LT GROUP, INC.

SUSTAINABILITY REPORT 2020

Strengthening Sustainable Foundations

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Message from the Chairman

Working together for the common good is at the core of LT Group, Inc. Whether through small acts or collective action, we understand the immense importance of collaboration and solidarity.

This year was a challenging year. We faced natural calamities, a global pandemic, and a slowing down of the economy. Despite all these, we were also reminded that no amount of challenges can break the Filipino spirit. We also learned that when we work together, we are able to work better.

This is our second sustainability report. We have built on the progress we made last year and remained true to our commitment to sustainability and service to our fellowmen. This is captured by our theme, 'Strengthening Sustainable Foundations'. Through collaborative action, our sustainability efforts create shared value benefiting not just our businesses but, more importantly, the communities we operate in and serve.

The age-old Filipino custom of working together for the common good, *Bayanihan*, is truly alive and well today. In 2020, we collectively rose against numerous challenges and worked together for the common good. Together, we found strength in our solidarity as a people. We found a *bayani* in each other, and we continue with a renewed sense of hope and purpose into the future.

Dr. Lucio C. Tan
Chairman and Chief Executive Officer

Message from the President

The annual meeting of the World Economic Forum (WEF) for 2020 was called ‘The Great Reset’. It centered on the great need for stakeholders to work together in rebuilding the global economy and society through sustainable means following the disruptions caused by the COVID-19 pandemic.

At LT Group, Inc. (LTG), we continue with our efforts to embed sustainability in our businesses. Last year, with the release of our first sustainability report, we were able to get a clearer picture of what we were doing in terms of sustainability and where we wanted to go from there. We recognize the increasingly integral role of sustainability in business and intend that it play an evolving part of our future. Sustainability is a priority and we are doing what we can to strengthen our sustainable foundations.

Building on our success in 2019, our guarded outlook for 2020 allowed us to manage the financial aspect of our businesses positively in spite of some losses driven by the pandemic’s economic impact. Our total revenues this year was at Php114.77 billion. Of this amount, we spent Php102.67 billion on operating costs, employee wages and benefits, payment to government and providers of capital, and community investments.

Our policies and practices across the Group are regularly reviewed and updated to ensure that we effectively embed sustainability and respond to the dynamic needs of our internal and external stakeholders.

In 2020, we saw an overall decrease in our consumption of resources from last year. Our water withdrawal decreased by 16% and our energy consumption by over 8%. Our generation of waste also decreased by over 74%. Although the overall resource reduction in our operations was due to pandemic-led restrictions, we are picking up on the lessons learned from this experience to strengthen our drive to decrease our consumption of resources and generation of waste. We understand the value this would bring to our businesses as well as the positive impact this could create in our environment and society.

This year, we are proud to have provided continuous employment as we saw an increase of over 6% in our workforce. We do our best to provide stability to our employees: job security and a safe, healthy workplace. We have implemented alternative work arrangements for our employees in response to the pandemic, and we are looking at ways to incorporate such in our regular work arrangements moving forward. We also value gender balance and protect workers’ rights so that all our employees have equitable access to opportunities for success, regardless of gender or affiliation.

Our commitment to sustainability is not limited by the confines of our business operations. Part of our goal in this sustainability journey is to maximize our positive impact in society. As a Group, we remain committed to doing what we can to help improve people’s way of living. We continue to provide scholarships to deserving students, livelihood programs and support for local farmers, and relief operations for victims of calamities.

A highlight this year is our response to the COVID-19 pandemic. We launched a Group-wide campaign and mobilized resources to help fight and control the spread of the virus. LTG, our subsidiaries, and corporate social responsibility arm worked with partners in government and the non-profit sector to bring much needed aid and equipment to medical, military and police frontliners, local government units, public hospitals, and communities of individuals and families. Through our collective efforts, we were able to help increase the country's COVID-19 testing capacity by donating one (1) biomolecular laboratory with a daily capacity of 4,000 tests. This fully equipped laboratory also has capabilities to detect other diseases including Cancer, Hepatitis, Malaria, HIV, Tuberculosis, and Zika, among others. We were also able to donate ten (10) Polymerase Chain Reaction (PCR) machines, 30 Bi-level Positive Airway Pressure (BiPAP) and 51 ventilator machines, two (2) ambulances, and one (1) X-ray machine to public healthcare facilities throughout the country. We donated over 1 million sets of personal protective equipment (PPE), over 400,000 liters of rubbing alcohol, 504 infrared thermometers, and 6 thermal scanners alongside 364,175 relief food packs, over 600,000 liters of bottled water and beverages, and 339,206 kilograms of rice, among others. Our efforts to help curb the pandemic is still ongoing and continues to remain strong.

Despite all the challenges we faced this year, we remain steadfast in our commitment to sustainability and service to society. We believe in collaborating and finding solutions for the common good.

