profession and/or industry". They observe the policy of nominating individuals who are experienced and knowledgeable about the different sectors of the Group, such as banking, tobacco, liquor, real estate and beverage companies. In addition, the Committee considers not only the diverse work experience and education of the nominee, but willfully elects women directors with excellent work experience and expertise to the Board.	

		Page 28-29 of the Company's Annual Report, which may be viewed and downloaded from the Company website at https://www.ltg.com.ph/annualrep.html , provides the diverse composition of the Board of Directors. The Company has three (3) women directors in the person of Ms. Carmen K. Tan, Ms. Florencia G. Tarriela and Ms. Juanita T. Tan Lee.	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	COMPLIANT	The Nomination and Compensation Committee was established to ensure a formal and transparent Board nomination process, and to select, compensate, monitor and, when necessary, replace key executives and oversee succession planning. They evaluate the qualifications of Directors, one of which is that he/she must be a holder of a "Bachelor's degree or equivalent experience in managing the business as gained from the profession and/or industry". They observe the policy of nominating individuals who are experienced and knowledgeable about the different sectors of the Group, such as banking, tobacco, liquor, real estate and beverage companies. In addition, the Committee	

		considers not only the diverse work experience and education of the nominee, but wilfully elects women directors with excellent work experience and expertise to the Board. The Company has three (3) women directors in the person of Ms. Carmen K. Tan, Ms. Florencia G. Tarriela and Ms. Juanita T. Tan Lee. They were carefully and thoughtfully selected based on their knowledge and expertise in their own fields. Page 28-29 of the Company's Annual Report, which may be viewed and downloaded from the Company website at https://www.ltg.com.ph/annualrep.html, provides the diverse composition of the Board of Directors.	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	COMPLIANT	The Corporate Secretary, Atty. Ma. Cecilia L. Pesayco, is a Filipino Citizen and a resident of the Philippines. She is loyal to the mission, vision, and business objectives of the Company. She possesses administrative and interpersonal skills and working knowledge of the Company's operations. She is aware of the laws, rules and regulations necessary in the performance of her duties and	

		responsibilities and likewise understands financial and accounting information. As provided under the Corporation's Revised Manual on Corporate Governance, a copy of which may be viewed and downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html, the Corporate Secretary shall have the following functions: 1) Prepare, sign, and log the minutes of the meetings of the Board of Directors; 2) Oversee the delivery of legally required notices to members of Management, shareholders, third parties, state agencies, and others; 3) Inform the members of the Board, in accordance with the corporate By-Laws, of the Agenda of their meetings at least five (5) working days in advance and assist the Directors in obtaining timely and accurate corporate information to make sound business judgment and to perform their responsibilities and obligations;	

		4) Assist the President in preparing for and holding meetings of Management; 5) Keep abreast of relevant laws, regulations, all governance issues, relevant industry developments and operations of the Company, and advices the Board and the Chairman on all relevant issues as they arise; 6) Supervise the maintenance, preparation and submission of reports and other documents to state agencies in accordance with applicable legislation; 7) Attend all Board meetings, except when justifiable causes, such as, but not limited to, illness, death in the immediate family and serious accidents, prevent her from doing so; 8) Maintain a record of the minutes of the meetings of the Board and its committees, as well as other official records of the Company; 9) Advice the Board regarding the establishment of board committees and their terms of reference;	

		10) Oversee the drafting of the By-laws and ensure that they conform with regulatory requirements; 11) Ensure that all Board procedures, rules and regulations are strictly followed by the members; 12) Work fairly and objectively with the Board of Directors, Management, stockholders and other stakeholders.	
2. Corporate Secretary is a separate individual from the Compliance Officer.	COMPLIANT	The Company's Compliance Officer, as disclosed to and may be viewed at the PSE website, is Atty. Marivic T. Moya. For easy reference, please visit http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=12 and find the Company disclosure dated May 9, 2018, Results of the Organizational Meeting of the Board of Directors.	
3. Corporate Secretary is not a member of the Board of Directors.	COMPLIANT	The Corporate Secretary is Atty. Ma. Cecilia L. Pesayco. She is not a member of the Board of Directors.	
4. Corporate Secretary attends training/s on corporate governance.	COMPLIANT	The Corporate Secretary attended the ICD Distinguished Corporate Governance Speaker Series provided by the Institute of Corporate Directors held last June 5, 2018.	

		For easy reference, kindly visit the Company website at www.ltg.com.ph and find under Corporate Governance – Reports https://www.ltg.com.ph/PSE/2018%20LTG%20Certificate%20of%20Attendance%20in%20Corporate%20Governance%20Seminars.pdf the Certificate of attendance by the Directors and Officers of the Company.	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	COMPLIANT	The Company distributes Board materials at least five (5) days before the scheduled Board meeting.	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	Atty. Marivic T. Moya, the Company's Assistant Corporate Secretary, was elected as the Company's Compliance Officer during its Organizational Meeting held last May 8, 2018. In support thereof, please visit the PSE website: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=12 under Company Disclosures for a copy of the Minutes of the Organizational Meeting.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT	Atty. Moya, the Company's Assistant Corporate Secretary and Compliance Officer, has a rank of Senior Vice President.	
3. Compliance Officer is not a member of the board.	COMPLIANT	Atty. Moya is not a member of the Board of Directors.	

4. Compliance Officer attends training/s on corporate governance.	COMPLIANT	The Compliance Officer attended, last November 13, 2018, the Macroasia Corporate Governance Seminar conducted by the Risks, Opportunities, Assessment and Management (ROAM), Inc. For easy reference, kindly visit the Company website at https://www.ltg.com.ph/PSE/2018%20LTG%20Certificate%20of%20Attendance%20in%20Corporate%20Governance%20Seminars.pdf	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	COMPLIANT	One of the basic functional description of the Board of Directors, as provided under the Company's Manual on Good Corporate Governance, is to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and the shareholders. Said Manual may be viewed and downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html. Annex "A" of the Company's Definitive Information Statement enumerates the resolutions of the Board	

		of Directors during its regular Board meetings. For easy reference, please find a copy of the Company's Definitive Information Statement from the Company website, https://www.ltg.com.ph/definitiveinfostat.html	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	COMPLIANT	The Board of Directors are tasked to review, evaluate, monitor, and guide corporate strategy, major plans of actions, risk policy, annual budgets, and business plans periodically, in accordance with the Company's Revised Manual on Corporate Governance. A copy of the Manual may be viewed and. downloaded at https://www.ltg.com.ph/manual-on-corporate-governance.html	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	COMPLIANT		
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	COMPLIANT	The Board annually reviews and approves the vision and mission of the Company which states: "VISION: To be a world-class conglomerate at the forefront of Philippine economic growth, successfully maintaining a strong presence and dominant position in key Philippine industries while ensuring continuous benefits to its consumers,	

		communities, employees, business partners and shareholders. MISSION: Anchored to its Vision, the LT Group commits: To increase stockholder values through long term growth in its major business groups. To continuously improve the value of its products and services and to provide consumers with more and better choices. To build the largest, most effective distribution network and widest customer reach in the Philippines. To leverage on synergies between its various businesses to continuously improve revenues and cost structure. To enhance the welfare of our employees and the communities where we live and work." The Vision and Mission Statements are reviewed and approved annually by the Board of Directors. The latest reviews were on January 16, 2018 and January 15, 2019. These statements are disclosed in the Company's Annual Report (located at the back of the cover page) which may be viewed and downloaded from the Company's website, under "Investor	

		Relations – Share Information – Annual Report" For easy reference, kindly visit https://www.ltg.com.ph/annualrep.html.	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	COMPLIANT	The respective Boards of the subsidiaries are active and functioning Boards. For this matter, some members of the Company's Board are likewise members of the Board of its subsidiaries, including its Independent Directors. Since most of the directors are aware of the issues or needs of the respective subsidiaries, resolutions are readily accessible to the subsidiaries.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	The Company is headed by its Chairman, Dr. Lucio C. Tan. He holds a Bachelor of Science degree in Chemical Engineering from Far Eastern University. He was awarded the degree of Doctor of Philosophy, major in Commerce, by the University of Santo Tomas in 2003 and is an awardee of several other honorary Doctorate degrees.	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	The Company's By-Laws provide that the Board of Directors shall have the sole pleasure of electing all the officers. Accordingly, taking into consideration	

		the principles of good corporate governance, the present members of the Board shall have discretion with respect to the succession of its officers. Moreover, the Nomination and Compensation Committee ensures a formal and transparent Board nomination process, and to select, compensate, monitor and, when necessary, replace key executives and oversee succession planning.	
2. Board adopts a policy on the retirement for directors and key officers.	COMPLIANT	The Directors are chosen and elected based on their qualifications, work experiences and expertise which are invaluable in the performance of their functions in the Board. For this reason, the Company does not deem it wise to set a retirement age for Directors. On the other hand, in regard to keep officers, 65 years is the retirement age of key executives in most of the subsidiaries. Unless, their tenure is extended and approved by the Board.	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	COMPLIANT	To determine the remuneration of the Chief Executive Officer (CEO) and the most highly compensated management officers in the Company, consideration	

