LT GROUP, INC.

Streamlining Our Efforts for a More Sustainable Future

2023 SUSTAINABILITY REPORT

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About this Report

About the Theme

"Streamlining Our Efforts to a More Sustainable Future" embodies LT Group's unwavering commitment to navigate the intricate landscape of sustainability with clarity and purpose. It signifies a strategic pivot towards efficiency and effectiveness in tackling the urgent challenges of our era.

For this reporting cycle, we mark a significant leap forward in harmonizing LTG's sustainability initiatives, aiming to consolidate and optimize efforts across our diverse subsidiaries. In doing so, we underscore our dedication to championing environmental stewardship and social responsibility in a manner that truly makes a difference.

Beyond merely lessening our environmental footprint, we are driven to enrich societal well-being, laying a sturdy groundwork for a future that thrives sustainably. It's not just about doing good; it's about making a meaningful impact that resonates with both our present and future generations.

Reporting Scope and Boundary

GRI 2-2, 2-3, 2-5

LTG initiated its sustainability efforts in 2019. At the onset, we adopted sustainable practices to streamline resource utilization and elevate operational efficiency. To advance LTG's sustainability agenda, we started issuing sustainability reports, offering a detailed account of our conglomerate's initiatives, ESG performance, and commitment to responsible business practices.

This year's LTG sustainability report gives a comprehensive overview of LTG as a holding company. As in previous years, this report also provides insights into the initiatives of LTG's local subsidiaries, namely, Asia Brewery, Eton, Tanduay, and PNB. Despite being included in this report, PNB independently publishes its own sustainability report, including its full disclosure. This report does not extensively cover the Philip Morris Fortune Tobacco Company (PMFTC), which is currently managed by Philip Morris International (PMI). Instead, PMFTC's sustainability efforts will be detailed under its management's dedicated sustainability report.

The consolidated financial statements were audited by SGV & Co. While non-financial disclosures in this report were not under external assurance, however, verification procedures and internal review were conducted to ensure accuracy.

Reporting Period

January 1, 2023 to December 31, 2023

Sustainability Reporting Guidelines and Standards

At LTG, our commitment to advancing global sustainable development shines through our adherence to international standards for sustainability reporting. Transparency and reliability are at the core of our disclosure practices, ensuring that our contributions are meaningful and measurable in the pursuit of a more sustainable future. This report is guided by the standards below.

Sustainability Report Feedback

GRI 2-3

We deeply value and welcome your insights, feedback and recommendations as we enhance our sustainability reporting procedures. Your thoughtful input will contribute to ensuring the enhancement of our sustainability initiatives. Feel free to reach out to us via email at sustainability@ltg.com.ph.

Message from the Chairman

Dear Fellow Stakeholders,

I am proud to share with you the journey of LT Group, Inc. (LTG) throughout the challenges of the past year. In the post-pandemic world, LTG showcased its ability to adapt swiftly, ensuring continuity and stability in our operations.

We firmly recognize our role in not only creating value for our stakeholders but also in contributing to the economic prosperity of the Philippines. Our endeavors extend beyond the confines of our organization, enriching the lives of individuals and communities across the nation.

> The year 2023 stands as a beacon of hope and progress. Our unwavering focus is on gradually reviving our economy and contributing to the recovery in our nation.

Furthermore, we firmly believe that environmental stewardship and sustainability must walk hand in hand with economic growth and recovery. As we navigate the complexities of today's world, it is imperative that we integrate sustainability into our business strategies, ensuring a balanced approach that benefits both our planet and our economy.

The theme of our sustainability report, "Streamlining Our Efforts to a More Sustainable Future," encapsulates our steadfast commitment to sustainability. We believe this represents a strategic move towards enhancing efficiency and effectiveness in confronting the pressing issues of our time. This reporting period shows how LTG's sustainability projects are aligned, bringing together and refining endeavors across our varied subsidiaries.

As we move forward, let us continue to uphold our values and principles, driving positive change and sustainable growth for the betterment of our society and our planet.

Dr. Lucio C. Tan
Chairman

Message from the President

Dear Fellow Stakeholders,

Amidst economic challenges, the notion of 'business-as-usual' is no longer tenable. Instead, we embrace a mindset of caution, integrating sustainability and environmental considerations into our strategic decision-making processes.

As we reflect on the economic landscape of 2023, the reopening of our economy has offered a window for us to evaluate our business horizons, while at the same time enabled us to pick up the pieces from the aftermath of the pandemic. Against this backdrop, LT Group, Inc. (LTG) managed to post an attributable net income of Php 25.42 Billion, 1% more that what was reported for 2022, as we continue to manage through the macro-economic hurdles while delivering value to our customers.

2023
Php 25.42 Billion
Net Income

In 2023, LTG remained steadfast in our commitment to compliance and due diligence. We balanced stakeholder needs while upholding our ethical standards and continuing to be a good corporate citizen.

Moreover, our focus extends beyond mere financial gains. We are committed to an unwavering adherence to sound corporate governance practices. Our priority lays in ensuring that our core operations are streamlined for efficiency and integration, paving the way for long-term growth and prosperity.

Our journey toward sustainability continues with steady progress, streamlining our efforts and creating more impact, as reflected in this report. Our promise is not just to provide value through our products and services but to do so in a responsible and sustainable manner. We remain unwavering in our determination to reduce our carbon footprint, promote responsible resource management, and enhance workplace safety measures. Moreover, we continue to provide a positive impact on the communities we serve.

Challenges may lay ahead, but with resilience and foresight, LTG stands prepared and poised for growth in the ever-evolving landscape of business.

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Lucio C. Tan III
President and Chief Operating Officer

2023 Highlights and Contribution to the UN SDGs

LONG-TERM GROWTH

5 GENDER EQUALITY

42%
of women on the **Board**

47%
of women in **Senior Management Roles**

8 DECENT WORK AND ECONOMIC GROWTH

Direct Economic Value
in Php Billions

	Generated	Distributed
2023	**134.86**	**113.83**
2022	128.28	112.76
2021	112.81	103.66

GENERATED
DISTRIBUTED

RESPONSIBLE OPERATIONS

13 CLIMATE ACTION

Total Carbon Footprint
in tCO_2e

	Total Carbon Footprint
2023	**202,527**
2022	218,178
2021	263,163

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Overall Energy Consumption
in GJ

	Overall Energy Consumption
2023	**1.60 million**
2022	2.55 million
2021	1.91 million

11 SUSTAINABLE CITIES AND COMMUNITIES

Waste Generated

	Waste Generated
2023	**3,889.13 mt**
2022	7,867.58 mt
2021	6,210.40 mt

6 CLEAN WATER AND SANITATION

Water Withdrawal

	Water Withdrawal
2023	**6,055.99 ML**
2022	7,562.54 ML
2021	7,214.09 ML

VALUE THROUGH PRODUCT AND SERVICES

1,535 ATMs

145 CAMs

29 Corporate CAMs (CCAMs)

7,876 POS Terminals

WELFARE OF EMPLOYEES AND COMMUNITIES

417,023 Total Training Hours

Received **regular performance** and **career development review**
100%

12,333 Total Employees

52% **Female Employees**

Php 49.96 Million Community Investments

10,311 metric tons of potential carbon sequestration

Php 35 Million donated for school construction in Silang, Cavite

403,456 trees and seedlings planted

789 students provided with scholarship grants and educational assistance

Php 5 million donated to Foundation for the Upgrading of Standards of Education (FUSE)

2,750 individuals, 795 families, and 39 communities
Beneficiaries of Coastal and community clean-ups, bloodletting activities, and medical and dental missions.

Php 5 million worth of donations to Small and Midsize Enterprises (SMEs)

Our Organizational Profile

GRI 2-1

Before evolving into a conglomerate, LT Group Inc. and its subsidiary companies dedicated over six decades to provide a diverse range of products and services.

In 2012, as part of its expansion strategy, LTG, previously named Tanduay Holdings, Inc. (THI), embarked on a significant milestone, diversifying its investment portfolio. This move included acquiring shares in Fortune Tobacco Corporation (FTC), Philippine National Bank (PNB), Allied Banking Corporation, Asia Brewery Inc. (ABI), Eton Properties Philippines, Inc. (EPPI). During the same year, the Company officially transitioned into a conglomerate and rebranded as LT Group, Inc. This strategic shift propelled the conglomerate into various sectors, such as tobacco, beverages, property development, distilled spirits, and banking. The majority of shares are held by Dr. Lucio C. Tan, his family, and assignees. The conglomerate's subsidiaries, along with LT Group, Inc., collectively form the Group referenced in this Sustainability Report. As of today, Tangent Holdings Corporation, LTG's ultimate parent company, maintains a 74.36% ownership stake.

LTG is committed to sustaining its dedication to innovation by diversifying its product lines and exploring international markets. This reflects the Group's commitment to maintaining its leadership in industry trends and ensuring its relevance in an ever-changing consumer market.

The LT Group, Inc. logo

LTG's emblem represents strength and solidarity, embodying the essence of the Group's identity. Crafted with precision, the logo features balanced lines and curves, forming a symmetrical tree with mystical qualities. This botanical representation embraces an Eastern-Oriental aesthetic, subtly honoring the profound Chinese heritage inherent to LTG's identity.

The tree symbolizes life and growth, reflecting a connection to heritage, resilience, and a commitment to progress and value creation. Its expansive branches illustrate the interconnectedness of the Company's subsidiaries and stakeholders, enclosed within two circles. The inner circle symbolizes continuity, representing the enduring aspects of the Group, while the outer circle signifies solidarity, depicting the interconnectedness among the elements within the logo.

Our Long-term Strategic Objectives

LTG is guided by the Company's vision and mission to pursue excellence in products and services, establish an extensive distribution network, leverage strategic synergies, promote the well-being of its employees and communities, and actively contribute to environmental sustainability.

To ensure alignment with evolving goals and market dynamics, the Board of Directors reviews and approves the Vision and Mission Statements annually. The latest review was done on January 10, 2023 and February 13, 2024.

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 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.

Our Corporate Structure

GRI 2-6

The corporate framework of LTG provides a clear illustration of the interconnection between the parent company and its subsidiaries. This streamlined structure promotes efficient collaboration between the main company and its affiliated subsidiaries.

Each of the associated subsidiaries under LTG, except for Victoria Milling Company Inc., further extends influence by establishing its own set of subsidiaries. Some of LTG's subsidiaries have adopted vertical integration in their supply chains to enhance operational efficiency and optimize business operations. This strategic business practice emphasizes the Group's dedication to fostering resiliency and efficiency across its portfolio of companies.

1 Owns 50% less 1 share

2 Voting control at 59.83%

Our Businesses, Markets, and Geographical Reach

GRI 2-6

LTG is a proudly Filipino-owned and controlled entity with a vision to evolve into a world-class business that transcends geographical boundaries. Currently, the Group holds a significant sway within the national market and is known for its unparalleled products and services. Beyond national borders, LTG aspires to actively participate in the global business arena and carve a niche as a beacon of Filipino ingenuity.

ASIA BREWERY INCORPORATED

Beverages

Since its establishment in 1982, Asia Brewery, Inc. (Asia Brewery) has emerged as a standout presence in the beverage industry. Dedicated to delivering top-notch yet affordable products to a wide audience, Asia Brewery made waves early on by challenging the monopoly within the country's beer industry with the introduction of a groundbreaking beer brand. What began as a single-product venture centered on alcoholic beverages has since blossomed into a diverse enterprise, expanding its offerings to include a plethora of beverage options.

To reach its local mass consumers, Asia Brewery relies on its distribution facilities nationwide to sell its range of alcoholic and non-alcoholic beverages, with at least 11 distribution channels based in Luzon and two in Mindanao. Asia Brewery is also expanding its market reach by tapping a well-established network of exclusive distributors, comprising 38 sales offices, 16 warehouses, and seven depots.

As of today, Asia Brewery has garnered attention for its rapid growth in both non-alcoholic and alco-mix beverage segments. This strategic shift underscores Asia Brewery's commitment to accommodating varied consumer tastes and ensuring a comprehensive array of beverage choices. With a diverse portfolio boasting over 40 alcoholic and 138 non-alcoholic beverages, Asia Brewery has become synonymous with quality and variety. Among its renowned offerings are *Beer na Beer, Colt 45, Tanduay Ice, Tiger Black, Asahi, Cobra Energy Drink, Nestea, Sunkist, Absolute, Summit, V-Soy, Vitamilk, Spritz, and Paraiso.*

Eton Properties Philippines, Inc.

Property Development

Known as one of the largest real estate developers in the Philippines, Eton Properties Philippines Inc. (Eton) was established in 2007 with a visionary goal to become the most trusted property developer in the country. Eton's international counterpart, Eton Properties Ltd, is a renowned real estate brand with a strong presence in Hong Kong and mainland China.

With deep-rooted expertise in the real estate sector, Eton distinguishes itself by specializing in the development of commercial, office, and residential properties. Its diverse portfolio spans the Philippines, encompassing office spaces, commercial centers, mixed-use townships, and upscale high-rise and horizontal residential projects. Beyond development, Eton also explores innovative land leases, showcasing its commitment to diversified real estate ventures.

Eton's approach is marked by a keen understanding of market dynamics, ensuring that each project meets the distinct needs and opportunities of its surroundings. Presently, Eton manages a diverse portfolio of 36 projects, including landmark office buildings like *Centris Cyberpod 1-5* at Eton *Centris*, *Eton Corinthian Cyberpod* in Ortigas, and *eWestPod* at Eton *WestEnd Square* in Makati. Among its achievements are two thriving mixed-use townships, eight bustling commercial centers, six dynamic BPO hubs, and a range of other successful developments. Its latest venture, Parklinks in Quezon City, in partnership with Ayala Land, Inc., marks yet another milestone in its journey towards reshaping the urban landscape.

Tobacco

A landmark collaboration was forged in 2010 between Philip Morris Philippines Manufacturing Inc. (PMPMI) and Fortune Tobacco Corporation (FTC), leading to the establishment of PMFTC Inc. PMPI began in 1955 through a licensing agreement with La Suerte Cigar and Cigarette Factory for Marlboro's production. Dr. Lucio C. Tan founded FTC in 1965 to make cigarettes for the local market, becoming the largest domestic tobacco company in the Philippines with brands like Fortune, Champion, and Hope.

Today, PMFTC is a major player in the tobacco industry, manufacturing five of the top 10 brands in the market, showcasing its significant presence and influence.

EVERY STEP TOGETHER

Banking

Established in 1916 and privatized in 2007 after years of serving as a government bank, the Philippine National Bank (PNB) has grown into one of the country's largest and oldest financial institutions. Known as the "Bangko ng Bayan" or the people's bank, PNB has earned a stellar reputation over its 108-year history. Despite facing various challenges, PNB has demonstrated resilience and remained steadfast in its commitment to providing customer-centric services.

At the heart of PNB's operations lies a dedication to the prosperity of its stakeholders. This commitment drives the bank to prioritize continuous innovation and service excellence. Since its inception, PNB's mission has evolved to meet the changing needs of the times. Notable milestones include pioneering rural banking services in the 1920s to support the agriculture sector and establishing its first overseas branch in New York in 1917, signaling its entry into international banking. Today, PNB holds a prominent position in the Filipino financial services sector and contributes significantly to the global financial landscape through strategic initiatives.

The Bank serves individual retail customers and institutional clients such as corporations, the national government, local government units, government-owned enterprises, various government agencies, and small and medium-sized enterprises. It offers a combination of traditional products, such as deposits, trust, treasury, and remittance products, and innovative financial products, including digital banking solutions and applications. PNB maintains a solid domestic and international presence with its 631 local branches and offices and 73 overseas branches, subsidiaries, and representative offices in different countries.

TANDUAY Distillers, Inc.

Distilled Spirits

Tanduay Distillers Inc. (Tanduay) stands as a leading figure in liquor production within the Philippines, engaging in a wide array of processes from manufacturing to retail and wholesale distribution. Tanduay boasts an extensive selection of liquor products distributed through its 225,000 points of sale and 15 exclusive distributors operating at least 40 sales offices and 60 warehouses nationwide as of 2023. Likewise, Tanduay also exports their products to reach international consumers. Founded in May 1988, Tanduay boasts an extensive product line that extends beyond liquor, encompassing equipment, materials, and supplies essential for the production of rhum, brandy, whiskey, gin, and more.

Operating under Tanduay's umbrella are two subsidiaries: Absolut Distillers Inc. (ADI) and Tanduay Brands International, Inc. (TBII). ADI, originally known as the Century Distillery Corporation in the late 1980s, transformed into Absolut Chemicals Incorporated by 1990 before becoming part of the LTG conglomerate. ADI aims to be a global leader in alcohol production, specializing in crafting high-quality ethyl alcohol and liquified carbon dioxide for both alcoholic and non-alcoholic beverage sectors. Alongside its global ambitions, ADI emphasizes employee empowerment, stakeholder engagement, and sustainable development as core values.

On the other hand, TBII focuses on strategically marketing Tanduay's diverse product range. Established in 2003 and fully acquired by Tanduay in 2006, TBII began its commercial operations in 2007, culminating in the opening of its flagship store in the Century Park Sheraton Hotel Manila. This strategic move enhances Tanduay's visibility and cements its position in the competitive spirits industry, showcasing its commitment to delivering quality products and exceptional customer experiences.

Awards and Recognition

In 2023, our Company proudly received two Golden Arrow Awards. These accolades stand as testaments to our unwavering dedication and ongoing commitment to striving for operational excellence, all for the benefit of our valued stockholders and stakeholders.

Awarded by the esteemed Institute of Corporate Directors (ICD), the Golden Arrow Award recognizes companies that excel in the ACGS Assessment, achieving a commendable score of at least 80 points. The LT Group clinched an impressive score of 98.02 points out of a possible 130 points.

Additionally, the LT Group is recognized as the top 7th best employer in the Philippines and ranked no. 361 globally from Forbes' World's Best Employers 2023. This recognition stems from a rigorous evaluation conducted by Forbes in partnership with market research firm Statista, involving feedback from over 170,000 employees worldwide. Participants in the survey provided insights on various aspects, including talent development, remote work options, parental leave policies, diversity initiatives, work-life balance, and overall satisfaction with products or services.

These recognitions underscore our relentless pursuit of progress. It inspires us to push boundaries, set new standards, and chart a course toward even greater achievements in the years ahead.

