LT GROUP, INC.

SUSTAINABILITY REPORT 2021

Averting Difficulties

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Message from the Chairman

In these unprecedented times, we have seen the critical role that businesses like ours play in the lives of many Filipinos. With the COVID-19 pandemic and other calamities worldwide, our commitment to help in rebuilding the Philippine economy and uplifting our fellowmen remains stronger than ever. And as we transition to a post-pandemic world, we will continue to work together by leveraging on each other's strengths and synergies in our journey to a sustainable future.

This year, despite some challenges, we have remained optimistic and motivated to improving the way we work and giving back more to the communities we operate in. Our theme for this year's sustainability report, *'Averting Difficulties'*, captures our commitment to perseverance and resiliency, creating shared value and stability despite shared crises.

With the gradual reopening of the global economy, we shall continue our transformative growth and steady on forward to making our businesses more sustainable. We are determined to continue doing our best for our people, our partners, and the communities.

With a renewed sense of purpose, we will continue to rise to the challenges of the future safe in knowing that a brighter tomorrow is nearly at hand.

Dr. Lucio C. Tan
Chairman and Chief Executive Officer

Message from the President

Sustainability is an essential aspect of the way we work and operate at LT Group, Inc. It is not just a buzzword to us but an important element in our strategy into the future of our business. We work hard to execute our mission and vision while contributing positively to the economy and society. Now in the third year of our sustainability journey, our commitment to embedding sustainability remains strong as we create shared value and shared successes for our stakeholders. Albeit presented by challenges this year, we were able to efficiently balance the interests of the business alongside that of our stakeholders, shareholders, customers, suppliers, partners, the government and the community.

Despite the challenges in some business areas this year, we were able to avert difficulty and are continuing our efforts to incorporate sustainability practices in our businesses. Our outlook for 2021 allowed us to manage the financial aspect of our companies positively despite some challenges driven by the pandemic's continued economic impact. Our 2021 total revenue is Php112.81 billion, a decrease of 1.7% from the previous year's total revenue. Of this amount, we spent Php103.66 billion on operating costs, employee wages and benefits, payment to government and providers of capital, and community investments.

We have successfully continued to decrease our consumption of resources. Our water consumption for 2021 has dropped to 7,037.64ML, and we have successfully reduced our waste generated to 6.06KT. Although the overall resource reduction in our operations was due to pandemic-led restrictions, we are picking up on the lessons learned from this experience to strengthen our drive to decrease our consumption of resources and generation of waste. We understand the value this would bring to our businesses and the positive impact on our environment and society. We have also continued our commitment to reforestation, resulting in 86,748 tree seedlings planted.

This year, we are proud to have provided continuous fair employment opportunities for our 12,951 employees, composed of 48% male and 52% female. We do our best to provide stability to our employees: job security and a safe, healthy workplace. We have implemented alternative work arrangements for our employees in response to the pandemic, and we are looking at ways to incorporate such in our regular work arrangements moving forward. We also value gender balance and protect workers' rights so that all our employees have equitable access to opportunities for success, regardless of gender or affiliation.

We support the Philippines' battle to COVID-19 pandemic through our continuous collaboration with communities, hospitals and frontliners. We have donated 42,000 doses of COVID-19 vaccines, 15,000 pieces of disposable face masks, 3,500 pairs of examination gloves, 30 thermometers, and 30 gallons of rubbing alcohol to the areas that most needed it. We have donated 13,000 liters of beverages for frontliners across multiple hospitals in the country. We have also provided 150 sacks of rice and 30,000 relief food packs for quarantined families.

We reaffirm our deep commitment to saving the environment and helping the communities we operate in as we work to deliver positive change for our customers, employees, investors, and community.

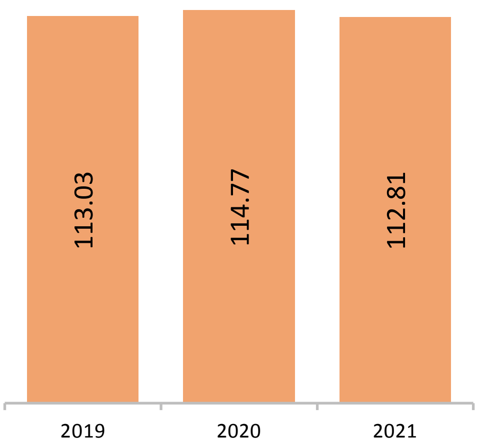
Through collective action, we can face tomorrow with a certainty that whatever challenges it may hold, we will be able to brace through it and look to a brighter, sustainable future.

Michael G. Tan
President and Chief Operating Officer

2021 Highlights

Economics and Governance

Direct economic value generated
in billion Pesos



Gender balance
LTG Board of Directors

45%  55%

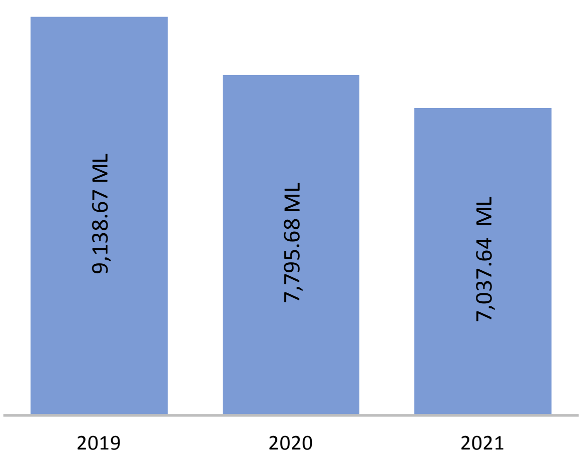
Male Female

 100%

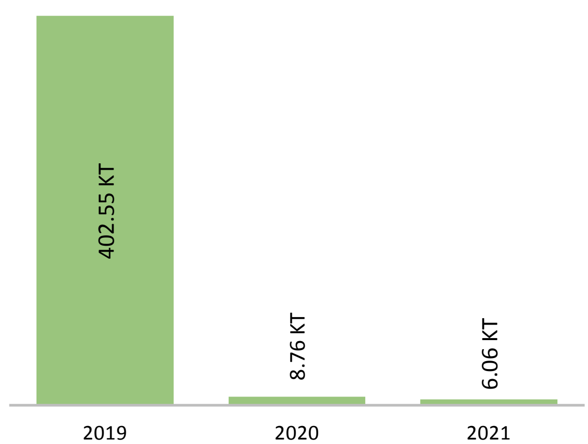
of our employees, business partners and governance body members know of our anti-corruption policies

Environment

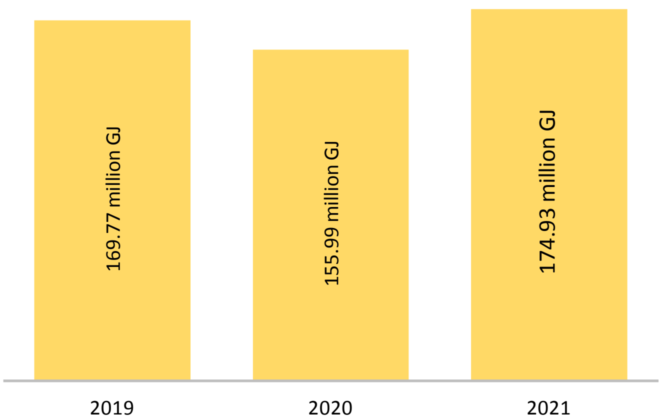
Water withdrawal
in megaliters (ML)



Waste generated and disposed
in kilotons (KT)



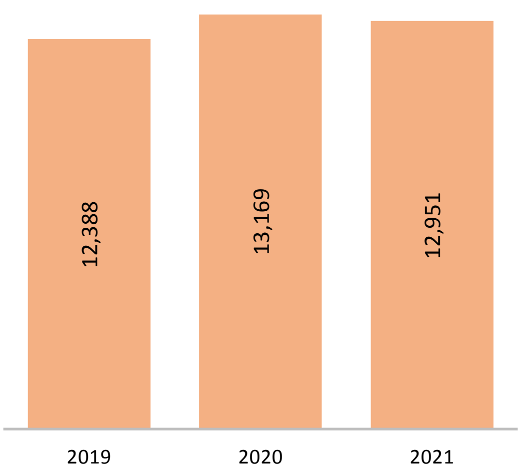
Overall energy consumption
in gigajoules (GJ)



86,748
tree seedlings planted

Employees

Total employee workforce



Gender balance
Total employee workforce

48% Male

52% Female

38%
of our employees are covered by a Collective Bargaining Agreement

Society

Anti-COVID-19 Campaign

42,000
doses of COVID-19 Vaccines

15,000
pieces of disposable face masks donated

30
Thermometers donated

3,500
pairs of examination gloves donated

150
sacks of rice were donated to quarantined families and residents of Sta. Fe, Nueva Vizcaya

30 gallons
rubbing alcohol donated

13,000
liters of bottled water and beverages donated to frontliners and parties across seven hospitals

30,000
relief food packs distributed

20
boxes of Food Supplement Syrup donated

Our Business Strategy

Our Long-term Strategic Objectives

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, Inc. 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 February 9, 2021 and February 8, 2022.

The LT Group, Inc. logo

The LT Group, Inc. logo is a symbol of strength and solidarity, the essence of our logo. The clean balanced lines and curves are central elements that form a mystical symmetrical tree. Drawn in an Eastern-Oriental style, it gives hint to the Company's Chinese heritage.

Tree is life. Life is growth. Like a tree, a company with firm roots, properly nurtured, will continuously grow and give value.

The tree's trunk is upright, and the branches spread out, a symbolic consolidation of the subsidiaries and stakeholders within two circles — the inner circle for continuity, the outer circle for solidarity.

Our Organizational Profile

LT GROUP, INC.

LT Group, Inc. (LTG or the Company) is a stock corporation incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on May 27, 1937 to engage in the trading business. On November 17, 1947, the Company's shares of stock were listed in the Philippine Stock Exchange (PSE). The Company's corporate life is 50 years from the date of incorporation and was extended for another 50 years from and after May 27, 1987. On September 22, 1995, the Philippine SEC approved the change in the Company's primary purpose to that of a holding company. On July 30, 1999, the Company acquired Twin Ace Holdings Corporation, now known as Tanduay Distillers, Inc. (Tanduay), a producer of distilled spirits, through a share swap with Tangent Holdings Corporation (Tangent). The share swap resulted in LTG wholly owning Tanduay and Tangent increasing its ownership in LTG to 97%. The Company's primary purpose is to engage in the acquisition by purchase, exchange, assignment, gift or otherwise; and to hold, own and use for investment or otherwise; and to sell, assign, transfer, exchange, lease, let, develop, mortgage, enjoy and dispose of any and all properties of every kind and description and wherever situated, as to and to the extent permitted by law.

After a series of restructuring activities in 2012 and 2013, LTG has expanded and diversified its investments to include the beverages, tobacco, property development and banking businesses, all belonging to Dr. Lucio C. Tan and his family and assignees. These business segments that are comprised of the subsidiaries, as well as LTG, are collectively referred to as the "Group" in this report.

As of December 31, 2021, LTG is 74.36%-owned by its ultimate parent company, Tangent, which is also incorporated in the Philippines.

The official business address of the head office is 11th Floor, Unit 3 Bench Tower, 30th St. Corner Rizal Drive Crescent Park West 5, Bonifacio Global City, Taguig City.

Our Group's diversified portfolio of consumer-focused businesses is well-positioned to benefit from broad-based growth in the Philippine economy. The Group is guided by its over-all aim to be a leading and innovative player in all businesses it is engaged in, continuously improving the value of its products and services. Building its synergistic opportunities between its current businesses, we aim to develop the widest and most effective distribution network in the country.

Our Businesses

Beverages

Asia Brewery, Inc. (Asia Brewery) began operating as a beer company in 1982 with the inauguration of its first brewery in Cabuyao, Laguna. It has since diversified to become one of the largest beverage groups in the country offering both alcoholic and non-alcoholic beverages and yogurt as well as glass bottle and packaging materials manufacturing. Asia Brewery has leading brands in several categories which include Asahi, Brew Kettle, Colt 45, Heineken and Tiger (beer); Tanduay Ice (alcopop); Spritz (hard seltzer); Cobra (energy drink); Absolute and Summit (bottled water); V-Soy and Vitamilk (soymilk drink); Sunkist (soft drink); Nestea (ready-to-drink tea); and Pascual (yogurt).

Property Development

Eton Properties Philippines, Inc.

Eton Properties Philippines, Inc. (Eton) was established in 2007 as the real estate arm of the Group. Eton carries a diversified portfolio and is involved in both the development and sale of residential subdivisions, high-rise towers and mid-rise buildings as well as in the development and leasing of condominiums, offices, commercial spaces, serviced residences, and land.

Tobacco

In 2010, Philip Morris Philippines Manufacturing Inc. (PMPMI) and Fortune Tobacco Corporation (FTC) entered into an agreement to combine their businesses and formed PMFTC Inc. (PMFTC). PMPMI traces its roots from the licensing agreement entered into by Philip Morris International with La Suerte Cigar and

Cigarette Factory to manufacture and sell Marlboro in 1955. Meanwhile, FTC was established in 1965 by Dr. Lucio C. Tan to produce cigarettes for the Philippine market. FTC achieved market success early on and was responsible for introducing some of the most successful local cigarette brands in the Philippines, including the Fortune, Champion and Hope menthol brands. Prior to the creation of PMFTC, FTC was the largest domestic tobacco company in the Philippines.

Today PMFTC has a diverse portfolio of international and domestic brands covering all price points in the Philippines. PMFTC manufactures 6 out of the top 10 brands available in the market today.

Banking

PNB

You first.

Philippine National Bank (PNB or the Bank), the country's first universal bank, is one of the largest privately-owned Philippine commercial banks. PNB was established by the Government of the Philippines in 1916 and became fully privatized in 2007. As an instrument of economic development, PNB led the industry through the years with its agricultural modernization program and trade finance support for the country's agricultural exports. In addition, the Bank pioneered efforts in the Overseas Filipino Worker (OFW) remittance business and introduced many innovations such as Bank on Wheels, computerized banking, Automated Teller Machine (ATM) banking, mobile money changing, domestic traveler's checks, electronic filing and payment system for large taxpayers, and Unit Investment Trust Fund (UITF) ATMs. PNB has the largest number of overseas offices and one of the largest domestic branch networks among local banks.

Distilled Spirits

TRADE MARK

1854

TANDUAY Distillers, Inc.

Tanduay Distillers, Inc. (Tanduay) is a leading distilled spirits producer in the Philippines which started in 1854. Tanduay produces rum as well as other distilled spirits. The brand and assets of Tanduay Distillery, Inc. were acquired by Dr. Lucio Tan in 1988 from Elizalde & Company, Inc. In 2020, Tanduay was named by Drinks International as the World's Number One Rum based on sales volume and was announced as number four among all distilled spirits.

Tanduay diversified into the production and sale of bioethanol in 2016.

Our Corporate Structure

[1] Owns 50% less 1 share

[2] Voting control at 59.83%

[3] At 30.17% as of end-2016; increase in stake from conversion of convertible notes

Our Markets and Geographical Reach

As a Group, we are able to reach and serve numerous customers and markets across the Philippines and around the world. The diversity of our products and services, coupled with the excellence that we maintain, ensures the continued patronage of our customers and stakeholders.

LT Group, Inc.

LTG, as the parent/holding company, is domiciled and operates within the Philippines.

Asia Brewery, Inc.

Asia Brewery markets, sells and distributes its products throughout the Philippines through 13 exclusive major distributors. Asia Brewery's exclusive distributors have a network of 39 sales offices, 20 warehouses and 12 depots. This extensive network assures product availability to Asia Brewery consumers and also provides the business with an expeditious nationwide placement of new products. Asia Brewery's products are transported to distributors' warehouses by third-party transportation companies, with the costs for the account of such distributors. Asia Brewery, through its subsidiary Asia Pacific Beverages Pte Ltd., also has operations in Myanmar.

Eton Properties Philippines, Inc.

Eton has a full range of projects including offices, commercial spaces, serviced residences, and residential developments in key cities in Metro Manila, Laguna, and Cebu. Eton markets its projects to residential market segments, office locators, and commercial tenants through internal and external sales and marketing channels.

Philippine National Bank

The Bank provides a full range of banking and other financial services to its customers through its Head Office, 670 domestic branches/offices and 70 overseas branches, representative offices, remittance centers, and subsidiaries in 17 locations in the United States, Canada, Europe, the Middle East, and Asia & Oceania.

The Bank's customers include corporations, small and medium markets, retail customers, the National Government, local government units, government-owned and controlled corporations, and various government agencies.

Tanduay Distillers, Inc.

Tanduay serves more than 215,000 points of sale throughout the Philippines through 15 exclusive distributors, who in turn work with a large number of sub-distributors. Tanduay has generally maintained good business relationships with its distributors since 1988. Tanduay's distributors operate 40 sales offices and 48 warehouses located throughout the Philippines. Tanduay through Tanduay Brands International, Inc. employs in-house sales staff who provide marketing and general administrative support to Tanduay's distributors. Tanduay's products are transported from the production facilities to distributors' warehouses by third-party transportation companies for the account of the distributors.

In 2021, Tanduay was noted to have 99% market share of rum in the Philippines and 27% in the distilled spirits industry per Nielsen Market Survey. Tanduay Rhum has also been ranked as the number one rum in the world in terms of volume by Drinks International.

Governance

Corporate Governance

To assist the Board of Directors in its oversight function over LTG and its subsidiaries, the Group has five (5) Committees—the *Audit Committee, the Risk Management Committee*, *the Executive Committee*, *the Nomination and Compensation Committee*, and *the Corporate Governance Committee*. Created to address specific mandates and tasks, these Committees oversee company operations and ensure that transactions are entered into with fairness and transparency in compliance with our principles on good governance.

In 2021, as a response to our changing needs and the dynamic business landscape within which we operate in, our Audit and Risk Management Committee was formally split, with Board approval, into two (2) separate Committees—the Audit Committee and the Risk Committee. The Group's Audit Committee is composed of five (5) Directors with Mr. Johnip G. Cua as Chairman, and Ms. Juanita T. Tan Lee, Ms. Florencia G. Tarriela, Mr. Wilfrido E. Sanchez, and Ms. Mary G. Ng as its members. Out of the five (5) Committee members, four (4), including the Chairman, are Independent Directors. The Audit Committee was created to assist the Board in the fulfilment of its oversight responsibilities over the financial reporting process, the system of internal control, the audit process, and the Group's process for monitoring compliance with laws and regulations. On the other hand, the Group's new Risk Committee is composed of five (5) Directors with Ms. Mary G. Ng as Chairman, and Mr. Johnip G. Cua, Ms. Juanita T. Tan Lee, Ms. Florencia G. Tarriela, and Mr. Wilfrido E. Sanchez as its members. Four (4) are Independent Directors, including the Chairman. The Risk Committee is tasked with the overseeing the management of the Group's financial and non-financial risks including related party transactions towards improving the way we operate and informing our strategy.