2. Board adopts a policy specifying the relationship between remuneration and performance.	COMPLIANT	is basically anchored on the set of skills they possess and their value to the Company. However, the subsidiaries, which are matured companies where salaries and remuneration processes are supervised and monitored by the respective Nomination and Compensation Committees and vetted by the respective Corporate Governance Committees, have their respective salary structures and remuneration policies. The officers running the offices for said purpose are the most qualified professionals in the field. Moreover, the systems, policies and procedures are in accordance with best policies and practices in the industry. The Directors of the Company receive an allowance of P30,000.00 a month and a per diem of P25,000.00 for every Board meeting and P15,000.00 for every Committee meeting attended. Other than the stated allowance and the per diem of the Directors, no other standard arrangements are received by the Directors of the Company as compensation, directly or indirectly, for any services provided as a Director, including any additional amounts payable for Committee participation or special assignments, for the last	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	COMPLIANT		

		completed fiscal year and the ensuing year. Further, the Company's Revised Manual on Corporate Governance, made available under https://www.ltg.com.ph/manual-on-corporate-governance.html, provides that no Director shall be involved in discussions regarding his own remuneration.	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	COMPLIANT	The Board approves the remuneration of senior executives when and if necessary.	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	COMPLIANT	In item 10 page 74 of the Company's Annual Report (SEC form 17A), a copy of which is made available in the Company website at https://www.dropbox.com/sh/c47xq1643kv59t3/AAC2DUZXI4pora5w4kHVb-TMa?dl=0, the compensation given to the officers and directors for the reporting year was provided.	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	The Nomination and Compensation Committee was established to ensure a formal and transparent Board	

<table>
<tr><td>2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.</td><td>COMPLIANT</td><td rowspan="5">nomination process, and to select, compensate, monitor and, when necessary, replace key executives and oversee succession planning.
They evaluate the qualifications of Directors, one of which is that he/she must be a holder of a "Bachelor's degree or equivalent experience in managing the business as gained from the profession and/or industry". They observe the policy of nominating individuals who are experienced and knowledgeable about the different sectors of the Group, such as banking, tobacco, liquor, real estate and beverage companies. In addition, the Committee considers not only the diverse work experience and education of the nominee, but wilfully elects women directors with excellent work experience and expertise to the Board.

One of the functions of the Nomination and Compensation Committee is to pre-qualify and shortlist candidates for election to the Board of Directors, including candidates for Independent Directors who shall constitute at least thirty (30%) of the members of the Board.

In accordance with its charter, the Committee shall conduct the</td><td></td></tr>
<tr><td>3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.</td><td>COMPLIANT</td><td></td></tr>
<tr><td>4. Board nomination and election policy includes how the board shortlists candidates.</td><td>COMPLIANT</td><td></td></tr>
<tr><td>5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.</td><td>COMPLIANT</td><td></td></tr>
<tr><td>6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.</td><td>COMPLIANT</td><td></td></tr>
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		nomination of Directors prior to a stockholders' meeting. All recommendations for nomination shall be signed by the nominating stockholder with the acceptance and conformity of the nominee. For further details on the Company's nomination policy, please visit its website, https://www.ltg.com.ph/bod.html.	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	COMPLIANT	The Company's Manual on Corporate Governance, a copy of which is made available under https://www.ltg.com.ph/manual-on-corporate-governance.html, provides that the Committee may utilize the services of professional search firms or other external sources to search for qualified candidates to the Board.	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	The Board has established the Audit and Risk Management Committee which shall have oversight on Related Party Transactions ("RPT"), to wit: 1. Evaluate on an ongoing basis existing relations between and among businesses and counterparties to ensure that all Related Parties are continuously identified, RPTs are monitored,	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT		
3. RPT policy encompasses all entities within the group, taking into account their size,	COMPLIANT		

structure, risk profile and complexity of operations.		and subsequent changes in relationships with counterparties, from non-related to related and vice versa, are captured; 2. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g. price, commissions, interest rates, fees, tenor, collateral requirement) with such related parties than similar transactions with non-Related Parties under similar circumstances and that no corporate or business resources of the Corporation and/or its subsidiaries are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. For this purpose, all RPT transactions that will be submitted to the Board for approval shall be subject to the Committee's prior review and endorsement; 3. Ensure that appropriate disclosure is made, and/or	

		information is provided to the SEC and the PSE relating to the Corporation's RPT exposures, and policies on conflicts of interest or potential conflicts of interest; 4. Report to the Board of Directors on a regular basis the status and aggregate exposures to each Related Party, as well as the total amount of exposures to all Related Parties; 5. Ensure that transactions with Related Parties, including write-off of exposures, are subject to a periodic independent review or audit process; and 6. Oversee the implementation of the system for identifying, monitoring, measuring, controlling, and reporting RPTs, including a periodic review of RPT policies and procedures.	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered *de minimis* or transactions that need not be reported or	COMPLIANT	As a holding company, the Company adopts the policies of its subsidiaries. Nevertheless, the Company, in its pursuit of good corporate governance, has tasked its Audit and Risk	

announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.		Management Committee to review its RPT transactions.	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	COMPLIANT	The Company has a voting system which allows a majority of non-related party shareholders to approve specific types of related party transactions during shareholders' meetings. In 2018, there were no related party transactions which required the approval of the shareholders.	
Recommendation 2.8			
1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	The Company, to avoid doubt, resolved that the CEO shall not form part of Management but shall lead, in conjunction with the Board, the development of the Company's vision and strategy; and set the tone and position the Company's brand image. The Company's Revised Manual on Corporate Governance, a copy of which is available under https://www.ltg.com.ph/manual-on-corporate-governance.html, provides that,	

		1. The Board shall ensure the proper number of Non-Executive Directors to ensure independence of the Board; 2. The Chairman of the Board and the Chief Executive Officer should be separate from the President and Chief Operating Officer; and 3. Management officers and Executive Directors should avoid any situation involving conflict of interest. They should inhibit themselves in decisions wherein their or Related Party's interests are involved. The Chief Operating Officer of the Company, Mr. Michael G. Tan, is tasked to head the management Team. He is primarily accountable for achieving the Company's business objectives.	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	COMPLIANT	Under the Company's Revised Manual on Corporate Governance, "the Board shall conduct an annual self-assessment of its performance, including the performance of the Chairman, individual members, and committees no later than December 31 of every year."	

		A copy of the Manual may be viewed and downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html.	
Recommendation 2.9			
1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT	Management controls the Company's day-to-day operations within the guidelines set by the shareholders and with the oversight of the Company's Board of Directors, the latter assisted by the Board committees. In the discharge of its functions, Management must adhere to the Corporation Code of the Philippines, the Articles of Incorporation, By-Laws, and internal policies.	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	COMPLIANT		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	COMPLIANT	The Board has reviewed the effectiveness of the internal control system and has expressed its satisfaction to its efficiency and sound operation during Board meetings. The Company, as a conglomerate, has a centralized internal audit department that monitors, assesses and evaluates the operational efficiency and financial condition of the companies forming part of the conglomerate. Furthermore, the Company, as a conglomerate, still maintains its own Audit and Risk Management Committee to review,	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	COMPLIANT		

		assess and evaluate the work and performance of the internal audit department for the entire conglomerate. Under the Company's Revised Manual on Corporate Governance, the Board is tasked to ensure that the Company has good internal control and information management systems that can provide an accurate, timely, and clear financial picture. There should be a continuing review of the internal control system in order to maintain its adequacy and effectiveness. For easy reference, please visit https://www.ltg.com.ph/manual-on-corporate-governance.html.	
3. Board approves the Internal Audit Charter.	COMPLIANT	The revised Internal Audit Charter was approved on November 9, 2018. A copy thereof may be downloaded from the Company's website, https://www.ltg.com.ph/company-policies.html	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	In compliance with the key principles of Corporate Governance, the Board of Directors exercises an oversight responsibility which includes, among others, ensuring that the Company is	

2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT	appropriately and effectively managed and controlled. To assist the Board in ensuring the appropriate and effective management of the Company, the Audit and Risk Management Committee was created which is authorized, among other things, to exercise oversight responsibilities for the financial reporting process, system of internal control, the management of financial risk, the audit process. The same Committee performs oversight functions over Management's activities in managing credit, market, liquidity, operational legal and other risks of the Company. The function shall include regular receipt from Management of information on risk exposures and risk management activities.	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	Please visit the Company's website, https://www.ltg.com.ph/bod.html, for a copy of the Committee Charter.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		

3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	The Company observes and implements a policy on trading blackouts which covers directors, officers, advisers, consultants and employees who may have knowledge of material facts regarding matters which may affect the Company. The following are the blackout periods before the financials are disclosed to the public: (1) for quarterly reports, two (2) weeks before disclosure; and (2) for the year-end financials, one month or thirty (30) days before disclosure. This policy is included in Item 3.4 of the Company's Code of Business Conduct and Ethics which may be viewed and downloaded from the Company's website under "Corporate Governance – Code of Business Conduct and Ethics". For easy reference, kindly visit https://www.ltg.com.ph/code-of-business-conduct-and-ethics.html.	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	COMPLIANT	The Company does not encourage the granting of loans to the employees and Directors of the Company.	