Membership in Associations

GRI 2-28

To strengthen its corporate presence and expand its network, LTG has established affiliations with numerous industries, trade, and professional associations within the country. LTG assumes key leadership roles in some of these organizations while maintaining active membership across the board. Engaging with external entities contributes to LTG's continuous growth and adaptability within the dynamic business environment. The collaborative environment proved advantageous for LTG as it gained valuable insights into best practices and emerging trends in the industry.

Asia Brewery

- Cabuyao River Protection Advocates (CaRPa) – **President**

MEMBER

- People Management Association of the Philippines (PMAP)
- Employers Confederation of the Philippines (ECOP)
- Philippine Society for Training and Development (PTSD)
- Semiconductor and Electronics Industries in the Philippines (SEIPI)
- Advocates, Leaders and Professionals in Environment, Safety and Health (ALPrESH)
- Association of Safety and Health Practitioners (ASPPI)

Eton Properties

- Urban Land Institute – **Founding Member**
- Rotary Club – **Honorary Member**

MEMBER

- Philippine Society for Talent and Development
- Employees Confederation of the Philippines
- Philippine Association of National Advisers
- Information and Technology Business Process Association of the Philippines

Tanduay

- Ethanol Producers Association of the Philippines (EPAP) – **Chairman**
- CARD Foundation – **Chairman**

MEMBER

- Employers Confederation of the Philippines (ECOP)
- Distilled Spirits Association of the Philippines (DSAP)

PNB

MEMBER

- 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

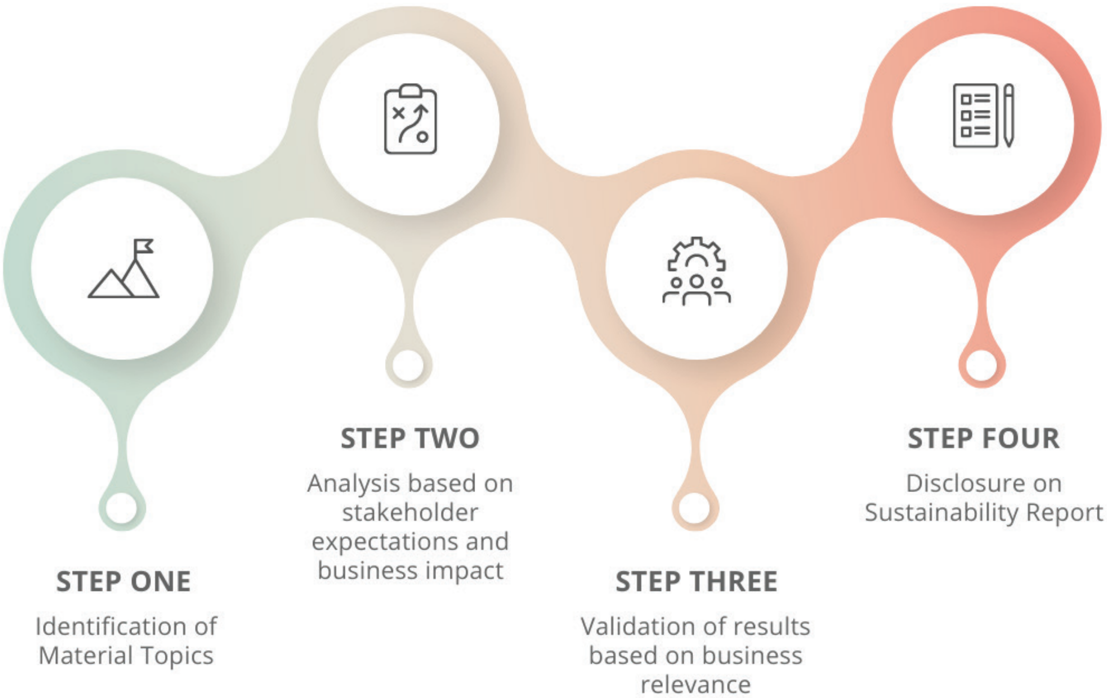
Sustainability in Focus

At LTG, we undertake a systematic process to identify the most significant issues affecting our stakeholders on the economy, environment, and corporate governance, and to develop strategies to face them. Our sales, property development, manufacturing, and distribution activities are assessed with the concerns of our subsidiaries, employees, suppliers, and business partners in mind. Our entire value chain is evaluated against relevant Philippine issues to determine critical topics affecting our operations and services. The identified topics are then validated through consultations and subsequently disclosed through reports.

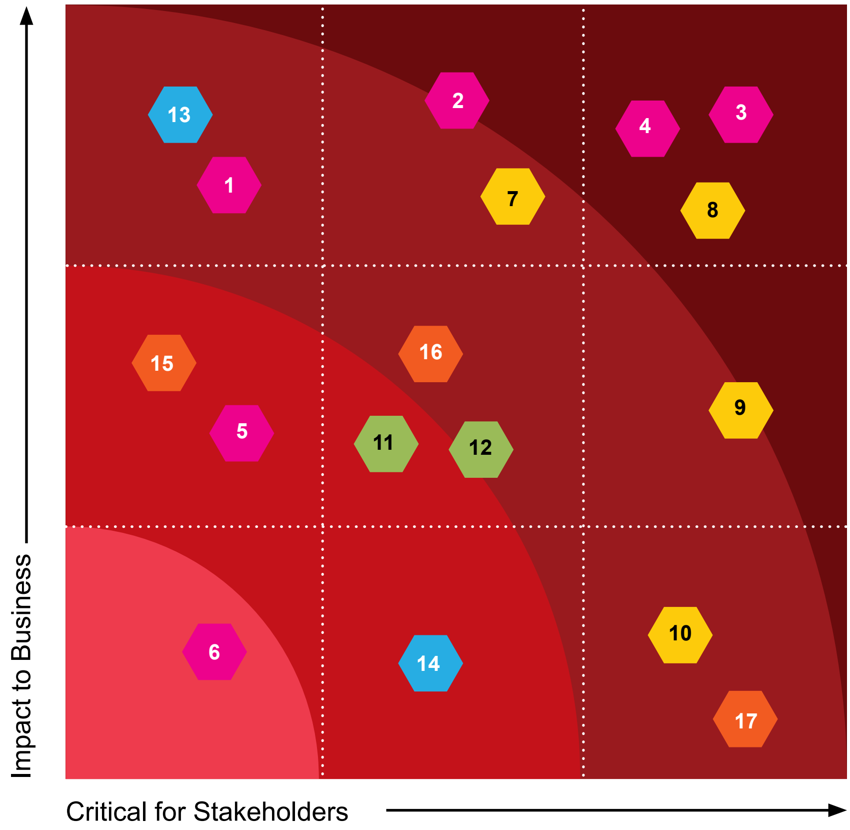
Our Approach to Materiality

GRI 3-1, 3-2

The Board of Directors of each of our subsidiaries also recognize their responsibilities in institutionalizing the adoption of sustainability principles and incorporating them into their respective corporate governance and risk management frameworks. As a result, our subsidiaries engage in their own materiality assessment of sustainability topics to determine the issues specific to their stakeholders and corporate structure. Using desk review and surveys, our subsidiaries internally report the data gathered to their respective Sustainability Technical Work Group, Steering Committee, Corporate Governance Committee meetings, and other internal working groups. Having individual materiality assessments for our subsidiaries ensures that the identified issues are relevant to each subsidiary and that each subsidiary leads the processes to address them.



The results of the validation session followed shortly. From these consultations, we identified the issues that matter to our stakeholders on economic and governance, environment, employees, customers, and society.



ECONOMIC and GOVERNANCE
1. Socio-economic and Environmental Compliance
2. Ethical Operations
3. Good Governance
4. Economic Performance
5. Customer Engagement and Satisfaction
6. Illicit Trade

EMPLOYEES
7. Employment
8. People, Safety, Security and Well-being
9. Employee Skills and Competency Development
10. Labor Relations and Diversity

ENVIRONMENT
11. Resource Efficiency
12. Climate Change/GHG Emission

CUSTOMERS
13. Customer Data Privacy and Security
14. Marketing and Labelling

SOCIETY
15. Supply Chain Management
16. Human Rights Protection
17. Community Relations

Stakeholder Engagement Mechanisms

GRI 2-29

Ensuring continuous benefits for our stakeholders drives our work at LTG. As a result, we form meaningful relationships with our various stakeholders through periodic engagement activities. Our primary stakeholders include national government agencies (NGAs), customers, employees, suppliers, and communities.

We customize our methodology of engagement per stakeholder to establish fruitful collaborations and obtain quality feedback. Whether through social media, our participation in NGAs' public consultations, our CSR activities, or evaluation forms – LTG commits to productive communications with our stakeholders so that we can use the resulting feedback to improve our operations, products, and services.

One of our key stakeholder engagement activities in 2023 was the plan to improve the PNB digital app so that we can provide our customers with a reliable and secure platform for their banking needs. Moreover, we recognize that engagement is a two-way process. While we gather insights from our stakeholders, we also share our unique business insights during consultations organized by NGAs on national initiatives. Active engagements with our key stakeholders strengthen our ability to collaborate and improve the national landscape for business and development.

Our Sustainability Framework

GRI 2-6

LTG takes significant action towards sustainability. We do this by following prescribed best practices and our experience in business to compose the sustainability framework to guide our growth. Our sustainability framework considers LTG's mission and results from our materiality assessment to determine our sustainability focus in reference to the Sustainable Development Goals (SDGs). The resulting framework directs our efforts towards impacts that will ensure continuous benefits for all our stakeholders for many years to come.

The foundation of the LTG sustainability framework is to ensure that our Company's development continually benefits our stakeholders. To achieve our vision of leading Philippine economic progress, we focus on long-term growth; value through products and services; good governance; and welfare of our employees and the communities we engage with. Each area of focus, along with our materiality assessments, guides how we conduct our operations and provide our products and services. We also ensure that our work meets the Sustainable Development Goals so that we continue to leave positive impacts.

Long-term Growth

Through the years, LTG has been able to stand firm and lead economic growth in the Philippines. As a model of exemplary business practices, we hope to continue to inspire our stakeholders and partners to grow and prosper. To ensure our long-term growth, we monitor key aspects of our business strategies that will help us adapt to future uncertainties. Economic performance, ethical operations, and good governance are crucial components in our growth and sustainability framework.

Economic Performance

GRI 3-3

At LTG, we need to ensure that our businesses are economically robust so that we can continue to serve our stakeholders properly. Our history is proof that we can overcome the various challenges brought about by each eventful decade. Although we felt the effects of the pandemic lockdowns, we were able to stand strong and move into what is now our recovery phase. The economic challenges over the years strengthened our capacities to adapt to change and added to our vast business experience.

GRI 201-1

(in Php Billions)	2023	2022	2021
Operating costs	**47.51**	49.57	50.72
Employee wages and benefits	**12.79**	12.08	12.32
Payments to government	**24.42**	26.31	19.91
Payments to providers of capital	**29.06**	24.78	20.63
Community investments (in Php Millions)	**49.96**	25.91	81.33
Total direct economic value distributed	**113.83**	112.76	103.66
Total economic value generated	**134.86**	128.23	112.81
Economic value retained	**21.03**	15.52	9.15

Ethical Operations

A steadfast commitment to preventing corruption, upholding ethical conduct, and observing fair business practices is necessary not only in protecting the Company's reputation but, more importantly, in sustaining its long-term growth. In our pursuit for a just and equitable business landscape, we continue to intensify our anti-corruption initiatives within the conglomerate.

LTG implements a Group-wide Code of Business Conduct and Ethics which serves as the Company's foundational framework and outlines the principles that guide our actions and decisions across the Group. To uphold ethical standards in our dealings, we are bolstering education campaigns to cultivate a culture of integrity among our employees. These educational initiatives empower employees at all levels with knowledge and awareness to recognize, prevent, and address any corrupt or unethical behavior.

> **2,923 employees** who received anti-corruption training in 2023.

Proactive measures are taken by LTG to communicate its anti-corruption policies and procedures to its employees at all levels, including relevant third parties associated with the Group. Each subsidiary also has its own policies and initiatives on anti-corruption communicated to its employees.

Asia Brewery advocates and upholds the Company's policies and initiatives on anti-corruption and unethical practices. Within Asia Brewery, a robust set of internal rules and regulations has been established that prohibit unethical conduct such as corruption, monopoly, and anticompetitive behavior.

To safeguard the integrity of its supply chain, Asia Brewery strictly implements a competitive procurement process which is scrutinized by an Executive Committee. The stringent review and approval process guarantees the conduct of a transparent, fair and competitive procurement procedure. All employees of Asia Brewery undergo an orientation program that enables them to have a comprehensive understanding of the Asia Brewery's ethical standards and compliance with the Code of Conduct. This is also complemented by regular reminders on Asia Brewery's whistleblowing policy and grievance mechanisms disseminated to its employees. Complaints or cases received are handled with utmost seriousness and confidentiality, while ensuring that the investigation process is transparent and thorough.

Eton's commitment to uphold exemplary ethical standards in its business operations is unwavering. Within its ethical framework, Eton rejects corrupt behavior such as fraud and bribery and prohibits employees from offering or accepting gifts in exchange for business favors. To guide the behavior and conduct of its employees, Eton developed a Corporate Governance Manual and a Code of Business Conduct and Ethics. The Corporate Governance Manual spells out the ethical requirements to be followed by the management and employees, including disclosures to the Board of Directors or the Audit, Risk, and Compliance Committee of any potential conflict in its business transactions. Employees are oriented on the Code of Business Conduct and Ethics and provided with corporate governance seminars to enhance professionalism in the workplace and foster a culture of ethical awareness among employees. Embedded in its Code of Business Conduct and Ethics is the Related Party Transaction Policy that underscores the importance of transparency among Eton's employees and subsidiaries by mandating them to disclose business and family-related transactions. This policy mitigates potential conflicts of interest and promotes integrity within the corporate environment.

As part of a continuous education and awareness campaign, Eton conducts Annual Corporate Governance Seminars for the Board of Directors and officers, including an Anti-Money Laundering (AMLA) training, to keep the employees abreast of best practices in governance and regulatory requirements.

PNB is committed to maintaining the highest standards of integrity in its business practices. It takes a zero-tolerance stance towards offenses related to bribery, corruption, and other unethical behavior. The Bank's Anti-Bribery and Corruption (ABC) Policy serves as a robust framework explicitly prohibiting any form of giving, promising, authorizing, offering, soliciting, or receiving items of value, whether directly or indirectly. The objective of the policy is to prevent any improper influence on decisions or actions of its employees, ensuring that no party gains an unfair advantage. PNB's Anti-Bribery and Corruption provisions are integrated into the Bank's Office Decorum policy.

To demonstrate its dedication to eradicating dishonest and fraudulent behavior, PNB requires its employees to read and comprehend its Code of Conduct and provisions on anti-bribery and corruption, pledging to abide by its rules and regulations. In the event of any failure to adhere to these provisions, employees must report such incidents to their immediate supervisor or head of office. Through the Human Resources Group's good governance bulletin, reminders on the Code of Conduct and Ethical Practices are disseminated to employees on a regular basis.

Honesty and integrity are foundational principles governing Tanduay's business operations. To embody these principles, Tanduay employs a comprehensive approach firmly rooted in LTG's Code of Ethics, Conflict of Interest Policy, and Corporate Code of Conduct. In terms of onboarding employees, new hires are given a thorough explanation of the Tanduay's Code of Conduct and core values to establish a strong foundation for ethical decision-making. Throughout the year, regular dissemination of company memos is conducted to remind employees of the Tanduay's commitment to ethical behavior and adherence to anti-corruption laws.

Tanduay goes a step further by implementing a dedicated Work Attitude and Values Enhancement Program. This initiative is designed to foster awareness of ethical practices and cultivate a positive working attitude among its employees. Through this program, employees gain insights into their personal values and explore ways to align these values with the overarching organizational values of Tanduay.

ZERO major incidents of corruption for LTG.

The multifaceted approach of LTG and its subsidiaries ensures that all stakeholders are well-informed and equipped with knowledge to uphold our ethical standards. This serves as a testament to the effectiveness of our approach in promoting ethical behavior and integrity and maintaining a corruption-free environment.

Good Governance

GRI 2-9, 2-10, 2-11, 2-12

LTG understands the crucial impact that robust corporate governance has on shaping the Company's performance. Thus, the Company prioritizes critical oversight and guidance provided by its Board of Directors, the governing body supervising the management and operations of the business. Composed of five essential committees, the Board of Directors aims to uphold and promote adherence to strong corporate governance practices. These committees include the Audit Committee, Risk Management Committee, Executive Committee, Nomination and Compensation Committee, and Corporate Governance Committee. They play essential roles in specific areas, collectively enhancing the overall efficiency and supervision of the organization.

Committee	Chairman	Members	Function
Audit Committee	Mr. Johnip G. Cua	Ms. Juanita T. Tan Lee Ms. Florencia G. Tarriela Mr. Wilfrido E. Sanchez Ms. Mary G. Ng Mr. Chester Y. Luy	Oversees financial reporting, internal control, audit processes, and compliance monitoring
Risk Management Committee	Ms. Mary G. Ng	Mr. Johnip G. Cua Ms. Juanita T. Tan Lee Ms. Florencia G. Tarriela Mr. Chester Luy Mr. Wilfrido E. Sanchez	Oversees the Group's financial and non-financial risks and related party transactions. Primarily, it is responsible for reviewing risks and managing LTG's overall risk exposure.
Executive Committee	Dr. Lucio C. Tan	Ms. Karlu T. Say Mr. Michael G. Tan Ms. Vivienne K. Tan Ms. Juanita T. Tan Lee Mr. Lucio C. Tan III Mr. Johnip G. Cua	Empowered by the Board to manage LTG's business and affairs, with specific exclusions reserved for the Board of Directors.
Nomination and Compensation Committee	Dr. Lucio C. Tan	Ms. Karlu T. Say Mr. Michael G. Tan Mr. Lucio C. Tan III Ms. Juanita T. Tan Lee Ms. Mary G. Ng Mr. Wilfrido E. Sanchez	Ensures a formal and transparent Board nomination process and oversees the selection, compensation, monitoring, and, if needed, replacement of key executives. This committee serves a crucial role in the Board's succession planning.