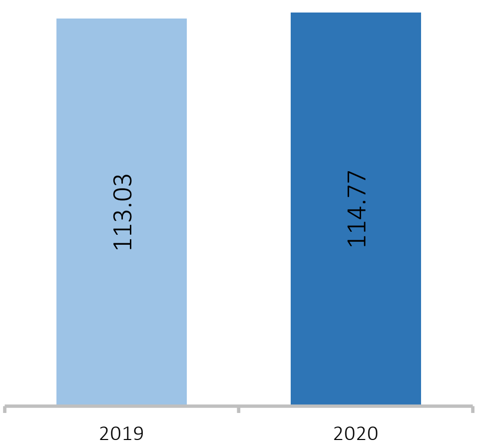
Our journey to sustainability is an unfolding process and we look to a new year with a fresh sense of purpose and commitment to doing what is right, what is good, and what is sustainable.

Michael G. Tan
President and Chief Operating Officer

2020 Highlights

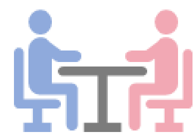
Economics and Governance

Direct economic value generated
in billion Pesos



Gender balance
LTG Board of Directors

55%



45%

Male

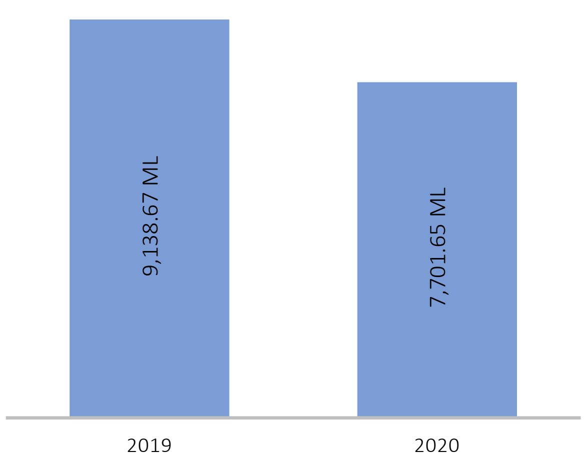
Female

100%

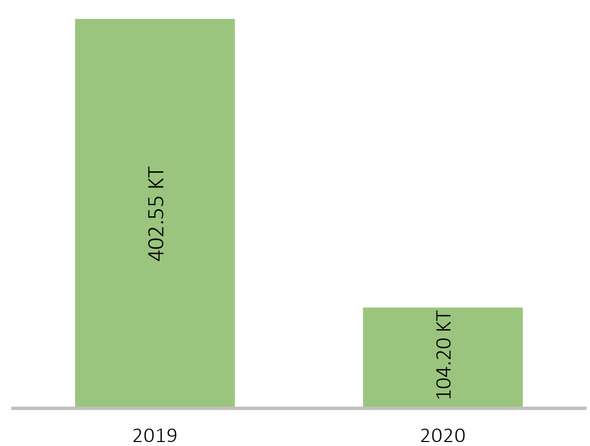
of our employees, business partners and governance body members know of our anti-corruption policies

Environment

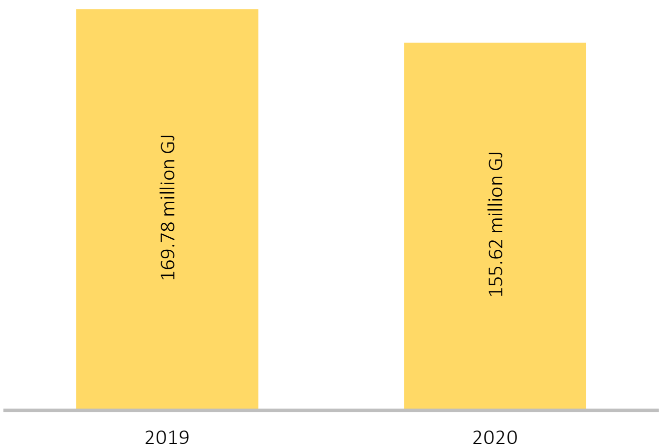
Water withdrawal
in megaliters (ML)



Waste generated and disposed
in kilotons (KT)



Overall energy consumption
in gigajoules (GJ)