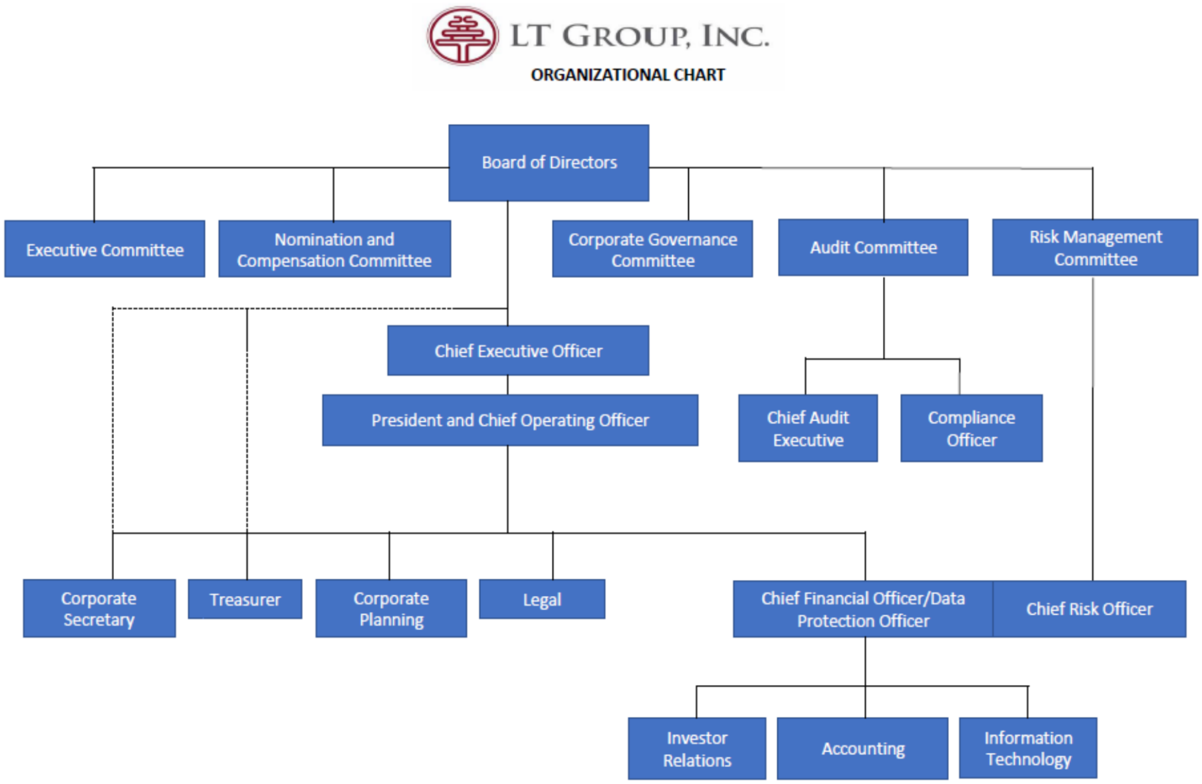
The Executive Committee is composed of seven (7) Directors with Dr. Lucio C. Tan as Chairman and Ms. Karlu T. Say, Mr. Michael G. Tan, Ms. Vivienne K. Tan, Ms. Juanita T. Tan Lee, Mr. Johnip G. Cua, and Ms. Florencia G. Tarriela as its members. As provided in its Charter, the Committee is vested with the powers of the Board only insofar as managing the business and affairs of the Company. However, it is excluded from exercising any powers which are expressly reserved to the Board of Directors under the laws of the Philippines, the corporate By- Laws and the Group's Revised Corporate Governance Manual.

The Group's Nomination and Compensation Committee is composed of six (6) Directors with Dr. Lucio C. Tan as Chairman, and Ms. Karlu T. Say, Mr. Michael G. Tan, Ms. Juanita T. Tan Lee, Ms. Mary G. Ng and Mr. Wilfrido E. Sanchez as its members. The Committee meets at least once a year in compliance with its charter for purposes of ensuring a formal and transparent Board nomination process in selecting, compensating, monitoring and, when necessary, replacing key executives as well as overseeing succession planning.

The Group believes that good corporate governance is vital in its pursuit of becoming a world-class conglomerate, able to stay "at the forefront of the Philippine economic growth and 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." To do so, it has created a Corporate Governance Committee composed of five (5) Directors with Ms. Florencia G. Tarriela as its Chairman and Mr. Michael G. Tan, Ms. Juanita T. Tan Lee, Mr. Johnip G. Cua and Mr. Wilfrido E. Sanchez as its members. The Committee was created precisely to oversee the periodic performance evaluation of the Board, its committees, and the executive management, among others. It must make sure, through these periodic evaluations, that a Director is capable of fulfilling and has been adequately carrying out his duties and responsibilities as such. Pursuant to the Group's Revised Manual on Corporate Governance, the Committee meets at least twice a year or as often as may be necessary.

As of this reporting period, there has been no significant changes to the Group's size, structure, and ownership.

Organizational Chart



Supply Chain Management

The Group is engaged in a wide range of industries and sectors. We maintain quality and excellence in our products and services through a reliable supply chain. As of this reporting period, there has been no significant changes to the Group's supply chain.

Asia Brewery, Inc.

Asia Brewery's energy drink concentrates are sourced primarily from well-known international suppliers. Sugar is procured from third and related parties and local suppliers including Victorias Milling Company, Inc., generally under supply contracts of up to one year. Asia Brewery also purchases carbon dioxide and other additives from local producers. Quality water is the primary ingredient in the water bottling business of Asia Brewery. Water is sourced primarily from sites near the bottling plants and undergoes several purifying steps to ensure it meets standards.

Asia Brewery manufactures the majority of the bottles used for its beverage produc ts using recycled glass cullet and recycles old crates to make new ones. These are manufactured at Asia Brewery's Cabuyao plant in Laguna. Bottling and packaging materials, including aluminum closures, crowns and corrugated cartons are produced by Asia Brewery's subsidiary, Packageworld, Inc., which sources any required raw materials from multiple suppliers in the Philippines and internationally.

As of 2019, we have a total of 1,067 local and international suppliers. Over the last couple of years, we have steadily increased our local supplier base, which comprise most of our suppliers at 85%, along the way supporting local businesses. Our local suppliers are primarily based in Metro Manila, Pampanga, CALABARZON, Negros Occidental, Bukidnon and Surigao. Our international suppliers, comprising 15% of our overall supplier base, are in Thailand, China, Malaysia, Singapore, the United States of America, South Korea, Taiwan, Germany, Australia, Turkey, Canada, and France.

Eton Properties Philippines, Inc.

Eton has a wide network of local suppliers. Most suppliers and contractors are based in the National Capital Region. For the construction of its buildings, a dedicated department conducts canvassing and bidding and enforces an accreditation process for all contractors. All items for procurement likewise must undergo the canvassing, bidding, and accreditation process before being recommended for purchase. All suppliers must have complete regulatory registration and incorporation documents to be accredited.

Philippine National Bank

PNB has developed its Outsourcing and Vendor Management Policy consistent with existing statutory, regulatory, and supervisory requirements. This policy sets out the framework for engaging with suppliers, along with the responsibilities of the Board of Directors and Management Committee in the review and evaluation of all new and existing outsourcing arrangement and vendor relationships. Dedicated vendor relationship managers, who actively build and maintain commercial relationships wit h vendors and service providers, are appointed across all Business Units. PNB employs a comprehensive onboarding process which encompasses risk assessment, elaborate due diligence procedures, contract structuring and review, and continuous monitoring and oversight. Committees have also been organized for the effective management of relationships with third parties. As with any aspect of the Bank's business, PNB believes that continuous monitoring and appraisal of performance is important to evaluate the overall effectiveness of the vendor relationship and the consistency of the relationship with the Bank's strategic goals. Mechanisms are in place for the development of relevant performance metrics, vendor performance management, and competency evaluation.

The Bank's Procurement Committee, which is composed of senior management officers from different sectors, convene regularly to review and deliberate on all bids of accredited suppliers and vendors. The Bank, through the Corporate Services Division, follows this process: (1) sourcing from accredited suppliers and vendors; (2) canvassing and bidding; (3) review/assessment of bids; (4) and awarding of contracts. However, there are also instances when non-accredited suppliers and vendors are engaged by the Corporate Services Division. This is only allowed when the purchase/sourcing is seasonal/occasional, one-time, or considered an emergency. To ensure consistency of standard and specification across all our offices and branches, the Bank sources its purchases and services from Metro Manila-based suppliers and vendors. Some purchases and services, however, are sourced from local suppliers and vendors (province-based and overseas based) to minimize logistical costs.

Tanduay Distillers, Inc.

Tanduay uses ethyl alcohol, which is distilled from sugarcane molasses. Tanduay obtains ethyl alcohol from its two subsidiaries, Asian Alcohol Corporation and Absolut Distillers, Inc., and foreign suppliers.

The distillery companies obtain their molasses from sugar mills and traders. Major suppliers are Universal Robina Corporation, Victorias Milling Company, Inc., Binalbagan Sugar Company, LYL Marketing, Shuurmans & Van Ginneken Phils., Inc., Grandcane Company, Inc., and Tate & Lyle Corporation.

Membership of Associations

Asia Brewery, Inc.

Asia Brewery is a member of the People Management Association of the Philippines (PMAP), the Employers Confederation of the Philippines (ECOP), the Philippine Society for Training and Development (PSTD), and the Semiconductor and Electronics Industries in the Philippines (SEIPI). Asia Brewery's EHS Officers are members of the Advocates, Leaders and Professionals in Environment, Safety and Health (ALPrESH) formerly known as Association of Safety, Health and Environment Officers of Laguna, Inc. (AOSHEOLI). Asia Brewery is also a member of the Cabuyao River Protection Advocates (CaRPA) organization where Dr. Alberto D. Rivera, Asia Brewery Senior Vice President/Supply Chain Head, currently serves as president. Asia Brewery's bottled water plant in Cabuyao has been a member of the International Bottled Water Association (IBWA) since it started its bottled water business in 1992.

Eton Properties Philippines, Inc.

Eton is a member of the Credit Management Association of the Philippines (CMAP), the Philippine Association of National Advertisers (PANA), the Subdivision and Housing Developers Association (SHDA), the Chamber of Real Estate Brokers' Association (CREBA), the Philippine Tour Operators Association, Inc., the Executive Housekeepers Association of the Philippines, the Association of Credit Executives in the Tourism Industry, Inc., Employers Confederation of the Philippines (ECOP) and the Philippine Society for Training and Development (PSTD).

For SHDA, we view membership as strategic and desirable for Eton because it keeps us abreast on current developments in the Housing sector, plus it gives us an avenue, as developer, to air our issues with our regulator, the Department of Human Settlements and Urban Development (DHSUD) [formerly the Housing and Land Use Regulatory Board (HLURB)], and lobby for changes in regulations adversely affecting Eton as developer.

Philippine National Bank

PNB has the following industry memberships: ACI Philippines; Association of Certified Fraud Examiners; Association of Certified Public Accountants in Commerce; Association of AML Officers (AMLO); Association of Bank Compliance Officers (ABCOMP); Agusan Chamber; Asian Bankers Institute; Asian Bankers Association; Bankers Institute of the Philippines; Bankers Association of the Philippines; Bank Marketing Association of the Philippines; Bank Security Management Association; British Chamber of Commerce in the Philippines; Business for Sustainable Development (BSD); Credit Management Association of the Philippines; Credit Card Association of the Philippines; Executives Finance Management Association; Federation of the Philippine Industries, Inc.; Financial Executive Institute of the Philippines; Financial Technology of the Philippines; Good Governance Advocates and Practitioners of the Philippines (GGAPP); Information Systems, Audit and Control Association; Institute of Corporate Directors; Institute of Internal Auditors of the Philippines; Integrated Bar of the Philippines; International Association for Business Communicators (IABC); Japanese Chamber; Korean Chamber; Mabuhay Miles; Makati Commercial Estate Association, Inc.; Management Association of the Philippines; Money Market Association of the Philippines, Inc; People Management Association of the Philippines; Philippine Association of National Advertisers, Inc.;

Philippine Chamber of Commerce and Industries, Inc.; Philippine Business Coalition for Women Empowerment; Philippine Payments Management, Inc.; Public Relations Society of the Philippines (PRSP); Rotary Club; Tax Management Association of the Philippines; The Financial Markets Association, Inc.; Trust Officers Association of the Philippines; Women's Business World.

Tanduay Distillers, Inc.

Tanduay is a member of the Employers Confederation of the Philippines (ECOP) and the Distilled Spirits Association of the Philippines (DSAP). Its distillery subsidiaries are members of the Center for Alcohol Research and Development Foundation, Inc. (CARD) and the Bioethanol Producers Association. These associations serve as the medium for presenting the industry position in case of major changes in regulations.

About this Report

Reporting Scope and Boundary

We started our sustainability reporting journey in 2019 as part of our efforts to drive further our thrust towards a more sustainable business model and in alignment with the SEC Memorandum Circular no. 4 series of 2019. This memorandum provides guidelines that assists publicly listed companies (PLCs) like us in assessing and managing our non-financial performance across economic, environmental and social aspects that would enable us to measure and monitor our contributions towards achieving universal sustainability targets.

We believe that sustainable development practices are integral to our journey as a Group. It allows us to not only save on resources that enable operational efficiency, but it also helps us build a better, brighter future for generations ahead.

As in previous years, our 2021 Sustainability Report features our sustainability performance for the year ended December 31, 2021, unless otherwise indicated. The information presented herein complements our Annual Report for the same period.

This sustainability report covers LTG, as the holding company, and our subsidiaries operating within the Philippines, composed of Asia Brewery, Eton, PNB and Tanduay. PNB will, however, not be covered in full detail in this report as the Bank has prepared its own sustainability report containing fuller disclosures on our banking business to complement this report. PMFTC will also not be covered in full detail in this report as it was not included in the materiality assessment process. It is under the management of Philip Morris International Inc. (PMI) and will be included in PMI's sustainability report.

Our readers may observe differences in material topics and context as our Group is engaged in various industries including beverages, property development, tobacco, banking and distilled spirits. To address these differences and to offer a better understanding, we have consolidated these material topics for the Group and provided a separate listing of unique material topics per subsidiary.

All financial data and general business information in this report have been disclosed in our 2021 Annual Report. No external assurance has been sought for the non-financial disclosures presented in this report. We have, however, conducted internal review and verification procedures to ensure the accuracy of non-financial information presented in this report.

Economic Performance Boundary

The economic performance data presented in this report is from the consolidated financial statements as of and for the year ended December 31, 2021 covering LTG, as the parent company, and all its subsidiaries and associates operating in the Philippines and abroad. For more information, please refer to the 2021 LTG Annual Report.

Reporting Approach

We developed a framework using the principle of Materiality to determine our key material topics and came up with a long list of potential material topics gathered from internal and external sources. We prioritized these according to input from internal stakeholders via both quantitative and qualitative metrics to identify which material topics have the capacity to impact the Group and our operations, and its impact to our various stakeholders.

Sustainability Reporting Guidelines and Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, and the sustainability reporting guide provided by the Philippine SEC in Memorandum Circular No. 4, Series of 2019. This report is also aligned with the 17 United Nations (UN) Sustainable Development Goals (SDGs) to further our commitment in contributing to the global sustainable development agenda.

Stakeholder Engagement Mechanisms

Our Board of Directors is tasked with identifying our stakeholders in the communities where the Group operates in or those that are directly affected by our operations. The Board then formulates a clear policy of accurate, timely and effective communication with identified stakeholders. Our stakeholders include our *stockholders*, *employees*, *customers*, *trade partners*, *joint venture partners*, *suppliers*, *government and regulatory bodies and instrumentalities*, and *communities where the Group operates in for both business and non-business programs*.

We engage with our stakeholders in through a number of ways including but not limited to:

1. Annual Shareholders' Meeting
2. Annual Press Briefing
3. Quarterly Analysts' Briefing
4. Consultation Meetings with the Congress
5. Investors' Conference (as needed)
6. Private Meetings (as needed)
7. Conference Calls (as needed)
8. Plant Visits (as requested)

The Group also maintains open communications with the investing community to promote greater understanding of our businesses. Reports to the SEC and PSE are disclosed on time, and are available for viewing and downloading in the Group's website. There is also a dedicated Investor Relations Officer and the Group may also be corresponded with through email and/or telephone calls.

Across our subsidiaries, Asia Brewery maintains a Customer Complaint Report and conducts a regular Customer Satisfaction Survey. Eton's Property Management Group and Customer Support Team manage on-site concerns and concerns from existing clients, respectively. PNB's Customer Experience Division manages all client concerns and complaints through a variety of channels 24 hours a day, 7 days a week. Tanduay maintains a number of channels including their website, email address, phone numbers and social media profiles through which customers may relay any issues and concerns.

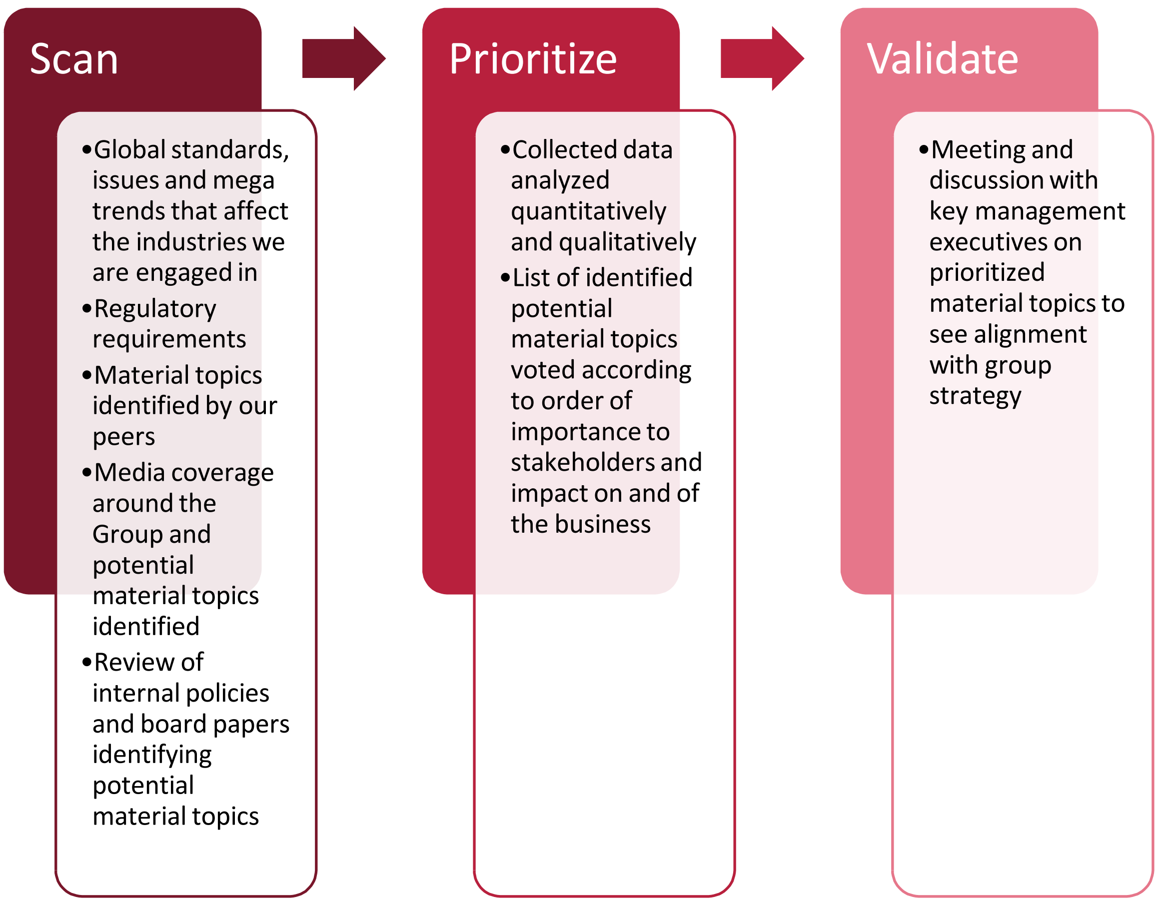
The key topics and concerns raised during the Annual Shareholders' Meeting, Annual Press Briefing and Quarterly Analysts' Briefings are related to the financial results of the Group, future plans of operations, and other significant changes on the operations of the Group. As for the meetings with the government, significant updates on regulatory compliance, especially on taxes, are discussed.

Sustainability Report Feedback

To help us achieve our goal of improving our sustainability reporting practices, we would appreciate your comments, feedback, and suggestions. You may contact us at sustainability@ltg.com.ph.

Our Approach to Materiality

In 2019, we conducted a materiality assessment process to determine material sustainability topics to our business. We reviewed a variety of sources and conducted workshops to assess and determine the most critical material topics that have the highest capacity to impact the Group, internally, and its stakeholders, externally.