Driving Sustainability from the Boardroom

GRI 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20, 2-22

As the overall governing body of LTG, the Board of Directors serves a pivotal role in championing sustainability initiatives within the Company. The members of the Board collectively assume the holistic management of the Company, defining its purpose, instilling core values, and formulating overarching strategies that steer the conglomerate toward success. Each Director and Key Officer is mandated to transparently disclose any material transactions or relationships that could give rise to an actual or potential conflict. In ambiguous situations concerning potential conflict of interest, consultation with the Risk Management Committee, Chief Legal Officer, or immediate supervisor is encouraged.

Delegating authority and responsibility for managing economic, environmental, and social concerns is part of the LTG Board's responsibility, which it entrusts to its committees and subsidiaries. In 2019, Mr. Jose Gabriel D. Olives was appointed as Chief Risk Officer (CRO) and Chief Sustainability Officer (CSO) in 2023. The Company and its subsidiaries each has its own respective committees whose members and committee chairman are appointed by its Board. When necessary, the subsidiaries report to the concerned LTG Committee for guidance. This was done to ensure that the risks, opportunities, and sustainability initiatives of the organization are streamlined and properly managed, reflecting stability and continuity in its governance. To enhance the awareness of ESG principles, key directors and officers undergo seminars related to these topics. Stakeholders are also actively consulted on sustainability-related matters to identify their concerns and issues to be presented to the Board through Committee reports.

An annual self-assessment is conducted by the Board to evaluate the performance of its highest governance body. Using a Performance Evaluation Form, members review their roles and responsibilities as outlined in the Revised Manual on Corporate Governance and Charters and assess their performance accordingly. The form provides a comprehensive assessment of both their individual and collective performance.

Remuneration for Board members follows the Nomination and Remuneration Committee Charter, explicitly prohibiting directors from participating in decisions about their own remuneration. The Company's compensation policy for officers is performance-based, with the actual salaries remaining undisclosed.

In the realm of sustainability, the Board is responsible for setting policies, directing programs, managing sustainability impacts, and overseeing LTG's Sustainability Report. The Company has consistently presented its Sustainability Report for thorough review and approval by the Board since the initiation of LTG's Sustainability Reporting Framework in 2019. This practice underscores LTG's commitment to transparently communicate its sustainability initiatives and performance to its valued stakeholders.

At PNB, the Corporate Governance and Sustainability Committee, functioning as the Nomination Committee, collaborates with the Corporate Secretary to establish a systematic process for receiving and evaluating nominations to the Board. This process adheres to the Bank's By-laws and relevant legal requirements such as the Revised Corporation Code. The committee is responsible for formulating guidelines and procedures governing the nomination and election of directors, with these guidelines being disclosed in the Bank's information statement submitted to the Securities and Exchange Commission (SEC). With support from the Corporate Secretary, the committee rigorously reviews and evaluates the qualifications of nominated individuals to the Board, following the guidelines in the Bank's Corporate Governance Manual, Manual of Regulations for Banks (MORB), and other applicable laws and BSP regulations. Various elements taken into account during the assessment process includes the expertise, qualifications, experience, integrity and the capacity to contribute to the diversity and effectiveness of the Board. Additional essential aspects considered are independence of thought, availability to fulfill responsibilities, and facilitation of smooth interactions among Board members.

PNB emphasizes shareholders' rights, particularly voting rights, as indicated in its Corporate Governance Manual. Shareholders have the right to elect, remove, and replace directors, with procedures for the nomination and election of directors shared to them. In line with LTG's inclusive policy, the Board Diversity Policy affirms that the Board places no restrictions on age, nationality, or gender.

The Corporate Governance and Sustainability Committee bears the responsibility of assuring that the Bank adheres to a well-defined and targeted policy concerning the disclosure of non-financial information. Strategically, the committee places emphasis on managing economic, environmental, social and governance (EESG) issues, which serve as the bedrock for nurturing a foundation for sustainable operations.

Eton's Nomination and Remuneration Committee plays a crucial role in overseeing the effectiveness of the nominal and election process for the Board of Directors. It is tasked with reviewing and evaluating the qualifications of candidates for directorial positions and ensuring a formal and transparent selection process. Replacing key executives, along with supervising succession planning, falls under the purview of the committee. For any changes in committee members, the Board swiftly appoints new members to ensure the committee maintains the required minimum number within a three-month period.

The Eton's Board is committed to promoting diversity, transparency and independence. Currently, its Board is composed of eleven members, with six males and five females. The Corporate Governance Manual underscores the Board's responsibility to uphold an adequate number of non-executive directors to ensure independence. Furthermore, the Audit Oversight function conducts an annual review of Eton's expenditures on consulting services to ensure alignment with standards of appropriateness and efficiency.

The responsibilities of the Board members, senior executives, and employees related to economic, environmental and social issues are outlined in Eton's governance manual. Management officers and executive directors must disclose any potential conflicts of interest and material transactions as mandated in the Eton's Code of Business Conduct and Ethics. Annually, the Board engages in a self-assessment process to evaluate its overall performance and effectiveness of its committees and individual directors. By conducting a comprehensive assessment, valuable insights are generated on the roles and responsibilities of each member. More importantly, the evaluation exercise helps improve the Board's performance and accountability.

Compliance

GRI 2-27

Compliance to relevant laws and regulations is integral in the success of any business. It is a crucial aspect that promotes trust, sustainability, and ethical practices within the business landscape. As a leading conglomerate in the country, LTG serves as an exemplary model by prioritizing compliance across its business operations. This commitment is reflected in the Company's dedication to uphold ethical standards, adhere to legal requirements, and promote responsible corporate governance.

PNB understands that compliance to laws and regulations relies on the knowledge and understanding of its workforce. Thus, there is a strong emphasis on educating the Bank's employees to ensure that they are aware of the legal requirements relevant to PNB's operations. Through a sustainability awareness program, PNB keeps its employees abreast of any changes or developments in laws. Moreover, the Bank ensures that all reported non-compliance and violation incidents or cases related to ESG, which entail any financial, reputational, and regulatory / legal implications for the Bank, are handled by our Bank's Legal Group, in conjunction with external counsel, if needed. Any incident of non-compliance with applicable environmental, economic, and social-related laws, regulations, and policies in communities where we have presence, either within the country or overseas, are addressed by the Bank through appropriate channels and are closely monitored.

Tanduay places a strong emphasis on adherence to government requirements, especially in terms of guaranteeing the safety and quality of its infrastructure projects. Regular and rigorous Annual Environment, Occupational Safety and Health Audit is conducted by the GSERM Department, while audit of plant's compliance with labor laws is performed by the HRDD Head Office. On a monthly basis, Tanduay systematically monitors the status of its permits, licenses and certificates, ensuring timely renewal as needed.

Eton employs a comprehensive approach to compliance by involving all departments to address concerns promptly. The use of compliance tracker monitoring, validation and testing demonstrates a proactive adherence to laws and regulations, including the Anti-Money Laundering Act (AMLA). Advisories are distributed to the entire workforce and, as needed, relevant departments are tasked to address compliance-related concerns in a timely manner. These programs contribute to heightened awareness and compliance of Eton's employees.

LTG's emphasis on compliance contributes to its reputation as a socially responsible and accountable business.

Responsible Operations

GRI 2-9

Recognizing the urgent need to address climate change, we proactively adapt our strategies and processes to mitigate risks and seize opportunities arising from shifting environmental dynamics. Through our unwavering dedication to responsible operations, LTG continues to foster a culture of sustainability while driving positive impacts within our industry and beyond.

Supply Chain Management

GRI 2-6, 3-3, 414-2

The strategic management of LTG's supply chain is paramount to its continuous growth and excellent customer satisfaction. This involves managing critical aspects of our operations such as planning, coordinating, and optimizing elements of our supply chain to ensure a seamless flow of goods and services.

LTG's supply chain management encompasses a comprehensive approach, beyond mere logistical considerations, which is aligned with its business goals. To facilitate our business expansion and exceed customer expectations, it is imperative that our supply chain is resilient, reliable and efficient.

Asia Brewery acknowledges that efficiency and resiliency of the supply chain are indispensable in achieving operational excellence. Thus, it is steadfast in its dedication to continuous improvement in its supply chain management. An integral component of its organizational structure is the Board Executive Committee established to perform oversight and governance functions over Asia Brewery's supply chain. The Committee is entrusted with decision-making authority and the approval process for supply acquisitions and strategic sourcing initiatives. Moreover, it assumes a central role in guaranteeing the supply chain's dependability and effectiveness. Beyond its usual decision-making task, the Committee actively engages in shaping and implementing operational and tactical strategies to ensure that the supply chain functions reliably to achieve the broader organizational goals.

Eton enhances the overall experience of its customers by optimizing its operations and securing a robust supply chain. Focused on operational and financial efficiency, Eton continues to refine its operational processes for enhanced effectiveness throughout its supply chain. For its product and service offerings, Eton provides customers with flexible spaces and options integrated into its developments. This demonstrates the adaptability of its offerings and effectiveness in meeting the diverse needs of tenants, specifically for workspace solutions. Eton has fine-tuned its leasing process to ensure that it is aligned with industry best practices and customer expectations. Through this, Eton is elevating its leasing process to achieve strong financial performance and optimal operations.

On supplier selection, Eton has established a stringent criteria requiring suppliers to obtain DOLE DO 174 Certificate of Registration. Preference is given to local suppliers over foreign ones as part of its commitment to support local businesses. However, this approach has inherent risks such as the challenge of ensuring that the quality meets global standards and scarcity of certain goods and services. To mitigate these risks, Eton intensified monitoring of its supply chain for potential disruptions, including non-compliance incidents or practices in its different project sites.

In the fast-paced world of banking, an efficient functioning of a bank's supply chain is of paramount importance. Thus, PNB underscores the significance of an efficient and streamlined supply chain to enhance overall business performance and customer satisfaction. The Bank executes a meticulously designed and transparent procurement process following PNB's internal rules and regulations as well as systems in place. In selecting suppliers, PNB adheres to its Outsourcing and Accreditation Policy and Manual of Operations to ascertain the capacity, integrity, and sustainability of its vendors. The Outsourcing and Accreditation Policy requires the Bank to conduct an extensive due diligence process, from pre-engagement assessments to ongoing evaluations after partnership initiation. Part of the vetting process is identifying the social and environmental impacts of the supplier and requiring them to enhance their sustainability practices in alignment with PNB's dedicated sustainability policy.

To strengthen procurement operations, PNB has instituted a specialized Procurement Committee which scrutinizes and deliberates on bids. Composed of key members from the Senior Management Team, the committee performs rigorous evaluations based on the overarching principles outlined in PNB's Vendor Management Policy. Meanwhile, the Accreditation and Vendor Management Department, operating under the Corporate Services Division, has undergone enhancements in its processes, incorporating ESG criteria in accreditation, such as gender inclusion and strict compliance with environmental and social regulations. PNB employs ESG Negative Screening, identifying sectors or industries it does not engage with in its supply chain.

Prioritization of local suppliers to support the local economy and minimize logistics cost is part of PNB's policy in vendor selection. To the extent possible, provincial and overseas branches employ local suppliers as long as they satisfy the technical requirements and the Supplier Selection Criteria of the Bank. Such preference has associated risks, particularly during disasters, thus, PNB requires local suppliers to submit a proof of concept. In addition, approval proofing, a process to confirm or approve whether or not the sample goods or services comply with the requirements, is required from the requesting unit to minimize procurement-related risks. To complement this process, PNB implements a Business Continuity Plan across its diverse business units, strategically designed to navigate and mitigate potential risks within its supply chain. This proactive stance reflects the Bank's dedication to ensuring a reliable and uninterrupted supply chain.

Tanduay mandates strict adherence to its supplier accreditation policy for its business chain partners. Guided by Tanduay's Code of Ethics, the evaluation process aims to ensure integrity and prevent conflicts of interest and unethical activities. To formalize their commitment to ethical standards, suppliers are required to enter into a legally binding agreement, pledging to uphold and adhere to the established social standards of Tanduay. This approach highlights Tanduay's commitment to cultivate a supply chain marked by transparency, integrity, and dedication to ethical business practices.

Tanduay advocates equal opportunities among its suppliers, fostering collaboration with both local and international vendors and service providers. Strong preference is also given to suppliers actively championing environmental sustainability, human rights, diversity, and health and safety initiatives. Tanduay imported the majority of its alcohol requirements in 2023, similar to the previous year given the higher cost of locally produced alcohol. In the procurement of molasses, Tanduay relies on a diverse group of sugar millers and traders, including Universal Robina Corporation, Victorias Milling Corporation, Binalbagan Sugar Company, LYL Marketing, Shurmanns & Van Ginneken Philippines, Inc., Grandcane Company, Inc., and Tate and Lyle Corporation, and Tanduay Group Accredited under ADI supplier. Adopting a flexible approach, Tanduay opts for purchase orders on a per-need basis instead of entering into long-term purchase agreements.

Acknowledging potential risks inherent in engaging local suppliers, Tanduay refined its risk mitigation approach by prioritizing suppliers who comply with government regulatory and legislative requirements, including those with ISO certification. Combined, these approaches help ensure that Tanduay's supply chain is diverse, inclusive, and aligned with the ethical standards and sustainable business practices.

For the specified reporting period, neither LTG nor its subsidiaries have identified any notable environmental or social impacts within their supply chain.

Illicit Trade

LTG has shown unwavering determination in confronting the illicit tobacco trade within the country. This challenge has posed considerable impacts on our business endeavors, the domestic tobacco sector, and the broader economy. In response, we have intensified our internal capabilities and established external collaborations to mitigate the scourge of unlawful trade.

The impact of illicit trading is undeniable, spurred by tax-driven price hikes that have fueled a steady rise in illegal transactions. According to Euromonitor data, illicit trade surged to 18.5% in 2023 and is projected to climb further to 21.3% by 2025. This phenomenon is exacerbated by the widening price gap between legal and illicit cigarettes; while the excise tax surged to Php 63/pack in 2024, illicit cigarettes remain significantly cheaper at Php 40/pack. Notably, regions like Mindanao and Luzon have seen a concerning uptick in illicit incidence, highlighting the pressing need for intervention.

In response to this growing concern, PMFTC has taken proactive measures to combat illicit trade, engaging both internal and external stakeholders in concerted efforts. Capacity-building initiatives, including training on spotting illicit products, have been pivotal in raising awareness among various stakeholders, from tobacco points of sale to law enforcement agencies. Our sustained information campaigns across social and traditional media channels aim to amplify enforcement efforts and empower retailers and consumers with knowledge.

Our commitment to combating illicit trade extends beyond national borders. Participation in events like the International Tobacco Agricultural Summit underscores our dedication to global cooperation. Training programs for ASEAN Customs Enforcement & Compliance Group officials reflect our collaborative efforts to harmonize policies and combat cross-border illicit trade.

In addition to education and awareness campaigns, PMFTC actively supports legislative measures aimed at curbing illicit trading. We've been actively involved in congressional hearings and have championed initiatives like the Anti-Agri smuggling bill, which received unanimous approval in the House of Representatives and Senate. Engagements with regulatory bodies like the Bureau of Customs and Bureau of Internal Revenue have led to concrete actions, including nationwide raids and the closure of illegal cigarette factories.

To limit illicit trade to manageable levels, PMFTC is committed to securing our supply chain and conducting due diligence on customers. Our goal is not only to reclaim market share from illicit products but also to curb demand through targeted engagement with retailers and awareness campaigns directed at legal-age smokers.

Resource Efficiency

LTG sees the potential of resource efficiency in improving operations and reducing materials and processing expenses - all while benefiting the environment. We therefore take care of our materials, institutionalize effective water and waste management, prevent negative impacts on biodiversity, and enhance our energy efficiency. While we reduce our overall consumption of raw materials, we also ensure that we use the materials that we need efficiently.

Materials

At LTG, we strive to only use the materials we need and to use them efficiently. Because of emerging technologies, there has been an advent of innovation of more efficient equipment and processes such as energy-efficient equipment and digitization. To optimize our material consumption, we monitor key inventories to assess how much we consume, how much is needed, and therefore how much we should stock in the future. Reducing our material consumption has challenged us to use our existing goods effectively and creatively.

The material consumption at Asia Brewery is monitored through ERP Sys21 Goods Receipt and Withdrawal transactions. For production, consumption is estimated based on the Bill of Materials per product by unit measures. Moreover, our Material Yield Monitoring for production helps to reduce our consumption by identifying alternative solutions or substitute materials. Overall, we aim to lower our use of non-recyclable materials such as plastic and incorporate instead more recyclables such as our use of recycled glass cullets as raw materials to produce new glass bottles. We also recycle crates to produce new crates in order to avoid using virgin resin. Our local production of Glass Bottled Water was pioneered to produce returnable glass bottles and develop alternatives to PET bottles and plastics.

Eton strives to consistently improve material efficiency by integrating Property Management Software (My epmc) with Building Management Inventory, and Inventory Management Module. These technologies evaluate and manage the environmental risks and impacts of the materials we use throughout their lifecycle. We monitor material consumption through direct measurement.

Our target is to enhance our sustainable materials program with initiatives such as recovering materials from our tenants or residents. Incorporating renewable and sustainable materials has given us a small percentage of savings because we consume less raw material.

We have a detailed management approach to material consumption at PNB. Our admin group, International Banking & Remittance Group (IBRG) Overseas Offices and branches, and Retail Banking Sector (RBS) domestic branches all have their own strategies specific to their set-up to ensure that targets achievable and methods fit their operations.

The PNB admin group established the Estimate Useful Life of Fixed Assets to monitor our material consumption by estimating the number of years materials can be used. We endeavor to improve our material efficiency through PMS and Upgrading of Equipment to ensure that our work is energy efficient, and we spend less resources on repairing Furniture, Fixtures, or Equipment (FFE). We transitioned to using electronic communication to reduce our paper waste generation and conserve office space. Our materials and stocks are regularly monitored to assess which materials are defective, can be reused, or can be recycled.

At our PNB IBRG-Overseas Offices and Branch in Hong Kong, Los Angeles, and Japan, we follow the targets set by the Parent Bank as its direction of environmental impact and sustainability assessments. We recognize that consuming non-renewable resources has negative environmental impacts, so we use renewable resources, such as paper in our operations. For the paper that we do use, we ensure that we recycle it after or replace them with electronic copies. Furthermore, we reduced the number of times a month we transmit packages to our Parent Bank from weekly to just twice a month to reduce our carbon footprint caused by traveling. All our material consumption is monitored through direct assessment.