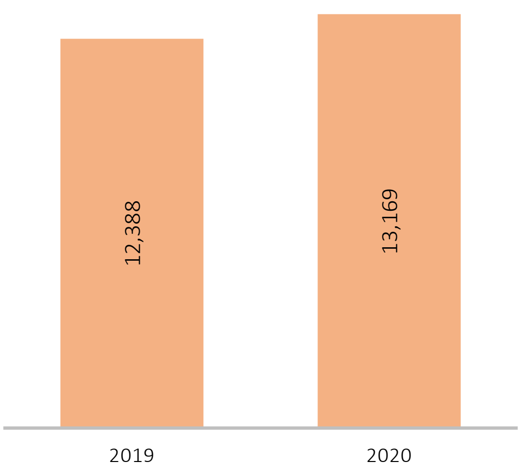


84,675

tree seedlings planted

Employees

Total employee workforce



Gender balance
Total employee workforce

47% Male

53% Female

39%

of our employees are covered by a Collective Bargaining Agreement

Society

2,000+

scholars across all scholarship programs since 1998

2,000+

family beneficiaries of relief operations during the Taal Volcano eruption, the Davao earthquake and other calamities

Anti COVID-19 Campaign

1

biomolecular laboratory donated

10

polymerase chain reaction (PCR) machines donated

2

ambulances donated

81

bi-level positive airway pressure (BiPAP) and ventilator machines donated

1

X-ray machine donated

1 million+

sets of personal protective equipment (PPE) and other equipment distributed

400,000+

liters of rubbing alcohol distributed

510

infrared thermometers and thermal scanners distributed

600,000+

liters of bottled water and beverages donated

364,175

relief food packs distributed

339,206

kilograms of rice distributed

Our Business Strategy

Our Long-term Strategic Objectives

Vision

To be a world-class conglomerate at the forefront of Philippine economic growth, successfully maintaining a strong presence and dominant position in key Philippine industries while ensuring continuous benefits to its consumers, communities, employees, business partners and shareholders.

Mission

Anchored to its Vision, the LT Group, Inc. commits:

- To increase stockholder values through long-term growth in its major business groups.
- To continuously improve the value of its products and services and to provide consumers with more and better choices.
- To build the largest, most effective distribution network and widest customer reach in the Philippines.
- To leverage on synergies between its various businesses to continuously improve revenues and cost structure.
- To enhance the welfare of our employees and the communities where we live and work.

The Vision and Mission Statements are reviewed and approved annually by the Board of Directors. The latest reviews were on January 17, 2020 and February 9, 2021.

The LT Group, Inc. logo

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

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

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

Our Organizational Profile

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

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

As of December 31, 2020, LTG is 74.36%-owned by its ultimate parent company, Tangent, which is also incorporated in the Philippines.

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

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

Our Businesses

Beverages

Asia Brewery, Inc. (Asia Brewery) began operating as a beer company in 1982 with the inauguration of its first brewery in Cabuyao, Laguna. It has since diversified to become one of the largest beverage groups in the country offering non-alcoholic beverages and packaging materials. Asia Brewery has leading brands in several categories which include Cobra (energy drink), Absolute and Summit (bottled water), and Vitamilk (soymilk).

Property Development

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

Tobacco

In 2010, Philip Morris Philippines Manufacturing Inc. (PMPMI) and Fortune Tobacco Corporation (FTC) entered into an agreement to combine their businesses and formed PMFTC Inc. (PMFTC). PMPMI traces its roots from the licensing agreement entered into by Philip Morris International with La Suerte Cigar and Cigarette Factory to manufacture and sell Marlboro in 1955. Meanwhile, FTC was established in 1965 by Dr. Lucio C. Tan to produce cigarettes for the Philippine market. FTC achieved market success early on and was responsible for introducing some of the most successful local cigarette brands in the Philippines, including the Fortune, Champion and Hope menthol brands. Prior to the creation of PMFTC, FTC was the largest domestic tobacco company in the Philippines.