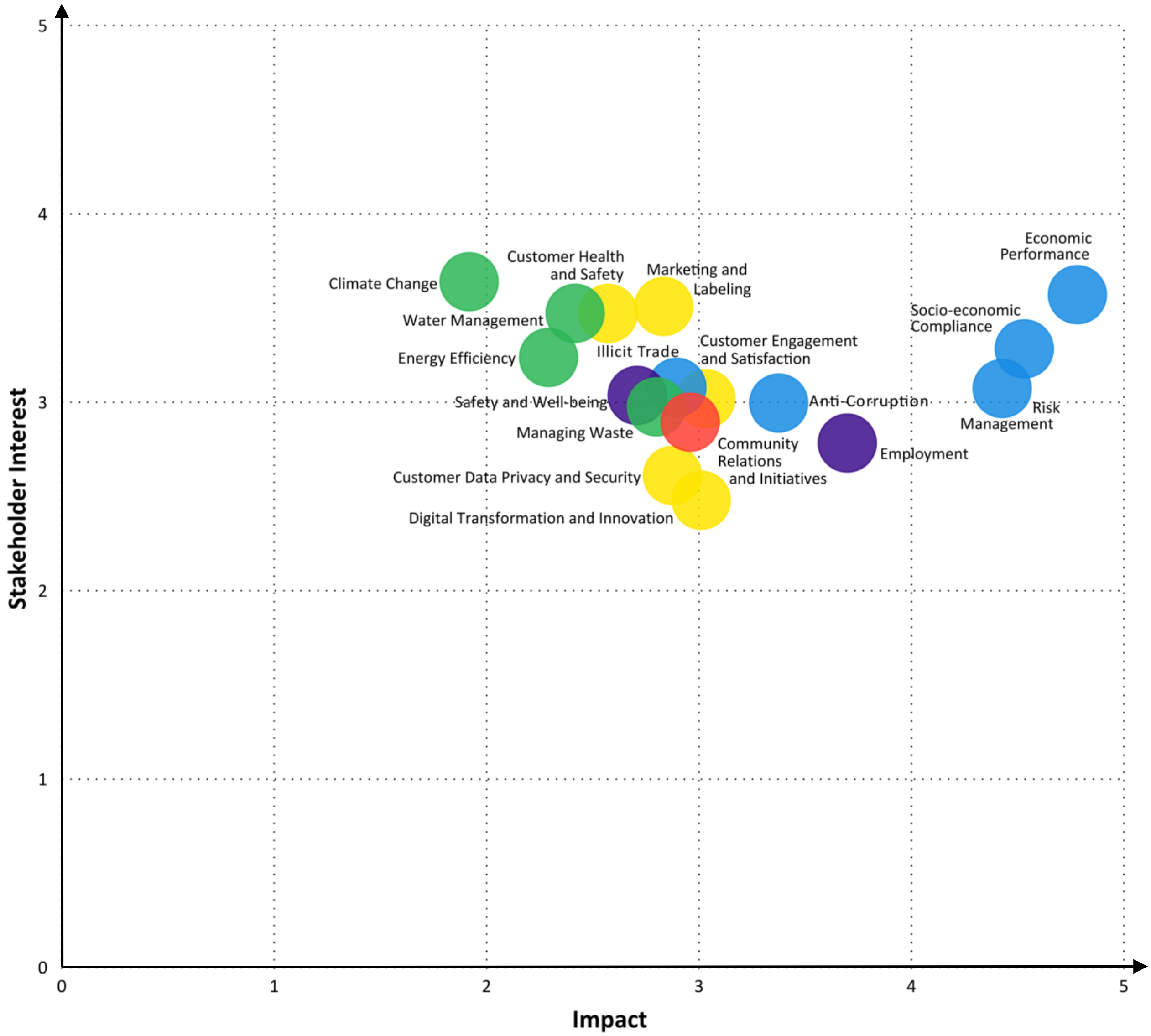


From a long list of 44 material topics, we were able to prioritize 17 material topics and these were validated by key Management Officers.

For 2021, after a series of discussions and consultations with key Management Officers, the same 17 material topics remain to be the most important to the Group and our stakeholders.

Materiality Matrix

Our materiality matrix shows the 17 key material topics that were identified to have the most significant impact and stakeholder interest.



CATEGORY	KEY MATERIAL TOPIC	CATEGORY	KEY MATERIAL TOPIC
ECONOMICS AND GOVERNANCE	Economic Performance	ENVIRONMENT	Water Management
ECONOMICS AND GOVERNANCE	Socioeconomic Compliance	SOCIETY	Community Relations and Initiatives
ECONOMICS AND GOVERNANCE	Risk Management	EMPLOYEES	Safety and Well-being
EMPLOYEES	Employment	ENVIRONMENT	Managing Waste
ECONOMICS AND GOVERNANCE	Anti-Corruption	ENVIRONMENT	Energy Efficiency and Emissions
CUSTOMERS	Marketing and Labeling	ENVIRONMENT	Climate Change
CUSTOMERS	Customer Health and Safety	CUSTOMERS	Digital Transformation and Innovation
CUSTOMERS	Customer Engagement and Satisfaction	CUSTOMERS	Customer Data Privacy and Security
ECONOMICS AND GOVERNANCE	Illicit Trade		

Our Key Material Topics

	Material Topic	Relevant SDGs
1	Economic Performance *Maintaining profitability to return a dividend and re-invest in products and services. This also covers stable revenues in the midst of political and economic uncertainties, market competition, pressure from regulatory bodies and employing strategies to increase market share.*	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
2	Socioeconomic Compliance *Complying with socioeconomic laws and regulations, as well as regulatory changes in both financial and non-financial reporting.*	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
3	Risk Management *Managing risks that may greatly impact the Group's operations and performance. This includes systems and policies in place to address potential credit, market, interest rate, liquidity, security, reputation and other risks relevant to the operations of its subsidiaries.*	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
4	Employment *Attracting and retaining highly capable individuals to support high performance, covering employee wages and other forms of compensation such as bonuses and executive remuneration, as well as fostering gender equality in the workplace.*	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
5	Anti-Corruption *Demonstrating integrity, transparency, governance, and responsible business practices, as expected by the marketplace, international norms and stakeholders.*	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
6	Marketing and Labeling *Providing customers access to accurate and adequate information on the positive and negative economic, environmental and social impacts of the products and services they use–both from a product and service labeling and a marketing communications perspective. This also includes communication of customer protection policies and laws.*	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
7	Customer Health and Safety *Protecting and promoting health and safety of our customers through assurance of product quality, effective safety risk management and promotion of a safety culture. This also refers to ensuring that products are free from toxic or hazardous contents that may endanger customer safety.*	3 GOOD HEALTH AND WELL-BEING 6 CLEAN WATER AND SANITATION

8	Customer Engagement and Satisfaction *Meeting customer expectations and needs in delivery of our products, services and experiences. This also ensures that customer complaints are recorded, monitored, resolved and reported to regulatory bodies, as applicable.*	
9	Illicit Trade *Implementing policies and measures to ensure the security of aspects in the supply chain which could be most susceptible to illegal trading and counterfeiting. This entails full cooperation with law enforcement agencies, and engagement with policymakers for a more effective and balanced regulation.*	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
10	Water Management *Optimizing the use of water resources, including management of water treatment of drinking water, industrial water, sewage or wastewater, water resources and flood protection.*	6 CLEAN WATER AND SANITATION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
11	Community Relations and Initiatives *Maintaining our social license to operate through engagements with the community.*	1 NO POVERTY; 2 ZERO HUNGER; 3 GOOD HEALTH AND WELL-BEING; 6 CLEAN WATER AND SANITATION; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
12	Safety and Well-being *Protecting and promoting health, safety and well-being of our employees and contractors through effective safety risk management and promoting a safety culture.*	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH
13	Managing Waste *Managing and minimizing waste, including responsible waste management by resource reduction, reuse, recycling and reprocessing, waste treatment and waste disposal.*	3 GOOD HEALTH AND WELL-BEING; 6 CLEAN WATER AND SANITATION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
14	Energy Efficiency and Emissions *Managing and minimizing energy use, increasing efficiency measures, and using low-carbon emission energy sources.*	7 AFFORDABLE AND CLEAN ENERGY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
15	Climate Change *Ensuring that the Group is prepared to anticipate, address and recover from impacts of climate change that might pose risks to the workforce, cause disruption to operations and/or loss of property.*	13 CLIMATE ACTION
16	Digital Transformation and Innovation *Implementing digitalization of products and services to streamline customer experience. This also refers to other innovations that capitalize on current trends on blockchain, artificial intelligence, etc. This also includes cybersecurity and cyber resilience measures within the Group.*	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17	Customer Data Privacy and Security *Managing the privacy of customer information and ensuring personal information is secure against fraud and theft.*	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Unique Material Topics across Subsidiaries

Our materiality assessment process allowed us to determine unique key material topics for our subsidiaries. Although we did not include specific disclosures for these material topics in this report, we have included them here for information.

Material Topic	Relevant SDGs
Asia Brewery and PNB	
Learning and Development *Developing our workforce capabilities, skills and competencies to create a positive and sustainable organizational culture.*	4 QUALITY EDUCATION; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
Asia Brewery and Tanduay	
Environmental Compliance *Complying with environmental laws and regulations.*	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Asia Brewery	
Greenhouse Gas Emissions *Managing and minimizing emissions to free the air of pollutants – including carbon and other greenhouse gases (GHGs).*	3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION; 14 LIFE BELOW WATER; 15 LIFE ON LAND
Labor/Management Relations *Using consultative practices with employees and their representatives, including communicating significant operational changes.*	8 DECENT WORK AND ECONOMIC GROWTH
PNB	
Indirect Economic Impact *Supporting infrastructure investments and public services that are additional consequences of the direct impact of financial transactions and the flow of money between PNB and its stakeholders.*	8 DECENT WORK AND ECONOMIC GROWTH
Tanduay	
Materials Stewardship *Using materials efficiently and judiciously, whether renewable or non-renewable, necessary for the provision of products and services.*	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Supply Chain Management *Supporting local suppliers, or those owned by women or members of vulnerable groups and assessing procurement practices that may cause or contribute to negative impacts in the supply chain.*	10 REDUCED INEQUALITIES; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our Strategy and Performance

In the following sections, you will find out more about our sustainability journey in 2021. The disclosures have been divided into five categories: Economics and Governance, Environment, Employees, Customers and Society – with the corresponding key material topics contained therein.

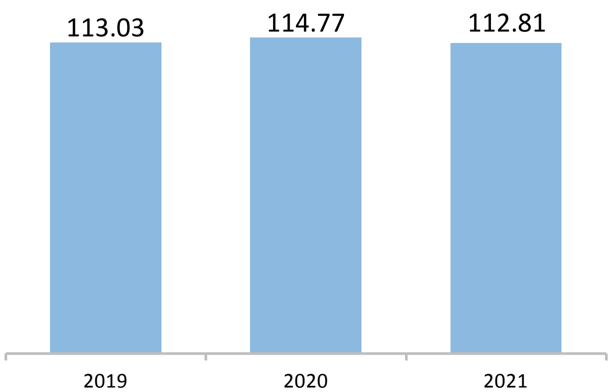
Economics and Governance

Economic Performance

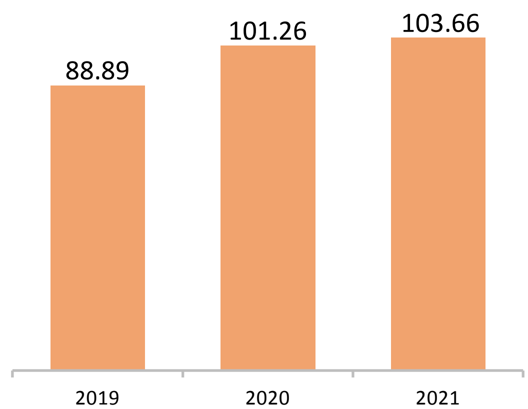
We continued to maintain a guarded outlook to ensure our businesses' viability despite the global COVID-19 pandemic. Our commitment and strong foundations helped us remain resilient and kept us on track to our mission to shared value creation and long-term growth.

For 2021, we reported total economic value generation at Php112.81 billion, a decrease of 1.7% compared to last year. Our total direct economic value distribution is at Php103.66 billion, an increase of 2.4%. Of this value, Php50.72 billion went to operating costs, Php12.32 billion to employee wages and benefits, Php19.91 billion for payments to government, Php20.63 billion for payments to providers of capital and Php0.081 billion in community investments. As of the end of the current reporting period, the economic value retained is at Php9.15 billion.

Direct economic value generated
in billion Pesos



Direct economic value distributed
in billion Pesos



Direct economic value distributed (in Pesos)			
	2019	2020	2021
Operating costs	39,525,175,222.34	46,868,358,299.45	50,722,493,580.47
Employee wages and benefits	11,355,563,625.72	12,294,976,981.91	12,316,454,296.29
Payments to government	15,444,345,059.13	20,844,610,731.79	19,912,173,628.71
Payments to providers of capital	22,473,831,107.24	21,152,939,722.28	20,625,180,497.49
Community investments	88,926,713.08	97,332,438.72	81,326,782.00
Total direct economic value distributed	88,887,841,727.51	101,258,218,174.15	103,657,628,784.96
Total economic value generated	113,025,097,439.59	114,766,428,692.40	112,811,003,716.19
Economic value retained	24,137,255,712.08	13,508,210,518.25	9,153,374,931.23

Socioeconomic Compliance

We ensure that all our policies are thoroughly reviewed and approved by our respective board committees in our subsidiaries, consistent with our practice of good corporate governance. Our Board of Directors is responsible for the regular review and oversight of the policies we implement across the Group. Together with our Compliance Officer and Corporate Secretary, our Corporate Governance Committee is primarily responsible for all compliance matters to ensure that we consistently comply with all conditions set by Philippine regulatory bodies and legislation and international standards.

Our Manual on Corporate Governance, which contains our Code of Business Conduct and Ethics, mandates that all personnel, regardless of rank or seniority, abide by government laws, rules and regulations. We cascade our Manual to all current and new employees as part of their onboarding and refresher. The management also ensures that the Manual is readily available on our corporate website for easy reference.

A thorough review process vets the integrity and accuracy of our filings as we do our best to avoid penalties and other sanctions due to late submissions of our documents on or before the deadline. After submission, we look at best practices to replicate and evaluate areas that can be improved and learned from in our reporting practice to make the next reporting cycle more efficient. We also take immediate action to effect corrective measures from regulators on possible issues and concerns. In compliance with the SEC recommendations on good governance as provided in the Integrated Annual Corporate Governance Report, we conducted our annual performance self-assessment for Members of the Board and Committees this year, covering 2020 and 2021. It allows us to see how effective our current corporate governance mechanism is, assess the Group's efficiency to meet compliance requirements, and develop solutions to improve weak areas.

Further, we strictly adhere to the regulatory submission requirements of the different regulatory agencies such as the Securities and Exchange Commission (SEC), the Philippine Stock Exchange (PSE) and the Bureau of Internal Revenue (BIR). The Corporate Governance Committee gives their proper guidance and advice to effectively practice good corporate governance, regular updates about the status of filings with agencies, and improvements made by the Group. The management asks guidance from the said Committee when unforeseen or unavoidable circumstances delay our submissions of the regulatory requirements.

Eton mandates that our people comply with all laws and regulations under the Eton Code of Business Conduct and Ethics. For grievances, we have a whistleblower policy where a whistleblower may submit a written report to the Office of the Compliance Officer. The Compliance Office shall then investigate the alleged violation of the Company rules, regulations and policies. All reports shall be treated in confidence and discussed with the Audit Committee for recommendation and action. If grievance mechanism relates to socio-economic compliance, it is different from employee grievance mechanism handled by HR or Legal. We also have an Executive Committee headed by the COO and EVP.

In compliance with BSP Circular 1085, PNB recently developed its Sustainability Policy and 3-Year Transition Plan. Tasks or activities are identified and determined for implementation in the Years 2021-2023. In the enterprise-wide Sustainability Policy, a significant sustainability pillar of the Bank is governance which covers compliance or adherence of the Bank in all policies, laws and regulations ESG-related or otherwise in areas where the Bank has a presence. The Sustainability Policy also identifies tasks indicated in the 3-Year Sustainability Transition Plan of the Bank, which includes identifying, assessing and creating an inventory of ESG-related laws and policies in areas or communities where the Bank has a presence in the country and overseas. We are developing and implementing procedures and controls to detect potential compliance issues regarding E&S legal/regulatory requirements. The Sustainability Transition Plan also reports violations and fines incurred by the Bank on relevant E&S regulations and laws in the country and abroad to the Corporate Sustainability Unit (CSU) for reporting to the Corporate Governance and Sustainability Committee.

We commit to providing a safe, respectful and collaborative work environment for our employees, cultivating personal and professional growth by educating our employees on our Sustainability Policy to encourage and inspire them to contribute positively to their communities. All employees of PNB have a practical skill set as they are required to take skills and development programs relevant to their existing functions and target roles. PNB's hiring process shall be based on the candidate's skills and competencies to provide equal opportunities for successful candidates. Promotions are also given to qualified employees based on performance, potentials and aspirations regardless of their gender and background. The policy promotes diversity, inclusion, and gender equality in employment and the workplace.

We will ensure the continuity of our business through strategic succession planning. We will also support companies and initiatives that foster and enable economic and inclusive growth, environmental protection, social development and nation-building. The program and activities related to our commitment to our clients will also raise awareness on sustainability and the Bank's sustainability thrusts through various information dissemination channels.

We align our plans, programs and activities to the international best practices and standards such as the FATF International Standards on anti-money laundering and combating the financing terrorism and UN Sustainability Development Goals. The Group practices transparency and accountability in all areas of our operations. We have also integrated sustainability principles in our enterprise risk and management system, which requires reporting our progress on our Sustainability initiatives to the Board of Directors at least quarterly. If also necessary, we will update our PNB Sustainability Policy annually.

We also educate and ensure that our suppliers, vendors, outsourced personnel and third-party service providers meet our sustainability policy and standards. Lastly, for our environment, we are committed to reducing the environmental impact of our operations through efficient use and management of natural and artificial resources, adapting eco-friendly technologies, and supporting businesses and projects that are compliant with environmental laws and regulations and contribute to the protection and conservation of the environment through sustainable financing and strategic partnerships.

At Tanduay, the Corporate Governance Committee consistently reminds the business units/ departments responsible for ensuring compliance with the regulatory agencies to aim for a perfect score. As a result of the Tanduay's efforts toward good corporate governance, its score in the ASEAN Corporate Governance Scorecard increased to 72.80 from 53.89 in 2017. Moving forward, we shall continue to comply with further recommendations of the regulatory agencies.

In 2021, we noted no major incident of non-compliance with laws and regulations in the social and economic areas across the Group. All non-compliance issues are dealt with immediately for resolution through the appropriate channels. In the next reporting period, we commit to ensure that no incidents of noncompliance are recorded and that any incident that may arise is resolved immediately.

Risk Management

Risk management is as an essential element that helps organizations like ours identify, assess and control threats to our operations. We use a holistic approach in managing our risks and come up with dynamic strategies and plans that are aligned to our org anizational thrust of being a leader in the sectors we do business in. We ensure that our risk management systems remain relevant and dynamic by proactively identifying and managing risks that could impact how we create value for our stakeholders and foster sustainability. Across the Group, we comply with all applicable rules and regulations including the Code of Corporate Governance of the Philippine Securities and Exchange Commission (SEC) which covers the mitigation of various risks present in our businesses.

Across the Group, our Code of Business Conduct and Ethics represents the principles and values that all stakeholders must uphold. The grievances or concerns regarding risk management is overseen by our Chief Risk Officer. The reporting party may utilize the Whistle-Blower policy channel if any risk incidence represents a violation. In our commitment to upholding the highest standards of conduct, our Internal Audit review may also highlight any noncompliance by existing operations. We assess circumstances and relevant risks and take a proactive approach across risk aspects that could negatively impact our businesses.

At LTG, our Enterprise Risk Management (ERM) System helps us mitigate risks in security, operations, reputation, compliance, fraud, law, disaster recovery and others. Our ERM System is regularly u pdated to address emerging risks coming from volatile market conditions and the ever -changing business landscape based on the Enterprise Risk Management - Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our Chief Risk Officer is responsible for overseeing risks, including continued compliance with SEC regulations on implementing risk management activities. We also conduct Internal Audit activities to our ERM System and its implementation as part of our 3-year risk-based audit cycle. In October 2021, LTG created a separate Audit Committee and Risk Management Committee tasked to handle respective audit and risk issues. The creation of these committees complies with the recommendations of the SEC and is in pursuit of good governance.

The Risk Management Committee (RMC) has a charter stating that the Committee shall have Risk Oversight and Related Party Transactions (RPTs) Functions. It is the duty and responsibility of the Committee to monitor the risk environment of the Group and to provide direction for th e activities to mitigate to an acceptable level which may affect the ability to achieve its goals. Further, the said Committee is responsible for reviewing and ensuring that RPTs entered into are not underta ken on more favorable economic terms with such related parties than similar transactions with non- Related Parties under similar circumstances.

The Risk Oversight Committee (ROC) of PNB is the highest governing body with risk management function in our banking business. PNB's Board Risk Oversight Committee (ROC) is mandated to set risk appetite; approve frameworks, policies, plans, programs, awareness testing exercises and processes for managing risk; and accept risks beyond the approval discretion provided to Management. Our Risk Management Policy at PNB covers a range of key areas including a comprehensive risk management approach; a detailed structure of limits, guidelines, and other parameters used to govern risk-taking; a clear delineation of lines of responsibilities for managing risk; an adequate system for measuring risk; effective internal controls and a comprehensive monitoring and risk-reporting process; and adherence to standards and regulations.