Our RBS Domestic Branches follow similar approaches to our admin group and overseas offices on moving towards digitalization and reusing paper and ink cartridges. Transitioning to digital processes also allowed us to streamline our operations and make our work more efficient. Before we dispose of our IT equipment, a separate IT department assesses the equipment's usability, and we prioritize using warehouse equipment before buying new ones. This practice also enabled us to reduce expenses spent on equipment. We monitor material usage by directly measuring supply consumption based on the requested inventory. Additionally, we encourage our employees to use reusable food containers and prohibit the use of plastics for takeouts.

At Tanduay, we consider material consumption starting with the architectural design and specifications of our storage facilities. We ensure that they comply with safety and environmental requirements and integrate renewable energy such as feeding the biogas produced from our digesters to our boiler system. Knowing the negative environmental impacts of using non-renewable resources, we overall lessen our waste generation and monitor our material consumption through direct measurement.

LTG and our subsidiaries have employed various methods to reduce our material consumption and monitor our actions consistently to make sure we are aligned with our targets. Moving into 2024, we hope to continue the transition to digitalization and utilization of renewable resources while ensuring that we are updated with the latest issuances of local and national regulatory bodies.

Managing Waste

GRI 3-3, 306-1, 306-2

Given the nature of our work at LTG, proper waste management is crucial to our operations. While we want to reduce our overall material consumption, we also want to promote a circular economy by effectively reusing and recycling where we can. We employ a third-party service provider to ensure that our solid waste management is handled proficiently. All our activities are compliant with local and national government laws on waste management.

Asia Brewery focuses on segregation and recycling as part of our waste management. Our Solid Waste Management and Hazardous Materials and Waste Management Plan guide our business processes. To minimize waste, we use alternative raw materials as much as possible during production. We also try to reduce consumer waste generation by monitoring consumption package materials. For any waste that is generated, we first segregate them to ensure that they are disposed of properly before recycling is facilitated. We recycle oil and solvents waste and sell scraps to interested buyers.

Asia Brewery accredited a third-party firm to handle waste collection and disposal. Our waste-related data is collected and monitored by Pollution Control Officers stationed at each Plant Business Unit. We conduct quarterly audits of our manufacturing plant business units and perform site visits for the annual accreditation of our third-party haulers. Our third-party haulers are monitored to ensure their compliance with the Certificate of Treatment, Certificate of Disposal, and Certificate of Recycling/Co-Processing. Our entire Waste Management Program is shared through our training course for all our employees and third-party service providers.

It is essential for Eton to ensure cleanliness in all its properties. As a result, we have strictly implemented policies and programs for solid waste management in all the properties we own and manage. Part of our solid waste management program is to provide a recovery materials facility and to reuse waste from our properties. We also encourage our tenants to adopt sustainable lifestyles by reducing their waste during meetings or through circulars. Our stakeholders' compliance with waste management policies is closely monitored through our Quarterly Risk Compliance Tracker. Then our third-party waste tracker reports regularly to the building administrator.

At PNB, we take an aggressive approach to our waste management, starting with the transition towards digitalization of our services and processes to move away from waste generation. We also encourage our employees to reuse and recycle commonly used office materials such as paper and plastics. Most of our waste comes from construction and renovation materials. Therefore, we take steps to follow local and national waste management standards and establish systemized collection, processing, and disposing of office equipment. Although we have a third-party private contractor that hauls our waste, we also have trained internal pollution control officers that regularly attend seminars to keep abreast of environmental compliance requirements.

From the very first day of hiring, we educate each Tanduay employee on our Solid Waste Segregation program. One of the ways in which we reduce our corporate waste is by using our compost pit. Proper sorting and subsequent selling of second-hand bottles via our Back to Supplier scheme, and our 3Rs program are other strategies we employ for our daily operations. To manage our chemical waste, we engaged a DENR-accredited waste haulers after verifying their activities through due diligence. Our General Services collect and monitor waste-related data while the PCO monitors hazardous waste. After our internal data collection, we submit quarterly reports to DENR on our effluent quality. Overall, we find that having an effective solid waste management system is necessary for a clean environment, and therefore improving workplace safety. Cleanliness and safety improve overall productivity.

Reusing materials and reducing waste generation support LTG's business operations. Having a clean and healthy working environment eventually contributes to the Company's productivity. We closely monitor our actions and our third-party service providers' actions to ensure that we comply with local and national regulations on waste management. We also promote our waste management initiatives by communicating them to our stakeholders.

Waste by composition in metric tons (mt)

GRI 2-4, 306-3

	2023	2022	2021
Total hazardous waste	**261.45**	2,326.83	488.54
Total non-hazardous waste	**3,627.68**	5,540.75	5,613.08
Total waste generated	**3,889.13**	7,867.58	6,210.40

Waste diverted from disposal by recovery operation in metric tons (mt)

GRI 2-4, 306-5

	2023	2022
Preparation for reuse	-	-
Recycling	5.03	33.72
Others	43.00	3,039.55
Total hazardous waste	**48.03**	**3,073.27**
Preparation for reuse	5.00	-
Recycling	2,299.08	974.41
Others	1,070.35	849.04
Total non-hazardous waste	**3,374.43**	**1,823.45**

Waste directed to disposal-by-disposal operation (mt)

GRI 2-4, 302-1, FB-AB-130a.1 FB-NB-130a.1

	2023	2022
Incineration (mt)	-	0.16
Landfilling (mt)	179.10	1,904.63
Others (mt)	1,006.57	290.64
Total hazardous waste (mt)	**1,185.67**	**2,195.42**
Incineration (mt)	0.20	0.17
Landfilling (mt)	3,198.97	3,137.04
Others (mt)	230.00	166.56
Total non-hazardous waste (mt)	**3,429.17**	**3,303.77**

Energy Efficiency and Emissions

GRI 3-3

Our multiple business ventures at LTG consume only the energy they need. We institutionalized strategies to promote energy efficiency and ensure that we are updated in the latest policies and sustainable practices on energy use. Our target is to reduce our overall fuel and energy consumption to lessen our environmental impact, particularly to limit any dependence on nonrenewable energy sources. By being energy efficient and reducing our emissions, we are also able to reduce overall operational expenses.

At Asia Brewery, we control our energy consumption in our Beveraging and Packaging Divisions, manufacturing plants in Cabuyao and Sta. Rosa, San Fernando, El Salvador, Toril, Davao, and our supporting offices. Our coal usage and power plant equipment such as the coal-fired boiler consume the most energy followed by electricity. As a result, we enact measures to reduce our operational energy consumption as much as possible.

To reduce and control fuel consumption at Asia Brewery, our Energy Management System established guidelines such as switching off forklifts when not in use, setting up a shuttle service schedule for our employees, and limiting the use of the genset for emergencies. Our Energy Management System is based on the ISO 50001 framework while our ABI Beverage and Packaging sites are certified and audited by DQS based on EnMS ISO 50001:2008 standard.

We monitor GHG emissions and carbon footprint to determine our environmental impact. Our annual energy review and audit helps Asia Brewery identify saving opportunities. A third-party service provider conducts quarterly testing of the scope 1 emissions. For future property investments, we integrated energy-related considerations in the analysis using the Failure Mode and Effect Analysis - Risk Assessment Tool. Our on-going project of solar PV installation is set to accommodate future electricity demands.

We installed waste gas treatment and redesigned and repaired our furnace to proactively reduce emissions. To control operational energy consumption, we implemented an Energy Management System and Electricity Management Programs to standardize energy usage. This set our air-conditioning unit temperatures and promoted the practice of switching off lights and other 220-V equipment when not in use. We installed high efficiency motors, implemented a coal-fired boiler matrix, and optimized our room cooling system by reducing the VFD speed at the required room temperature. At Asia Brewery, we also reduced CIP Rinsing Duration, Cooling Tower blower operation, and CO2 cooling unit operation. Moreover, we are transitioning to relying on renewable energy sources for some of our operations.

Eton's energy conservation program reduces energy usage and business costs of our residential and commercial properties. In our property management, air conditioning systems and emergency power (i.e., generator systems) have consumed the most energy. As a result, we are targeting a 10% total energy reduction by transitioning to solar power, implementing emergency power and weekly functionality performance tests (no load test), and prioritizing vendors who maximize renewable energy sources. Our regular functionality performance tests manage our fuel consumption while our electric power vendor monitors our scope 1 emissions. To oversee our energy consumption, a third-party vendor monitors our GHG emissions while the Eton administration evaluates compliance results. We also strictly implement a tenant monitoring program.

In terms of energy efficiency, PNB's goal is to minimize the overall carbon footprint which will also contribute to lowering our operational energy expenses. We remind our employees to unplug any office equipment not being used, shift to using LED light, installed inverter type air conditioning units, and upgraded any outdated non-energy-efficient equipment. To reduce our fuel consumption, we developed the trip maximization policy whereby official business trips are subject to approval to ensure that fuel is not unnecessarily consumed. Moreover, a third-party service performs regular preventive maintenance of our generator sets to ensure that they are in fuel-efficient operating condition.

The Tanduay plants in Cabuyao, El Salvador, and Negros aim to reduce waste generation in their processes and to invest in renewable energy. Although our boilers consume the most operational energy, we are able to comply with existing regulatory energy limits and air quality standards. Our first step is to ensure that we only use energy that we need and that our operations use energy efficiently. We track any possible fuel leakage and perform preventive equipment maintenance to reduce energy consumption. Our HCFC fire extinguishers have been updated to other extinguishing agents that contribute less to ozone-depletion.

To further control our energy consumption, we studied coal acceptance procedures and installed solar panel at our Tanduay Quiapo office and our ADI-operated Lian solar plant. We implemented Energy Use Ratio (EUR) targets specific to each plant to ensure that our operations are energy efficient and that we have reduced Scope 1 and Scope 2 emissions. Our Quality Management System requires each plant to annually improve their EUR while our quarterly stack sampling and ambient air monitoring helps to control our Scope 1 emissions. Moreover, we perform basic emissions tests of vehicles, boilers, and gensets as possible sources for air pollution.

In 2023, we consumed a total of 1,565,090 GJ of energy, a 39% decrease compared to our consumption the previous year. LTG has not recorded any significant negative GHG impacts to our stakeholders and stayed well within regulatory limits of air pollution standards.

	2023	2022	2021
Total energy consumption within the organization (GJ)	**1,565,090**	**2,549,615**	**1,910,161**
Total fuel consumption within the organization from non-renewable sources (GJ)	**887,913**	1,788,471	No data available for 2021 as we only initiated collection in 2022.
Luzon and Visayas (GJ)	**842,275**	1,646,688	
Mindanao (GJ)	**45,638**	141,783	

Electricity Consumption within the Organization (kWh)	2023	2022	2021
Total	**188,104,787**	**211,434,909**	**148,962,877**
Luzon and Visayas (kWh)	**166,734,201**	192,555,829	No data available for 2021 as we only initiated collection in 2022.
Mindanao (kWh)	**21,300,917**	18,879,080	
International (kWh)*	**69,669**		

**Scope is for PNB only.*

Fuel Consumption (GJ)	2023	2022	2021
Bunker Fuel (GJ)	**367,785**	586,022	560,374
Coal (GJ)	**393,420**	867,770	377,319
Low Sulfur Fuel Oil (LSFO) (GJ)	**-**	254	-
Diesel (GJ)	**17,957**	139,736	16,265
Gasoline (GJ)	**1,409**	14,604	246,741
Liquefied Petroleum Gas (GJ)	**107,342**	180,085	173,196
Total	**887,913**	**1,788,471**	**1,373,894**

Emissions Breakdown

305-1, 305-2

	2023	2022	2021
Generator Sets	**624.67**	**10,008.00**	No data available for 2021 as we only initiated collection in 2022.
Company-owned Vehicles	**766.34**	2,585.00	
Third-party vehicles	**-**	-	
Others	**59,365.95**	53,727.00	
Scope 1 (tCO2e)	**60,756.95**	**66,320.17**	**155,468.00**
Luzon and Visayas (tCO2e)	**115,071.87**	137,138.16	No data available for 2021 as we only initiated collection in 2022.
Mindanao (tCO2e)	**16,609.27**	14,720.02	
International (tCO2e)	**2,750.24**		
Scope 2 (tCO2e)	**134,431.38**	**151,858.18**	**107,695.00**
Total carbon footprint (tCO2e)	**195,188.34**	**218,178.35**	**263,163.00**

Water Management

GRI 3-3, 303-1, 303-2, FB-AB-140a.2, FB-NB-140a.2

Water management is crucial to LTG operations because it is used as a raw material to some of our major subsidiaries. Water is also used for our business's operations and our offices' health and hygiene. We strictly adhere to government-issued water management policies and strive to use water responsibly - we reduce usage, reuse where we can, and treat water properly before disposal.

Water is an essential part of Asia Brewery's operations and production. We monitor our usage and aim for the optimal water usage ratio. Of all our plants, the operations that consume the most water are Cabuyao for the bottled water plant, Davao for bottle washing, and Pampanga for bottling operations. To minimize our industrial wastewater, we recycle water by reusing alcohol effluent. We oversee the quality of our effluent to comply with Republic Act No. 9275 or the Philippine Clean Water Act of 2004 and the Department of Environment and Natural Resources (DENR) Administrative Order (AO) No. 2016-18 and 2021-19. From 2023 to 2025, we aim to reduce our water usage to 5%.

Eton recognizes its responsibilities in managing water usage for its properties. While our target is to use water sustainably in our operations and projects, most of our daily water is consumed by tenants and residences, especially during any pandemic lockdown. Nonetheless, we continue to strive for reduced water consumption by eliminating existing potential water leaks from our sewage treatment plants and reusing greywater from rehabilitated sewage treatment plants. Our initiatives on water recycling include regular monitoring through physical inspection and data analysis. We adhere to the water quality guidelines set by DENR AO 2021-19 and complied with this by upgrading the sewage treatment plants in all our projects.

Since sustainable operations is one of the guiding principles of PNB, we continuously seek ways to reduce or manage our water consumption. We installed water-efficient fixtures and fittings and remind our employees to observe proper water usage. We perform regular maintenance inspections of our water supply equipment to identify and repair found water leakages. Sink strainers help to separate solid waste from our wastewater to ensure the quality of our effluent and discharge. Moreover, the cleaning materials we use to maintain our toilets and facilities are environment-friendly to safeguard soil from water contamination. Our effluent is eventually handled by public utility agencies or water sewage treatment facilities.

Water is essential for Tanduay's line of work. We carefully control our water consumption and find opportunities to recycle or improve wastewater quality. We adhere to DENR AO 2016 or the General Effluent Standards to monitor our operation's wastewater discharge. Our goal is to update our waterline layout, install sub-meters at strategic locations, implement water reduction targets for each group, and set the Water use Ratio (WUR or the liters of water consumed over liters of products) plans to comply with industry standards. If our WUR fails for three consecutive months, we conduct Root Cause analysis and Corrective Actions. We set our internal wastewater discharge standards (e.g., pH Levels) to thresholds higher than the standard range to ensure that it will safely pass any third-party Effluent Analysis or DENR or LLDA standards.

To effectively manage Tanduay's water usage, we installed sub-flow meters at every business unit. Our demineralization process prepares the water for human consumption by taking the deep well water and fitting it with alcohol. This process consumes the most water in Tanduay's operations. We hope to improve this process so that any demineralized water that fails Quality Assurance can still be reused for tasks like gardening or flushing canals.

Wastewater treatment facilities at all Tanduay plants screen, collect, and neutralize all waste generated from the bottling process before being discharged. Any wastewater generated by production is collected in lagoons and undergoes a treatment process to minimize its adverse environmental effects. DENR and LLDA conduct annual inspections of the water treatment process. Our first goal for water management for the coming year is to connect our Negros Plant to the water district for secondary water supply to reduce the risk of groundwater depletion.

On the other hand, our Tanduay subsidiary, ADI, has a wastewater treatment digester and methane gas collector to reduce carbon emissions and serve as a secondary power source for distillation plants. For example, at our Lian Batangas Division Plant, we installed a biomethanated spent wash evaporator for evaporation of wastewater.

While water management is a key component of everyday operations of LTG and our subsidiaries, we recognize that some of our processes heavily rely on water consumption. For 2024, LTG hopes to lead the way for sustainable and effective water management.

Water Withdrawal, Discharge, and Consumption in megaliters (ml)

GRI 303-3, 303-4, 303-5, FB-AB-140a.1, FB-NB-140a.1

	2023	2022	2021
Groundwater (ml)	**5,107.95**	**6,402.09**	**6,072.83**
Third-party water (ml)	**948.04**	1,160.45	964.81
Total Water Withdrawal (ml)	**6,055.99**	**7,562.55**	**7,214.09**
Surface Water (ml)	**2,177.14**	1,594.09	No data available for 2021 as we only initiated collection in 2022.
Groundwater (ml)	**116.95**	184.92	
Seawater (ml)	**891.79**	504.16	
Third-party water (ml)	**600.23**	570.53	
Total Water Discharge (ml)	**3,786.11**	**2,853.70**	
Total Water Consumed (ml)	**2,189.25**	**2,374.13**	

Adapting to Climate Change

GRI 201-2, 3-3

The adverse impacts of climate change affect the Philippines yearly. These impacts shape our operations, supply levels, and financial standings - eventually affecting how we do business with our stakeholders. While LTG takes considerable action to reduce our environmental impacts, we also recognize the urgency of safeguarding our businesses and stakeholders from the negative effects of climate change by building our resilience.

At LTG, we have short-term and long-term action plans to address climate change impacts and a Business Continuity Manager (BCM) to manage natural disasters such as typhoons and floods. Our governance and management level assesses climate-related impacts using vulnerability assessments to identify risks that could harm operations and opportunities to enhance business annually. Findings from these assessments contribute to the systematic management and adaptation against climate change. Evaluating these risks also gives us the opportunity to test the effectiveness of existing risk management measures. We hope to evaluate long-term climate risks and their potential effects on our business.

PNB takes decisive measures to prevent the negative effects of climate change on the bank's operations and financial interests since there are physical, societal, economic, and financial risks that may affect our stakeholders. The financial industry plays an important role in pursuing sustainable and resilient growth. To align with the Philippine Development Plan, we ensure that we make environmentally and socially responsible business decisions. Our corporate governance framework, risk management systems, and strategic objectives have all adopted sustainability principles. Our Risk Oversight Committee receives our Loss Event Report (LERs) monthly while the board approves the Enterprise BCP Manual and Crisis Management Plan.