2. Company discloses the types of decision requiring board of directors' approval.	COMPLIANT	The Company discloses material Board approvals through the PSE website and thereafter uploaded in its website.	
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	COMPLIANT	The Company's Revised Manual on Corporate Governance which may be downloaded from the Company's website, https://www.ltg.com.ph/manual-on-corporate-governance.html , enumerates the different Board Committees and their functions.	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	COMPLIANT	The Board approved last October 10, 2017, the Charter of the Audit and Risk Management Committee, which provides its following basic functions, which includes, among others: (i) Regularly update the Board about committee activities and make appropriate recommendations; and (2) Assist the Board in the performance of its oversight responsibilities for the financial reporting process, system of internal control, the management of financial risk, the audit process;	

		The Committee also performs audit and risk oversight functions as provided for in its charter. Moreover, as part of its Audit Oversight Functions, the Committee shall recommend to the Board the appointment, dismissal, replacement and re-appointment of the external auditors, duly accredited by the regulators (subject to stockholder ratification), based on fair and transparent criteria as provided in its Charter.	
2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	COMPLIANT	The Company's Audit and Risk Management Committee is composed of five (5) appropriately qualified Directors in the persons of Johnip G. Cua, Lucio K. Tan, Jr., Wilfrido E. Sanchez, Juanita T. Tan Lee and Florencia G. Tarriela, three (3) of whom, including the chairman, are independent directors.	
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	COMPLIANT	**1. Johnip G. Cua, 62. Chairman and Independent Director** First elected: May 8, 2018. He has served as a member of the Board of Advisors since August 2014. He was formerly the President of Procter & Gamble Philippines Inc., currently the	

		Chairman of the Board of the P&Gers Fund Inc. and Xavier School Inc. (2012 to present), Chairman & President of Taibrews Corporation, an Independent Director of BDO Private Bank, PhilPlans First Inc., STI Education Systems Holdings Inc., MacroAsia Corp., MacroAsia Catering Services Inc., and MacroAsia Airport Services Corp. He is also a member of the Board of Directors of PAL Holdings, Inc., Philippine Airlines, Inc., Interbake Marketing Corp., Teambake Marketing Corp., Bakerson Corp., Lartizan Corp., Alpha Alleanza Manufacturing Inc., and Allied Botanical Corp., and a member of the Board of Trustees of Xavier School Educational & Trust Fund. He was formerly the Chairman of the Board of Trustees of the Advertising Foundation of the Philippines. 2. **Juanita T. Tan Lee, 76. Director and Treasurer** First elected: May 2, 2012. She is also Director of Eton Properties Philippines Inc., Asia Brewery, Inc., and Tanduay Distillers Inc.; Director/Corporate Secretary of Fortune Tobacco Corp., Corporate	

		Secretary of Absolut Distillers Inc., The Charter House Inc., Foremost Farms Inc., Grandspan Development Corp., Himmel Industries Inc., Landcom Realty Corp., Lucky Travel Corp., PMFTC Inc., and Progressive Farms Inc. and Assistant Corporate Secretary of Basic Holdings Corp. She holds a Bachelor of Science degree in Business Administration major in Accounting from the University of the East. 3. **Lucio K. Tan, Jr., 52. Director** First elected: February 21, 2003. He is a Director/President of Tanduay Distillers Inc. and Eton Properties Philippines Inc.; Director/EVP of Fortune Tobacco Corp.; Director of AlliedBankers Insurance Corp., Philippine Airlines Inc., Philippine National Bank, PAL Holdings Inc., MacroAsia Corp., Victorias Milling Company Inc., PMFTC Inc., Lucky Travel Corp., Air Philippines Corp., Absolut Distillers Inc., Asia Brewery Inc., Foremost Farms Inc., Himmel Industries Inc., Progressive Farms Inc., The Charter House Inc., Grandspan Development Corporation and Shareholdings Inc. He graduated from	

		the University of California, Davis in 1991 with a Bachelor of Science degree in Civil Engineering and has a Master's Degree in Business Administration from the Kellogg School of Management Northwestern University. 4. **Wilfrido E. Sanchez, 81. Independent Director** First elected: July 31, 2012. He is the Tax Counsel of Quiason Makalinta Barot Torres Ibarra & Sison Law Offices; Vice Chairman of The Center for Leadership & Change Inc.; Independent Director of Adventure International Tours, Inc., Amon Trading Corp., EEI Corporation, Grepalife Asset Management Corp., Grepalife Fixed Income Fund Corp., House of Investments Inc., JVR Foundation Inc., Kawasaki Motor Corp., Magellan Capital Holdings Corp., Omico Corporation; PETNET Inc., PETPLANS Inc., Transnational Diversified Corp., Transnational Diversified Group Inc., Transnational Financial Services Inc., and Universal Robina Corp.; Independent Director of Eton Properties Philippines Inc., Asia Brewery Inc., and Tanduay Distillers Inc. He holds a Bachelor of Arts degree	

		from the Ateneo de Manila University and has a Post-Graduate degree in Bachelor of Laws from the Ateneo De Manila University and Masters of Law from Yale Law School. 5. **Florencia G. Tarriela, 71. Independent Director** First elected: August 9, 2012. She is the Chairman of the Board of Directors and an Independent Director of Philippine National Bank. She also serves as Chair of PNB Global Remittance and Financial Co. HK Ltd., She is a Trustee/Advisor/Director of Foundation for Filipino Entrepreneurship Inc., Summer Institute of Linguistics, and Tulay sa Pag-unlad Inc.; and a Columnist of Manila Bulletin. She obtained her Bachelor of Science in Business Administration, major in Economics, at the University of the Philippines and her Masters in Economics from the University of California, Los Angeles, where she topped the Masters Comprehensive Examination. She is a Life Sustaining Member of the Bankers Institute of the Philippines (BAIPHIL) and the Financial Executive Institute of the Philippines (Finex), a Trustee of	

		Finex Foundation, TSPI Development Corporation, Kilosbayan and the Summer Institute of Linguistics (SIL). She was formerly an Independent Director of the Philippine Depository and Trust Corporation, the Philippine Dealing and Exchange Corporation and the Philippine Dealing System Holdings Corporation. Ms. Tarriela was a former Undersecretary of Finance, and an alternate Member of the Monetary Board of the BSP, Land Bank of the Philippines and the Philippine Deposit Insurance Corporation. She was formerly Deputy Country Head, Managing Partner and the first Filipino lady Vice President of Citibank N. A., Philippine Branch.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	COMPLIANT	The Committee's Chairman, Mr. Johnip G. Cua, is not the Chairman of the Board or of any other committee. However, the Company's Risk Oversight Committee is consolidated with its Audit Committee, hence, the Audit and Risk Management Committee. The Committee's Chairman is Mr. Johnip G. Cua.	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	COMPLIANT	As provided under its charter, the Audit and Risk Management Committee is tasked to evaluate and determine the	

		non-audit work, if any, of the External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to their significance to the total annual income of the External Auditor and to the Corporation's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with the duties of the External Auditor or may pose a threat to its independence. The non-audit work, if allowed, shall be disclosed in the Corporation's annual report.	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	COMPLIANT	The Company's Revised Manual on Corporate Governance requires the Audit and Risk Management Committee to meet with the External Auditors, without the presence of the Company's Management, at least annually to verify that the External Auditors act independently, and is given unrestricted access to all records, properties and personnel to enable it to perform its audit functions. For easy reference, please visit https://www.ltg.com.ph/manual-on-corporate-governance.html.	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	COMPLIANT	While the Audit and Risk Management Committee is tasked to meet only at least every quarter, in 2018, the	

		Committee held a total of seven (7) meetings during the following dates: February 6, 2018 March 13, 2018 April 30, 2018 May 8, 2018 August 10, 2018 September 4, 2018 November 9, 2018	
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	The Internal Audit Department approves the appointment and removal of the internal auditor which shall thereafter be recommended to the Audit and Risk Management Committee for approval.	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	The Company's Revised Corporate Governance Manual Part IV (E), a copy of which may be viewed and downloaded from the Company's website https://www.ltg.com.ph/manual-on-corporate-governance.html, provides the composition and qualifications of the Corporate Governance Committee which shall assist the Board of Directors in fulfilling its corporate governance responsibilities. The same Manual enumerates the duties and responsibilities of the Committee.	

		The Committee has nominated Directors who are of renowned expertise in their respective fields.	
2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	COMPLIANT	The Corporate Governance Committee is composed of five (5) members, three of whom, including its Chairman, are Independent Directors.	
3. Chairman of the Corporate Governance Committee is an independent director.	COMPLIANT	The Chairman of the Committee is Ms. Florencia G. Tarriela, an Independent Director.	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	NON-COMPLIANT		The Committee, in accordance with its Revised Corporate Governance Manual, is only required to meet at least once a year or as often as may be necessary to ensure the Board's and its committees' effectiveness and due observance of corporate governance principles and guidelines. In Compliance therewith, the Committee met once in 2018.
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	COMPLIANT	Based on SEC's Memorandum Circular No. 19, series of 2016, a separate Board Risk and Oversight Committee (BROC) should be established by a Company based on its size, risk profile and complexity of operations. Here, since the Company is a holding company with controlled activities, it created the Audit and Risk Management Committee wherein the complimentary functions of Audit and Risk Management are	

		merged together. Its functions are enumerated in the Company's Revised Corporate Governance Manual and in its charter. For easy reference on the Manual and the Committee charter, please visit the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html and https://www.ltg.com.ph/bod.html, respectively.	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	COMPLIANT	The Company has merged its Risk Committee with its Audit Committee, hence, the creation of the Audit and Risk Management Committee. The said Committee is composed of 5 members with 3 independent directors. For a list of their qualifications and type of directorship, see above Recommendation 3.2.3.	
3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	COMPLIANT	The Company's Risk Oversight Committee is consolidated with its Audit Committee, hence, the Audit and Risk Management Committee. As earlier stated, the Committee's Chairman is Mr. Johnip G. Cua.	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	COMPLIANT	The Chairman of the Committee has been in the industry for more than a decade which has allowed him to acquire sufficient experience on risk and risk management.	