ROC membership is composed of at least six (6) members of the Board of Directors, majority of whom are Independent Directors including the Chairperson. The Chairperson shall not be the Chairperson of the Board of Directors, or any other Board Committee. The members shall possess a range of expertise as well as adequate knowledge of the Bank's risk exposures. They must also meet the requirements of the Securities and Exchange Commission (SEC), the Bangko Sentral ng Pilipinas (BSP) and other applicable laws, rules, and regulations.

In our Retail Banking Sector, a process of assessing potential risk is engaged to determine whether a relationship with a particular client or entity is amenable and does not pose significant risk as per our Customer Risk Rating (CRR) Policy, crafted in compliance with the Anti-Money Laundering Act of 2001 (RA no. 9160).

We continue to improve the process as we go along and as the need arises. For instance, in October 2021, we further enhanced the risk management process for high-risk accounts with balances of more than Php5M on top of the periodic review of accounts. The Branch Head and Relationship Officer must set an online meeting (if face-to-face is not feasible) after performing Enhanced Due Diligence and review of transactions. It is also part of the Region Head's oversight function to ensure that the review/assessment/updating of HR accounts and the compliance to the quarterly certification is being done.

In June 2020, we required additional information during customer onboarding if the source of fund is allotment. To enhance our customer due diligence, we are capturing the remitter name, its relationship to the account holder, and the expected monthly remittance. Our ERM Framework, reviewed and updated in 2021, provides the overall guidance in the risk management functions and articulates our philosophy that risk management resides at all levels.

For continuous improvement, we continue to improve the policies and procedures as we go along and as the need arises. For instance, in May 2021, one of the key changes made to our Money Laundering and Terrorist Financing and Prevention Program (MTPP) includes a policy devised for the management of Operators of Payment Systems (OPS) and Non-Bank Electronic Money Issuers (EMIs). This includes the list of documentaries evidence to be obtained, approvals to be secured given that the customer segment will have a default risk classification of high risk, and process for ongoing monitoring.

In addition to this, we updated the policy for the management of real estate companies in November 2021. In particular, the process for the customer segment's ongoing monitoring was enhanced to include performing of reverse screening of the list of duly registered real estate companies against PNB's own customer base to determine if the appropriate tagging and due diligence has been applied.

Anti-Corruption

We understand the threat that corruption poses on our businesses and stakeholders. As we continue to commit to fair and equitable business practices, we affirm that we comply with all applicable laws and regulations on anti-corruption. Our employees are bound not to foster corruption through our robust policies and regular training.

Guided by our Group-wide Code of Business Conduct and Ethics, we strictly do not condone any act of bribery or corruption with government officials to facilitate transactions or obtain favors. The Code further ensures that all our Directors, Officers, and employees comply with all government rules, laws and regulations and conduct themselves in a way that avoids conflicts of interest. To supplement the Code, we have a Group-wide Whistle-Blower Policy and Non-Retaliation Policy in place. Any suspected incidents of corruption may also be reported through our established reporting channels and are treated with utmo st confidentiality with a safeguard against retaliation. The Code provides a platform for employees to report suspected corruption to their immediate supervisor, who shall determine the existence of reasonable ground to escalate the matter. Directors and Officers shall report suspected and verified corruption cases to the Chairman of the Corporate Governance Committee, who, alongside the Committee, metes out appropriate sanctions. Alternatively, employees may also anonymously report unethical and corrupt activities.

At LTG, any known or suspected misconduct or violation of the policy are reported to Directors, Officers, and the Chairman of the Corporate Governance Committee. We also update our Code of Business Conduct and Ethics to ensure that our current company practices are written as policies. The updates in the Code include the procedure on handling reports and protecting whistleblowers against any possible act of retaliation (i.e. suspension, demotion, harassment, discrimination, or loss of benefits) . Our Board conducts regular reviews of the Code to ensure its continued relevance and implements updates on time. For the past years, there have been no reports of any known or suspected misconduct or violation of the Company's Policy. In November 2021, LTG conducted its Annual Self-Assessment covering 2020-2021 to ensure that Directors remain aware of the policies, their duties and responsibilities. We also started drafting a separate Manual to govern the conduct of its employees.

To maintain ethical conduct, Asia Brewery maintains a Labor Management Council and a Committee on Right Ethics (CORE) which help manage cases of misconduct and corruption in accordance with the Company’s Code of Conduct. Asia Brewery’s Executive Committee and AVP for Human Resources manage and monitor the ethical conduct of business in all operations. ABI also uses its Human Resource’s “Speak Up” Hotline in receiving reports of misconduct and corruption as well as the Failure Mode, and Effect Analysis (FMEA) as a Risk Assessment Tool for grievance handling.

Eton maintains a Code of Business Conduct and Ethics that it shall not condone any act of bribery or corruption of government officials to facilitate transactions or obtain favors. Eton’s HR Employee Manual also provides comprehensive information about violations on bribery and the no -gift policy. Our Audit & Risk Committee is responsible to ensure the integrity of the Company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for monitoring risk, financial control, and compliance with the law, rules, regulations and the Manual. As stated in our Code of Business Conduct and Ethics, Eton follows a whistleblower policy, reporting and investigation procedures and non-retaliation policy.

Approved by the Board of Directors, PNB’s Office Decorum that includes the Anti -bribery and Corruption, Policy on Soliciting and Receiving Gifts and Whistleblowing Policy ensure that employees co nduct themselves ethically. PNB ensures that all policies are disseminated and discussed during the employee orientation. We also regularly disseminate good governance reminders and conduct whistleblower webinars and seminars. Employees who violate the policies are sanctioned in accordance with the Bank's Code of Conduct. We also have a Fact-Finding Committee aligned with the Bank's Code of Conduct to report any violations via proper avenue. As part of our commitment and consistent monitoring, we evaluate our measures through Performance Appraisal Report for Officers which includes "adherence to ethical behavior." The Grievance Machinery and regular Labor Management Council of PNB aim to address the misunderstanding, dispute, or controversy arising from the interpretation, application and implementation of any provision of the Collective Bargaining Agreement between the union and the Bank and any covered employee.

In 2021, our anti-corruption policies and related procedures have been communicated to 100% of all our employees, business partners and governance body members. There are 27.7% of our employees and 21% of our governing body members who have received anti-corruption training.

Our ability to keep our workforce committed against corruption is critical in maintaining our record of zero reported cases of suspected and actual corruption for the current reporting period. In 2022, we continue to ensure that we strictly enforce our policies and campaigns to prevent corruption and promote ethical behavior.

Environment

Water Management

We value water's vital role in supporting the maintenance, sustenance and quality of life of every living creature. The country's water resources' significant issue is the rising water demand with limited supplies leading to water scarcity. Water scarcity also happens due to population growth, economic development, climate change and pollution. With the alarming progress of climate change and the current depletion of water supply that supports the continuous growth of society, we strive to strictly implement measures and guidelines to our subsidiaries, thereby managing our impacts and contribution to our water resources.

At LTG, we are not aware of any significant impact we have caused on our water resources. Guided by the policies set by the building management, we implement a periodic check of water pipes within the premises on which we have the responsibilities to oversee. We are also in the process of formalizing our advocacy on judicious use of water through disseminating internal memoranda to all employees and incorporating this as part of our code. We also aim to utilize the water discharged from the Sewage Treatment Plant (STP) through water recycling.

Asia Brewery's primary water source is groundwater. We operate and observe sustainable water withdrawal practices and strict monitoring of water consumption and wastewater management through our Water Treatment Process and Wastewater Treatment Process. We also regulate our activities through the timely submission of our reports to regulators and ensuring that our deep wells have the necessary permits for installation and maintenance. We implement our activities with strict compliance to regulatory requirements from the Local Government Units (LGUs), the Water Code of the Philippines and its other related regulations set by the National Water Resources Boards (NWRB), Department of Environment and National Resources (DENR), and Laguna Lake Development Authority (LLDA). We also follow the International Bottled Water Association (IBWA) mandated industry standards. We continuously ensure that all our manufacturing sites have extensive knowledge on identifying our water-related impacts and concerns through the use of our Failure Mode and Effect Analysis - Risk Assessment tool.

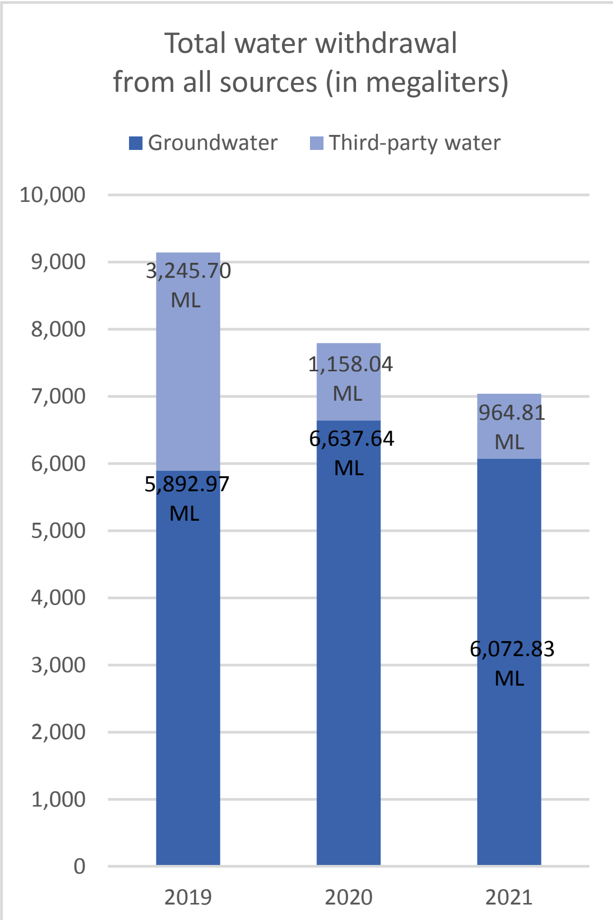
At Eton, we strictly monitor the impact of water use on our entire operations in accordance with our Water Supply Document Code. We source our water primarily through third-party water distributors with a small percentage from groundwater sources. We also take responsibility on our water use where 70% of our wastewater from our properties go through our STPs to treat our wastewater before being discharged to the respective municipal drainage systems. We adhere to the implementing policies and procedures on STP maintenance based on DENR guidelines. Beyond compliance, we also acknowledge the need for a system to identify water-related impacts. At Eton, the assessment of water-related impacts or concerns is part of the KRA of the Building Engineer done through a daily checklist monitoring. In our commitment to address our water-related impacts and communicating it to our stakeholders, we conduct stakeholder engagement activities through our established channels for vendors and third-party partners. We commit to comply with all policies and procedures set by DENR and other government agencies. We extend our environmental responsibility and our water conservation campaign among our tenants and residents through regular advisories and reminders on checking for leaking faucets and showerheads and turning them off when not in use.

The water sources of PNB are from third-party water distributors. We use water to operate the centralized air conditioning system, maintain the cleanliness of the toilets, and provide drinking stations at the general dining area. We recognize the potential impact of our wastewater to our water sources. Our head office in Pasay treats its wastewater using its own STP in compliance with the parameters set by DENR and LLDA before it is discharged in Manila Bay. We also adopt guidelines and cost-effective measures to manage our water usage. PNB has two storage tanks that can support our operation and services for two (2) days during water interruption. With this initiative, the air conditioning system on most building parts and the comfort room usage will not be affected in case of no water supply. The flushing mechanisms of our water closets are also adjusted to reduce the volume of water used. During the implementation of Maynil ad of the water rationing, the bank also coordinates with all the personnel and tenants of the PNB Financial Center to help conserve water especially during the distributor's implementation of water rationing.

At our Makati office, the effluent water is treated in the STP of our third-party water distributor. We ensure that we monitor and conserve our water consumption, and regularly communicate with the building administrator of our Makati office to track our water consumption. We regularly advise our offices to check our flushing mechanisms and the adjustment of water pressure to reduce the volume of water consumption within the premises of PNB.

The primary source of water of Tanduay's operations is groundwater through deep wells. We regulate and monitor the volume consumed by our operations and conduct our business in accordance with the NWRB's permit. We monitor and report monthly our water consumption on all points-of use of our business using sub-meters. Our Cabuyao plant, an ISO 9001 Certified Plant, regularly monitors water use to assess if consumption vs. production ratio (Water Use Ratio) is within the target for efficient water utilization since there are indicators of groundwater depletion in some areas in Cabuyao per NWRB's groundwater leveling. Tanduay is committed to deliver exceptional service by setting its WUR targets. In 2022, we target to reduce our WUR by 2.5%, then reduced by 5% from 2023 and 10% from 2027. Generally, WUR targets are set higher every year for continual improvement. The Year-to-Date Value of WUR shall be acquired and EHS committee will agree on the new and lower target in the following year. The EHS committee will perform root cause analysis and corrective action to meet the target the following month if there are three consecutive months of failed WUR.

We are also mindful of our impacts, thereby we strictly comply with DENR General Effluent Standard in treating our wastewater in wastewater treatment facilities before releasing to receiving water body. We have plans to re-lay out our pipes to reduce leakages and unnecessary discharges of water. We also ensure that our liquid chemical and other hazardous wastes are hauled by accredited third party contractor and are treated properly by requiring a Certificate of Treatment. We partner with NGOs like Cabuyao River Protection Advocates, LGU and DENR-EMB to improve and protect the water quality of receiving water



bodies. We regularly engage in activities such as river and creek clean-up, Community Environmental Education, recycling of failed demineralized water as water for gardening, adopt-a-river initiative, installation of trash catchment mechanism, and education of the community regarding environmental stewardship.

Across the Group, in 2021, our total water withdrawal was 7,037.64 megaliters (ML), where 6,072.83 ML is from groundwater sources and 964.81 ML is from third-party water suppliers. While there is an overall 10% decrease in our water consumption compared to 2020, our Tanduay Cabuyao Plant has not been affected by lockdown this year, hence the increase in water consumption and products. The 17% decrease in our use of water from our third-party water providers were due to the COVID-19 pandemic, the temporary closure of our offices during the lockdowns, and the implementation of work-from-home and alternative work schedule arrangements.

Managing Waste

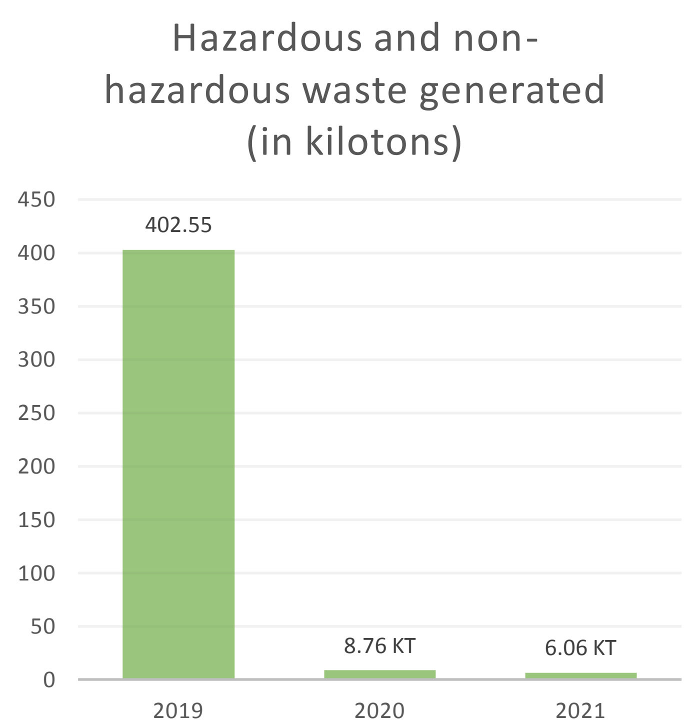
Climate Change has affected all countries worldwide due to the great concentration of greenhouse gases (GHG) in the atmosphere from human activities. At LTG, we aim to find solutions for climate change including the efficient management of our waste generated from our operations. Across the Group, we conduct our waste management activities in compliance with the laws and regulations set by DENR for hazardous waste and the LGU for non-hazardous waste.

We continue to promote our Group-wide programs which help us lessen and ensure that we dispose of our waste in ways that do not cause any harm to the environment. We also promote the use of electronic communication and documents for internal memos to lessen paper waste, repurposing scratch papers for second use as well as two-sided printing. The building management where LTG rents is responsible for the waste we generate, while DENR accredited third-party contractors handle the management of hazardous and non-hazardous waste of our subsidiaries. While we do not have formal commitment, goals and targets yet concerning waste management, we consistently promote reducing, reusing, and recycling of waste to our employees. Our Human Resource team is in the process of integrating our efforts on managing waste into the Group's code for employees. Future housekeeping rules on the use of resources will also be put in place.

Asia Brewery's Environment, Health, and Safety Policy (EHS) ensure to efficient waste management of our waste. Eton and Tanduay have solid waste management plans and documents to ensure that the programs and initiatives are appropriately planned and implemented. We also have Pollution Control Officers across our businesses to monitor and assess business requirements and compliance with the law.

In 2021, Asia Brewery's Medical Team started monitoring the quantity of clinical waste generated from our COVID-19 testing facility which is hauled by DENR-accredited service providers for proper treatment & disposal. ABI's solid waste increased by 14% in 2021 due to an increase in production volume mainly contributed by our glass and bottled water plants as well as an uptake in waste generation at our alcoholic segment operations. We evaluate our effectiveness through performance evaluation and monitoring of group or individual key performance indicators that are reviewed every mid-year review, typically on every month of June.

At Eton, in compliance with DENR, LLDA and LGU requirements, we continuously practice proper waste segregation by providing trash bins intended for biodegradable, non-biodegradable, & recyclable waste in different strategical areas in our office premises. We are also committed to continuously inform and remind our residents and tenants to follow proper waste segregation and disposal. In relation to reducing our paper waste in our offices, we plan to roll out our digitize system and processes. To further demonstrate our progress, we expect to generate a database for qualitative and quantitative information in developing our timeline in achieving our goals and targets. To better convey our purpose and challenge ourselves to outperform our growth in Eton, we target 20% total office waste reduction in 2022. In 2025, we target a 40% total office waste reduction supported by the full implementation of our property management software and our paperless operations. In the long-term, we target 15% additional waste reduction through enhancing our recycling program within the property.



The commitment of PNB in managing and controlling waste is reflected in our significant investments on trainings and seminars for our Pollution Control Officers as well as disposal and/or recycling initiatives and laboratory testing of wastewater effluent to ensure compliance with DENR laws and regulations. At the PNB Financial Center in Pasay, an outsourced contractor handles our solid waste while our Makati Center practices segregation of solid waste through recyclable, non-recyclable, and hazardous waste. Similar with LTG, the building management handles the disposal of solid waste from our PNB Makati Center. PNB centers dispose their hazardous waste through a government accredited third-party hauler.

At Tanduay, we demonstrate our commitment in managing our waste through requiring all our plants to comply with the Environmental Compliance Certificate (ECC) conditions. Our plants contract a third-party service provider and the LGU to haul our solid waste. We also ensure that a government accredited third-party handles our plant's hazardous waste. Part of our approach to monitor our waste generation also involves developing targets. We target to reduce the waste from Tanduay by 10% in 2022, 15% in 2025 and 20% in 2027.

In 2021, there is a significant decrease of total hazardous and non-hazardous wastes due to impact of foot traffic and work from home of set up and IATF protocols for establishments.

	HAZARDOUS AND NON-HAZARDOUS WASTE BY DISPOSAL METHOD (IN KILOTONS)		
WASTE DISPOSAL METHOD	**2019**	**2020**	**2021**
HAZARDOUS WASTE			
DEEP WELL INJECTION	-	0.1490	0.230
INCINERATION	-	0.0003	0.0005
LANDFILL	-	0.0049	0.0047
ON-SITE STORAGE	0.0201	0.0060	0.197
OTHER (HAULED BY THIRD-PARTY CONTRACTOR)	0.0243	-	-
RECOVERY	0.0048	0.0018	0.003
RECYCLING	0.0032	0.0312	0.009
TOTAL HAZARDOUS WASTE DISPOSED	**0.0524**	**0.1932**	**0.4442**
NON-HAZARDOUS WASTE			
LANDFILL	388.43	3.40	2.92
ON-SITE STORAGE	0.000734	0.00002	0.00289
OTHER (HAULED BY THIRD-PARTY CONTRACTOR)	10.35	2.91	0.659
RECYCLING	3.72	2.26	2.036
TOTAL NON-HAZARDOUS WASTE DISPOSED	**402.50**	**8.57**	**5.62**
TOTAL OF ALL WASTE DISPOSED	**402.55**	**8.76**	**6.06**

Energy efficiency and emissions

Energy efficiency and conservation measures throughout the Group create enormous opportunities that help us reduce our overall environmental footprint, increase awareness among our stakeholders on environment-friendly practices, and allow us to achieve operational efficiency. We continuously strive to make an impact from our actions and straightforward solutions in achieving energy efficiency in our businesses.