Climate-related risks that could affect PNB are losses due to physical asset damage and financial stability concerns on our operations and financial interests. Because our awareness programs for climate-related risks could strengthen our financial planning and risk management systems, we have become better prepared against climate-related scenarios such as typhoons, flooding, and drastic temperature changes. We constantly inspect the pipes, water drains, gutters, and other facility utilities to equip ourselves against detrimental climate change effects. The individual BCPs of business units also have their own recovery strategies to counter events.

Risks assessed through PNB's Risk and Control Self-Assessment (RCSA) include Corporate Social Responsibility Risk, environmental risk, physical asset damage losses due to natural calamities, and identification and assessment of Business Disruption caused by natural or socioeconomic factors. We use the Enterprise BCP Manual, Crisis Management Plan, Crisis Communication Plan, and Disaster Recovery Plan to manage climate-related risks and have sufficient insurance coverage for our sites to protect against damage. Our risk management also includes numerous CSR activities that raise awareness on climate change issues. We have ongoing plans to enter Sustainable Financing Transactions (SFTs) wherein we finance projects that will have positive environmental and social impacts.

We expect all PNB business units to submit their assessments on Corporate Social Responsibility Risk, Environment Risk, Damage to Physical Assets, and Business Disruption Risks due to natural disasters. We tapped the Tan Yan Kee Foundation, Inc. (TYKFI) and its pool of academic experts to help us establish our Environmental and Social Risk Management System (ESRMS), which will specifically include our credit risk and operational risk management.

Tanduay's Incident Management Crisis Resolution Procedure (QMS-IMP-B-P-1000) guides Tanduay in identifying climate risks and opportunities that may financially impact operations. These climate risks could affect our warehousing activities, logistics, deliveries, and raw material acquisitions. As a result, we keep a sufficient buffer stock to ensure business continuity. While we brace ourselves against the adverse effects of climate change, we also take care not to contribute to climate change and to minimize our negative environmental impacts through initiatives such as staying within the allowable emission threshold and organizing tree-planting activities.

Climate change affects every aspect of LTG's operations and services and is a crucial yet inevitable obstacle to overcome. We see the benefit of being able to adapt to both expected and unexpected adversity and to build our resilience against climate change. LTG and our subsidiaries have employed mitigating strategies specific to each business. It is our responsibility to ensure the longevity of our businesses to continue serving our stakeholders.

Biodiversity

GRI 3-3, 304-2

Even though LTG does not directly deal with biodiversity as a component in our businesses, we acknowledge that some of the operations of our subsidiaries use natural resources and dispose of wastes that may have environmental impacts. As a result, we integrated biodiversity conservation in LTG's long-term sustainability framework and identified biodiversity as one of our material topics. We strictly adhere to principles set by both local and national government agencies on safe practices and engage our CSR activities in biodiversity protection.

Eton recognizes that its operations and its properties have indirect environmental impacts on water, air, and noise emissions. Accordingly, we take decisive action to ensure that none of our operations will cause significant harm to biodiversity. We faithfully comply with regulations on applications of sources of pollution for the development and construction of our properties, such as the DENR AO 2016 for our sewage treatment plant discharge, RA 9003 for the segregation of our residual wastes, and RA 8749 to maintain clean air. We also introduced new technologies in our sewage treatment facilities and sourced renewable electricity supply to further fix our sources of pollution. Our climate change-related strategies are then assessed to find other ways to alleviate risks or use opportunities to further protect biodiversity.

At PNB, we mitigate any potential risk that our activities might have on biodiversity. Through our water and waste management, we preserve the environment of the areas we operate in, and the communities we serve are crucial to our business operations. We also extend our practice of preventing negative impacts on biodiversity to our service providers and customers. As part of our lending practice, we developed a comprehensive exclusion list of activities and businesses we will not support or finance. These activities include the production or trade of wildlife, illegal logging, uncontrolled forest clearing, unregulated conversion of primary tropical moist forests into plantations, fishing with explosives or cyanide, retail or serving of shark's fin, and extraction of natural resources within UNESCO World Heritage sites, among others.

There are some of the activities of Tanduay, such as liquid fertilization on nearby sugarcane fields, which might affect biodiversity. As a result, we make efforts to eliminate any possible negative environmental impacts of our operations through strict compliance with regulatory requirements such as DENR's General Effluent Standards on wastewater discharge. Our Environmental Management Program provides the framework for identifying potential risks from our activities and guides the implementation of our biodiversity programs. The stack sampling of our boilers, ambient air monitoring, wastewater and solid waste management, and quarterly testing of surface and groundwater are integrated into the design of our facilities to minimize negative impacts on biodiversity. CSR activities such as tree-planting and river cleanups also promote biodiversity protection.

For 2023, LTG has not recorded significant negative impacts on biodiversity. Going into 2024, we will continue this trajectory of taking action to promote the conservation of our unique biodiversity.

Value through Products and Services

Asia Brewery intends to venture into the global sphere to bring Filipino-branded beverage products to the international stage.

Eton's real estate portfolio encompasses a comprehensive residential and commercial development offering. Under its residential portfolio, Eton provides options for leasing and purchasing condominiums to accommodate the varied needs of the housing market. For its commercial properties, Eton leases and sells office spaces, commercial establishments, and entire buildings. Simultaneously, Eton extends its services to include property management and hospitality services. Its broad spectrum of portfolio showcases Eton's adaptability to the property market's dynamic demands.

PNB is a well-respected financial institution catering to the local and international markets through its banking and financial services.

ADI is a key player in the production and manufacturing of various products, including bioethanol, distilled products, solar power, denatured alcohol, liquid carbon dioxide, and dry ice. ADI commenced operations of its bioethanol plant in 2016 with a production capacity of 30 million liters annually. Venturing into sustainable energy practices, ADI operates a two-megawatt solar power generation facility licensed under the Renewable Act of 2008. Using its solar power system, ADI is responsible for supplying electric power to the National Grid Corporation of the Philippines (NGCP) with a feed-in-tariff rate of Php8.69 per kilowatt-hour under a 25-year solar energy supply contract. Complementing Tanduay's market reach, Tanduay supports ADI in its marketing and administrative requirements for its network of distributors. To facilitate the logistical aspects of product distribution, Tanduay utilizes third-party transportation companies, while ADI's bioethanol and other by-products find their way to consumers through distillery tankers or direct collection at distillery plants.

Customer Satisfaction

Our commitment is to continually meet and exceed customer expectations. For 2023, ensuring customer satisfaction is crucial for Asia Brewery's growth. We focus on delivering high-quality products and timely services. Our E-Commerce site allows customers to order anytime and receive faster delivery. Feedback can also be shared via social media and our website.

GRI 417-1, 417-2, 417-3, FB-AB-270a.2, FB-AB-270a.3, FB-NB-270a.3, FB-NB-270a.4

	2023
Total no. of incidents of non-compliance with regulations resulting in a fine or penalty	-
Total no. of incidents of non-compliance with regulations resulting in a warning	-
Total no. of incidents of non-compliance with voluntary codes	-
Total no. of substantiated complaints	59
Total no. of complaints addressed	59
Number of significant product or service categories offered	-
Number of significant product or service categories covered by and assessed for compliance with information and labeling procedures	-
Percentage of significant product or service categories covered by and assessed for compliance with information and labeling procedures	-

Note: Scope is Asia Brewery and Eton only.

At Eton, understanding customer needs guides our improvements. We encourage feedback through our website, email, and messenger, especially during the pandemic. We addressed concerns promptly.

PNB prioritizes customer satisfaction by empowering both existing and potential clients through financial literacy and wellness sessions conducted by our business groups. These sessions, held locally and internationally through face-to-face meetings and virtual platforms, cater to various target customer segments. Employees benefit from similar sessions conducted online, ensuring they are equipped with essential financial knowledge.

The Bank's sessions cover diverse topics, including money management, saving strategies, investment opportunities, and economic forecasts. Beyond education, these forums serve as platforms to introduce our products and services while familiarizing participants with available investment options. In 2023, the Bank reached approximately 10,815 participants across different demographics, including depositors, borrowers, professionals, investors, students, and various community groups. These initiatives, conducted in collaboration with government agencies and private institutions, reflect our commitment to fostering financial literacy and empowerment among our customers and communities.

	2023	2022
Savings Account	**5,404,368**	5,499,537
Checking Account	**231,173**	270,741
Retail Loan Accounts (housing, auto)	**3,025**	2,897

Note: Scope is PNB only.

On the other hand, Tanduay values customer satisfaction and focuses on delivering quality products. We adhere to ISO, HACCP, and HALAL certifications and actively seek feedback through surveys and after-sales communication to improve our offerings.

Prioritizing the Health and Safety of our Consumers

At LTG, safeguarding the health and safety of our customers is at the heart of everything we do. We understand that customers entrust us with their well-being when they choose our products and services, and it's our responsibility to ensure they're protected.

At Asia Brewery, our commitment to consumer health and safety is unwavering. We prioritize quality excellence by strictly enforcing food safety policies and continually enhancing the skills of our workforce. Adhering to stringent Food Safety and Quality Policies, along with international and local standards, is fundamental to our operations. We recognize and address customer concerns promptly, employing digital platforms like our support portal for efficient complaint handling. Moreover, our proactive approach includes internal assessments and corrective actions to prevent future issues and ensure continuous improvement.

To mitigate the environmental impact of our operations, Asia Brewery diligently complies with various regulatory standards, including FDA Good Manufacturing Practices and ISO certifications. We understand that responsible stewardship extends beyond product safety to environmental sustainability.

On Tanduay, protecting and promoting consumer health and safety is ingrained in our quality policy and management system. Through annual surveillance audits, we evaluate the effectiveness of our measures and gather data to preemptively address potential risks. Even amidst the pandemic, we remain steadfast in implementing health and safety protocols aligned with regulatory guidelines to safeguard both our customers and employees.

Our commitment to customer health and safety is further underscored by our adherence to rigorous quality standards and certifications. Tanduay's ISO 9001:2015 certification and periodic assessments by TUV SUD Asia Pacific attest to our unwavering dedication to maintaining the highest standards of quality and safety.

Customer Health and Safety

GRI 416-2

	2023
Total no. of incidents of non-compliance with regulations resulting in a fine or penalty	151
Total no. of incidents of non-compliance with regulations resulting in a warning	125
Total no. of incidents of non-compliance with voluntary codes	0
Total no. of substantiated complaints	45
Total no. of complaints addressed	45

Note: Scope is for Eton only.

Data Privacy and Security

FN-CB-230a.2

At LTG, safeguarding data privacy and security isn't just a priority – it's a fundamental commitment we uphold every day. Recognizing the ever-evolving landscape of risks and threats to data integrity, we've bolstered our defenses and equipped ourselves with robust cybersecurity measures to safeguard both The Company and customer information. Our IT infrastructure undergoes regular review, modification, and upgrades to ensure optimal protection. Additionally, we prioritize ongoing staff training to foster internal cybersecurity awareness across the organization.

In managing customer privacy, Asia Brewery is actively developing a comprehensive Data Classification Policy governing the use of all data generated, collected, stored, or processed by our business. We've also instituted Incident Management and Information Security Incident Policies and Procedures to swiftly address and mitigate potential breaches. Furthermore, we enforce non-disclosure agreements with third-party agencies and service providers to uphold confidentiality standards. Adhering to the Advertising Standard Council's guidelines, we ensure that our advertising and communication materials uphold transparency and accuracy.

At Eton, we uphold customer privacy by not only complying with the provisions of the Data Privacy Act of 2012 but also by implementing stringent data privacy and cybersecurity practices. Our commitment aligns with the law's purpose of safeguarding personal data across both public and private sectors. We've implemented cybersecurity tools and established robust backup procedures to minimize data security risks. In the event of a breach, our protocol mandates immediate reporting to the National Privacy Commission within 72 hours. We prioritize cybersecurity awareness to proactively prevent and respond to potential threats.

PNB implements a range of policies to ensure customer data privacy and security. Our data protection policy addresses security risks that could impact our operations. Following the Revised Policy and Implementing Guidelines on Consumer Protection, we emphasize consumer protection throughout all transaction stages. Our policies include the Enterprise Data Privacy Policy, Governance and Risk Management Sub-Policy, and Data Privacy Architecture, supported by the PNB Enterprise Data Privacy Manual for overseas branches. We conduct Privacy Impact Assessments based on ISO standards and the Data Privacy Act of 2012 to assess risks proactively. To support teleworking, our Human Resource Group has issued a Telecommuting Policy to safeguard employee privacy and ensure the security of equipment, IT infrastructure, and systems.

Digital banking (mobile and internet)	2023	2022
Number of substantiated complaints on customer privacy	**1**	3
Number of complaints addressed	**1**	2
Number of customers, users, and account holders whose information is used for secondary purposes	**0**	344
No. of data breaches, including leaks, thefts, and losses of customer data	**0**	2
Percentage of data breaches in which personally identified information (PII) was subject to a data breach	**0**	100%
No. of customers affected by data breaches	**0**	44

GRI 418-1, FN-CB-230a.1

Innovation and Digitization

PNB continues to provide innovative digitization initiatives, and this is governed by its commitment to providing a safe, reliable, and convenient digital experience for its customers. As of present, the Bank has created a three-year digital strategy and is informed by our enterprise's new vision and mission, strategic initiatives, customer trends, market developments, and regulatory landscape. The plan, endorsed by the Board Strategy and Policy Committee (BSPC), is overseen by the Board IT Governance Committee (BITGC) for execution.

At the core of the Bank's digital initiatives lies the Projects Prioritization Committee, which is responsible for approving major strategic projects. Key digital initiatives are also referred to BSP for notification and/or approval if needed. Execution is then monitored by project-specific Steering Committees, the Technology Committee (Tech Comm), and the BITGC to ensure alignment with enterprise priorities and track progress toward business targets.

Likewise, PNB adheres to BSP policies on Electronic Banking and Financial Services, along with regulations such as Guidelines on Electronic Payments, Anti-Money Laundering (AMLA) Rules, Data Privacy Law, and Consumer Protection. Aligned with the BSP Digital Payment Transformation Roadmap under the National Retail Payment System (NRPS), the Bank actively participates in the digital banking landscape like InstaPay and PESONet and explores opportunities within the Open Finance Framework. Additionally, our digitalization efforts include automating Bank forms, shifting customers to e-SOA, and enhancing systems and processes for efficiency and environmental sustainability.

Continuing operations and maintenance of automated teller machines (ATMs) and cash accept machines (CAMs) facilitate convenient access to funds for our customers. As of December 2023, the total count includes 1,535 ATMs, 145 CAMs, 29 Corporate CAMs, and 7,876 point-of-sales (POS) terminals, enhancing the 24-hour banking convenience provided to customers.

	2023	2022	2021
ATMs	**1,535**	**1,575**	**1,586**
CAMs	**145**	145	165
Corporate CAMs (CCAMs)	**29**	29	22
POS Terminals	**7,876**	8,367	6,603

The Bank continues to enhance our mobile banking platform, PNB Digital, by bolstering security features, upgrading infrastructure capacity, expanding payment capabilities, and providing access to a wider range of products. Through digital media channels such as Facebook, Instagram, YouTube, email, and SMS, we actively promote the app to both prospective and existing clients, aiming to boost awareness, enrollment, and usage. As of December 2023, PNB Digital has attracted a total of 1,105,231 enrolled users.

Furthermore, PNB's digital services saw significant improvements in 2023. The Bank launched the UITF online product, enabling clients to assess investment suitability, book new investments, and redeem funds digitally. New credit card functions were introduced, along with 700 additional billers for Bills Payment. These enhancements, coupled with upgrades in infrastructure capacity and efficiency, reinforce the reliability and performance of PNB's digital platform.

	2023	2022	2021
Enrolled Users	**1,105,231**	**1,508,741**	**805,906**
	Mobile Only	Mobile and Internet	

Welfare of Employees and Communities

What drives LTG's excellent services and longevity are the people who work with us and the communities we work in. The safety, security, and well-being of our employees is a priority in how we do business. Each step in our hiring process is carefully crafted to ensure that we attract the country's top talents. With rigorous training and overall wellness support, our employees become armed with confidence to deliver excellent products and services. Alongside the growth of our Company, we also ensure that we are able to share our successes and learnings with the communities we operate in. This way, we are able to continuously benefit our most important stakeholders.

Safety, Security, and Well-being

GRI 2-23, 2-24, 2-25, 2-26, 3-3, 406-1 (Human Rights) GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7

Above all else, LTG prioritizes the safety, security, and well-being of our employees. We recognize our responsibility to safeguard human rights and protect our employees from harassment and hazardous work practices. We value the creation of spaces safe from discrimination, open to communication, and free from retaliation. We focus on creating a holistic working environment by providing mental health and wellness programs as a way to support the overall growth and development of our workers and our Company. For 2023, the Company approved the Human Rights Policy Statement to ensure a safe working environment while upholding human rights recognized by international principles. This marks a pivotal step in our commitment to protecting human rights.

As a brewery deeply involved in the manufacturing of beverages, Asia Brewery prioritizes the safety and wellness of our employees. We closely follow guidelines set by Republic Act No. 11058 or the Occupational Safety and Health Law (OSH Law) issued by the Department of Labor and Employment and the 1987 Constitutional provision under the Bill of Rights on Involuntary Servitude which cover our employees, properties, and the environment. All employees, service providers, and contractors are covered by the Asia Brewery occupational health and safety management program and are made aware of health and safety updates in Asia Brewery. All employees are also provided with HMO policies and Annual Physical Examinations (APE). Upon hiring, each new employee is required to attend eight hours of Mandatory Training and Toolbox Meetings as a preventative measure to adequately equip themselves with Asia Brewery safety regulations. Training needs (e.g., first aid, fire safety, hazmat, forklift safety, etc.) are based on posttest and workshop results, with selected training accredited by regulating government agencies such as TESDA.

To strengthen employees' protection from occupational hazards and risks at Asia Brewery, we first identify these through audit patrols and worker safety reports. Processes are evaluated using the Hazard Identification, Risk Assessment, and Control (HIRAC) method. Potential hazards are then reported verbally to the appropriate Department Supervisor, followed by an investigation and assessment by the Occupational Hazard Nurse and Safety Officer. If hazards are found after the assessments, they are immediately addressed. Our Health and Safety Committee meets monthly to develop plans and policies on health and safety in the workplace.