		For his qualifications, please see above Recommendation 3.2.3.	
Recommendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	COMPLIANT	Based on SEC's Memorandum Circular No. 19, series of 2016, a separate Related Party Transaction (RPT) Committee is recommended to be established based on the Company's size, risk profile and complexity of transactions. Here, since the Company is a holding company, it has created the Audit and Risk Management Committee to exercise oversight functions over RPT transactions which includes, among others, reviewing and passing upon related party transactions before they are elevated to the Board; and evaluating, on an ongoing basis, the existing relations between and among businesses and counterparties to ensure that all Related Parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties, from non-related to related and vice versa, are captured.	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	COMPLIANT	Since the functions of the recommended Committee are lodged with the Audit and Risk Management Committee, the members of said Committee are the same. Three of the	

		members are independent, including its Chairman.	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	COMPLIANT	For a copy of the Company's different Committee Charters, please visit the Company's website, https://www.ltg.com.ph/bod.html.	
2. Committee Charters provide standards for evaluating the performance of the Committees.	COMPLIANT		
3. Committee Charters were fully disclosed on the company's website.	COMPLIANT	For a copy of the Company's different Committee Charters, please visit the Company's website, https://www.ltg.com.ph/bod.html.	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	COMPLIANT	The Board conducted twelve (12) meetings for the year 2018. For a summary of their attendance, please refer to page 30 of the Company's Annual Report found in its website at https://www.ltg.com.ph/annualrep.html	
2. The directors review meeting materials for all Board and Committee meetings.	COMPLIANT	The Board of Directors received the Board Materials at least five (5) days before the scheduled meeting. Upon receipt, the members of the Board	

		review the materials and ask for clarifications during the meeting.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	COMPLIANT	The Minutes of the Board Meetings provide the questions raised by the directors and the answers given by the person tasked to report.	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	COMPLIANT	For the past years, no Non-Executive Director has held more than five (5) publicly-listed companies. A list of the directorships of the company's directors in both listed and non-listed companies, are provided in pages 28-29 of the Company's Annual Report unavailable for viewing and download from its website at https://www.ltg.com.ph/annualrep.html and the Company's Annual Report (17A) disclosed with the PSE website at http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=12 dated 20 March 2019.	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	The Company's directors are required to notify the Board, as soon as practicable, before accepting a directorship in another company. In 2018, no instance arose wherein the director was required to notify the Board since they do not have any	

		intended directorship in another Company.	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT	Pages 28 to 29 of the Company's Annual Report provides the list of the directorship of the executive directors. For easy reference, please visit the Company website at https://www.ltg.com.ph/annualrep.html	
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT	The Company schedules Board meetings every second (2nd) Tuesday of the Month. The schedule for the whole year is also disseminated to the members of the Board before the start of the financial year as official notice.	
3. Board of directors meet at least six times during the year.	COMPLIANT	The Board conducted twelve (12) meetings for the year 2018.	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	NON-COMPLIANT		The minimum quorum requirement for Board decisions is majority of the members of the Board.
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	COMPLIANT	The Company has four (4) independent Directors namely, Ms. Florencia G. Tarriela, Mr. Johnip G. Cua, Mr. Wilfrido E. Sanchez and Mr. Robin C. Sy as provided in the Company's Annual Report.	
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	COMPLIANT	The Company's Revised Manual on Corporate Governance enumerates the qualifications of the independent	

		directors. None of the Independent Directors possess any disqualification to hold the position. For easy reference, please visit https://www.ltg.com.ph/manual-on-corporate-governance.html.	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	COMPLIANT	The Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	
Recommendation 5.3			
1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	COMPLIANT	The Company's Revised Manual on Corporate Governance provides that "an Independent Director shall serve for a maximum cumulative term of nine (9) years reckoned from the year 2012. For easy reference, please visit https://www.ltg.com.ph/manual-on-corporate-governance.html As provided in the Company's Annual Report, Ms. Florencia G. Tarriela was first elected August 9, 2012 (6 years); Mr. Johnip G. Cua on May 8, 2018 (1 year); Mr. Wilfrido E. Sanchez on July 31, 2012 (6 years) and Mr. Robin C. Sy was August 18, 2014 (4 years).	

2. The company bars an independent director from serving in such capacity after the term limit of nine years.	COMPLIANT	The Company observes the term limit for Independent Directors, in accordance with SEC Memorandum Circular No. 9, Series of 2011.	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	COMPLIANT	As of the year 2018, no Independent Director has reached the nine year limit to serve as such.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	NON-COMPLIANT		The Company's By-Laws provides that the Chairman of the Board of Directors shall also be the CEO. The said positions are concurrently held by Dr. Lucio C. Tan.
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	NON-COMPLIANT		The Company's By-Laws provide that the Chairman of the Board of Directors shall also be the Company's CEO who shall exercise such other powers and perform such other duties as the Board may assign to him. The said positions are concurrently held by Dr. Lucio C. Tan. The Chairman/CEO shall preside over the meetings of the Board of directors and the shareholders; he shall guarantee that meetings of the Board of Directors are properly conducted and the powers of the Company properly exercised; and he shall perform such other duties as may be assigned to him by the Board of Directors.
Recommendation 5.5			

1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	NON-COMPLIANT		The Chairman of the Board of Directors is not independent. The Board of Directors does not designate a lead director among the independent directors. Nevertheless, the independent directors are very active during board meetings.
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	COMPLIANT	For the past years, no Director has had any material interest in a transaction which would affect the corporation and would necessarily require him/her to abstain from taking part in any deliberation on the transaction.	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	COMPLIANT	The Audit and Risk Management Committee conducts meetings with the Company's external auditor and heads of the internal audit and without the presence of the executive officers.	
2. The meetings are chaired by the lead independent director.	COMPLIANT	The meetings are chaired by its Chairman, Mr. Johnip G. Cua, who is likewise an independent director.	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	COMPLIANT	Dr. Lucio C. Tan has been the only CEO of the Company.	
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			

1. Board conducts an annual self-assessment of its performance as a whole.	NON-COMPLIANT		The Company is in the process of establishing the procedures necessary for the proper conduct of the recommended self-assessment of the officers and members of the committees. At present, necessary trainings and other walkthrough meetings for this purpose are being scheduled by the Company which shall be conducted by knowledgeable officers.
2. The Chairman conducts a self-assessment of his performance.	NON-COMPLIANT		
3. The individual members conduct a self-assessment of their performance.	NON-COMPLIANT		
4. Each committee conducts a self-assessment of its performance.	NON-COMPLIANT		
5. Every three years, the assessments are supported by an external facilitator.	NON-COMPLIANT		Since the Company is still in the process of establishing its procedure for the recommended self-assessment of its officers and directors, it has not engaged the services of an external facilitator to support the assessments made by the Board. At present, necessary trainings and other walkthrough meetings for this purpose are being scheduled by the Company which shall be conducted by knowledgeable officers.
Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	NON-COMPLIANT		The Company is in the process of establishing the procedures necessary for the proper conduct of the recommended self-assessment of the officers and members of the committees. At present, necessary trainings and other walkthrough meetings for this purpose are being scheduled by the Company which shall be conducted by knowledgeable officers.

2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	The Company's Board allows for a feedback mechanism from the Shareholders during the Q&A session of the Annual Stockholders' Meeting. Likewise, the Company's Revised Manual on Corporate Governance provides that Investor Relations Officer, whose contact details are available in the Company's website at https://www.ltg.com.ph/invinf.html, shall receive feedback, complaints, and queries from shareholders and covey the same to the proper department for the appropriate response. Moreover, for easier access to the Company by the shareholders, the Company has placed a "contact us" section in its website at https://www.ltg.com.ph/contactus.html wherein the shareholders may conveniently send their feedback/comments/suggestions/inquiries.	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable	COMPLIANT	The Company's Code of Business Conduct and Ethics is uploaded in its website at https://www.ltg.com.ph/code-of-business-conduct-and-ethics.html. The	

conduct and practices in internal and external dealings of the company.		Code was created for the purpose of setting out the standards of professional and ethical conduct expected of the Directors, Officers and the Employees of the Corporation. The Code complements the Corporation's Corporate Governance Manual as well as Securities and Exchange Commission ("SEC") Memorandum Circular No. 19, Series of 2016.	
2. The Code is properly disseminated to the Board, senior management and employees.	COMPLIANT	The Board, senior management and the employees were properly informed of the Code of Business Conduct and Ethics through (1) memoranda sent to officers; and (2) discussions during Board meetings.	
3. The Code is disclosed and made available to the public through the company website.	COMPLIANT	The Company's Code of Business Conduct and Ethics is uploaded in its website at https://www.ltg.com.ph/code-of-business-conduct-and-ethics.html.	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	COMPLIANT	In the Company's Code of Business Conduct and Ethics, as uploaded in its website, https://www.ltg.com.ph/code-of-business-conduct-and-ethics.html provides that the Corporation does not condone any act of bribery or corruption of government officials in order to facilitate transactions or obtain favors. Moreover, its Manual likewise provide that any person convicted by final judgment or order by a competent	

		juridical or administrative body of an offense involving moral turpitude, fraud, embezzlement, theft, estafa, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury, or other fraudulent acts shall be permanently disqualified to be nominated/elected as a Director.	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	The Company ensures compliance with the code of ethics or conduct through close monitoring by management and compliance reviewed by the Compliance Officer and internal audit. Periodic checks are also done by the Board and Board Committees during their meetings. For all its Directors, Senior Management and employees, the Company adopts a policy of, among others, full and prompt disclosure for all cases of conflict of interest; it strictly requires the conduct of business and fair dealings; it highly discourages receipt of gifts from third parties that will tend to undermine the duties of the persons involved; and it highly encourages prompt conflict resolution.	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT		