As part of the LTG's energy-saving efforts, we consistently advocate for responsible and judicious use of electricity to our employees. We implement cost-reduction efforts through maintaining the temperature of our air-conditioning units at 25 degrees Celsius, turning on equipment only when necessary and promoting the use of company car service and carpooling among its employees for their commute. To strengthen our commitment, we are in the process of developing monitoring plans for our consumption levels of energy and petrol and carbon footprint reduction through formalizing a policy and disseminating internal memoranda to reinforce energy-conscious behavior among our employees. Similar with LTG, PNB Pasay and Makati implement energy efficiency measures to save energy within the PNB Offices.

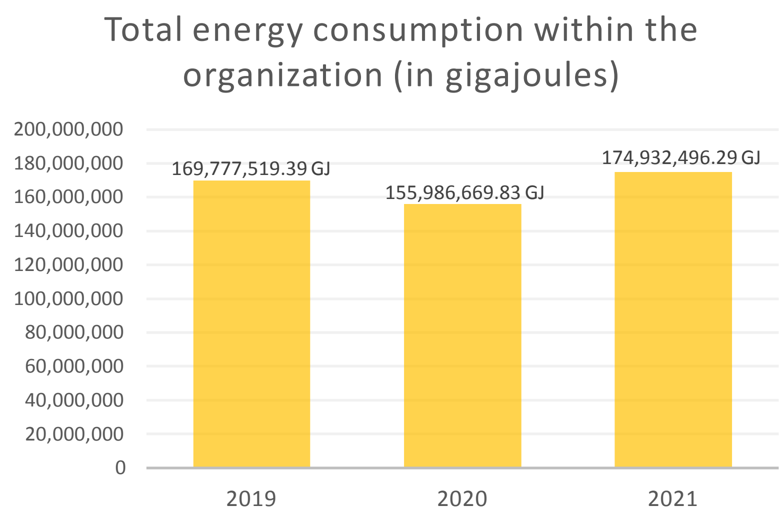
Asia Brewery aims to continuously achieve energy efficiency for our beverage and packaging manufacturing plants. All Asia Brewery manufacturing plants (Beverage and Packaging Division) timely submit annual Energy Efficiency and Utilization Reports in compliance with the Department of Energy (DOE)'s regulations. We also implement an Energy Management System (EMS) Policy and EMS Management Action Plan (MAP) for our Beverage Division Manufacturing and Packaging Division Manufacturing Plants to comply with the ISO 50001:2018 requirement. We aim to decrease our electricity consumption down by 3% in 2022 and 2% in 2025. For our long-term targets, we plan to install a 10-Megawatt Solar Farm for our Cabuyao Luzon Plant, a 1.75 Megawatt Solar Farm for ELSA Mindanao Plant and a 2 Megawatt Solar Farm for Davao Mindanao Plant.

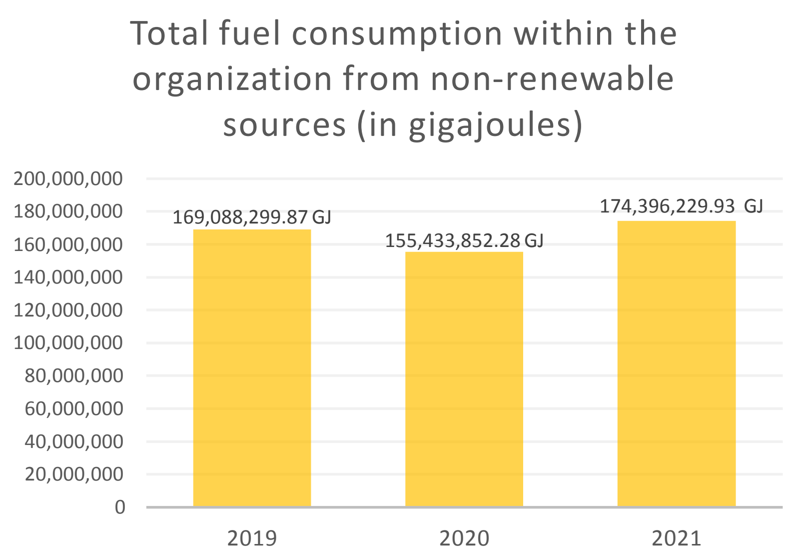
Eton's Power/Energy Management Document and Generator Set Operation and Maintenance Document allow us to understand, evaluate and manage our energy efficiency programs. With the partial implementation of intelligent metering, our goal in 2022 is to have 5% total savings in our electric consumption. By 2025, with the full implementation of intelligent metering and installation of solar panels for all elevator machine rooms, we aim for 20% total savings in our electrical consumption. Our continuing energy efficiency programs seek to achieve 25% total savings in our electrical consumption in five to 10 years.

Despite the increase in production, we continuously monitor our energy consumption and emissions at Tanduay through our energy use ratio (EUR)[4] that is unique for each plant. Our Pollution Control Officer for each plant has the necessary tools to monitor the EUR per plant location. Each plant prepares an Environmental KPI Report submitted to our Group Safety, Environment and Risk Management (GSERM) Department. Any positive or negative deviation from the set EUR target is determined and explained, leading to mitigation or conservation measures. If EUR is higher than the target for a reason beyond the control of the Safety Officer and the Plant Management, the EUR Target will be less stringent than the

[4] Energy Use Ratio (EUR) – Average total amount of electricity and fuel consumed on-site from all sources converted to mega joules (MJ) for every liter of product produced.

previous year or be maintained depending on the data. Our air emission, a by-product of our energy producing equipment, is also being monitored and complied with DENR laws and regulations. We are also planning to use the Energy Regulatory Commission's implementation of Retail Competition and Open Access (RCOP) to achieve lower electricity cost. Likewise, AAC is in the process of establishing an Energy Efficiency and Conservation Management Plan in compliance with the requirements of R.A. 11285 (Energy Efficiency and Conservation Act). We also recognize the need to take responsibility on the areas of our operations that have opportunities for energy conservation and improvement for energy efficiency through technological and process innovations. We will also evaluate the effectiveness of our goals and targets through our energy audit and conduct of Air Emission and Ambient Air Test. Through our established Complaint Verification and Investigation Procedure conducted by AAC CRO in coordination with the *Barangay Captains*, we closely monitor the impacts of air emissions in the affected communities.

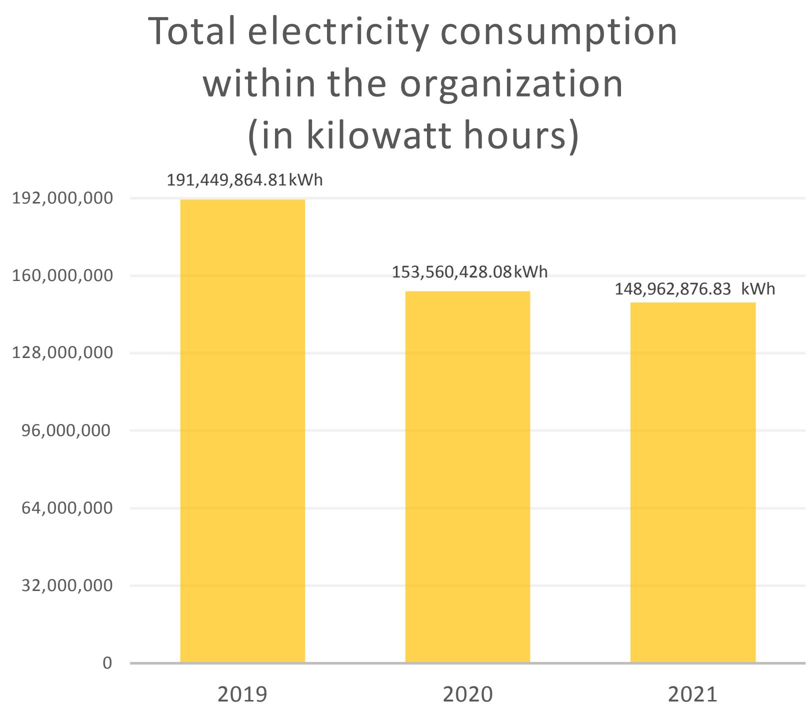




In 2021, our total energy consumption across the Group is 174.93 million gigajoules (GJ), an increase of 11% from 2020 brought by Tanduay's overall increase in production resulting to increase in overall energy consumption. Our total fuel consumption from non-renewable sources is 174.39 million GJ, while our total electricity consumption is 0.536 million GJ (148.96 million kilowatt hours).

TOTAL FUEL CONSUMPTION WITHIN THE ORGANIZATION FROM NON-RENEWABLE SOURCES (IN GIGAJOULES)

FUEL TYPE	2019	2020	2021
BUNKER FUEL	599,979.60	579,955.16	560,374.21
COAL	335,643.28	321,705.02	377,318.52
DIESEL	11,384.51	11,972.65	16,265.14
GASOLINE	2,500,380.63	1,621,950.00	246,741.00
LIQUEFIED PETROLEUM GAS	165,640,911.86	152,898,269.46	173,195,531.06
TOTAL FUEL CONSUMPTION	**169,088,299.87**	**155,433,852.28**	**174,396,229.93**



TOTAL ELECTRICITY CONSUMPTION BY AREA OF OPERATION (IN KILOWATT HOURS)			
AREA OF OPERATION	**2019**	**2020**	**2021**
LUZON AND VISAYAS	179,483,621.92	141,077,062.08	125,203,178.62
MINDANAO	11,966,242.89	12,483,366.00	23,759,698.21
TOTAL ELECTRICITY CONSUMPTION	191,449,864.81	153,560,428.08	148,962,876.83

The Group's efforts on managing our energy consumption and emissions seek to inculcate the significance of sustainability in battling climate change.

Given the impacts of our operations to climate change, we track our emissions using the international standard of GHG Protocol which uses the following scopes measured in tonnes of CO_2e[5]:

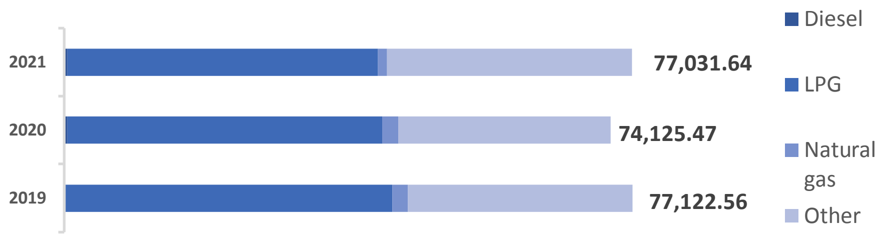
Scope 1 (Stationary Combustion) - Data on the quantity of fuel consumed at each site for stationary machinery and equipment (such as generators, boilers, furnaces, burners, turbines, heaters, incinerators, engines, flares, etc.) owned or controlled by the Company for the period 1 January to 31 December 2021.

Scope 1 (Mobile Combustion) - Data on the amount of fuel consumed by the mobile machinery and equipment (transportation devices such as automobiles, trucks, buses, trains, airplanes, boats, ships, barges, vessels, etc.) owned or controlled by the Company for the period 1 January to 31 December 2021.

[5] Carbon dioxide equivalent is a measure used to compare the emissions from various greenhouse gases based upon their global warming potential (OECD)

Scope 2 (Indirect Energy Consumption) - Data on the quantity of purchased electricity, heating and cooling consumed at each site for the period 1 January to 31 December 2021.

Scope 1 (Stationary Combustion, tonnes of CO_2 e)



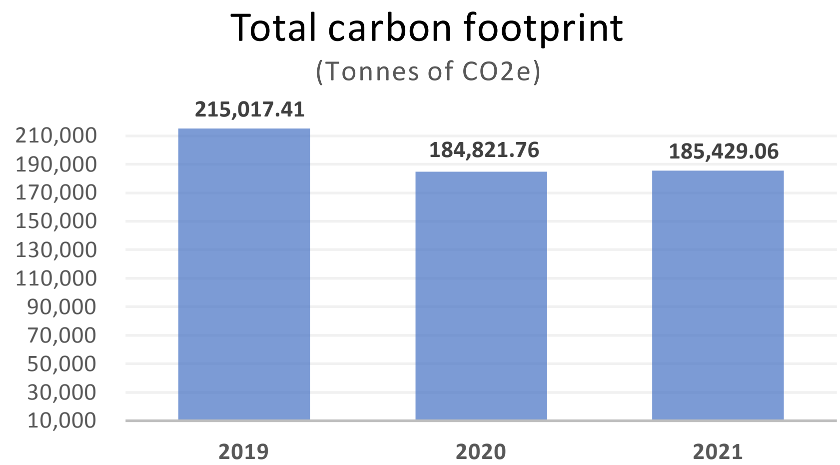
In 2020, the total Scope 1 emissions of the group converted to 74,125.47 tonnes of CO_2 e compared to 77,122.56 tonnes of CO_2 e in 2021. The 4% increase from 2020 was primarily driven by Tanduay's increase on the use of coal instead of bunker fuel for savings.

Scope 1 (Mobile Combustion, tonnes of CO_2 e)

Another driver of emissions is the fuel consumed by our businesses' mobile machinery and equipment. The Group's emissions from our mobile combustion increased by 44%, from 487.93 tonnes of CO_2 e in 2020 to 702.27 tonnes of CO_2 e in 2021. The increase in the emission was mainly from the increased overall diesel consumption for forklifts, trucks, etc. due to Tanduay's increased production in 2021.

Scope 2 (Indirect Energy Consumption, tonnes of CO_2 e)

Electricity is an important resource in our operations especially on our manufacturing and bottling businesses.



We are also closely monitoring our carbon footprint across the group. All the reduction efforts across the Group result to reducing our total carbon footprint.

Climate Change

The Philippines is a developing country that is vulnerable to climate change. It resulted in rising sea levels and extreme weather events such as super typhoons, more heavy rains, more intense heat, prolonged severe droughts, and consequently enormous losses in lives, livelihoods and properties. The immense impacts of climate change also include annual losses in GDP, threats to biodiversity and food security, public health risks, and endangerment of vulnerable groups. Throughout our business, we recognize that climate change is a daunting challenge to our operations. With the support of our people, we commit to climate action through the implementation of policies and measures across our operations alongside continuous development and study of climate responsive measures for the future.

As part of our commitment to finding solutions to climate change, we consistently implement our sustainability initiatives led by our Asia Brewery Sustainability Program "AMORES" - Asia Brewery Manufacturing Operations, Resources and Environment Sustainability Team. At Asia Brewery, we initiate the Manufacturing Continuity Program (MCP) as part of our Business Continuity Plan headed by the Business Unit and Functional Heads. Our MCP seeks to prepare for and operate after a wide variety of potential events or incidents, including natural and physical threats, facility threats, technology threats, operational threats, and social threats. It also includes the prevention, preparedness, response, and recovery that can reduce employee's exposure to health and safety risks, operations downtime, and financial loss. Annually, we conduct a risk assessment review and reporting to our Executive Committee to report on risks and opportunities posed by climate change that can significantly impact our operations. We also use Business Impact Analysis to evaluate the effectiveness of our measures to manage climate change. Our Risk Assessment Categories and Risk Managing Options provide us information on how we can manage our goals and targets involving climate change. Balancing our contributions to manage climate change impacts, we plan to shrink wrap (external packaging) our carton boxes and shift to solar energy use. Likewise, LTG is committed to proactive approach to doing business including the continuous review of our risks and opportunities including but not limited to the aspect of climate change.

Eton's climate initiatives are embedded throughout our business policies. To manage the impacts of our properties, we promote the use of clean and renewable energy in our office buildings in Eton Centris, Quezon City and Eton WestEnd Square through MPower of MERALCO, use of LED lights and variable refrigerant flow system air conditioning.

At PNB, we see that the climate change directly impacts our customers, the stability of the banking system, and the overall economy which may eventually contribute to future financial crises and a more challenging business environment. It is for this reason that we put together a Sustainability Policy and 3-Year Sustainability Transition Plan in compliance with relevant laws and regulations. The Bank's 3-Year Transition Plan also includes ESG-related activities that focus on climate change (i.e. qualitative and quantitative climate scenario analysis, and others). The board oversight on sustainability is currently under the Corporate Governance Committee, while the risk oversight function with the environment and social (E&S) risks is with the Board Risk Oversight Committee.

PNB’s enterprise-wide Sustainability Policy includes the Bank's statements on dealing or handling business clients with high E&S risks, subject to enhanced due diligence and close monitoring. The policy also reiterated that we will not support or finance illegal businesses or industries that will cause harmful effects on the environment and society in general.

The policy also states that: (1) the Bank commits to fund or support projects and activities that will contribute to the achievement of the Sustainable Development Goals (SDGs); (2) the Bank will not support or involve itself in any business or activity that is illegal and which might cause harm, directly or indirectly, to people and the environment; (3) the Bank will subject to enhanced due diligence and close monitoring high-risk businesses and activities that are considered to have harmful effects or negative impacts on the society and the environment; (4) the Bank will only support existing businesses with high E&S risk levels provided they have the necessary government approvals and permits, passed the ESG screening of the Bank, and submitted their mitigation action plans to address environmental and social risks; (5) the Bank commits to educate its customers and other stakeholder to align them with PNB's sustainability thrusts. The complete exclusion list and enhanced due diligence list of the Bank are included in the Bank's Board-approved Sustainability Finance Framework.

Our Incident Management Crisis Resolution Procedure (QMS-IMP-B-P-1000) in Tanduay helps us identify the climate risks and opportunities that have financial impacts in our operations, such as warehousing activities. The impending super typhoons or flooding may affect our raw materials, logistics and delivery time. Consequently, the unavailability of materials may cause price hike and may lead to interruption in our operations. If we consider these risks, we must maintain a buffer stock for continuous supply of raw materials. For the opportunities, the costs of these materials may be pegged at a lower price compared to times after the disaster.

We ensure that we comply with DENR guidelines to ensure that our emissions are within the allowable threshold values. We continue to invest on the use of alternative diesel fuel such as low-sulfur fuel oil for some boilers in compliance with local regulatory requirements. Trees can capture carbon and draw down emissions from the atmosphere. Vital to mitigating climate change impacts, Tanduay undertakes tree-planting activities as part of our corporate social initiative.

Due to unprecedented challenges of the pandemic which affected the efficiency of our operations, we moved the mapping and measurement of our CO_2 emissions in the beginning of 2022. In 2023, we will conduct data gathering on our average CO_2 emissions. After the completion of this activity, we will implement CO_2 monitoring procedures in 2024 and reduction measures in 2025.

At Asian Alcohol Corporation (AAC), one of Tanduay's subsidiaries, our policies, and programs to address the impact of climate change is integrated in our Environmental Management Plan (EMP) and the Emergency Preparedness Response Policy (EPRP). We ensure that our EMP includes emergency preparedness and response plan following the Environmental Impact Statement (EIS) System. It is also our priority to equip our emergency response team with the necessary training. The accelerating effects of climate change drive AAC to transform our business through generating biogas as a replacement to coal/bunker used in the generation of steam and power required by the operations; producing Bioethanol as renewable energy; participating on LGU and DENR's greening programs and managing a Mangrove area in Patic, Pulupandan. We constantly track and evaluate the effectiveness of our climate change measures using tools and mechanisms such as GHG emission, EMP, and EPRP.

AAC's Environmental Impact Assessment identifies climate related risks and mitigating measures and response procedures in compliance with the company's Environmental Compliance Certificate (ECC).

Climate change poses risks in our ethanol and alcohol production. The changes in climate conditions affect the growth of our agricultural raw materials (molasses). Alcohol production is water intensive process and requires extraction of large volumes of water. Due to scarcity of water and raw materials brought by changing climate conditions, the cost of production will increase requiring capital for sourcing other sources of water. Occurrence of flooding may also be observed due to increased rainfall in the area. Significantly, whether it is direct or indirect (through the value chain), climate change may increase or decrease our capital and operational costs, demand for product and services, and capital availability and investment opportunities.

Employees

Employment

Sustainable employment is the enduring, mutually beneficial and purposeful working engagement between employer and employees wherein the needs of both parties are clearly defined, balanced and accommodated through a flexible and adaptive relationship. Our employment and employee welfare policies are based on labor laws, industry practice and collective bargaining agreement with rank-and-file employees union. We continuously demonstrate our commitment to creating a work environment that fosters a sense of community and a fervent desire to serve the greater good. We remain steadfast in our commitment to gender equality, diversity and inclusion in the workplace.