Aside from occupational hazards, we at Asia Brewery also make sure to communicate our Asia Brewery's wellness programs and policies to promote healthful living. Our Occupational Health Program aims for drug-free workplaces, enhanced mental health, and the prevention and control of HIV/AIDS, tuberculosis, and Hepatitis B. We encourage our employees to use our HR's Speak Up Program to share their grievances, and we organize activities like sports fests and team-building seminars to foster workplace camaraderie. Using employee absenteeism trends, turnover rates, and Performance Evaluations (PDAS), we are able to assess and monitor the stress levels of our employees.

Asia Brewery has a Code of Conduct and Company Rules and Regulations that are communicated to all employees through orientations, seminars, email reminders, and bulletin posts. There are strict policies on preventing discrimination in the workplace and set rules on minimum age requirements for employment. Employee grievances on any violation of the code are handled through the Committee on Rights and Ethics (CORE), Grievance Handling, and Disciplinary Case Handling Procedures. Complaints can be sent through text message or e-mail to CORE to maintain confidentiality. Any violations of the code are swiftly dealt with using due process and executed with the appropriate penalty.

Eton's Occupational Safety and Health Program was submitted to DOLE by the Health and Safety Committee, pursuant to the OSH Law and Department Order 198, Series of 2018, which stipulated that OSH programs should cover all employees, including regular, contractual, and part-time workers. All our employees have access to non-occupational healthcare services and Annual Physical Exams through our HMO provider. Eton employees also have access to psychological services for mental health through the Eton Kamustahan program.

We take preventative measures against occupational hazards and risks by employing an OSH physician and rigorously educating and training our employees in BOSH/COSH and HIRAC. Training needs are assessed by HR and the OSH Committee based on each job function. Eton assesses work-related hazards during the work methodology and regular safety inspection by property managers since each property has its own unique disaster protocol. Additionally, our safety and security team performs internal audits twice a year. We enforce COVID-19 safety protocols by implementing testing prior to reporting to work as well as assisting employees affected with the virus. Other health programs at Eton focus on addressing non-occupational health risks (e.g., Tuberculosis, HIV, etc.) through health and wellness seminars.

Aside from occupational safety and security measures, Eton also has a Code of Business Conduct & Ethics that sets the professional and ethical behavior that all employees must observe. This includes policies on minimum hiring age and rules to safeguard against harassment and discrimination. The code is shared with each employee on their first day so that employees are armed with the knowledge that discrimination and harassment - whether verbal, written, or through gestures - are not tolerated and will be reported to the HR department.

Likewise, Eton employees can also report any known or suspected misconduct violating the Human Resource Employee's Manual. The Compliance Officer would then determine if the suspected violation must be executed as a formal statement and could advise the complainant to refer the matter to the head of the HR Department - with disciplinary actions if the complaint were found false. Our Whistleblower Policy protects each employee from retaliation and encourages employees to report code violations.

At PNB, we create safe and supportive working environments while promoting overall health and well-being. Our health and safety policies cover all our employees and are based on the OSH Act, DOLE Provisions, Anti-Sexual Harassment Act of 2007, and the Safe Spaces Act. All our employees have access to non-occupational medical and health risk services through our HMO provider and are made aware of them through email blasts, virtual group meetings, or memoranda. Occupational hazards and risks are duly identified using parameters set by DOLE. Our Risk Management Group studies these risks to determine appropriate measures against them.

Beyond safety, PNB also provides numerous wellness packages targeted at the holistic health of each employee, particularly for mental health. Our Human Resources Group (HRG) conducted activities centered on spiritual nourishment, physical health, mental health, and financial wellness. Using online platforms, we were able to hold webinars on mental health and managing work relationships. Since online learning platforms were available, we were able to continuously offer these wellness and development programs even during the pandemic. We were also able to organize fun runs and cycling activities to promote physical health among employees.

To further advocate for mental health, we give PNB employees the option of remote or flexible working arrangements depending on the nature of their jobs and the employee's capabilities of working from home. We provide 10-day Mandatory Leave, Special Leave for Women, VAWC Leave, Birthday Leave, Solo Parenting Leave, Emergency Leave, and Bereavement Leave. We also have Flexible Leave Monetization, wherein employees with financial emergencies may apply for leave monetization even before reaching the leave credits threshold for monetization eligibility. Employees are encouraged to form social groups that PNB can recognize as a way for us to support social wellness.

PNB is meticulous in designing wellness programs and safety policies because, above all, we uphold human dignity. Our standards and ethics are even applicable to our main suppliers as part of our due diligence before accrediting vendors as part of the PNB supply chain.

To further protect human dignity, we uncover company code violations through audits, reports, complaints, or our whistleblower hotline/email. Violations are then reported for appropriate investigation to the PNB disciplinary authorities such as the Group or Sector head, HRG, or Ethical Standards Committee. We have a grievance mechanism in place for employees, suppliers and stakeholders. Suspected violations are investigated following due process. Once confirmed, the person who committed the offense is sanctioned in accordance with PNB's Code of Conduct. Otherwise, we also have mechanisms wherein non-adversarial issues at the CBA go through Alternative Dispute Resolution by HR Lawyers to prevent issues from escalating.

Tanduay's OSH programs faithfully comply with DOLE Department Order 198-08, other relevant DOLE policies, and IATF to promote workplace safety through providing personal protective equipment, OSH training, and mandatory seminars. All Tanduay employees are required to attend safety briefings hosted by DOLE. Our comprehensive OSH management program includes all employees, service providers, security personnel, and contractors. Our Safety Officers and OH Nurse identifies and investigate occupational hazards and risks.

Personal grievances from Tanduay employees can also be raised through the HR Office, where the complaint is coordinated or pursued if necessary. The employee can write a written explanation, and the Head of Office can convene a conference or hearing to evaluate the evidence presented. If suspected violations are confirmed, the Head of Office will execute appropriate disciplinary measures. All complaints from employees remain confidential to prevent retaliation.

To further promote health, Tanduay enforces our policies and programs on drug-free workplace and the prevention and control of HIV/AIDS, tuberculosis, and Hepatitis B. We promote overall health through mental health awareness seminars, sports activities, Zumba sessions, and weight loss contests.

Because of all the preventative and thorough health assessments and safety protocols, there have been no incidents, labor law violations, or company code violations reported at LTG in 2023. Faithfully observing the policies and standards set by national governing agencies, we are able to create a safe and secure working environment for all our employees and stakeholders. We believe that any sustainable business must adhere to respecting basic human rights and cultivating inclusive and collaborative cultures. We at LTG do not tolerate discrimination or harassment of any kind. We hope to continue developing our business along with supporting our employees that build it.

Work-related Injuries

GRI 403-9

	2023
Number of fatalities as a result of work-related injury	-
Rate of fatalities as a result of work-related injury	-
Number of high-consequence work-related injuries (excluding fatalities)	1
Rate of high-consequence work-related injuries (excluding fatalities)	**3.45**
Number of recordable work-related injuries	25
Rate of recordable work-related injuries	**8.61**
Number of hours worked	28,246,559
Safe man hours	29,006,929
Number of high-potential work-related incidents identified (optional)	-
Number of close calls identified (optional)	124

Labor Relations and Skills

GRI 2-7, 2-25, 3-3

LTG employees are the heartbeat of the Company. We carefully curate the entirety of an employee's experience in our Company. From hiring to training, we ensure to provide our employees with security and guidance in their careers. We take care to host dialogue sessions to promote communication in the workplace while also adhering to principles of diversity from the hiring processes all the way to employment. We recognize that programs that benefit our employees will also ultimately benefit LTG as we lessen overall turnover rate and continuously attract the best talents. This way, we are able to indefinitely grow our businesses and improve our services.

To attract the best employees, PNB actively participates in university and college career talks and job fairs to market our company and packages. We also offer internship programs for students to give them first-hand experiences in our work culture and mission. Our generous employee packages, competitive salary, culture of work-life balance, regularization and career opportunities, and wellness programs attract top candidates from all over the country.

Removing all barriers to hiring and highlighting diversity is another way to widen the talent pool at PNB. While there are no regulations mandating the adoption of diversity, we took the initiative to adopt policies on diversity and gender equality in the entirety of our business. Recruitment selection is based on skills and competencies measured through online reliable assessment tools and interviews - free from any bias. We also integrate diversity principles in our everyday work through virtual training programs such as InDiVisible LinkedIn Learning Modules on Celebrating Women and Collaborating in a Multigenerational Workplace. Gender mix for hiring, attrition, training, and administrative cases are some of the metrics reported to management.

To continuously create an inclusive work environment at PNB, we manage our relations with our employees. We regularly hold dialogues with their employee association representatives to solve issues and concerns at the workplace. We conduct Labor Management Council (LMC) meetings to discuss issues and reach compromises, despite occasional conflicting viewpoints. From these meetings, employees are able to contribute to the realization of their own goals and objectives at PNB.

PNB is committed to inspiring a learning culture that is accessible to all employees. We encourage all our employees to have at least 32 hours of training every year, which will then form as part of their accomplishment in their performance reviews. We maximize LinkedIn Learning, especially due to the pandemic and hybrid work set-up, and use the platform to curate our Monthly Themed Learning Journeys and host special training content such as the AML and ISAT. There are also LinkedIn Learning paths customized for each career path. Overall, providing our employees with accessible and routine training has empowered our workers, improved productivity and performance in our company, and. increased our confidence in the integrity and accuracy of our processes. .

PNB has annual and semi-annual performance reviews of our employees and officers to evaluate the strengths and areas of improvement for overall career growth and development. We value performance-based merit and therefore reward consistent and exemplary performance. Qualified employees are recognized through promotions, performance-based increases, Service Excellence Award, What Outstanding Work award, Circle of Excellence Award, and through features on Living Our Values Everyday Bulletin. Our Succession Management Program ensures that our candidates for upward mobility are sufficiently equipped with skills and competencies in case vacant critical positions arise. There are also individual development plans for identified successors who are groomed to take over critical positions in the future. These individual development plans are closely monitored to address identified learning gaps.

At Asia Brewery, our benefit packages such as competitive salary, career opportunities, and overall conducive working environment attract new talent. While there have been difficulties with high salary expectations for potential hires, we found that dealing with these challenges also improves our abilities to retain talent and reduce employee turnover in the long run. We take care to remove all barriers or bias to hiring to ensure diversity in our talent pool. We continuously uphold principles of inclusivity in our work by educating and training our managers on diversity. Together with our Labor Management Committee (LMC), we also ensure open communication in our workplace by routinely holding dialogues with our employee association representatives to resolve issues and concerns.

Asia Brewery sees training as a means to achieve better performance, increased overall productivity, improved employee retention, and boosted employee morale. Investing in the training and development of our employees has resulted in saving management resources such as constant supervision because everyone is already sufficiently skilled in their tasks. Employees are trained in the basic operation and safety features of equipment to avoid accidents and costly mistakes. We maximize on-line training for employee development, especially during the pandemic. To ensure that all our supervisors are well-versed in distillery operations, we shuffle them regularly. These trainings contribute to Asia Brewery's annual performance review and appraisal. At the end of each year, we recognize the year's best employee from a list of candidates with great contributions, attitudes, and performance through promotion or monetary amounts.

Likewise, Eton also finds that providing employee training and development benefits Eton's operations because it improves employee performance. Admittedly, we struggled with lack of budget and manpower for staff training. We resolved this by negotiating for a budget for training and learning for

Total Number of Employees

GRI 2-7, 2-25

	MALE		FEMALE		
	Quantity	Percentage	Quantity	Percentage	2023 Total
Asia Brewery	2,304	**79%**	619	**21%**	**2,923**
Eton	105	**46%**	125	**54%**	**230**
LTG	10	**36%**	18	**64%**	**28**
PNB	2,827	**34%**	5,500	**66%**	**8,327**
Tanday	702	**85%**	123	**15%**	**825**
				Total number of employees	**12,333**

New Hires

GRI 401-1

	MALE			FEMALE			2023
Age	< 30 y.o.	30-50 y.o.	>50 y.o.	< 30 y.o.	30-50 y.o.	>50 y.o.	Total
Asia Brewery	158	91	3	56	27	-	**335**
Eton	29	21	2	35	24	2	**113**
LTG	-	3	-	2	-	-	**5**
PNB	234	131	10	502	183	9	**1,069**
Tanduay	53	71	12	15	4	1	**156**
						Total New Hires	**1,678**

Turnovers

GRI 401-1

	MALE			FEMALE			2023
Age	< 30 y.o.	30-50 y.o.	>50 y.o.	< 30 y.o.	30-50 y.o.	>50 y.o.	Total
Asia Brewery	114	151	50	48	57	-	**420**
Eton	11	25	1	11	16	2	**66**
LTG	-	-	-	-	3	-	**3**
PNB	133	151	72	260	330	142	**1,088**
Tanduay	12	8	6	8	5	2	**41**
						Total Turnovers	**1,618**

Benefits Breakdown

GRI 401-2

	2023	
	# of women who availed	# of male who availed
SSS	1,607	2,305
Philhealth	384	160
Pag-IBIG	732	2,120
Parental leave	325	108
Vacation Leave	4,501	4,046
Sick Leave	4,410	3,088
Medical benefits (aside from Philhealth)	1,607	3,089
Housing assistance (aside from Pag-IBIG)	9	5
Retirement fund (aside from SSS)	705	411
Further education support[1]	-	-
Company Stock options[2]	-	-
Telecommuting	1,142	748
Flexible working hours	664	480

1 Not being offered

2 Not being offered

Parental Leave

GRI 401-3

	2023	
	MALE	FEMALE
Total number of employees that were entitled to parental leave	150	349
Total number of employees that took parental leave in 2023	100	312
Total number of employees that returned to work in 2023 after parental leave ended	100	312
Return to work rate	**100%**	**100%**
Among those who availed the parental leave in 2022 how many of them returned and are still with the company in 2023	88	281
Total number of employees that took parental leave in 2022	99	291
Retention rate	**87%**	**97%**

Solo Parental Leave

GRI 401-3

	2023	
	MALE	FEMALE
Total number of employees that were entitled to parental leave	28	209
Total number of employees that took parental leave in 2023	26	182
Total number of employees that returned to work in 2023 after parental leave ended	26	182
Return to work rate	**100%**	**100%**
Among those who availed the parental leave in 2022 how many of them returned and are still with the company in 2023	12	145
Total number of employees that took parental leave in 2022	12	145
Retention rate	**100%**	**100%**

Training and Development

GRI 404-1

	TRAINING		
2023	Total Hours	Employees Trained	Ave. Training Hours
MALE			
Office	455	481	27
Managers	12,455	13,216	119
Supervisors	43,236	44,666	64
Rank and File	91,932	94,684	92
FEMALE			
Office	330	481	27
Managers	347	13,216	119
Supervisors	20	44,666	64
Rank and File	18,364	94,684	92
TOTAL	**417,023**	**428,496**	**527**

Community Relations and Development

GRI 3-3, 203-2, 413-1

As we strive to deliver more shared values to our stakeholders, we at LTG understand that our responsibility goes beyond financial success to also nurturing the communities within which we operate. The Tan Yan Kee Foundation, Inc. (TYKFI), our conglomerate's corporate social responsibility (CSR) arm, embodies our group's shared responsibility and commitment. In addition, our parent company, LT Group, and our various subsidiaries develop and manage CSR programs that complement TYKFI's.

By infusing our CSR efforts with the ethics and dedication that characterize our main business activities, we aim to substantially impact education, culture, sports, health, disaster response, the arts, and social welfare. Our broad engagement in CSR mirrors our business interests and celebrates the diversity of our volunteer employees and the communities we serve.

In 2023, our efforts spanned various educational, environmental, and social projects that significantly contributed to community welfare and development. A highlight of the year was Dr. Lucio Tan receiving the Golden Bell Award from the Cabuyao City Government, a recognition for his generous donation of land to facilitate road construction and improved mobility, accessibility, and economic growth in the main rice-producing region in Central Luzon.

Looking ahead, LTG is poised to enhance the cohesion of our CSR programs, from the TYKFI to the LTG parent company and its subsidiaries. Our evolving approach to CSR will be anchored in our group's sustainability framework toward a more integrated, impact-driven program that aligns with global sustainability goals and addresses the evolving and most pressing needs of our communities.

LT Group

The LT Group's community development initiatives touch on multiple facets of Filipino life. With education and economic growth as the building blocks for development, our initiatives focus on equipping communities with the tools to help one another, ensuring that resilience is built from the ground up.

The LT Group prioritizes safety to ensure that cities are secure in the long term. For this reporting year, we donated Php 148,800 for disaster-preparedness efforts of the Trauma Team Rescue Volunteers (TTRV), a non-profit organization. TTRV, based in Negros Oriental, received two chainsaws to trim and file trees that are high risks to nearby buildings, vehicles, and powerlines during typhoons, ensuring that communities remain safe from any potential hazards.

In addition to disaster preparedness, the LT Group has been active across several other critical areas of community support, focusing on education, judiciary reform, and livelihood enhancement.

KEY PROGRAMS

PROGRAM NAME	OVERVIEW	BENEFICIARIES
Judicial Reform Initiative, Inc	In 2023, LT Group, Inc. (LTG) agreed to sponsor JRI. One of the recent activities of JRI was a forum on the Supreme Court – Justice Reform Initiative 2024 Justice Summit: Freedom Through Justice Reforms. There were 150 attendees, including prominent members of the judiciary, seven Supreme Court Associate Justices, and the guest of honor, Chief Justice Alexander G. Gesmundo.	150 attendees, including prominent members of the judiciary, seven Supreme Court Associate Justices and the guest of honor, Chief Justice Alexander G. Gesmundo. 4 QUALITY EDUCATION
Sponsorship of Washington SyCip National Education Summit	LTG sponsored the 2023 Washington SyCip National Education Summit on September 21 and 22. During the summit, Local Government Units (LGUs) shared best practices and planned programs responsive to children's needs.	Children 4 QUALITY EDUCATION
Go Negosyo Sponsorship	LTG annually sponsors Go Negosyo or the Center for Entrepreneurship (PCE), a non-profit organization that advocates entrepreneurship and changes the mindset and attitude of Filipinos. Go Negosyo believes that Filipinos can address poverty by engaging in entrepreneurship. The organization's numerous programs are aimed at mentoring small and medium enterprises. LTG annually gives Php5 million to Go Negosyo, while Asia Brewery, Inc. (ABI) donates bottled water for various activities	Entrepreneurs 8 DECENT WORK AND ECONOMIC GROWTH
Lucio Tan Group of Companies with TYKFI Sign MOU as "BIDA Advocates	On May 23, the Department of Interior and Local Government headed by Secretary Benjamin Abalos Jr. and several private companies launched the BIDA (Buhay Ingatan, Droga'y Ayawan) Workplace Campaign by signing a memorandum of Understanding (MOU) to implement the program in various workplaces. The DILG Secretary urged participating companies to have their own anti-drug policies and conduct random testing of employees as a form of shared responsibility with the government.	Employees 8 DECENT WORK AND ECONOMIC GROWTH

Tan Yan Kee Foundation, Inc. (TYKFI)

Tan Yan Kee Foundation Inc. (TKYFI) strongly believes in the power of education to foster societal development and empower communities. The Foundation has actively engaged in programs to enhance educational opportunities across various regions, ranging from scholarships to teacher training sessions.