		Further, to ensure its proper implementation and compliance, the Company disseminates the Code to all its employees, through memoranda or otherwise. Violation of the provisions of the Code shall subject them to disciplinary actions, among others.	
Disclosure and Transparency			
Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.			
Recommendation 8.1			
1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	Since the Company is a publicly-listed company, all information shall be disseminated through the disclosure channels of the Securities and Exchange Commission, the Philippine Stock Exchange and thereafter uploaded in the Company's website. Shareholders may also get in touch with the Office of the Corporate Secretary for necessary relevant documents. Likewise, the Company has an Investor Relations Officer whose contact details are made available in the Company website. The Company's disclosure may be found in its website, https://www.ltg.com.ph/pse.html.	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports,	COMPLIANT	The Company discloses its consolidated report at least a month before the	

cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.		deadline. While the interim reports are disclosed 3 days before the end of the reporting period. For easy reference, kindly visit https://www.ltg.com.ph/finanrep.html	
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	COMPLIANT	Pages 25 - 45 of the Company's Annual Report (17A) may be downloaded from the PSE website at http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=12 dated 20 March 2019 and from its website at https://www.dropbox.com/sh/c47xq1643kv59t3/AAC2DUZXI4pora5w4kHVb-TMa?dl=0	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT	The Company's Revised Manual on Corporate Governance, a copy of which is made available at the Company's website, https://www.ltg.com.ph/manual-on-corporate-governance.html provides that a member of the Board of Directors is obligated to disclose or report to the Company any dealings in the Company's shares within three (3) business days. For the past 3 years, there were no actual dealings of directors and/or officers involving the corporation's shares including their nature,	
2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	COMPLIANT		

		number/percentage and date of transaction.	
Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	COMPLIANT	The shareholdings of directors and management are provided in the Company's Definitive Information Statement submitted to the Securities and Exchange Commission (SEC) and subsequently disclosed to the Philippine Stock Exchange (PSE). The Company's top 100 shareholders was likewise disclosed to the PSE. These documents may be viewed and downloaded at the PSE website at http://edge.pse.com.ph/ and likewise viewed at the Company's website at https://www.ltg.com.ph/definitiveinfostat.html.	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT	For a list of the Directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended, kindly view the Company's Annual Report, pages 28 to 33, uploaded in its website https://www.ltg.com.ph/annualrep.html	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	COMPLIANT		
Recommendation 8.4			

1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	COMPLIANT	To determine the remuneration of the CEO and the most highly compensated management officers in the Company, consideration is basically anchored on the set of skills they possess and their value to the Company. However, the subsidiaries, which are matured companies where salaries and remuneration processes are supervised and monitored by the respective Nomination and Remuneration Committees and vetted by the respective Corporate Governance Committees, have their respective salary structures and remuneration policies. The officers running the offices for said purpose are the most qualified professionals in the field. Moreover, the systems, policies and procedures are in accordance with best policies and practices in the industry. The Board members, on the other hand, receive a fixed allowance per month and a per diem for every meeting attended. For easy reference, kindly view the Company's Annual Report, pages 32 to 33, at https://www.ltg.com.ph/annualrep.html	
2. Company provides a clear disclosure of its policies and procedure for setting executive	COMPLIANT	The Directors of the Company receive an allowance of P30,000.00 a month and a per diem of P25,000.00 for every	

remuneration, including the level and mix of the same.		Board meeting and P15,000.00 for every Committee meeting attended. Other than the stated allowance and the per diem of the Directors, no other standard arrangements are received by the Directors of the Company as compensation, directly or indirectly, for any services provided as a Director, including any additional amounts payable for Committee participation or special assignments, for the last completed fiscal year and the ensuing year. The allowance and per diems of Directors are disclosed in the Information Statement furnished to the stockholders before each Annual Shareholders' Meeting. Although the stockholders do not approve the total remuneration of the Board, any questions thereon may be raised during the Annual Shareholders' Meeting.	
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	NON-COMPLIANT		Pages 32 to 33 of the Company's Annual Report which can be viewed from its website at https://www.ltg.com.ph/annualrep.html provides a Summary Compensation Table for the highest paid officers of the Company and likewise enumerates the allowances and per diems received by its directors.
Recommendation 8.5			

1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	COMPLIANT	The Company's Revised Manual on Corporate Governance grants the Audit and Risk Management Committee authority to exercise oversight functions over Related Party Transactions, which includes, reviewing and passing upon related party transactions before they are elevated to the Board; and evaluating, on an ongoing basis, the existing relations between and among businesses and counterparties to ensure that all Related Parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties, from non-related to related and vice versa, are captured No conflict of interests was reported in the year 2018. Moreover, the Company is updating its Manual to include all other policies recommended by the SEC in relation to its newly-issued memorandum providing material transactions to be at 10% of the total assets of the Company.	
2. Company discloses material or significant RPTs reviewed and approved during the year.	COMPLIANT	In the normal course of business, the Company and its subsidiaries transact with various related parties. Detailed disclosures are discussed in Note 22 of the Notes to Consolidated Financial Statements.	

		A copy of the Company's Consolidated Financial Statements is made available in its website at https://www.ltg.com.ph/finanrep.html.	
Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	Pursuant to the Company's Conflict of Interest Policy, which may be viewed and downloaded at https://www.ltg.com.ph/code-of-business-conduct-and-ethics.html, all directors and key officers shall disclose to the Board of Directors or to the Audit and Risk Management Committee, as the case may be, any material transaction or relation that would result in actual or potential conflict of interest.	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	COMPLIANT	The Company adheres to industry standards and practices. Hence, the transactions have been fairly evaluated and long term contracts have not been entered into. Without any long term supplier contracts, the Company is free to source its desired material from any third-party suppliers should the need arise. Moreover, the Company ensures that all contracts entered or intended to be entered into are conducted fairly and at arm's length.	
Recommendation 8.6			

1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	COMPLIANT	All material fact or event necessitating disclosure to the PSE may be viewed and downloaded from the Company's website at https://www.ltg.com.ph/pse.html, as well as from the PSE website at http://edge.pse.com.ph/companyInformation/form.do?cmpy_id=12 under LT Group, Inc. – Company Disclosures. Moreover, the Company's Revised Manual on Corporate Governance provides that "In addition to the full disclosure policy of the Philippine Stock Exchange, the Board of Directors of the Company is committed to promoting timely, fair and transparent disclosures of material events affecting the Company."	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	In any transaction where a third party may be involved, the Company seeks the evaluation of legitimate independent accredited institutions, the subsidiary bank likewise strictly implements an independent evaluation of its assets and where necessary, conducts strict bidding to get the best value for its assets.	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other	COMPLIANT	At present, the Company does not have any shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements	

agreements that may impact on the control, ownership, and strategic direction of the company.		that may impact its control, ownership, and strategic direction.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	The Company's Revised Manual on Corporate Governance may be viewed from its website: https://www.ltg.com.ph/manual-on-corporate-governance.html.	
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT		
3. Company's MCG is posted on its company website.	COMPLIANT		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	The Company's Revised Manual on Corporate Governance may be viewed from its website: https://www.ltg.com.ph/manual-on-corporate-governance.html. However, to be more in keeping with the principle of good governance, the Company is in the process of updating its Manual.	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives	COMPLIANT	The Company's objective is to be able to execute its vision and mission while at the same time being able to contribute positively to the economy and the	

		society. Such statement may be viewed from page 28 of the Company's Annual Report, a copy of which is uploaded in its website at https://www.ltg.com.ph/annualrep.html	
b. Financial performance indicators	COMPLIANT	Provided in pages 2 to 3 of the Company's Annual Report, a copy of which is uploaded in its website at https://www.ltg.com.ph/annualrep.html	
c. Non-financial performance indicators	COMPLIANT	Provided in pages 14 to 27 of the Company's Annual Report, a copy of which is uploaded in its website at https://www.ltg.com.ph/annualrep.html	
d. Dividend Policy	COMPLIANT	Provided in page 55 of the Company's Annual Report, a copy of which is uploaded in its website at https://www.ltg.com.ph/annualrep.html	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT	Provided in pages 28 to 29 of the Company's Annual Report, a copy of which is uploaded in its website at https://www.ltg.com.ph/annualrep.html	
f. Attendance details of each director in all directors meetings held during the year	COMPLIANT	Provided in page 30 of the Company's Annual Report, a copy of which is uploaded in its website at https://www.ltg.com.ph/annualrep.html	
g. Total remuneration of each member of the board of directors	NON-COMPLIANT		Pages 32 to 33 of the Company's Annual Report which can be viewed from its website at https://www.ltg.com.ph/annualrep.html provides a Summary Compensation Table for the highest paid officers of the Company

			and likewise enumerates the allowances and per diems received by its directors.
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	NON-COMPLIANT		While the Company complies with the Code of Corporate Governance in all its dealings, the Annual Report does not explicitly state such fact. However, the Annual Report states that, "The Company, as a publicly listed corporation, subscribes to and complies with the rules and regulations of the Securities and Exchange Commission and the Philippines Stock Exchange." Provided in page 32 of the Company's Annual Report, a copy of which is uploaded in its website at https://www.ltg.com.ph/annualrep.html
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	COMPLIANT	Provided in page 30-31 of the Company's Annual Report, a copy of which is uploaded in its website at https://www.ltg.com.ph/annualrep.html In the said report, it is provided that during board meetings, all its subsidiaries are well represented by their respective Chief Financial Officers and Chief Operating Officers who shall report on the operational results of each subsidiary. Thereafter, when there is no need for further clarifications, the Board approves the same.	
4. The Annual Report/Annual CG Report contains a statement from the board of	COMPLIANT	For a copy of the Annual Report (17A), please visit the PSE's website at	

directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.		http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=12 and the Company website at https://www.dropbox.com/sh/c47xq1643kv59t3/AAC2DUZXI4pora5w4kHVb-TMa?dl=0.	
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	COMPLIANT	For a copy of the Annual Report (17A), please visit the PSE's website at http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=12 and the Company website at https://www.dropbox.com/sh/c47xq1643kv59t3/AAC2DUZXI4pora5w4kHVb-TMa?dl=0. Pages 25-35 of the Report provides the key risks which its subsidiaries are materially exposed to.	
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	COMPLIANT	Consistent with the Audit and Risk Management Charter, the Audit and Risk Management Committee exercises Audit Oversight Functions which include the recommendation to the Board the appointment, dismissal, replacement and re-appointment of the External Auditors, duly accredited by	

		the regulators (subject to stockholders ratification), based on fair and transparent criteria such as, but not limited to, core values, culture and high regard for excellence in audit quality and independence. The Committee also recommend the compensation of the external auditor in relation to the scope of its duties and all audit engagement fees and terms. A copy of the Committee Charter may be downloaded from the Company website at https://www.ltg.com.ph/bod.html	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	COMPLIANT	During the Company's Annual Stockholders' Meeting held last May 8, 2018, the stockholders confirmed and ratified all acts and resolutions of the Board of Directors and Management for the year ended 31 December 2017, which included, among others, the appointment of the Auditing firm SGV & Co. as external auditor for the year 2018-2019.	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	COMPLIANT	The Company's Revised Manual on Corporate Governance provides that the resignation, dismissal, or cessation of engagement of an External Auditor shall be reported in the Company's annual report explaining in detail the reason/s for such move (e.g. disagreement on accounting principles	

		and practices, financial statement disclosure, or auditing scope or procedure). In case of the removal of the External Auditor, the reasons for removal or change shall be disclosed to the regulators and the public through the Company website and required disclosures. In 2018, no valid reason/s arose which would necessitate the removal or change of the external auditor. Moreover, in the same year, the Company has conducted an external auditor tender process for 2019, in compliance with the Securities and Exchange Commission's (SEC) Code of Corporate Governance for Publicly Listed Companies in the Philippines, which require that the external auditor and/or auditing firm should be changed, or the lead and concurring partners be rotated every five (5) years or earlier.	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	COMPLIANT	In compliance with Rule 69 (3)(b)(ix) of the Securities Regulation Code, the Company's Revised Manual on Corporate Governance provides that the independent accounting firm or its handling partner shall be replaced every five (5) years or earlier.	

		Moreover, in its Charter, the Audit and Risk Management Committee's functions include ensuring that the rotation process of External Auditors or firms are observed and implemented.	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	COMPLIANT	The Audit and Risk Management Committee's Charter provides that its functions to include, among others, (1) discussing with the External Auditor, prior to the commencement of the audit, the nature, scope and expenses of the audit, and ensuring the proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts; (2) considering the independence and effectivity of the External Auditor, including reviewing the range of services provided in the context of all consulting services bought by the Company; (3) meeting with the External Auditors, without the presence of the Company's Management, at least annually to verify that the External Auditors act independently, and is given unrestricted access to all records, properties and personnel to enable it to perform its audit functions; and (4) evaluating and determining the non-audit work, if any, of the External Auditor, and the periodic review of the non-audit fees	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT		

		paid to them in relation to their significance to the total annual income of the latter and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with the duties of the External Auditor or may pose a threat to its independence. For further information, please visit the Company's website, https://www.ltg.com.ph/bod.html In 2018, the Company has started to implement its policy on External Auditor Tender Process which includes the provision for periodic assessment of the performance of external auditor. The results of the tender process shall be made applicable for the year 2019.	
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	COMPLIANT	The Audit and Risk Management Committee ensures that its external auditor has adequate quality control procedures. Such procedures are mandated by the Committee to be reported by its External Auditors during the Committee meetings. In 2018, the Company has started to implement its Policy on External Auditor Tender Process which includes the provision for periodic assessment of	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT		

		the performance of external auditor. The results of the tender process shall be made applicable for the year 2019. For further information on the Company's Policy on External Auditor Tender Process, please visit the Company website at https://www.ltg.com.ph/company-policies.html.	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	By virtue of its charter, the Committee shall disallow any non-audit work that will conflict with the duties of the External Auditor or may pose a threat to its independence. The Committee is obligated to disclose, if allowed, matters relating to the non-audit services performed by the External Auditor. The non-audit services is disclosed in page 16 of the Company's Amended Definitive Information Statement, which may be viewed and downloaded from the Company website: https://www.dropbox.com/sh/c47xq1643kv59t3/AAC2DUZXI4pora5w4kHVb-TMa?dl=0, and PSE website: http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=12, respectively.	

2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	The Committee keeps itself up to date for any potential conflict of interest situations which could be viewed as impairing the external auditor's objectivity. The external auditors are mandated to confirm their independence every year.	
Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	A computation of the audit and non-audit fees paid to the External Auditors is disclosed in page 16 of the Company's Amended Definitive Information Statement, which may be viewed and downloaded from the PSE's and the Company's websites at http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=12 and https://www.dropbox.com/sh/c47xq1643kv59t3/AAC2DUZXI4pora5w4kHVb-TMa?dl=0, respectively. Moreover, the Annual Report, under the heading 'External Auditor', found in pages 32-33, provides information on audit fees paid to the External Auditors. A copy of the Annual Report is available at https://www.ltg.com.ph/annualrep.html	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	The Company's external auditor is Sycip Gorres Velayo & Co. (SGV & Co.) with office address at	

		6760 Ayala Avenue, Makati City, 1226 Metro Manila, Philippines Martin C. Guantes Partner CPA Certificate No. 88494 SEC Accreditation No. 0325-AR-4 (Group A), August 23, 2018, valid until August 22, 2021 Tax Identification No. 152-884-272 BIR Accreditation No. 08-001998-52-2018, February 26, 2018, valid until February 25, 2021 PTR No. 7332557, January 3, 2019, Makati City	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	COMPLIANT	SGV & Co. was subjected to SOAR inspection on November 12-23, 2018. The names of the members of the engagement team were provided by SGV & Co. to the SEC during the SOAR inspection.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	NON-COMPLIANT		While the Company has no clear policy and practice yet relating to the disclosure of non-financial information, including EESG issues, its Corporate Governance Manual provides that all material information that could potentially affect share price in a significant manner, or the interest of its stockholders and other stakeholders, shall be

2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	NON-COMPLIANT		publicly disclosed, so long as such disclosure does not violate regulations of the SEC, the Philippine Stock Exchange (PSE) or any governmental body, nor any legal or binding agreement. Pages 36 to 52 of the Annual Report contain the Company's corporate social responsibility report and discuss the economic, environmental and social impact of the business activities of the Company and its subsidiaries. A copy of the Annual Report is available at https://www.ltg.com.ph/annualrep.html.
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
Recommendation 11.1			
1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	COMPLIANT	In 2018, the Company conducted four (4) analysts' briefings for Full Year 2018 Results, First Quarter 2018 results, First Half 2018 Results and Nine (9) Months 2018 Results. The briefing for Full Year 2018 Results was held on March 18, 2019. LTG disclosed the schedule of these briefings to the PSE at least a week before the briefing date. These were attended by analysts from different brokerages and analysts of local funds. Regular press releases are disclosed to the PSE and SEC and distributed to the media, on quarterly earnings results as	

		well as events that may have a significant impact on the operations of the Company and its subsidiaries. For further information please visit the PSE's or the Company's website at http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=12 and https://www.ltg.com.ph/pse.html, respectively.	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:		For further details on the documents, please visit:	
a. Financial statements/reports (latest quarterly)	COMPLIANT	https://www.ltg.com.ph/finanrep.html	
b. Materials provided in briefings to analysts and media	COMPLIANT	https://www.ltg.com.ph/pse.html	
c. Downloadable annual report	COMPLIANT	https://www.ltg.com.ph/annualrep.html	
d. Notice of ASM and/or SSM	COMPLIANT	http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=12 on 16 January 2018	
e. Minutes of ASM and/or SSM	COMPLIANT	https://www.ltg.com.ph/reports.html	
f. Company's Articles of Incorporation and By-Laws	NON-COMPLIANT		The Company's Articles of Incorporation and By-Laws are not uploaded in the website.
Additional Recommendation to Principle 11			

1. Company complies with SEC-prescribed website template.	COMPLIANT	Please visit the Company website at www.ltg.com.ph	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	The Company's Manual on Corporate Governance provides that the Board ensures that the Company has a good internal control and information management systems that can provide an accurate, timely, and clear financial picture. There should be a continuing review of the internal control system in order to maintain its adequacy and effectiveness. Please visit https://www.ltg.com.ph/manual-on-corporate-governance.html for a copy of the Manual. As indicated in the Internal Audit Charter, the Company has a centralized internal audit function covering the audit of the Company and its subsidiaries except Philippine National Bank (PNB) which has its own internal audit. The internal audit functionally reports to the Company's Audit and Risk Management Committee and the respective subsidiaries' Audit Committee (except PNB).	