The Group has hiring, transfers, promotions, employee benefits, resignation, separation, and learning and development policies. These policies are assessed and updated regularly by Management. We abide by the provisions of the Labor Code of the Philippines and the General Labor Standards of the Department of Labor and Employment (DOLE), which conducts regular inspections and evaluations of our adherence to the law and labor standards.

Our development of the Employee Handbook is in the pipeline, which shall cover policies on vacation, sick leave, and employment attendance. To be included also are policies and health protocols in response to COVID-19. Our efforts in COVID-19 response are also complemented by the recently approved business continuity plan, which is under community quarantine protocols and safety against the coronavirus.

Our Code of Business Conduct and Ethics serves as the principal guide for all Directors, Officers, and employees of our businesses concerning professional and ethical conduct, consistent with the SEC's requirements and industry-recognized standards. Moreover, a Whistle-Blower Policy is incorporated into the Code, enabling us to ensure that all instances of misconduct and unethical activity can be reported anonymously and without fear of retaliation. Throughout the Group, we have a grievance procedure that expeditiously addresses employee grievances, misconduct, disagreements, or controversies involving covered and non-covered workers.

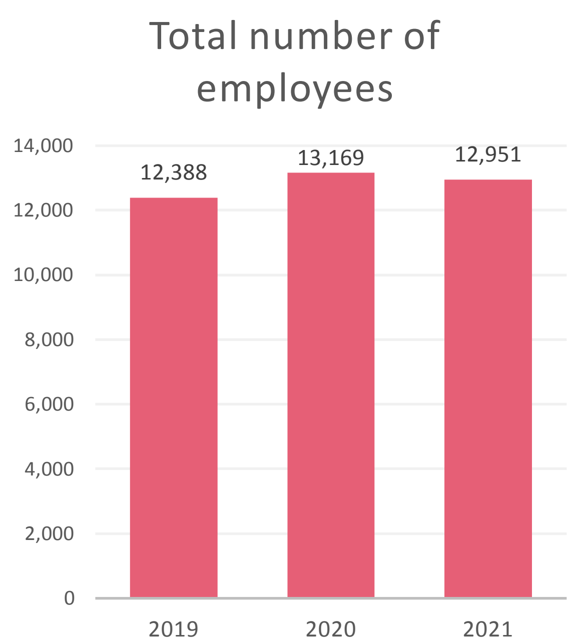
We enhance our Anti-Sexual Harassment Policy and Whistleblower Policy for the protection of our employees of all gender by expanding the definition of what constitutes the act of harassment. We also added anti-retaliation provisions to extend programs, webinars, and even interns through whistleblowing channels. We continue to update and strengthen these policies to their relevance and make sure they are well communicated.

We take our commitment to support gender equality and inclusion to the next level by renewing our membership with the Philippine Business Coalition for Women (PBCWE) and signing the UN Women Empowerment Principles (UN WEP) organized by the UN Women Asia and the Pacific and Women Business Council Philippines March 31, 2021. Launched in 2010 by UN Women and UN Global Compact, the Women Empowerment Principles or WEPs is a roadmap to business sustainability and growth. It is a frame work of seven principles that guide companies to promote transformative change towards gender equality and women empowerment in the workplace, marketplace, and community. These principles will guide companies in evaluating and assessing their policies, projects, and practices and identifying areas for improvement.

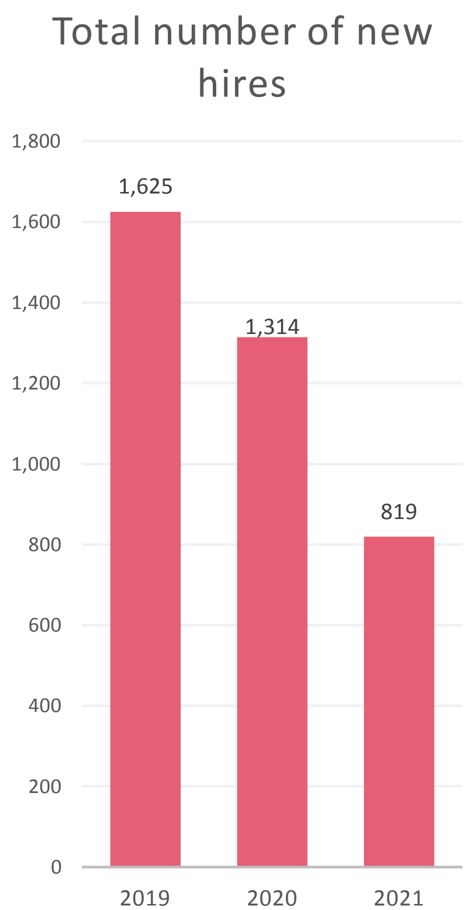
Our gender equality and diversity and inclusion (D&I) practices remain strong as a Group, with women accounting for much of our combined workforce. In 2021, we had 12,951 employees, of which 6,790 are women, which comprise around 52.43% of the total workforce. Of our 819 new hires, 314 are women. The current employee turnover rate is 8.06%, while our hiring rate is 6.32%.

On November 22, 2021, PNB and other representatives from Vietnam, Indonesia, & Myanmar shared stories, programs, and experiences on how Gender Equality is advancing in their respective workplaces. The program formed part of the 2021 ADB Asia and the Pacific Virtual Gender Forum. This development came on the heels of the Bank's recent recognition from Asia money as 'Leader for Women' in 2020 and 2021 and from LinkedIn as 'Best Company for Professionals to Grow their Careers' for 2021. In October 2021, we were honored by a joint program of the European Union and UN Women as Champion for Transparency and Reporting in the UN Women 2021 Philippines Women's Empowerment Principles (WEPs) Awards for including gender data and indicators in our reporting.

We hope to go further and improve our gender equality and inclusion policies and practices and align with global standards such as the Sustainable Development Goals on Gender Equality and the UN Women Empowerment Principles. We hope to integrate gender equality and inclusion principles in our business and operations by using a gender lens in financing projects and businesses of clients.



NUMBER OF EMPLOYEES BY AGE GROUP AND GENDER			
Gender & Age	**2019 Total**	**2020 Total**	**2021 Total**
Male			
Under 30	1,691	1,736	1,585
30 to 50	3,349	3,636	3,737
Over 50	748	778	8,39
Female			
Under 30	2,235	2,260	1,963
30 to 50	3,202	3,638	3,656
Over 50	1,163	1,121	1,171
Total	**12,388**	**13,169**	**12,951**



NEW HIRES BY AGE GROUP

AGE GROUP	2019	2020	2021
UNDER 30	1,142	644	471
30 TO 50	456	609	322
OVER 50	27	61	26
TOTAL NUMBER OF NEW HIRES	**1,625**	**1,314**	**819**

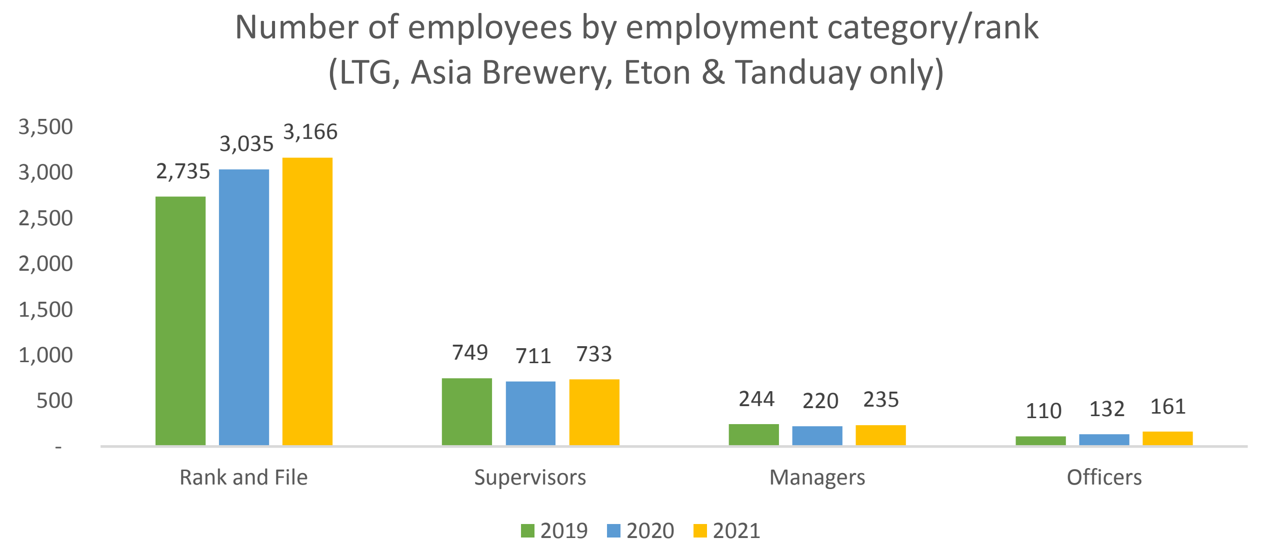
NEW HIRES BY GENDER

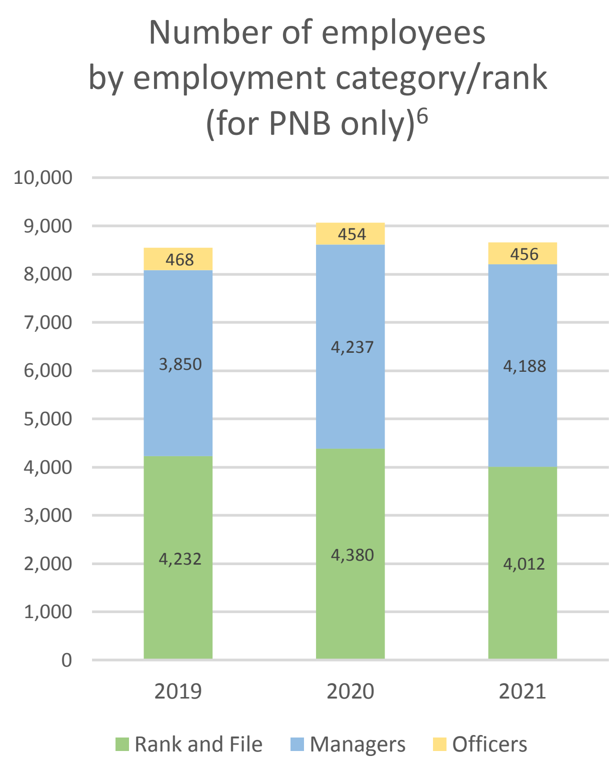
GENDER	2019	2020	2021
MALE	1,007	581	505
FEMALE	618	718	314
TOTAL NUMBER OF NEW HIRES	1,625	1314	819
RATE OF NEW HIRES (%)	13.12%	9.98%	6.32%

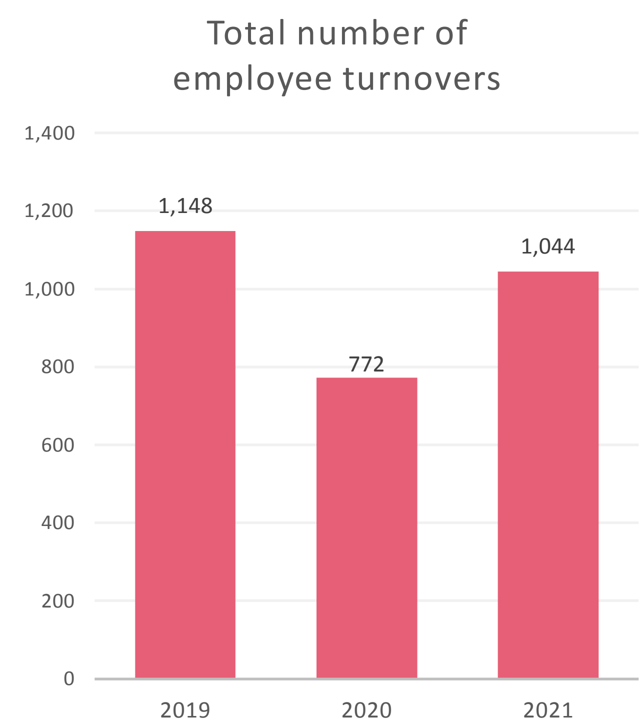
NEW HIRES BY REGION

REGION	2019	2020	2021
LUZON	1,360	1160	685
VISAYAS	113	51	54
MINDANAO	152	88	80
TOTAL NEW HIRES	1,625	1314	819

Employment by Category/ Rank[6]







[6] PNB's employee breakdown by category has been separated from the Group-wide figures as PNB has no corresponding rank for the Supervisor category.

EMPLOYEE TURNOVER BY GENDER

GENDER	2019	2020	2021
MALE	667	370	491
FEMALE	481	402	553
TOTAL TURNOVER	1,148	772	1,044
RATE OF TURNOVER (%)	9.27%	5.86%	8.06%

EMPLOYEE TURNOVER BY AGE

AGE GROUP	2019	2020	2021
UNDER 30 YEARS OLD	509	322	423
30 TO 50 YEARS OLD	458	280	409
OVER 50 YEARS OLD	181	170	212
TOTAL TURNOVER	1,148	772	1,044

EMPLOYEE TURNOVER BY REGION

REGION	2019	2020	2021
LUZON	972	656	873
VISAYAS	111	50	72
MINDANAO	65	66	99
TOTAL TURNOVER	1,148	772	1,044

NUMBER OF EMPLOYEES AVAILING PARENTAL LEAVES

GENDER	2019	2020	2021
MALE			
EMPLOYEES ENTITLED TO PARENTAL LEAVE	491	657	769
EMPLOYEES AVAILING OF PARENTAL LEAVE	41	36	26
FEMALE			
EMPLOYEES ENTITLED TO PARENTAL LEAVE	305	330	360
EMPLOYEES AVAILING OF PARENTAL LEAVE	185	154	163

NUMBER OF EMPLOYEES RETURNING TO WORK AFTER PARENTAL LEAVE

GENDER	2019	2020	2021
MALE			
EMPLOYEES DUE TO RETURN AFTER PARENTAL LEAVE	39	36	26
EMPLOYEES THAT RETURNED TO WORK AFTER PARENTAL LEAVE	39	36	26
RETURN TO WORK RATE (%)	**100%**	**100%**	**100%**
FEMALE			
EMPLOYEES DUE TO RETURN AFTER PARENTAL LEAVE	173	147	159
EMPLOYEES THAT RETURNED TO WORK AFTER PARENTAL LEAVE	173	147	159
RETURN TO WORK RATE (%)	**100%**	**100%**	**100%**

NUMBER OF EMPLOYEES RETURNING TO WORK FROM PARENTAL LEAVE STILL EMPLOYED 12 MONTHS AFTER RETURN

GENDER	2019	2020	2021
MALE			
EMPLOYEES RETURNING FROM PARENTAL LEAVE IN PRIOR PERIODS	16	23	22
EMPLOYEES RETAINED 12 MONTHS AFTER RETURNING TO WORK FOLLOWING PARENTAL LEAVE	16	23	22
RETENTION RATE (%)	**100%**	**100%**	**100%**
FEMALE			
EMPLOYEES RETURNING FROM PARENTAL LEAVE IN PRIOR PERIODS	166	140	150
EMPLOYEES RETAINED 12 MONTHS AFTER RETURNING TO WORK FOLLOWING PARENTAL LEAVE	166	140	150
RETENTION RATE (%)	**100%**	**100%**	**100%**

Safety and Well-being

The safety and well-being of our employees is of the utmost importance to our organization. We provide our staff with a safe and secure working environment so that they may continue their daily operations despite global business disruptions. Consequently, we can ensure that our employees have stable employment and that their families live in safe and healthy environments.

As part of our commitment to excellent corporate governance and compliance with DOLE regulations, our policies regarding the health, safety, and welfare of our employees are designed to protect each employee's rights and access to humane working conditions. We conduct regular reviews and evaluations of these policies to assess the effectiveness and implement updates when needed. Occupational safety and health committees regularly meet throughout the Group to manage work-related hazards, including investigation and incident reporting. DOLE’s guidelines on the Notification and Keeping of Records of Accidents and Occupational Illnesses (Rule 1050, Occupational Safety and Health Standards, As Amended 1989, DOLE) guide the said reporting of the Group. We also ensure that we cover our employees across the Group by a healthcare plan covering occupational health services.

To raise continuous awareness on Occupational Safety and Health (OSH), we conduct regular training programs across the Group through our respective subsidiaries’ Safety Officers, health providers, government agency partners, and third-party providers. As part of our ongoing response to the ongoing pandemic, we have implemented the following measures: safety protocols like wearing masks, using alcohol, social distancing, and others for employees required to report to work in the office; skeletal work arrangements for those needed to report to work with the provision of a shuttle/service; a daily health check questionnaire for those working from home; and providing the full round of COVID-19 vaccines for our employees and third parties for free, including booster shots which are currently underway.

Across the Group, we provide Health Maintenance Organization (HMO) coverage to facilitate our employees’ access to non-occupational medical and healthcare services. This enables our employees’ access to medical clinics, doctors and nurses for in-person or teleconsultations. We also continue to send and promote infographics and health tips/protocols. This is constantly done to keep personnel informed of the latest Department of Health announcements, standards and processes. Additionally, we promote mental health and stress management on a periodic basis via email-based publications.

Our subsidiaries implement a system and process for employees to report work-related hazards and hazardous situations. Asia Brewery identifies work-related risks through unsafe acts and unsafe conditions from near-miss reports. On the other hand, our employees at Eton are being encouraged to report dangerous conditions and actions, including health and safety policy violators. PNB created an Occupational Safety, Health, and Family Welfare Committee (OSHFWC) in compliance with the requirements of the law. OSHFWC has been active for the past years in assisting PNB in health and safety measures and protocols amid the COVID-19 Pandemic. We also elevate any reports on work hazards from HRG subject to formal reportorial requirements and an agenda item during OSHFWC meetings. Our Safety Officers at Tanduay are always available to receive reports regarding unsafe acts and conditions. We conduct investigations after we receive reports through multiple channels. In addition to this, we have placed DOLE hotlines in noticeable areas for easier access. During the mandatory seminar, all officers and employees have been made aware of unsafe reporting, and hazardous conditions are covered by an anti-retaliation policy, as per DOLE policy.

At Eton, we continue to conduct trainings on OSH, Basic Occupational Safety and Health (BOSH), and Construction Safety and Health (COSH). In our property management offi ces, we have implemented a work permitting system with a job hazard analysis in compliance with DOLE requirements and occupational safety and health standards as reflected in our Group -wide policy. We have OSH physicians and nurses at our sites, while Emergency Medical Services (EMS) with ambulatory services are available for our site offices. Our OSH physician and nurses conducting health info-sessions, and employees can access health care services through them.

At PNB, our Occupational Safety, Health, and Family Welfare Committee (OSHFWC) has been spearheading the implementation of health and safety measures and protocols in our banking business. With their efforts, a recent inspection by DOLE has shown that we are compliant with OSH standards, which include a Fire Safety Inspection Certificate (FSIC). Extensive training is provided to our employees for accreditation as first aiders and safety officers. We also have a Family Welfare Program through DOLE which provided an orientation seminar last June 2021.

In 2021, we did not record any instances of high-consequence work-related injuries.[7] We will continue to intensify our efforts to ensure health and safety in the workplace to maintain this record in the next reporting period.

OHS Management System coverage	2019		2020		2021	
	Number of employees	%	Number of employees	%	Number of employees	%
Covered by occupational health and safety management system						
Regular employees	9,265	75	9,561	73	9,415	73
Contract workers[8]	360	100	258	94	213	98
Covered by occupational health and safety management system that has been internally audited						
Regular employees	8,850	96	9,163	96	8,962	95
Contract workers	360	100	258	100	213	100
Covered by occupational health and safety management system that has been audited or certified by an external party						
Regular employees	8,610	97	9,073	99	0	
Contract workers	-	-	-	-	-	-

Work-related injuries	2019		2020		2021	
	Number of cases	Rate	Number of cases	Rate	Number of cases	Rate
For regular employees						
Fatalities as a result of work-related injuries	-	-	-	-	-	-
High-consequence work-related injuries (excluding fatalities)	-	-	-	-	-	-
Recordable work-related injuries	49	5.82	28	3.13	27	2.42
Number of hours worked (hours)	8,413,664.10		8,933,465		11,153,077	
For contract workers						
Fatalities as a result of work-related injury	-	-	-	-	-	-
High-consequence work-related injuries (excluding fatalities)	-	-	-	-	-	-
Recordable work-related injuries	15	5.49	17	4.76	17	3.31
Number of hours worked (hours)	2,730,632		3,572,376		5,128,914	

[7] A high-consequence work-related injury is a work-related injury that results in a fatality or in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.