TKYFI offers financial assistance through scholarship programs to students from different sectors. One such program is the UE-TYKFI Scholarship, which grants financial aid to students while nurturing academic excellence. Other scholarship programs include the TYK-Foundation for Liberty and Prosperity (FLP) Scholars Program given to law students, the TYKFI College Scholarship Project for Agriculture and Forestry targeting 4th-year college students under the streams in Environmental Forestry and Social Forestry, and the Children of Farmers (STA Partnership) covering children under grades 7 to 12.

Beyond individual scholarships, TYKFI provides training and learning opportunities to both teachers and students. Under the Foundation for Upgrading the Standard of Education (FUSE) program, Filipino teachers and teacher-trainers can upgrade their skills through several teacher training sessions and general assemblies. These activities are held at the FUST Learning Center for Teachers located in the City of Manila. In addition, summer classes were held at the Tan Yan Kee Library for students aged 5 to 12 to learn Chinese literature, language, and culture. Also, the Dr. Lucio C. Tan Legacy Forest Farm hosts an immersion program for grade school scholars to guide and motivate young scholars to understand and appreciate the importance of agriculture as an art, science, and business.

Other TYKFI initiatives include distributing school supplies to public elementary schools, engaging in Brigada Eskwela, and rolling out scholarships in partnership with PNB and other LT Group business units.

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LEGACY

DR. LUCIO C. TAN GREETS TYKFI FAMILY A BLESSED 37TH ANNIVERSARY

Wishes the CSR Council success in projects and collaborations

This year is the 37th year of the Tan Yan Kee Foundation Inc. And I am proud of your foundation's continued commitment to our mission and vision.

The pressing challenges of our climate reality and the vulnerability of our world calls for determination and proper knowledge to create impactful change.

Looking back our story tells of not only continued projects in education but that also of helping our farmers — in different and sustainable ways, being agents of food security, protecting our forests and its biodiversity — one floral, one faunal life at a time, and sharing the care and commitment experience with your sister companies.

Thus, your dedication is seen not only through your decarbonization efforts, but also through your support to well over a thousand scholars to date, including those for young future leaders in forestry and the environment.

Looking ahead, may you leave a lasting legacy whilst creating a more secure, more inclusive, and sustainable world for your beneficiaries, and the generations to come to thrive in.

I would like to also thank the Board, the officers and staff for your continued work and belief in our mission and vision.

Once again I warmly congratulate your foundation on your 37th year.

DR. LUCIO C. TAN
Chairman & President

PROGRAM NAME	OVERVIEW	BENEFICIARIES
Fortune Farm Sees Better Trained Farmers and Better Produce	In its ninth year, the Foundation has continued with its commitment to our environment through the various planting sites of the Dr. Lucio C. Tan Legacy Forest Project. The project saw the initial propagation of four bamboo species at the 930-hectare site. Planting bamboo can also help our environment as it has the following benefits, among others. Fortune Farm acknowledges that a farmer's personal growth is interlinked with the health of their land, animals, community, and themselves.	Farmers
One Barangay: One Mangrove Forest and a Thousand Reasons to Hope	In 2014 the Foundation, in partnership with the local government of Sta. Cruz, Ilocos Sur, headed by Hon. Mayor Teresita C. Valle, and Barangay Las- Ud, led by Barangay Captain Antonio J. Lozano, launched the "Las- Ud Mangroves Project", where the community came together to plant mangrove seedlings with the Foundation serving as its co-proponent, donating the initial seedling population and incentivizing the community to plant.	Local communities of Barangay Las-Ud
Dr. Lucio C. Tan Legacy Forest Project Agriculturists Attend Technical Training in Quezon	At the project's Fortune Farm, the Foundation continues to lead its farmers towards better skills for agricultural success.	Farmers
Health Services: Farmers' Families Receive Health-Boosting Vitamins and Food Supplements	There is an often-overlooked truth that farmers and their families often face health challenges due to the demanding nature of their work and limited access to nutritious food. This aims to deliver vital nutrients to farming households, foster better health, and empower families to thrive on and off the fields.	Farmers
TYKFI Offers Training to Sta. Fe, Nueva Vizcaya Community	On April 26, the Foundation conducted a training seminar for Sta. Fe, Nueva Vizcaya farmers at the Geonature, Inc. Compound in Carranglan, Nueva Ecija. The following topics were covered: 1) Vermiculture and Soil Micro-ecosystem 2) Sowing Media 3) Proper Pesticide Use Safety, Efficiency, and Effectivity. There were 27 farmers who participated, and each received a sack of rice from TYKFI.	Farmers
Small water impounding	Opening SWIP Total Assistance Address to Food Security 1.625 HA	Local community members

Asia Brewery

Asia Brewery embraces corporate social responsibility, focusing on community welfare and environmental sustainability as core pillars. The company aims to foster healthier, more inclusive communities through meaningful initiatives, particularly in community development and environmental protection.

In 2023, facing a cholera outbreak in Brgy. Taparak, Alubijid, Misamis Oriental, Asia Brewery took swift action in coordination with local government efforts. By deploying mobile water support units, the company was pivotal in addressing the urgent need for safe drinking water, effectively curbing the spread of waterborne diseases, and safeguarding community health. This response demonstrated Asia Brewery's commitment to immediate crisis intervention and reinforced its partnerships with local governments and communities. In other areas, Asia Brewery also engaged in health promotion, environmental conservation, and education, including partnerships for blood donations, tree planting activities, and educational support.

KEY PROGRAMS

PROGRAM NAME	OVERVIEW	BENEFICIARIES
Tree Planting Activities	Tree Planting in Brgy. Carmen, Silang Cavite As the current Vice-President of the Sta. Rosa Watershed Management Council, ABI led a tree planting effort on June 24, planting 800 seedlings with CENRO of Sta. Rosa, MENRO of Silang, and PENRO of Cavite. Excursion 2023 (Mangroves Tree Planting) ABI teams initiated a mangrove reforestation project to make a meaningful environmental impact, working in partnership with the Local Government Unit of Sinaloc and the City Local Environment and Natural Resources Office. Active partnership with LGUs and private organization in any environmental protection activities Engaging in multi-sectoral tree planting, cleanup drives, and other environmental activities to safeguard the environment, we actively participated in these efforts on June 25, 2023, marking our contribution to Environmental Month.	LGU's
Lakeshore and Coastal Clean-up Activities	Multi-sectoral Lakeshore Clean-up Activity The observance of World Water Day on the 22nd of March with the theme "Accelerating Change" is a worthy platform to increase the awareness among the people about the importance, need and conservation of water by involving them in clean up activities in the Brgy. Baclaran, City of Cabuyao. This is in line with the intention of the World Water Day campaign to inspire people to learn more about water-related issues and to take action to make a difference.	LGUs

	International Coastal Clean up Drive Asia Brewery Inc. participated in the International Coastal Clean-up (ICC) with the theme "Sea The Change". The event was conducted along the Laguna de Bay lakeside, Brgy. Aplaya, Sta. Rosa City, Laguna on September 16, 2023.	
Annual partnership to address the high demand for blood donations	Onsite bloodletting to help the Philippine National Red Cross manage the increased demand for blood supply	Philippines National Red Cross
Buntis Congress - Cabuyao Regional Health Unit	The yearly advocacy activity aims to increase expectant mothers' awareness of the importance of pre- and post-natal screening and promote breastfeeding	Mothers
Wellness Day	The activities enhanced the overall company strategy for a healthy workforce. Counseling, seminars/health talks and discussions to enhance nutrition and wellness were conducted with health providers	Employees
Earth Hour 2023	ABI supported Earth Hour 2023 in line with its commitment to reduce its greenhouse gas emissions by lowering its electric consumption. Lights were shut off from 8:30 – 9:30 PM on March 25	Local community members
Share the Joy Reading - Book Donation Drive	Share the Joy of Reading is an interactive CSR activity that will benefit both employees and children. A book donation drive is an activity that will help the public school by donating reading books and writing materials.	Employees and Children
Brigada Eskwela - Bayanihan Para Sa Paaralan	As we go back to a new normal life style and in connection with the Department of Education announcement that classes for Y2023 – Y2024 is now fully face to face. Interbev Philippines Inc. wanted to continue the support we extended to our school beneficiaries that was stop during the pandemic season.	Students and Teachers
Year 2023 Job Fair	Opportunity to develop brand image of the company and build strong relationships with government agencies and partnering schools/universities.	Students
In-House/Internal Training Program	To curate internal training among ABI employees and affiliated companies as well as offsite employees.	Employees

Eton

Eton is committed to developing inclusive communities that elevate the standard of living, champion Filipino talents, and safeguard our environmental heritage. Through its CSR programs on environmental stewardship, education, cultural development, and livelihood enhancement, Eton strives to catalyze sustainable economic growth. These initiatives benefit farmers, young learners, and communities, reflecting Eton's dedication to societal advancement.

As an advocate for agricultural innovation and sustainability, Eton has contributed to the TYKFI's Masaganang Palayan or Prosperous Rice Fields Project. In 2023, Eton donated approximately 567 kilograms of hybrid palay seeds to 20 farmers in Nueva Vizcaya. This strategic contribution substantially increases rice yields—potentially up to 120 sacks per hectare. Given the provision of seeds sufficient for 30 hectares, this initiative is set to produce approximately 3,600 sacks of palay. Such efforts not only bolster the economic well-being of individual farmers but also play a critical role in ensuring national food security.

Eton further emphasizes its commitment to societal enrichment through other initiatives, including educational assistance, promoting Filipino arts, social campaigns like the anti-drug movement, and health-oriented events like the Bike to Work Festival.

PROGRAM NAME	OVERVIEW	BENEFICIARIES
Eton Joins Buhay Ingatan, Droga'y Ayawan (BIDA, Avoid Drugs and Care for Life)	On May 23, Eton joined 30 other private entities in signing a Memorandum of Understanding (MOU) with the Department of Interior and Local Government to implement BIDA in their workplaces. Eton pledged to promote the anti-drug campaign through one million pesos worth of highly visible outdoor media advertising opportunities in its flagship properties in Quezon City and Sta. Rosa, Laguna. The Company will also implement a drug policy and subject its employees to random drug tests	Local community members and employees 8 DECENT WORK AND ECONOMIC GROWTH

Educational Assistance	Eton, through Tan Yan Kee Foundation, Inc. (TYKFI), gave scholarships worth Php100,000 each to two children of construction workers who were victims of accidents in Eton construction sites.	Children
National Mango Festival at Eton Centris	In May, Eton Centris hosted the three-day 19th National Mango Festival led by the Department of Agriculture.	Children
Youth Creativity Festival	The Philippine Association for National Advertisers Foundation (PANAF) made waves as it successfully held the Youth Creativity Festival at Eton Centris from October 20 to 21. Renowned influencers and content creators shared valuable insights and experiences with the enthusiastic attendees. On the second day, the spotlight shifted to the PANAnaw Awards, where five finalist colleges presented their communication plans to clinch the coveted title.	Youth
Bike to Work Festival	In partnership with the Department of Health, the festival encouraged individuals to choose cycling as a practical and eco-friendly way to travel to their workplaces. Held in various cities, the Bike to Work Festival kicked off in Eton Centris and featured activities and initiatives to support and celebrate cycling commuters.	Community members and employees
Farmers Assistance Program	Eton continues with its commitment to improve the lives of the farming community and provide a sustainable food source. Eton buys fresh produce from farmers in Nueva Ecija and donates these to different foundations that support underprivileged communities. The fresh produce is also regularly offered for sale to all Eton employees.	Farmers in Nueva Ecija and Eton Employees
Concordia Children's Services, Inc.	Eton donated toys and hygiene kits to Concordia Children's Services, Inc., a child welfare agency based in Sta. Mesa, Manila. The agency provides residential and community-based programs for orphans and children of impoverished families.	Children

PNB

PNB has a long-standing commitment to supporting community development through financial inclusion, empowerment, and education.

For 2023, PNB focused its assistance to schools in Metro Manila, Region 4A, and Region 8. To support the advancement of education and empowerment of communities, PNB provided training and educational resources to different educational institutions in the country. By training five teacher-trainers and 1,240 teacher participants from 314 public and private schools, PNB has equipped them with the necessary tools and knowledge to enhance teaching practices in English, Science, and Math. This initiative aims to foster professional development among educators and directly influences the quality of education delivered to over 1,000 students in different regions.

To complement the training, PNB distributed 81 sets of learning materials to public and private schools to enhance the accessibility of essential resources and promote more learning opportunities. The combination of training and resource provision ensures that schools are supported toward improved teaching and effective learning.

PROGRAM NAME	OVERVIEW	BENEFICIARIES
Chiang Kai Shek College	PNB donated Php35 million for the construction of a school building in the Chiang Kai Shek College South Forbes Campus in Silang, Cavite.	Students and Teachers
Partnership with FUSE	PNB donated Php5 million to Foundation for the Upgrading of Standards of Education (FUSE) for the training of teachers in English, Mathematics and Science.	Teachers
Financial Literacy, Wellness, and Sustainable Financing Learning Sessions for Existing and Potential Clients	An estimated 10,816 participants from existing and potential clients and employees participated in this year-round program. Participants included borrowers/lenders, OFWs along with their dependents, police officers, professionals, blue-collar workers, and entrepreneurs.	Borrowers/ lenders, OFWs along with their dependents, police officers, professionals, blue-collar workers, and entrepreneurs.

PNB CommuniTree	In celebration of PNB's 107th anniversary, 285 employees planted 1,425 trees in their backyards and communities nationwide from July to September. Meanwhile, 52 employees from North Metro Manila branches planted 1,200 trees in Brgy. Mamuyao, Tanay, Rizal. For the past three years, a total of 5,408 trees have been planted by employees under the yearly PNB CommuniTree Activity.	52 volunteer employees 15 LIFE ON LAND
PNB, PAL, and TYKFI Give Relief to Mindoro Oil Spill Victims	TYKFI representatives joined forces with Philippine National Bank (PNB) personnel from various branches in Oriental Mindoro and Philippine Airlines (PAL) volunteers to distribute 10-kilogram rice, including PAL hygiene kits and activity kits for children to 500 families belonging to affected families from Calapan City.	Mindoro Oil Spill Victims 11 SUSTAINABLE CITIES AND COMMUNITIES
Access to Fresh Vegetables	PNB Employees and outsourced personnel continue to have access to fresh vegetables from the TYKFI Legacy Forest farmers in Nueva Ecija. Vegetables are delivered weekly and sold at low prices.	Employees 3 GOOD HEALTH AND WELL-BEING
Project PLANET (Protect, Love, And Nurture the Environment Together)	Project PLANET is an internal environmental awareness and carbon footprint reduction campaign among bank employees focusing on energy efficiency, water conservation, banning single-use plastic, and proper waste management. It was formally launched in July 2019. In 2023, the campaign's message was on the observance of national and global activities such as World Environment Day and Earth Hour.	Community members 13 CLIMATE ACTION
Environmental and Social Risk Management System (ESRMS)	In compliance with Bangko Sentral ng Pilipinas (BSP) Circular Numbers 1085 (Sustainable Finance Framework) and 1128 (ESRMS), PNB is developing its ESRMS. The BSP Circulars require the Bank to have a set of policies, procedures, and tools to identify, assess, monitor, and mitigate exposure of the Bank to environmental and social (E&S) risks, particularly on credit risk management and operational risk management. Among the significant work that the Bank is working on are: • Assessment of branches, infrastructures and collateral locations of borrowers for acute and chronic physical risks • Integration of ESG elements in the screening of existing and potential customers and vendors • Recalibration of the existing ESG Scorecard • Integration of E&S risk factors in the financial risk rating of loan accounts • Integration of sustainability elements in the new vision and mission statements, core values, and business strategy of the Bank • The development of an end-to-end loan originating process, which includes E&S risk factors, among others.	Stakeholders 13 CLIMATE ACTION

PROGRAM NAME	OVERVIEW	BENEFICIARIES
Reduction of Energy and Water Consumption, and Carbon Footprint	The Bank has fully converted all lighting fixtures at the PNB Financial Center in Pasay and the Makati Center to energy-efficient LED lights. The Bank continues to update its outdated equipment and acquired energy-efficient devices to reduce and manage its energy consumption and emissions in all its domestic offices and branches. Fuel consumption is implemented with a trip maximization policy and regular maintenance of generator sets. In addition, the Bank continues to conduct virtual activities, meetings, and trainings, implement hybrid work arrangements; and promote the "Share-A-Ride" Program among the employees. These resulted in savings of Php7.2 million in 2023. Meanwhile, the Bank conducts regular maintenance to ensure sufficient water supply, inspects water supply equipment for wear and tear, and repairs water leakages, as needed. Water-efficient fixtures and fittings were also implemented to help conserve water. These resulted in savings of Php546 thousand in 2023.	Stakeholders 6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Employee Voluntarism	In 2023, 738 employees rendered an estimated 2,697 volunteer man-hours in their respective communities. An estimate of 2,750 individuals from 795 families and 39 communities benefited from these activities, which include: • Packing and distributing relief goods • Planting trees • Coastal and community clean-ups • Bloodletting • Medical and dental missions	2,750 individuals from 795 families and 39 communities 1 NO POVERTY 2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING
Donation of Decommissioned Computers	PNB donated 10 decommissioned desktop computers and two laptops to the Cavite State University. Since 2019, PNB has donated a total of 196 decommissioned computers to non-governmental organizations (NGOs) and public schools.	Students 4 QUALITY EDUCATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Recognition of Employees' Excellence	Employees were recognized through different activities, including: • Living Our Values Everyday (L.O.V.E.) is released at least once a week to showcase stories of actual events/activities/acts of employees. • The Hybrid Service Excellence Awards and Recognition Night recognizes loyal employee awardees, as well as employees who have gone above and beyond their line of work. In 2023, 29 individuals and 38 teams were recognized for their excellent service.	Employees 8 DECENT WORK AND ECONOMIC GROWTH

Gender Equality and Inclusion Initiative	The Bank organized a webinar and a month-long learning calendar for employees on topics such as Gender Equality and Diversity and Inclusion in LinkedIn Learning in March.	Employees
Wellness and Sustainability Fair	PNB organized a fair with the theme, “Achieving Strength and Solidarity through Wellness and Sustainability.” The week-long fair offered webinar sessions on holistic proper nutrition, the benefits of proper sleep, the impact of social media and technology on mental health, financial wellness, and proper waste management. Wellness and sustainability merchants to set up their booths at PNB Financial Center in Pasay City, while an onsite medical consultation station was also organized for employees during the event. In addition, there was a 107-kilometer virtual cycling challenge for employees.	Employees
Digital Innovation and Transformation	PNB continues to work towards automating its operations. These include: • Continue to shift customers to automated bank forms. • Shorten turnaround time. • Further improve its mobile banking offering, PNB Digital • Enhancements in the corporate internet platform called the PNB C@shnet Plus. As of the end of 2023, the PNB Digital app had 1,105,231 enrolled users. The bank invested Php145.1 million for PNB Digital App, Php137.6 million for C@shNet Plus and Php389.3million for Investment Banking Sector - Loan Evaluation and Decision System (IBS LEADS) Project.	Employees
Financing Green and Sustainable Businesses and Projects	PNB provides financing or support for sustainable businesses and projects such as food manufacturing, agricultural production, water distribution and supply, energy generation and distribution, construction and operation of tolls roads and bridges, telecommunications infrastructure, construction of green buildings and, health facilities that promote nation building and countryside development. As of the end of 2023, the Bank had an outstanding balance of such loans amounting to Php313 billion.	Stakeholders

Tanduay

Tanduay is committed to enhancing community welfare through various initiatives. In 2023, the company underscored its commitment to community development by donating 26,000 liters of water to Taytay Elementary School, coinciding with the Northern Mindanao Regional Athletic Association (NMRAA) event. This donation is part of Tanduay's broader support for educational and sporting events, promoting youth engagement in sports.