		The review of the internal controls of the Company shall be conducted at least annually and the Audit and Risk Management Committee to review, assess and evaluate the work and performance of the Internal Audit.	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	COMPLIANT	The Company has its enterprise risk management framework which includes the identification of risks the Company currently faces, and risk management activities and processes. It is in the Company's website: https://www.ltg.com.ph/PSE/2018%20Sep%204.%20LTG%20Enterprise%20Risk%20Management%20System.pdf	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	COMPLIANT	The Company's Audit and Risk Management Committee oversees its compliance programs across all businesses and ensures compliance issues are addressed by the Senior management and/or the respective Board of the subsidiaries/affiliates on a timely basis. The following links are the references: Audit and Risk Management Committee Charter https://www.ltg.com.ph/ar2012/2017%20Oct%2010.%20Audit%20and%20Ri	

		sk%20Management%20Committee%20Charter.pdf Enterprise Risk Management Framework https://www.ltg.com.ph/PSE/2018%20Sep%204.%20LTG%20Enterprise%20Risk%20Management%20System.pdf 2017 Revised Corporate Governance Manual https://www.ltg.com.ph/ar2012/2017%20May%2031.%20LTG%20Corporate%20Governance%20Manual%202017.pdf	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	COMPLIANT	The Company requests IT services from its subsidiaries whenever necessary. The subsidiaries' IT department shall be responsible to ensure that all data and information of the Company is not leaked or otherwise prejudiced.	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	COMPLIANT	The Company has an in-house centralized internal audit headed by the Chief Audit Executive (CAE) who is in-charge of the group's internal audit function.	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	In July 11, 2017, the Company appointed Mr. Dioscoro Teodorico Lim as its CAE. To date, he still holds the	

		same position. He is a Certified Public Accountant, a member of the Institute of Internal Auditors Philippines, Association of Certified Fraud Examiners Philippines and Philippine Institute of Certified Public Accountants. Mr. Lim is the Senior Vice President of Philippine National Bank - Internal Audit Group (2013 to 2017). He was First Vice President of ABC - Internal Audit Group (2008 to 2013), and a Member of the Board of Directors of Rosehill Memorial Management (Phils.) Inc. (2011 to 2013).	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	COMPLIANT	Part VI (c)(5) of the Company's Manual on Corporate Governance provides that one of the functions of the CAE is to oversee the activity of the Company's internal auditors including that portion that is outsourced to a third party service provider. A copy of the Manual may be downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	The Company has a centralized internal audit function covering the audit of the Company and its subsidiaries except PNB which has its own internal audit. The internal audit functionally reports	

		to the Company's Audit and Risk Management Committee and the respective subsidiaries' Audit Committee (except PNB). Moreover, in case of a fully outsourced internal audit activity, the Company's Internal Audit Charter includes Guidelines for Outsourcing Internal Audit Activities to External Experts which provides that: "The CAE shall ensure that the knowledge or inputs from the outsourced experts shall be assimilated into the Company to the greatest extent possible" "The CAE should review the work of external service providers to evaluate the adequacy of work performed and the sufficiency of information obtained to afford a reasonable basis for the conclusions reached and the resolution of exceptions or other unusual matters." Please refer to https://www.ltg.com.ph/company-policies.html for the LT Group, Inc. Internal Audit Charter.	
Recommendation 12.4			

1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	COMPLIANT	The Company has its Audit and Risk Management Committee who exercises the functions of identifying, assessing, and monitoring key risk exposures. Audit and Risk Management Committee Charter https://www.ltg.com.ph/ar2012/2017%20Oct%2010.%20Audit%20and%20Risk%20Management%20Committee%20Charter.pdf	
Supplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	COMPLIANT	There has been no instance where the Company was compelled to seek external technical support in risk management.	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	NON-COMPLIANT		The Company has yet to appoint its Chief Risk Officer (CRO). Currently, the Audit and Risk Management Committee serves the risk management oversight as part of its function. Audit and Risk Management Committee Charter https://www.ltg.com.ph/ar2012/2017%20Oct%2010.%20Audit%20and%20Risk%20Management%20Committee%20Charter.pdf
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	NON-COMPLIANT		
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	COMPLIANT	The CAE attests in writing, through its Annual Report on the Internal Control Environment of the Company for 2018 to be approved by the Audit and Risk Management Committee and endorsed	

		to the Board, that the Company has a satisfactory internal control and compliance with policies, procedures and regulations with opportunities for further improvements particularly in areas of documentation on policies and procedures such as the recent requirements on non-financial reporting. This attestation was based on the performed activities of the Internal Audit and the outcome of reviews undertaken by the external reviewer, SGV & Co.	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	COMPLIANT	A copy of the Company's Manual on Corporate Governance may be viewed from its website www.ltg.com.ph. 2017 Revised Corporate Governance Manual (Pages 32 to 35) https://www.ltg.com.ph/ar2012/2017%20May%2031.%20LTG%20Corporate%20Governance%20Manual%202017.pdf	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	COMPLIANT	Shareholder rights are included in the Company's Revised Manual of Corporate Governance. Revised Corporate Governance Manual (Pages 32 to 35) https://www.ltg.com.ph/ar2012/2017%20May%2031.%20LTG%20Corporate	

		%20Governance%20Manual%202017.pdf	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	COMPLIANT	Yes. Under the Company's Manual on Corporate Governance Part VII (B) provides that for the election of directors, the stockholder may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected, or he may distribute them on the same principle among as many candidates as he shall see fit; provided the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the number of directors to be elected. A copy of the Manual may be downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	COMPLIANT	Part VII of the Company's Manual on Corporate Governance enumerates the basic rights of its shareholders. A copy of the Manual may be downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html	

3. Board has an effective, secure, and efficient voting system.	COMPLIANT	Part VII (B) of the Company's Manual on Corporate Governance provides that "Voting shall be done orally, taking into account the number of shares represented by the voting shareholders. The Corporate Secretary or his/her duly authorized representative, to be assisted by the Company's independent accountant or by the representative of the External Auditor, shall conduct the counting of votes." A copy of the Manual may be downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	COMPLIANT		
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	COMPLIANT	Part VII (A) of the Company's Revised Manual on Corporate Governance, in accordance with its By-laws, grants its shareholders the right to call a Special Shareholders' Meeting by written notice to the Corporate Secretary at least ninety (90) days before the suggested date of the meeting. A copy of the Manual may be downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	COMPLIANT	Part VII of the Company's Revised Manual on Corporate Governance enumerates the rights of the shareholders, including the treatment of	

		minority shareholders. This includes, among others, the right to vote and the right to be furnished with relevant information as required by law about the Company on a timely and regular basis. A copy of the Manual may be downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html	
7. Company has a transparent and specific dividend policy.	COMPLIANT	Part VII (E) of the Company's Revised Manual on Corporate Governance provides for its Dividend Policy. A copy of the Manual may be downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html On March 13, 2018, the Company declared and authorized the distribution of cash dividends of PhP0.15 per share to all stockholders of record as of March 28, 2018, which shall be paid out not later than April 11, 2018. As the Company strictly adheres to the guidance of good corporate governance to distribute the Dividends within 30 days from the time it is approved and declared, the stockholders were paid on April 11, 2018, twenty-nine (29) days	

		after it was approved and disclosed to the PSE.	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	COMPLIANT	Part VII (B) of the Company's Manual on Corporate Governance provides that "Voting shall be done orally, taking into account the number of shares represented by the voting shareholders. The Corporate Secretary or his/her duly authorized representative, to be assisted by the Company's independent accountant or by the representative of the External Auditor, shall conduct the counting of votes." A copy of the Manual may be downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	COMPLIANT	In 2018, written notice of the annual or special stockholders' meeting were sent to all stockholders of record at least twenty-eight (28) business days prior to the date of the meeting, in compliance with the requirements of the PSE and the SEC. The notices were sent out on April 6, 2018 and the date of the Annual/ Special Stockholders' meeting was held last May 8, 2018.	

		As part of the agenda of the meeting, shareholders' approval of remuneration or any changes therein were included in their ratification of all acts, transactions and resolutions by the Board and Management in 2017. For a copy of the Company's Information Statement, please visit https://www.ltg.com.ph/definitiveinfostat.html	
Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:			
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT	For a copy of the Company's Information Statement with Notice of the Annual Stockholders' Meeting and proxy documents, please visit https://www.ltg.com.ph/definitiveinfostat.html	
b. Auditors seeking appointment/re-appointment	COMPLIANT		
c. Proxy documents	COMPLIANT		
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	The Company's Information Statement (Other Matters) contains the rationale for the agenda items. A copy of the Company's Information Statement may be downloaded from its website at	

		https://www.ltg.com.ph/definitiveinfostat.html	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	COMPLIANT	The results of the meeting was made available on the same day, May 8, 2018 via the Philippine Stock Exchange's Online Disclosure System. The results may be viewed and downloaded from http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=12 under May 9, 2018 Disclosure date.	
2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	COMPLIANT	A copy of the Minutes of the Meeting may be viewed at the Company's website: https://www.ltg.com.ph/minutes-all-general-sm.html	
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	The Company sent necessary invite to SGV on 20 April 2018 or 18 days prior to the meeting to inform them of the date of the Annual Stockholders' Meeting. The External Auditor and Senior Officers of the company and its subsidiaries attended the ASM.	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	Part VIII of the Company's Revised Manual on Corporate Governance provides for the procedure to be followed should intra-corporate disputes arise.	