[8] Contract workers are not employees of the organization but whose work and/or workplace is controlled by the organization.

Customers

Marketing and Labeling

Trust is essential to everything that we do. Our strict adherence in observing fair and responsible marketing practices through transparent and readily accessible information for our brands and services is a testament to our commitment to serving the 'informed consumer' as we look to new ways for improvement.

Asia Brewery's New Product Development (NPD), Manufacturing Change Control (MCC), and Stock Aging Management (SAM) continue to guide our beverages business when introducing, managing, executing, and implementing changes in raw materials, packaging, operations, promotional activities, and product campaigns of our products. These policies enable us to cover different aspects of how we market and label our products to consumers at different stages including information on sourcing, content, safe use, and proper disposal. These policies also help ensure our compliance with the guidelines set by the Philippine Food and Drug Administration (FDA), the Philippine Ad Standards Council (ASC), and the Department of Trade and Industry (DTI).

At Eton, our Marketing team serves as our brand guardians in our property development business. They continue to ensure that all our marketing-related materials are aligned with our branding guidelines and are compliant with all applicable laws and regulations as set by DHSUD (formerly HLURB) and DTI, among others. We review our branding guidelines on a regular basis to reflect emerging trends in industry branding and to ensure that our brand logos and product names are duly registered with the Intellectual Property Office of the Philippines (IPO).

At PNB, our brand playbook remains to be our primary guide for marketing and brand management in our banking business, alongside Group-wide policies we adopt, as approved by our Board Strategy and Policy Committee. Our Social Media Framework is also in place to help us manage reputational risk within our social media platforms. We continue to ensure that all our marketing tools have undergone internal reviews and have the necessary permits from regulators.

Our Brand Guidance Policy at Tanduay remains to be our main guide for branding in our distilled spirits business. Together with our Quality Policy and Quality Management System (QMS), we continue to ensure that all mandatory requirements set by regulatory bodies such as the ASC, the IPO, and the FDA are met including those of importing countries. Throughout the year, we conduct regular product assessments and evaluations to maintain the highest levels of compliance and to be able to look for new and innovative ways in strengthening brand equity in existing and emerging markets.

In 2021, we have recorded zero incidents of non-compliance with laws and regulations on marketing and labeling. Our commitment to fair and responsible marketing practices remains firm and we hope to maintain this in future periods.

Customer Health and Safety

As one of our top priorities, we continue to uphold the highest possible standards in customer health and safety. By observing the highest quality and safety standards, we ensure that all our products and services are safe and positively contribute to the sustainable lifestyles of our customers.

ABI's Food Safety and Quality Policy is our principal guideline to ensure customer health and safety through food safety, quality excellence, and continual improvement in our beverages business. Our Food Safety and Quality Management System adheres to international standards and local rules on food safety and quality management. The policy is reviewed annually for continuing stability and applicability to our business goals and objectives. We continuously improve and assess the policy's effectiveness through analysis of our goals and objectives, customer feedback, and maintenance of management systems via third-party certification agencies. Our overall commitment follows local and international customer standard requirements as set by the FDA, the National Sanitation Foundation (NSF), and the IBWA as well as our continued compliance with our ISO 9001:2015 Quality Management System and Halal certification.

At Eton, we have already started implementation of our newly created Safety and Security Manual. With our Environment, Health, Safety and Security (EHSS) Committee at the helm, our property development business takes on the challenge of raising the standard in safety and security as we brace forward to a post-pandemic society. We continue to ensure that our employees complete needed trainings and have access to healthcare coverage and vaccinations, alongside their families, to ensure that both them and our customers are equally protected and safe. We maintain safety seals certified by local government units in our commercial properties and we continue to strictly implement all necessary health precautionary measures.

At Tanduay, our Quality Policy and Quality Management System (QMS) continue to help ensure that quality products are free from harmful agents for our customers. Our distilled spirits business guarantees safety for our customers by adhering to a number of quality and satisfaction indices including the Liquid Quality Index, Package Quality Index, and Customer Service Index. We also strictly adhere to the policies set out by the FDA.

In 2021, we recorded zero incidents of non-compliance with regulations on customer health and safety. We continue to reinforce our commitment to ensuring customer health and safety across all our products and services and we will do our best to maintain zero cases in the next reporting period.

Customer Engagement and Satisfaction

Our businesses provide a wide range of services and products that impact the lives of Filipinos. One of the cornerstones of our operations is the overall satisfaction of our customers as we pay close attention to the markets we serve and understand and continuously adapt to our customers' changing needs.

At Asia Brewery, we center our efforts at meeting customer satisfaction and stakeholder expectations primarily in food safety, quality excellence and continuous improvement through our Food Safety and Quality Policy, which we review annually to adapt to our goals and objectives as informed by stakeholder engagement and customer feedback alongside regular reviews of our management systems by third-party certification bodies. Additionally, we also conduct complaint validation and corrective action management for all noted customer concerns.

Eton's mission and vision statement serve as our main guide in dealing with clients. We have policies and procedures in handling customer requests based on real estate industry practices and applicable laws. Our Customer Support team handles existing client concerns, while our Property Management Group handles on-site servicing. We ensure that the processing of client requests is resolved no more than 45 days. In 2021, we continued gathering service feedback from our existing property owners and residential leasing clients through online and written surveys which provided us information on our clients' satisfaction and specific needs.

At PNB, we adhere to the highest service standards and uphold a culture of fair and responsible dealings in the conduct of its business through ethical business practices. To promote quality-driven culture, PNB has programs across all client touchpoints – from account opening to administration and termination- that guarantee customer engagement and satisfaction.

Our dedicated Customer Experience Division (CED) implements a Consumer Protection Policy in response to the feedback mechanism requirement of BSP Circular No. 1048 (Financial Consumer Protection). The CED also rolled out the "After Call Survey for 8573-8888" project, which allows us to quantitatively measure our Customer Service Representatives' service delivery and Net Promoter Score. The result of the survey forms part of the monthly scorecard of the employees. Our Consumer Assistance Management System also provides channels to our customers to report grievances. We consolidate complaints and report monthly to Management and Risk Management Committee and quarterly to the BSP.

Our Retail Banking Sector has geared its improvement activities towards customer engagement and satisfaction, enabling clients to open an account and update their records without going to the branch. We have also ensured that customers can now receive SMS and electronic mail notifications for over-the-counter debit transactions amounting to Php10,000.00 and above. We also measure our client satisfaction through our monthly customer complaints report which provides us quantitative information on the complaints we receive.

Our Institutional and Global Banking Sector maintains good relationship with customers by providing value-creating services and ensuring all needs and concerns are addressed. We are in constant dialogue with our customers through regular meetings where relevant matters are discussed including digitalization, innovative and competitive solutions and pricing, delivery channels, supply chain finance, industry outlook, macro-economic outlook, and opportunities for synergy. We also organize customer events including roundtable discussions on megatrends like building Environmental, Social and Governance (ESG) awareness and capacity building. Amidst the challenges of pandemic, we continuously communicate with our clients through various means such as phone calls, email, MS Teams, Zoom, among others.

While all our PNB sectors have their respective goals and targets, the uniform goal is to consistently serve all clients well. We continuously aim to ensure the longevity of our relationship with our customers to increase customer engagement measured by positive feedback and increased client business flows.

At Tanduay, we remain committed to deliver exceptional service to all customers. In our efforts to continually raise the standard of our service, we strictly comply with our policies and procedures related to complaints handling as well as constant engagement with our customers using our social media and marketing promotions. We also build trust and nurture relationships between our salespeople and customers throughout the year.

Digital Transformation and Innovation

Over the years, digital transformation has been an important agenda for every large corporation. Across the Group, we understand the importance of creating strategic and organizational capabilities that can enable us to compete successfully in the digital game. We acknowledge the need to innovate and give our stakeholders the convenience of digital services. We also commit to streamlining the way we work as we use unified email and online collaboration systems that allow our people the flexibility to work on-site or from home, thereby, ensuring continued operations.

At LTG, we have already completed the computerization of our accounting system, in compliance with BIR regulatory guidelines. We have also moved most of our seminars and meetings to digital platforms to ensure that mandatory events are completed on time, maximizing the use of our available digital tools. Our journey towards digital transformation has also helped us organize our Vaccination Program for the entire conglomerate—from planning to implementation and data analysis. For 2022, we will prioritize the drafting of policy and procedures to manage and embed digital transformation and innovations into our operations.

As Asia Brewery moves towards centralized reporting, our business process automation team works to continuously create innovation to automate our workflow. This will allow us to drive business analytics forward allowing for a dynamic approach to management. Our aim is to allow our people the ability to carry out their duties, whether at home or on-site, which would enable the least amount of disruption to our operations and high levels of protection for our people in the age of COVID-19.

At Eton, we have completed the implementation of our Property Management System, which allows us to digitally manage our property portfolio. This enables for more efficient operations that would greatly benefit our customers. Alongside this, we have also implemented improvements to our cybersecurity infrastructure to ensure that information about our business and clients are secured and protected.

We continue to improve our ways in PNB through our Transformation Journey that outlines the roadmap towards modernization in People and Culture, Digital Infrastructure, Applications, and Transformation Governance. Our Bank adheres to the BSP Policy on Electronic Banking and Financial Services and related regulations such as Guidelines on Electronic Payments, Operations on Payment Systems, and Consumer Protection. We aligned with the BSP Digital Payment Transformation Roadmap, which operates under the National Retail Payment System (NRPS).

We also participate in the InstaPay and PESONet interbank fund transfer ecosystem and is also on track to engage in the other NRPS services, including Person to Merchant and Person to Business payment streams. Another BSP framework that our Bank participates in is the Open Finance Framework, where financial institutions can share data with the consent of their customers to optimize services in the areas of Product and Service Information, Account Onboarding, and Account and Transaction Information.

As of December 2021, we have a total of 1,586 automated teller machines (ATMs), 165 cash accept machines (CAMs), and 6,603 point-of-sales (POS) terminals for the 24-hour banking convenience of our customers. We increased the number of our ATMs and CAMs to make it easy and fast for our customers to access their funds. We reduced the number of our POS terminals as the pandemic impacted the businesses of our clients.

	2019	2020	2021
ATMs	1,577	1,578	1,586
CAMs	81	144	165
POS Terminals	100	7,120	6,603

Source: Digital Innovations Group, PNB

We continue to automate our Bank forms, shift our customers to e-SOA, and migrate our existing customers to the Bank's digital channels. As of December 2021, we have increased the number of our enrolled digital users by 8 percent from the same period last year.

Digital Banking (Mobile and Internet)	2019	2020	2021	% Inc./Dec. (CY2021 vs. CY2020)
Enrolled Users	528,146	749,564	805,906	8%
New Enrollments	188,813	221,418	56,342	-75%

We launched a new mobile banking platform called *"PNB Digital"* in February 2021, intending to improve user experience. Our PNB Digital App's initial roll-out offers mobile banking app users the most used. These include viewing account balances and transaction history, fund transfer between PNB accounts and other local banks with an option to transfer via an account QR Code, and bill payment to common utilities and credit cards. These most frequently used features are presented through an intuitive and updated user interface.

Our drive to undergo digital transformation and the need to ensure that the security controls are in place in the system made cyber security management a major business imperative for us. As such, we have taken great measures to strengthen the security features of our Digital App with the introduction of PNB Mobile Key for both login and transactions.

In addition, our Bank plans to leverage the inherent security advantages of our digital mobile app to address recent exposure to phishing incidents involving the Bank's internet banking system. As a result of this initiative, core payments and transfer functions (e.g., InstaPay, PESONet, bills payment, and intrabank fund transfers) will only be available on the mobile app. At the same time, the internet banking facility will be rebranded as an account inquiry, investment, and acquisition portal for UITF customers and applications for credit card products.

We also continue to raise awareness and educate our customers to make them cyber -secure through the release of email advisories and our different social media platforms.

At Tanduay, alongside our implementation of the Enterprise Resource Planning system, we continue to look at more avenues for digital transformation to better serve our customers.

Customer Data Privacy and Security

Our commitment to ensuring the protection of customer data remains robust. Our Group-wide Data Privacy Policy, compliant with the Data Privacy Act of 2012 and professional standards, contains our framework for collecting, storing and processing personal data from an individual. This policy details the measures on how we responsibly use information and how we implement security features and restrictions for enhanced data security and continued protection. The policy is subjected to an independent review and evaluation by our Internal Audit within its 3-year risk-based cycle. Our Group's Data Privacy Officer (DPO) leads our efforts in protecting customer data privacy and security and is responsible for our compliance to relevant privacy and protection requirements. Our Data Privacy Manual is also available on our website for perusal of both our internal and external stakeholders.

At Asia Brewery, our Data Classification Policy is already ongoing review and is expected to be adopted in 2022. This policy will apply to all data or information created, collected, stored, or processed by our beverages business in both electronic and non-electronic formats. To ensure appropriate action in minimizing associated risks in the event of a data breach or an information security incident, our Incident Management Policy and our Information Security Incident Policy and Procedure are in place which utilizes various information systems in compliance with relevant statutory, legal, and contractual requirements.

At Eton, we continue to review and evaluate our Data Privacy Manual to address emerging issues on security and privacy in our property business. Our Data Protection Officer works closely with our Legal Department and leads our efforts at ensuring that our employees are aware of and compliant with all data privacy and security policies and regulations, that all data privacy concerns are resolved in a timely manner, and that all required documentation obtained from our clients are handled responsibly.

At PNB, our Enterprise Data Privacy Policy features our framework for ensuring that customer data remains safe and protected in our banking business. Our Data Privacy and Technology Risk Management Division (DPTRMD), led by our DPO, spearheads our efforts in upholding data privacy standards and procedures by providing trainings on data privacy, information and cyber security, and other relevant topics as part of our learning and development programs. Our Data Privacy Manual for PNB Overseas branches is also in place to ensure overseas branches' compliance with applicable data privacy legislation in their respective areas of operation.

Society

Community Relations and Initiatives

At the heart of what we do, we strive to create shared value and make a positive difference in the lives of those around us. We believe that true success empowers others to live better lives and have a greater sense of purpose. This transformation is made possible through the Tan Yan Kee Foundation, Inc. (TYKFI), the Group's primary corporate social responsibility (CSR) arm. TYKFI allows us to pursue and advocate for health services, education, social welfare and the environment for close to 35 years. The partner of TYKFI is mainly composed of our subsidiaries which support the organization's programs and other social initiatives and conduct activities that directly help communities and support government initiatives.

The COVID-19 pandemic has affected people across the world, and the Philippines is one of the worst-hit countries. The virus has claimed the lives of thousands of Filipinos and drastically affected the country's economic growth. To lessen the impact of the virus and contribute to the recovery of the nation, we have extended assistance to local communities whenever opportunities arise. Despite the face-to-face limits enforced by IATF, lockdowns and social distancing measures, the long-term scholarship program, pocket livelihood projects, and donation programs continue. Through our continued Anti COVID-19 Campaign, LTG, TYKFI and the larger Group augmented government efforts in response to the COVID-19 pandemic through vaccination projects and medical supplies donations, which benefited our employees and various communities and public health institutions nationwide. As of November 2021, we have donated over 42,000 doses of COVID-19 vaccines to different communities nationwide. With TYKFI at the helm, we are also able to vaccinate 357 employees from our sister companies in collaboration with project partners, the Zuellig Pharma medical team and the Philippine National Red Cross. TYKFI also donated medical supplies to Ospital ng Maynila and Sta. Ana Hospital. The donation to each hospital included 15 gallons of alcohol, 7,500 pieces of disposable face masks, 1,750 pairs of examination gloves, 15 thermometers, and 10 boxes of Lola Remedios® Food Supplement Syrup. We also were able to distribute over 150 sacks of rice to quarantined families and residents of Sta. Fe, Nueva Vizcaya.

We remain committed to enabling access to equitable education opportunities for deserving students, skills upgrading for educators and professionals, and activities that foster social cohesion through the various scholarships and education activities we maintain, which include the following:

- Our TYKFI College Scholarship Project, specifically designed for students of Agriculture and Forestry, currently has five (5) new scholars studying forestry at the University of the Philippines Los Baños (UPLB) and six (6) continuing scholars studying agriculture and agricultural engineering at the Nueva Vizcaya State University.
- The UE-TYKFI Scholarship Program, a partnership between TYKFI and the University of the East granting academic scholarships for deserving college students, has benefited over 1,500 scholars in over 23 school years. In 2021, we had 91 continuing scholars and two (2) grantees under the program.

* Providing free private school education for deserving high school students from marginalized farming families in Sta. Teresita's Academy in Aritao, Nueva Vizcaya, the TYKFI-STA Scholarship Program for Farmers' Children currently has 142 scholars from grades 7 to 12.
* Launched in 2016 in partnership with the Foundation for Liberty and Prosperity (FLP), the TYKFI-FLP Legal Scholarship Program for selected junior and senior year law students who are at the top of their class currently has 21 scholars across various law schools in the country.
* TYKFI together with Asia Brewery continues its Medical Specialty Scholarship Program to help Filipino doctors finish specialty training abroad with one (1) doctor finishing the program in 2021.
* We also continued our regular school supplies distribution and food distribution projects. In 2021, our School Supplies Distribution Project distributed 19 printing machines, 172 bottles of ink, and 500 reams of bond paper to five (5) elementary schools in the provinces of Ilocos Sur and Nueva Vizcaya benefiting around 800 schoolchildren. Our Food Distribution Project extended over 16,895 kilograms of free rice to the families of 1,117 pupils and teachers from adopted schools in Nueva Vizcaya.
* The Tan Yan Kee Library continues to conduct online classes and virtual information dissemination activities through the Tank Yan Kee Library Online Summer Class. We held online summer classes from May to June which benefited 30 children and their parents. The videos we sent on COVID-19, healthy habits, and various other subjects designed for children aged three to 12 years also remain accessible through our social media platforms including Facebook.

We have also continued our programs and projects to promote social welfare with the help of our partners, keeping true to our commitment of helping develop communities and improving quality of life, protecting biodiversity and the environment, and being of aid to those in need. Our activities this year included the following:

* TYKFI's Food Security Program and the TYKFI-Eton *Masaganang Palayan* Project help address the issue of food security in the country and support the government's thrust to curb it. We are able to provide livelihood opportunities for farmers and market vendors and at the same time provide training and wellness programs. In 2021, we distributed Palay seeds and fertilizer to farms in Aritao Nueva Vizcaya. We were also able to harvest around 30,000 kilograms of vegetables and conducted over 40 weekly operations which linked farm-fresh produce from our farmers and partner farms reaching over 500 employees and their families and thousands of other customers.
* To foster community and equitable access to food, TYKFI, in partnership with Philippine Airlines, held community pantries for our outsourced service personnel, residents and COVID-19 patients confined at the Hospicio de San Jose. We were able to distribute over 234 kilograms of vegetables, 275 kilograms of rice, and 30 boxes of Lola Remedios® Food Supplement Syrup. In collaboration with Asia Brewery, Allianz PNB Life Insurance, Inc., Eton, and PNB, also conducted a food security response activity for outsourced personnel working across the Group which enabled them to purchase affordable food packs at Php 20 a bundle.
* Through the Dr. Lucio C. Tan Legacy Forest Project, our flagship reforestation program in partnership with PMFTC covering Barangay R.A. Padilla in Carranglan, Nueva Ecija and the UPLB Laguna-Quezon Land Grant (LQLG), we were able to plant 77,748 seedlings of Alibangbang, Narra, and Sampaloc this year. We were also able to start planting around 3,000 seedlings of Falcata in Tanay, Rizal.
* We also maintain a number of agroforestry projects. At our Fortune Farm in Carranglan, Nueva Ecija, we continue to plant assorted vegetables, crops and fruit trees.

* This year, we also continued with our Mangrove Rehabilitation Projects in Barangay Las-Ud in Santa Cruz, Ilocos Sur and in Boracay, Aklan providing livelihood for farmers, fishermen and their families by planting and maintaining mangroves in their respective areas.
* Through our HOPE Caravan, we were able to respond to various needs by different communities all over the country. In partnership with MacroAsia Corporation and PNB, we were able to distribute over 30,000 food packs and 13,000 liters of beverages to frontliners and patients across seven (7) hospitals in Metro Manila. We were also able to distribute food packs and water to over 4,000 families in Marikina, Quezon City, and Nueva Vizcaya during the onslaught of Typhoon Ulysses. In collaboration with Tanduay, we were able to distribute over 500 bottles of water and 150 pieces of cooking ware to residents of Tagbilaran, Bohol as part of our early response efforts to Typhoon Odette.
* The TYKFI-Eton Joint Housing Assistance Project completed the construction and turnover of four (4) houses for the farming families of four (4) scholars under the TYKFI-STA Scholarship Project in Aritao, Nueva Vizcaya.