The company's dedication to community welfare extends beyond community events, with various programs to foster environmental stewardship, educational advancement, and emergency response readiness. For this reporting year, the company has also made significant community contributions, including donating essential supplies like alcohol, bottled water, and plastic drums to schools and public offices, enhancing operational support and hygiene practices.

KEY PROGRAMS

PROGRAM NAME	OVERVIEW	BENEFICIARIES
Donation of alcohol bottled water to the OVM, Murcia	Tanduay Distillers, Inc. generously contributed by donating 35 boxes of bottled water to the Office of the Vice Mayor, exemplifying its commitment to community support and hydration initiatives. This act of generosity reflects the company's dedication to fostering positive relationships and making a meaningful impact on the well-being of the local community.	Students and Teachers
Plastic Drums Donation	Tanduay Distillers, Inc. contributed 3 plastic blue drums to Molugan National High School. This thoughtful donation reflects the company's dedication to supporting educational institutions and fostering a positive impact on the local community. Tanduay Distillers, Inc. extended its community support by donating 5 plastic blue drums to the Bureau of Jail Management and Penology (BJMP) in El Salvador. This contribution showcases the company's commitment to social responsibility and its dedication to assisting local institutions in their operational needs. On August 23, 2023, Tanduay Distillers, Inc. donated 10 plastic blue drums to the Philippine National Police (PNP) in Cagayan de Oro.	Teachers and Students of Molugan National High School Personnel of Bureau of Jail Management and Penology (BJMP), El Salvador City PNP CDO employees

Computers Donation	Tanduay Distillers, Inc. made a donation of five (5) computers to Ramon Avanceña High School, aiming to contribute to the advancement of education and technological literacy in support of the school's mission and the development of its students.	Teachers and Students of Ramon Avanceña High School 4 QUALITY EDUCATION
Donation	Tanduay Distillers, Inc. demonstrated its commitment to a cleaner and more sustainable environment by making a generous donation of 10 sets of trash bins and 50 pcs of flyboards to Molugan National High School in El Salvador City on June 15, 2023.	Teachers and Students of Molugan National High School 4 QUALITY EDUCATION
Coastal Clean-Up Drive	Tanduay Distillers, Inc. actively participated in the celebration of World Oceans Day by joining the Department of Environment and Natural Resources - Environmental Management Bureau (DENR-EMB) in a coastal cleanup activity at Barangay Poblacion, El Salvador City on June 8, 2023.	Residents of Barangay Poblacion, El Salvador City 13 CLIMATE ACTION
Multisectoral Clean Up Activity	In celebration of World Water Day 2023, TDI-Cabuyao participated in the Multisectoral Clean-up together with Cabuyao River Protection Advocates (CaRPA) members at Brgy. Baclaran, Cabuyao, Laguna. Thirty (30) sacks of trash consisted mostly of plastic wastes had been collected in the shoreline of Brgy. Baclaran by TDI Team.	Residents of Brgy. Baclaran 6 CLEAN WATER AND SANITATION 13 CLIMATE ACTION
Quarterly Creek Cleaning at Murcia, Negros Occidental	Tanduay Distillers, Inc. Negros Plant has actively participated in the Adopt-An-Estero Program initiated by the Department of Environment and Natural Resources (DENR), affirming its commitment to environmental stewardship. The company is dedicated to cleaning the creek on a quarterly basis, contributing to the preservation and enhancement of local ecosystems.	Residents of Barangay Blumentritt, Murcia 13 CLIMATE ACTION
International Coastal Clean-Up	Tanduay Distillers, Inc. took an active role in the simultaneous clean-up activities held on September 16, 2023 at H2O Hotel, Manila Ocean Park, Roxas Boulevard, City of Manila. We graciously accepted the invitation from the Environmental Management Bureau NCR, aligning our commitment to environmental sustainability, and collaborated with esteemed agencies like DPWH, MMDA, and the local barangay office in celebration of the 2023 International Coastal Cleanup Day.	Employees of Manila Ocean Park 13 CLIMATE ACTION

PROGRAM NAME	OVERVIEW	BENEFICIARIES
Coastal Clean Up At Baseco Beach	Tanduay Distillers, Inc. participated in the event, joining forces with the Environmental Management Bureau NCR, DPWH, MMDA, and the local barangay office for the simultaneous clean-up activities held on March 18, 2023 at Baseco, Brgy. 649, Manila City, in celebration of the 2023 World Water Day.	Residents of Baseco, City of Manila
Adopt-An-Estero Program At El Salvador, Misamis Oriental	Tanduay Distillers, Inc. has actively participated in the Adopt-An-Estero Program initiated by the Department of Environment and Natural Resources (DENR), affirming its commitment to environmental stewardship. The company is dedicated to cleaning the Bolobolo creek on a quarterly basis, contributing to the preservation and enhancement of local ecosystems.	Residents of Purok 7, El Salvador City, Misamis Oriental
Lake Seeding Activity	The Cabuyao Agriculture Office, in collaboration with the City Environment and Natural Resources Office, Tanduay Distillers, Inc., Rotary Club of Cabuyao Circle, Cabuyao BJMP, PNP Maritime, Bantay-Lawa, National Irrigation Administration, Laguna Lake Development Authority, Ginebra San Miguel Inc., Universal Robina Corporation, and Multi-Mix International Manufacturing Corp. has seeded 10,000 pcs of excel black Tilapia Fingerlings in Laguna Lake (Marinig Fishing Port). The said activity is in celebration of the 60th Fish Conservation Week 2023 with a theme of “Masaganang Pangisdaan, Maunlad na Ekonomiya”.	Residents of Marinig, Cabuyao, Laguna

Multisectoral Environmental Community Engagement	With the theme "Maglinis at Mag-aral para sa Kalikasan at Pamayanan", Tanduay Distillers, Inc. – Cabuyao Plant participated in the Multisectoral Environmental Community Engagement together with the Cabuyao River Protection Advocates (CaRPA) members at the Riverside, Brgy. Banlic, Cabuyao, Laguna. Fifty (50) seedlings of marang, rambutan and santol were planted and distributed to the community. Twenty (20) sacks of trash which consist mostly of non-biodegradable wastes were collected by TDI Team. Environment education awareness was also discussed by the CaRPA members to the community.	Residents of Brgy. Banlic, Cabuyao, Laguna
Tree Planting Activity	Tanduay Distillers, Inc. actively participated in a tree-planting activity on June 24, 2023, at Barangay Himaya, El Salvador City, in celebration of National Arbor Day.	Residents of Barangay Himaya, El Salvador City
Fire Prevention Month 2023	Tanduay Distillers, Inc. enthusiastically joined the Bureau of Fire Protection in its Motorcade for the Fire Prevention Month Kick-Off, echoing the theme "Sa Pag-iwas sa Sunog, Hindi ka Nag-iisa!"	Bureau of Fire Protection employees
World Day For Safety And Health At Work	Tanduay Distillers, Inc. actively participated in the World Day for Safety and Health at Work 2023, reinforcing its commitment to ensuring a safe and healthy working environment for its employees.	Tanduay employees
Turnover Of Streetlights	Tanduay Distillers, Inc. proudly facilitated the turnover of 2 streetlights equipped with PEMS (Photovoltaic Energy Management System) to Barangay Sambulawan.	Residents of Barangay Sambulawan

GRI Content Index

Statement of use	LT Group, Inc. has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	None

GRI Standard / Other Source	Disclosure	Location	Omission			GRI Sector Standard Ref. No.
			Requirements (s) Omitted	Reason	Explanation	
General Disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	7				
	2-2 Entities included in the organization's sustainability reporting	1				
	2-3 Reporting period, frequency and contact point	1, 2				
	2-4 Restatements of information	5, 30, 32, 33, 35				
	2-5 External assurance	1				
	2-6 Activities, value chain and other business relationships	9-12, 17, 25				
	2-7 Employees	48-50				
	2-8 Workers who are not employees		2-8-a to 2-8-c	Information unavailable	Collection of this information has not been initiated	
	2-9 Governance structure and composition	21, 25				
	2-10 Nomination and selection of the highest governance body	21				
	2-11 Chair of the highest governance body	21				
	2-12 Role of the highest governance body in overseeing the management of impacts	21				
	2-13 Delegation of responsibility for managing impacts	22-23				
	2-14 Role of the highest governance body in sustainability reporting	22-23				
	2-15 Conflicts of interest	22-23				
	2-16 Communication of critical concerns	22-23				
	2-17 Collective knowledge of the highest governance body	22-23				
	2-18 Evaluation of the performance of the highest governance body	22-23				
	2-19 Remuneration policies	22-23				
	2-20 Process to determine remuneration	22-23				
	2-21 Annual total compensation ratio		2-21-a to 2-21-c	Confidentiality constraints	Owing to the sensitivity of the information, the Company deems the salary of the highest paid individual as confidential. Nevertheless, compensation is based on performance.	
	2-22 Statement on sustainable development strategy	22-23				
	2-23 Policy commitments	45				
	2-24 Embedding policy commitments	45				
	2-25 Processes to remediate negative impacts	45, 48-50				
	2-26 Mechanisms for seeking advice and raising concerns	45				
	2-27 Compliance with laws and regulations	24				
	2-28 Membership associations	13-14				
	2-29 Approach to stakeholder engagement	16				

Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	15, 16	
	3-2 List of material topics	15, 16	
Economic and Governance			
GRI 3: Material Topics 2021	3-3 Management of material topics	18, 37-38	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	18	
	201-2 Financial implications and other risks and opportunities due to climate change	37-38	
GRI 3: Material Topics 2021	3-3 Management of material topics	53-68	
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	53-68	
GRI 3: Material Topics 2021	3-3 Management of material topics	19-20	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	19-20	
	205-3 Confirmed incidents of corruption and actions taken	19-20	
GRI 3: Material Topics 2021	3-3 Management of material topics	25-26	
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	25-26	
Environment			
GRI 3: Material Topics 2021	3-3 Management of material topics	32-33	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	33	
GRI 3: Material Topics 2021	3-3 Management of material topics	35-36	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	35-36	
	303-2 Management of water discharge-related impacts	35-36	
	303-3 Water withdrawal	36	
	303-4 Water discharge	36	
	303-5 Water consumption	36	
GRI 3: Material Topics 2021	3-3 Management of material topics	38	
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	38	
GRI 305: Emissions 2016	3-3 Management of material topics	32-33	
GRI 3: Material Topics 2021	305-1 Direct (Scope 1) GHG emissions	34	
	305-2 Energy indirect (Scope 2) GHG emissions	34	
GRI 3: Material Topics 2021	3-3 Management of material topics	29-30	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	29-30	
	306-2 Management of significant waste-related impacts	29-30	
	306-3 Waste generated	30	
	306-4 Waste diverted from disposal	31	
	306-5 Waste directed to disposal	31	

Employees				
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	50		
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	51		
	401-3 Parental leave	51-52		
GRI 3: Material Topics 2021	3-3 Management of material topics	45-47		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	45-47		
	403-2 Hazard identification, risk assessment, and incident investigation	45-47		
	403-3 Occupational health services	45-47		
	403-4 Worker participation, consultation, and communication on occupational health and safety	45-47		
	403-5 Worker training on occupational health and safety	45-47		
	403-6 Promotion of worker health	45-47		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	45-47		
	403-8 Workers covered by an occupational health and safety management system	100% Employ-ees		
	403-9 Work-related injuries	48		
GRI 3: Material Topics 2021	3-3 Management of material topics	48-49		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	52		
	404-3 Percentage of employees receiving regular performance and career development reviews	100% Employ-ees		
GRI 3: Material Topics 2021	3-3 Management of material topics	45-47		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	45-47		
Customers				
GRI 3: Material Topics 2021	3-3 Management of material topics	41		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	41		
GRI 3: Material Topics 2021	3-3 Management of material topics	39		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	39		
	417-2 Incidents of non-compliance concerning product and service information and labeling	39		
	417-3 Incidents of non-compliance concerning marketing communications	39		
Society				42
GRI 3: Material Topics 20 21	3-3 Management of material topics	53-68		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	53-68		

SASB Content Index

LT Group, Inc. has also prepared this report following the industry-specific ESG guidance framework of SASB Standards Food and Beverage Sector - Alcoholic and Non-Alcoholic Beverages 2018, Infrastructure Sector - Home Builders and Real Estate 2018, and Financials Sector - Commercial Banks 2018. This content index provides an overview of LTG's Environmental, Social, and Governance data that align with these standards. Other SASB codes are omitted due to lack of applicability, confidentiality, or unavailability of data.

Topic	Code	Accounting Metrics	Location/ Response
Food & Beverage Sector - Alcoholic and Non-Alcoholic Beverages			
Energy Management	FB-AB-130a.1 FB-NB-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	33
Water Management	FB-AB-140a.1 FB-NB-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	36
	FB-AB-140a.2 FB-NB-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	35-36
Responsible Drinking & Marketing	FB-AB-270a.1	Percentage of total advertising impressions made on individuals at or above the legal drinking age	Omitted
	FB-AB-270a.2	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	39
	FB-AB-270a.3	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices	39
Product Labeling & Marketing	FB-NB-270a.1	Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines	Omitted
	FB-NB-270a.3	Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes	39
	FB-NB-270a.4	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices	39
Financials Sector - Commercial Banks			
Data Security	FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	43
	FN-CB-230a.2	Description of approach to identifying and addressing data security risks	42

TCFD Content Index

Recommended Disclosures	Location/Response
Governance Disclose the organization's governance around climate-related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	21-23
b) Describe management's role in assessing and managing climate- related risks and opportunities	21-23
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, 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	The organization is actively identifying climate-related risks and opportunities across short, medium, and long-term horizons, emphasizing ongoing progress in this critical area of focus.
b) Describe the impact of climate- related risks and opportunities on the organization's businesses, strategy and financial planning.	The organization is presently engaged in assessing the impact of climate-related risks and opportunities on its businesses, strategy, and financial planning, underscoring the ongoing efforts to integrate sustainability considerations into key operational aspects.
c) Describe the resilience of the organization's strategy, taking into consideration different climate- related scenarios including a 2°C or lower scenario	LT Group is rigorously examining the resilience of its strategy, meticulously factoring in various climate-related scenarios, such as a 2°C or lower trajectory, in accordance with legal frameworks and strategic objectives, thus exemplifying a proactive stance in addressing potential environmental impacts.
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	37-38
b) Describe the organization's processes for managing climate- related risks	37-38
c) Describe how processes for identifying, assessing, and managing climate- related risks are integrated into the organization's overall risk management	37-38
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) Disclose the metrics used by the organization to assess climate- related risks and opportunities in line with its strategy and risk management process	The organization is currently developing the disclosure of metrics utilized to assess climate-related risks and opportunities, ensuring alignment with its overarching strategy and robust risk management processes.
b) Describe the targets used by the organization to manage climate- related risks and opportunities and performance against targets	The organization is in the process of detailing the targets employed to manage climate-related risks and opportunities, along with the ongoing assessment of performance against these targets.

Philippine SEC Sustainability Reporting for Publicly Listed Companies Content Index

DISCLOSURE	SECTION	PAGE No.
Contextual Information	About this Report; About the Theme; Reporting Scope and Boundary; Reporting Approach; Sustainability Reporting Guidelines and Standards; Sustainability Report Feedback; Message from the Chairman; Message from the President; Our Organizational Profile; The LT Group, Inc. logo; Our Business Strategy; Our Corporate Structure; Our Businesses, Markets, and Geographical Reach; Awards and Recognition; Membership in Associations	1-14
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Water consumption within the organization	Resource Efficiency (Water Management)	35-36
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Environmental Compliance		
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SOCIAL		
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Employee data	Labor relations and Skills	50
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Employee training and development	Labor relations and Skills	52
Labor-management relations	Labor relations and Skills	48-49
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Supply Chain Management	Supply Chain Management; Illicit Trade	25-27
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LT Group, Inc.