		A copy of the Manual may be downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	COMPLIANT	A copy of the Manual may be downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html The Alternative Dispute Resolution is provided for under Section VIII of the said document.	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	COMPLIANT	Ms. Annabelle Arceo, *Investor Relations Officer* Telephone No.: +632 478 8559 Email: ir@ltg.com.ph or annabelle.arceo@ltg.com.ph	
2. IRO is present at every shareholder's meeting.	COMPLIANT	The IRO was present during the Annual Shareholders' Meeting held last May 8, 2018.	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	There have been no instances in 2018 where management has requested Board approval for anti-takeover measures or similar devices to entrench ineffective management or the existing controlling shareholder group.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	NON-COMPLIANT		The Company has a public float of 25.64%, in compliance with the minimum regulatory public float.
Optional: Principle 13			

1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	COMPLIANT	The Company has appointed an Investor Relations Officer to ensure active participation of shareholders with regard the activities and policies of the Company, in accordance with its Revised Manual on Corporate Governance.	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	NON-COMPLIANT		The Company does not allow voting in absentia and requires the shareholders to vote either in person or through proxy, in compliance with the Philippine Corporate Law.
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			
1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	The Company encourages its stakeholders to raise their issues and concerns as well as give their suggestions for the betterment of the Company before, during and after the Annual Stockholders Meeting.	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	NON-COMPLIANT		As a Company practice, all stakeholders are treated equally and fairly. However, to comply with the recommendations of the SEC, the Company is currently in the process of establishing the policies necessary to better protect the rights of its shareholders and stakeholders.
Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to	COMPLIANT	The stakeholders may voice their concerns and/or complaints for possible	

communicate with the company and to obtain redress for the violation of their rights.		violation of their rights through the Corporate Secretary, Atty. Ma. Cecilia L. Pesayco, 2/F Allied Bank Center, 6754 Ayala Avenue, Makati City, Philippines, 810-2451 and/or through the Investor Relations Officer, Ms. Annabelle D. Arceo, 11th Floor Unit 3, Bench Tower, 30th Street cor Rizal Drive, Crescent Park West 5, Bonifacio Global City, Taguig City, Philippines, +632 4788559.	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	COMPLIANT	Section VIII of the Company's Manual provides for the Alternative Dispute Resolution. A copy of the Manual may be viewed and downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html.	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	COMPLIANT	There is none. The Company does not seek any exemption from any law, rule or regulations especially when it refers to a corporate governance issue. Rather, the Company does its best to comply with the recommendations of the SEC in its pursuit of good corporate governance.	
2. Company respects intellectual property rights.	COMPLIANT	One of the Company's general policy is to be *transparent* in its activities without sacrificing the confidentiality	

		of its trade secrets, formulae, and other intellectual properties. For easy reference, please find Item II (A)(3) of the Company's Revised Manual on Corporate Governance, which can be viewed and downloaded from the Company website at https://www.ltg.com.ph/manual-on-corporate-governance.html.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	COMPLIANT	The Company, being a holding company, delegated to its subsidiaries the task of ensuring that the customers' welfare are properly addressed. Accordingly, the subsidiaries ensure that their respective customers are able to get the value of their money and that their transactions are not unduly delayed. Nevertheless, Item 3.11 of the Company's Code of Business Conduct and Ethics likewise provide that "Customers of the Corporation shall be treated with respect and kindness. Transactions with clients shall be fair and in good faith. Discrimination based on race, religion, sex, gender, age, language or nationality shall at all times be prohibited." A copy of the Policy may be downloaded from the	

		Company's website at https://www.ltg.com.ph/code-of-business-conduct-and-ethics.html.	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	COMPLIANT	There is no need for the Company to disclose any policy or practice which would address the supplier/contractor selection procedures since, as a conglomerate, the Company only shares the respective supplier/contractor selection practice of its subsidiaries. In engaging the services of a supplier/contractor, the Company uses as basis the applicant supplier/contractor's competency, qualification as well as the quality of its products. Moreover, the Company ensures that they are paid correctly and on time. Part VI (C) (1) (f) of the Company's Manual on Corporate Governance provides that it is the duty of the President/COO to "Fulfill corporate obligations to the Company's customers, suppliers, employees and shareholders." A copy of the Manual may be downloaded from https://www.ltg.com.ph/manual-on-corporate-governance.html	

Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	COMPLIANT	The Company and its subsidiaries conduct team-building activities so as to ensure that its employees work well together and are reminded of the Company's goals and governance.	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	COMPLIANT	The Company promotes advancement among its employees for consistently exceeding expectations over two years. The Board grants performance bonuses, when so warranted.	
2. Company has policies and practices on health, safety and welfare of its employees.	COMPLIANT	The Company offers health care benefits covered by the health insurance provider of the Company. For easy reference of the policy, please visit the Company website at https://www.ltg.com.ph/company-policies.html.	
3. Company has policies and practices on training and development of its employees.	COMPLIANT	Employees are made to attend seminars and training programs to enhance their knowledge and to acquire new information. For easy reference of the policy, please visit the Company website at https://www.ltg.com.ph/company-policies.html.	
Recommendation 15.2			

1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	COMPLIANT	The Company's Code of Business Conduct and Ethics, in relation to its Manual on Corporate Governance provides for the penalties to be imposed in case of violation of the Company's rules and regulations and its Manual. For easy reference of the policy, please visit the Company website at https://www.ltg.com.ph/code-of-business-conduct-and-ethics.html.	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	COMPLIANT	The Corporation, as a holding company, is tasked to oversee the proper management of its subsidiaries. For this reason, the conduct of the necessary trainings and seminars are implemented by its operating companies, in compliance with the SEC rules. Likewise, the Company disseminates its own policies and programs to its employees through memoranda, when necessary.	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	COMPLIANT	The Company's Code of Business Conduct and Ethics provides that, "(3.13.1. The Corporation does not condone any act of bribery or corruption of government officials in order to facilitate transactions or obtain favors. 3.13.2 Directors, Officers and Employees of the Corporation shall	

		comply with all governmental laws, rules and regulations." Violators shall be penalized based on the penalties imposed under the Company's Manual on Corporate Governance. In 2018, no incidents concerning the offering, paying and receiving bribes were reported.	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	COMPLIANT	The Company's Code of Business Conduct and Ethics provides for a whistle-blowing policy. The said policy may be viewed at the Company's website at https://www.ltg.com.ph/code-of-business-conduct-and-ethics.html	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	COMPLIANT	Based on item 4.1.3 (1) (2) and (3) of the Company's Code of Business Conduct and Ethics, a copy of which may be viewed at the Company website, an employee shall report any known or suspected misconduct or violation of the Code to his or her immediate supervisor, who shall determine if there is reasonable ground to support the complaint. Upon his or her determination of the existence of reasonable ground, the immediate supervisor shall formalize the report in a written complaint and submit the same to the Human Resources Department.	

		If the immediate supervisor is the subject of the complaint, the employee shall direct his or her complaint to the head of the Human Resources Department. Any complaint against a Director or Executive Officer received by the Human Resources Department shall be directed to the Corporate Governance Committee.	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	The Board ensures that all employees may be able to voice out their concerns without fear of retaliation. Hence, the establishment of the Non-retaliation Policy which is found in the Company's Code of Business Conduct and Ethics. A copy of said policy may be viewed and downloaded from https://www.ltg.com.ph/code-of-business-conduct-and-ethics.html. In 2018, no circumstance arose which required the Board to enforce the policy.	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			

1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	COMPLIANT	The Company, through its foundation, Tan Yan Kee, gives back to the public by offering scholarship programs, training, donations and tree planting activities, among others. For further information, please visit https://www.ltg.com.ph/csr.html.	
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development	COMPLIANT	The Company, through its subsidiaries, are constantly adopting ways such as the use of reusable glass bottles instead of plastic bottles to promote environment friendly products and services and avoid contributing to waste pollution.	
2. Company exerts effort to interact positively with the communities in which it operates	COMPLIANT	The Corporate Code of Conduct found under Item II (A) of the Company's Manual on Corporate Governance, which may be viewed and downloaded from https://www.ltg.com.ph/manual-on-corporate-governance.html requires the Company to always be conscious of its *social responsibility* to its employees and to the communities in which it conducts its business. It shall always consider the environment in its operating strategy and initiatives.	

IN WITNESS WHEREOF, we, have hereunto set out hands and seal at the City of Makati, Philippines, this ___ day of June 2019.

LUCIO C. TAN
Chairman/CEO

MICHAEL G. TAN
President/COO

JOHNIP G. CUA
Independent Director

MARY G. NG
Independent Director

WILFRIDO E. SANCHEZ
Independent Director

FLORENCIA G. TARRIELA
Independent Director

MA. CECILIA L. PESAYCO
Corporate Secretary

MARIVIC T. MOYA
Assistant Corporate Secretary and Compliance Officer

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
MAKATI, METRO MANILA) SS.

BEFORE ME, a Notary Public, for and in Makati City on this JUL 2 3 2019, personally appeared the following:

Name	Passport I.D.	Date/Place Issued
Lucio C. Tan		
Michael G. Tan		
Johnip G. Cua		
Mary G. Ng		
Wilfrido E. Sanchez		
Florencia G. Tarriela		
Ma. Cecilia L. Pesayco		
Marivic T. Moya		

WITNESS MY HAND AND SEAL on the date and place first above written.

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Page No. 64;
Book No. II;
Series of 2019.

plamarca

POLA LIA CELINA L. LAMARCA
Notary Public until 31 December 2020
19th/F BDO Plaza, 8737 Paseo de Roxas, Makati City
PTR No. 7333082, Makati City, 03 January 2019
IBP No. 053646, Makati City, 03 January 2019
Roll No 70393, Commission No. M-165
MCLE Compliance No VI-0007164, 12 March 2018