At Asia Brewery, our Asia Brewery Manufacturing Operations Resources & Environment Sustainability (AMORES) project continues to lead our sustainable initiatives at our beverages business. We have partnered with WWF in their Philippines' flagship program, *"Corporates for a Better Planet Initiative,"* which aims to provide an actionable framework for organizations to operate sustainably within the paradigm of the climate crisis. The program has a three to four-month implementation process that is expected to yield a Scenario Analysis Report for the Science Based Targets initiative (SBTi) and Initial Sustainability Assessments.

At Eton, efforts for 2021 are a combination of direct initiatives as an integral part of nation-building and continuing efforts of goodwill coursed through TYKFI. Our commitment to sustaining the livelihood of the farmers whom we supported through the *"Masaganang Palayan Project"* in the last two years have also aligned us with the communities in which our businesses operate. Since May 2021, we have changed our events venue, Centris Elements in Eton Centris, Quezon City, into a vaccination facility to aid the local government in inoculating the majority of its population to expedite the return to normalcy and support the recovery of the national economy.

As we expand, we make certain that no one is left behind. In addition, we have formed a partnership with the Bureau of Corrections and the art gallery Puesto Manila to provide artists-in-prison with a platform to display their work. We have put their artworks on display at our properties to attract a wider audience. Together with TYKFI, we conducted an outreach program in Hospicio de San Jose to give rice from the *"Masaganang Palayan Project"* and fresh produce from the Lucio Tan Legacy Forest Project.

The commitment of PNB is driven by the Bank's aspirations to make a positive contribution to sustainability efforts and agenda. As proof of its commitment to embedding sustainability in its business DNA, PNB recently developed its sustainability policy statement and 3-Year Sustainability Transition Plan. The Bank believes that sustainability starts from within by helping its employees gain access to relevant training to build skills and capabilities that are critical to success. In addition to its commitments to its employees, the Bank's sustainability policy also includes its obligations to its customers/clients, external communities, vendors/suppliers, outsourced personnel and Third-Party Service Providers, shareholders, regulators, and even to the environment. The Bank commits to educating its internal and external stakeholders and encouraging them to align with PNB's sustainability thrust and performance standards through this policy. For a complete list of our initiatives at PNB which focus on the economy, environment, and society, please refer to the 2021 PNB Annual Report.

At Tanduay, we continue our partnership with Dualtech Training Center to train their students for 18 months, under the Technical Education and Skills Development Authority's (TESDA) dual training system. As part of DENR's National Greening Program under the *Tayo ang Kalikasan* (TAK) platform, Tanduay subsidiary ADI continues to maintain our adopted five (5) hectares of upland plantation in Barangay Puting Kahoy in Lian, Batangas for restoration, rehabilitation, and development. ADI has also adopted a portion of the Palico-Lian River under DENR's Adopt-an-Estero/Waterbody Program and continued our Tilapia Fingerlings Dispersal project in the Palico-Lian riverbank to help improve marine ecosystems and promote the livelihood of local communities. We also continue to give farmers in Lian, Batangas and neighboring towns free access to our distillery effluent from our distillery for use as fertilizer, which ADI delivers to their fields through trucks. We were also able to donate rubbing alcohol and provide assistance to community disinfection efforts of the LGU and larger community of Lian, Batangas.

Community Relations and Initiatives (Group)	**2019**	**2020**	**2021**
Total number of operations with implemented local community engagement, impact assessments and/or development programs	66	38	55
Total number of operations	74	57	82
Percentage of operations with implemented local community engagement, impact assessments and/or development programs	89%	67%	67%

In 2021, despite the challenging circumstances faced by the Group and our businesses, 67% of our local operations continued to implement community initiatives.

LTG's Unique Key Material Topic

Illicit Trade

Across the Group, our fight against illicit trade and all related practices and activities remains strong. With the cigarette industry seeing an uptake in the levels of illicit trade in the country, the collective action between the Philippine government and stakeholders in the cigarette industry reined in illicit trade levels in the country, with a Euromonitor survey projecting illegal trade to hover between 10.8% to 13.9% from 2018 to 2021. Furthermore, a recent survey on the prevalence of illicit cigarettes conducted by Kantar in 2021 showed that Mindanao accounts for the highest incidence in illegal packs (19.0%), with Luzon (4.9%) and Visayas (1.3%) a distant second and third, respectively. In addition to this, the price gap between illicit and legitimate cigarettes ranges from 66% to 200%. Since illegal cigarettes are cheaper than PMFTC's low-priced brands, they become an attractive alternative for legal age smokers, particularly the youth and those with low income. The legislated annual increase of excise taxes on tobacco products further widens price gaps and makes illicit cigarettes even more attractive.

The Group maintains its bilateral relations and close cooperation with other countries to fight against illicit trade. PMFTC supports the objectives and the principles of the WHO Framework Convention on Tobacco Control (FCTC) Protocol to Eliminate Illicit Trade in Tobacco Products. It works closely with other affiliates of PMI and contacts in other countries to share intelligence and resources to fight illicit trade. The company supports the Philippine government and other foreign governments' active monitoring, investigation, and enforcement to address illegal trade, including counterfeit PMI/PMFTC brands.

In line with this, the Group educates and conducts campaigns informing employees, customers, and other stakeholders. PMFTC regularly engages various internal and external stakeholders to raise awareness about the illegal cigarette trade problem, including capacity-building training to spot illicit cigarettes. The Company provides all new employees and partner retailers with a briefing on illegal trade. There is continuing education and information campaign directed at law enforcement agencies focusing on the illicit trade in cigarettes. PMFTC runs anti-illicit trade information campaigns through seminars and social media through partner trade and retailer organizations wherein it educates retailers and consumers about the varieties of illicit cigarettes and the repercussions of purchasing them. The ultimate objective is to make the sale of contraband cigarettes unacceptably commonplace. There have been at least 42 training sessions with 1,197 attendees including retailers, law enforcement officers and internal stakeholders.

We also have programs designed to support the enactment of legislation at the local and national level in fighting illicit trade. We channel our efforts to fight the diversion of our products by continuously improving measures to secure the supply chain with all stakeholders. We collaborate with affected parties to share our knowledge gained through continuous research, analysis, and communication on illicit trade issues and consequences. With the proliferation of unregistered cigarette manufacturing facilities, the Philippine government passed Republic Act Nos. 11346 and 11467, increasing the penalties on unlawful possession of articles subject to excise tax such as tobacco products.

The Group has partnered with Government agencies and other parties with a Memoranda of Agreement to fight illegal trade. The PMFTC is part of a multi-sectoral movement called "Fight IT (Illicit Trade)" led by the Federation of Philippine Industries (FPI) to curb unfair trade and secure national revenues and protect legitimate players in the domestic market. PMFTC is also a founding member of the Alibaba Anti-Counterfeiting Alliance, ultimately aiming to take down sellers peddling counterfeit products. The sectors that support the Fight IT movement share common issues of smuggling and illicit trade in their industries. These industries are rice, sugar, corn, palm oil, tobacco, steel, cement, and ceramic tiles.

The industry works closely with various government enforcement agencies such as the Bureau of Internal Revenue (BIR), Bureau of Customs (BOC), National Bureau of Investigation (NBI), and the Philippine National Police (PNP) to address illicit cigarette trade in the country. There are also talks with government agencies and private e-commerce platforms to take down online resellers of illegal combustible and heated tobacco products. Based on internal monitoring and news articles, there have been 185 enforcements by government agencies relating to illicit tobacco products. The government seized approximately 439 million sticks and 21 machine components and shut down two factories manufacturing illicit cigarettes.

PMI Asia regional office entered a Memorandum of Understanding with the US Department of Homeland Security for information sharing and engaged with United Nations Office on Drugs and Crime - WCO Container Control Programme (CCP) for training with more than 50 customs officials in Asia, including the Philippines. The company's objective is to limit illicit trade incidence to manageable levels at the affiliate level and globally through other PMI affiliates. Accordingly, PMI has established a program called PMI IMPACT, which is a global grant initiative of Philip Morris International to support public, private, and non-governmental organizations to develop and implement projects against illegal trade and related crimes. A council of independent experts evaluates and selects project proposals for the award of grants by PMI. The initiative was launched in 2016 by PMI, which pledged USD 100 million to fund the first three rounds of grants. To date, PMI IMPACT has allocated a combined USD 48 million to implement 60 projects in 30 countries as part of the initiative's first and second funding rounds. However, we also allocate resources and tools to secure our supply chain and ensure that customers undergo proper due diligence. Adequate volumes are delivered by demand through continuous stakeholders' engagements and extending operational support and assistance whenever feasible and appropriate.

Appendix

GRI Content Index

GRI Standard		Disclosure	Page No.	Omissions
GRI 101: Foundation 2016 (GRI 101 does not include any disclosures)				
General Disclosures				
GRI 102: General Disclosures 2016	*Organizational Profile*			
	GRI 102 - 1	Name of the organization	11	-
	GRI 102 - 2	Activities, brands, products, and services	11-14	-
	GRI 102 - 3	Location of headquarters	11	-
	GRI 102 - 4	Location of operations	15-16	-
	GRI 102 - 5	Ownership and legal form	11-14	-
	GRI 102 - 6	Markets served	15-16	-
	GRI 102 - 7	Scale of the organization	15-16, 31, 50-54	-
	GRI 102 - 8	Information on employees and other workers	8, 50-54	-
	GRI 102 - 9	Supply chain	19-20	-
	GRI 102 - 10	Significant changes to the organization and its supply chain	19-20	-
	GRI 102 - 11	Precautionary Principle or approach	34-35	-
	GRI 102 - 12	External initiatives	24	-
	GRI 102 - 13	Membership of associations	21-22	-
	Strategy			
	GRI 102 - 14	Statement from senior decision-maker	4-6	-
	Ethics and Integrity			
	GRI 102 - 16	Values, principles, standards, and norms of behavior	10, 17-18, 34-35	-
	GRI 102 - 17	Mechanisms for advice and concerns about ethics	35-37	-
	Governance			
	GRI 102 - 18	Governance structure	17-18	-
	GRI 102 - 22	Composition of the highest governance body and its committee	17	-
	GRI 102 - 23	Chair of the highest governance body	17-18	-
	GRI 102 - 26	Role of highest governance body in setting purpose, values, and strategy	10, 17-18	-
	Stakeholder Engagement			
	GRI 102 - 40	List of stakeholder groups	24	-

	GRI 102 - 41	Collective bargaining agreements	8, 37, 50	-
	GRI 102 - 42	Identifying and selecting stakeholders	24	-
	GRI 102 - 43	Approach to stakeholder engagement	24-25, 58-60	-
	GRI 102 - 44	Key topics and concerns raised	24-25	-
	Reporting Practice			
	GRI 102 - 45	Entities included in the consolidated financial statements	23	-
	GRI 102 - 46	Defining report content and topic Boundaries	23-26	-
	GRI 102 - 47	List of material topics	27-29	-
	GRI 102 - 48	Restatements of information		For 2021, we restated the following prior-period metrics due to refinements in data reporting: ∗ Total economic value distributed is restated from PhP102,673,861,842.42 to PhP101,258,218,174.15 for 2020, along with the following: ⌧ Total payments to providers of capital from Php22,568,583,390.55 to Php21,152,939,722.28 ∗ Total water withdrawal from all sources in megaliters (ML) is restated from 7,701.65 ML to 7,795.68 ML for 2020 ∗ Total electricity consumption in kilowatt hours (kWh) is restated from 155,430,749 kWh to 153,560,438.08 kWh for 2020 ∗ Liquefied petroleum gas consumption in gigajoules (GJ) is restated from 152,526,216.26 to 152,898,269.46 GJ for 2020 ∗ Diesel consumption in gigajoules (GJ) is restated from 8,590.29 GJ to 11,972.65 GJ for 2020 ∗ Number of new hires by gender for male and female from 585 to 581 and 729 to 718, respectively. ∗ Number of new hires by age group under 30 and over 50

				from 644 to 645 and 61 to 45, respectively. ∗ Number of new hires by region for Luzon, Visayas and Mindanao from 1,173 to 1,160, 52 to 51, and 89 to 88, respectively. ∗ Total waste generated in kilotons (KT) from 104.20 to 8.76 KT for 2020 including the following: ⌧ Total non-hazardous waste generated from 104.01 to 8.57 KT ⌧ Landfill non-hazardous waste generated from 98.84 to 3.40 KT ∗ Number of regular employees covered by occupational health and safety that has been audited or certified by an external party is restated from 9,074 to 9,073 employees for 2020
	GRI 102 - 49	Changes in reporting		For 2021, we have started reporting on our Scope 1 (stationary and mobile combustion) and Scope 2 (indirect energy consumption) emissions and our total carbon footprint in tonnes of CO_2 equivalent (tCO_2e), with corresponding three-year data (2019-2021). To further reflect the change, the *Energy Efficiency* material topic has been renamed *Energy Efficiency and Emissions.* There are no further significant changes to scope, boundary or measurement methods from LTG's 2020 sustainability report.
	GRI 102 - 50	Reporting period	23	
	GRI 102 - 51	Date of most recent report	-	2020
	GRI 102 - 52	Reporting cycle	23	-
	GRI 102 - 53	Contact point for questions regarding the report	25	-
	GRI 102 - 54	Claims of reporting in accordance with the GRI Standards	25	-

	GRI 102 - 55	GRI content index	69-76	-
	GRI 102 - 56	External assurance	23	-
Material Topics				
GRI 201: Economic Performance 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	23, 27, 31	-
	GRI 103 - 2	The management approach and its components	31	-
GRI 201: Economic Performance 2016	GRI 201 - 1	Direct economic value generated and distributed	31	-
GRI 419: Socioeconomic Compliance 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	27, 32	-
	GRI 103 - 2	The management approach and its components	32-33	-
	GRI 103 - 3	Evaluation of the management approach	32-33	-
GRI 419: Socioeconomic Compliance 2016	GRI 419 - 1	Non-compliance with laws and regulations in the social and economic area	33	-
Risk Management				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	27, 34-35	-
	GRI 103 - 2	The management approach and its components	34-35	-
	GRI 103 - 3	Evaluation of the management approach	34-35	-
GRI 102: General Disclosures 2016	GRI 102 - 11	Precautionary principle or approach	34-35, 47-49	-
GRI 205: Anti-Corruption 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	27, 35-37	-
	GRI 103 - 2	The management approach and its components	35-37	-
	GRI 103 - 3	Evaluation of the management approach	35-37	-
GRI 205: Anti-Corruption 2016	GRI 205 - 2	Communication and training about anti-corruption policies and procedures	35-37	-
	GRI 205 - 3	Confirmed incidents of corruption and actions taken	37	-
GRI 303: Water and Effluents 2018				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 38-40	-
	GRI 103 - 2	The management approach and its components	38-40	-

	GRI 103 - 3	Evaluation of the management approach	38-40	-
GRI 303: Water and Effluents 2018	GRI 303 - 1	Interactions with water as a shared resource	38-40	-
	GRI 303 - 2	Management of water discharge-related impacts	38-40	-
	GRI 303 - 3	Water withdrawal	40	-
GRI 306: Effluents and Waste 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 40-42	-
	GRI 103 - 2	The management approach and its components	40-42	-
	GRI 103 - 3	Evaluation of the management approach	40-42	-
GRI 306: Effluents and Waste 2016	GRI 306 - 3	Waste by type and disposal method	42	-
GRI 302: Energy 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 43-47	-
	GRI 103 - 2	The management approach and its components	43-37	-
	GRI 103 - 3	Evaluation of the management approach	43-47	-
GRI 302: Energy 2016	GRI 302 - 1	Energy consumption within the organization	44-47	-
Climate Change				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 47-49	-
	GRI 103 - 2	The management approach and its components	47-49	-
	GRI 103 - 3	Evaluation of the management approach	47-49	-
GRI 201: Economic Performance 2016	GRI 201 - 2	Financial implications and other risks and opportunities due to climate change	47-49	-
GRI 401: Employment 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	27, 50-54	-
	GRI 103 - 2	The management approach and its components	50-54	-
	GRI 103 - 3	Evaluation of the management approach	50-54	-
GRI 401: Employment 2016	GRI 401 - 1	New employee hires and employee turnover	52-54	-
	GRI 401 - 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	50-51	-
	GRI 401 - 3	Parental leave	54	-

GRI 403: Occupational Health and Safety 2018				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 55-56	-
	GRI 103 - 2	The management approach and its components	55-56	-
	GRI 103 - 3	Evaluation of the management approach	55-56	-
GRI 403: Occupational Health and Safety 2018	GRI 403 - 1	Occupational health and safety management system	55-56	-
	GRI 403 - 2	Hazard identification, risk assessment, and incident investigation	55-56	-
	GRI 403 - 3	Occupational health services	55-56	-
	GRI 403 - 4	Worker participation, consultation, and communication on occupational health and safety	55-56	-
	GRI 403 - 5	Worker training on occupational health and safety	55-56	-
	GRI 403 - 6	Promotion of worker health	50-51, 55-56	-
	GRI 403 - 7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	55-56	-
	GRI 403 - 8	Workers covered by an occupational health and safety management system	56	-
	GRI 403 - 9	Work-related injuries	56	
GRI 417: Marketing and Labeling 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 57	-
	GRI 103 - 2	The management approach and its components	57	-
	GRI 103 - 3	Evaluation of the management approach	57	-
GRI 417: Marketing and Labeling 2016	GRI 417 - 1	Requirements for product and service information and labeling	57	-
	GRI 417 - 2	Incidents of non-compliance concerning product and service information and labeling	57	-
	GRI 417 - 3	Incidents of non-compliance concerning marketing communications	57	-
GRI 416: Customer Health and Safety 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	27, 58	-
	GRI 103 - 2	The management approach and its components	58	-
	GRI 103 - 3	Evaluation of the management approach	58	-

GRI 416: Customer Health and Safety 2016	GRI 416 - 1	Assessment of the health and safety impacts of product and service categories	58	-
	GRI 416 - 2	Incidents of non-compliance concerning the health and safety impacts of products and services	58	-
Customer Engagement and Satisfaction				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 58-60	-
	GRI 103 - 2	The management approach and its components	58-60	-
	GRI 103 - 3	Evaluation of the management approach	58-60	-
GRI 102: General Standard Disclosures 2016	GRI 102 - 43	Approach to stakeholder engagement	24-25, 58-60	-
	GRI 102 - 44	Key topics and concerns raised	24	-
Digital Transformation and Innovation				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 60-61	-
	GRI 103 - 2	The management approach and its components	60-61	-
GRI 418: Customer Privacy 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	29, 62	-
	GRI 103 - 2	The management approach and its components	62	-
	GRI 103 - 3	Evaluation of the management approach	62	-
GRI 418: Customer Privacy 2016	GRI 418 - 1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	62	-
GRI 413: Local Communities 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 63-66	-
	GRI 103 - 2	The management approach and its components	63-66	-
GRI 413: Local Communities 2016	GRI 413 - 1	Operations with local community engagement, impact assessments, and development programs	63-66	-
	GRI 413 - 2	Operations with significant actual and potential negative impacts on local communities	63-66	-
Illicit Trade				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 67-68	-
	GRI 103 - 2	The management approach and its components	67-68	-

Task Force on Climate-related Financial Disclosures (TCFD) Content Index

Recommended Disclosures		LTG SR Disclosure Content (Page No.)
Governance *Disclose the organization's governance around climate-related risks and opportunities.*		
a)	Describe the board's oversight of climate related risks and opportunities.	17, 25, 34-35, 47-49
b)	Describe management's role in assessing and managing climate-related risks and opportunities.	17, 25, 34-35, 47-49
Strategy *Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.*		
a)	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Still being studied
b)	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	38-49
c)	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	38-49
Risk Management *Disclose how the organization identifies, assesses, and manages climate-related risks.*		
a)	Describe the organization's processes for identifying and assessing climate-related risks.	17, 34-35
b)	Describe the organization's processes for managing climate-related risks.	34-35, 38-49
c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	17, 34-35, 38-49
Metrics and Targets *Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.*		
a)	Describe the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	34-35, 38-49
b)	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	43-47
c)	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Processes are still to be set up for the future reporting of this metric