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

Banking

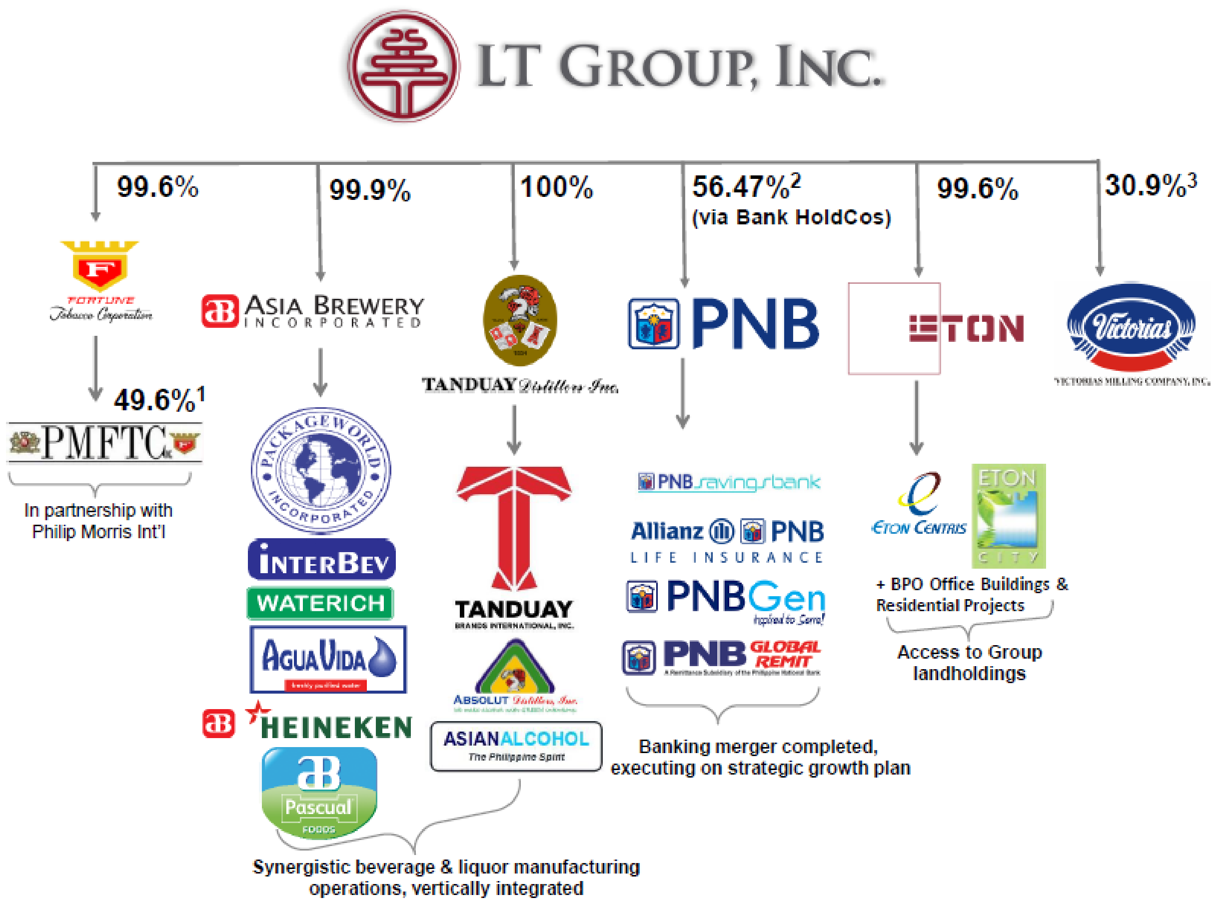
Philippine National Bank (PNB), the country's first universal bank, is one of the largest privately-owned Philippine commercial banks. PNB was established by the Government of the Philippines in 1916 and became fully privatized in 2007. As an instrument of economic development, PNB led the industry through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

Distilled Spirits

Tanduay Distillers, Inc. (Tanduay) is a leading distilled spirits producer in the Philippines which started in 1854. Tanduay produces rum as well as other distilled spirits. The brand and assets of Tanduay Distillery, Inc. were acquired by Dr. Lucio Tan in 1988 from Elizalde & Company, Inc. In 2018 and 2019, Tanduay was named by Drinks International as the World's Number One Rum based on sales volume.

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

Our Corporate Structure



[1] Owns 50% less 1 share

[2] Voting control at 59.83%

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

Our Markets and Geographical Reach

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

LT Group, Inc.

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

Asia Brewery, Inc.

Asia Brewery markets, sells and distributes its products throughout the Philippines through 13 exclusive major distributors. Asia Brewery's exclusive distributors have a network of 44 sales offices, 28 warehouses and 29 depots. This extensive network assures product availability to Asia Brewery consumers and also provides the business with an expeditious nationwide placement of new products. Asia Brewery's products are transported to distributors' warehouses by third-party transportation companies, with the costs for the account of such distributors. Asia Brewery, through its subsidiary Asia Pacific Beverages Pte Ltd., also has operations in Myanmar.

Eton Properties Philippines, Inc.

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

Philippine National Bank

The Bank provides a full range of banking and other financial services to its customers through its Head Office, 716 domestic branches/offices, and 70 overseas branches, representative offices, remittance centers, and subsidiaries in 17 locations in the United States, Canada, Europe, the Middle East, and Asia.

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

Tanduay Distillers, Inc.

Tanduay serves more than 215,000 points of sale throughout the Philippines through 10 exclusive distributors, who in turn work with a large number of sub-distributors. Tanduay has generally maintained good business relationships with its distributors since 1988. Tanduay's distributors operate 48 sales offices and 84 warehouses located throughout the Philippines. Tanduay through Tanduay Brands International, Inc. employs in-house sales staff who provide marketing and general administrative support to Tanduay's distributors. Tanduay's products are transported from the production facilities to distributors' warehouses by third-party transportation companies for the account of the distributors.

In 2019, Tanduay was noted to have 99% market share of rum in the Philippines and 28.8% in the distilled spirits industry. Tanduay Rhum has also been ranked as the number one rum in the world in terms of volume by Drinks International.

Governance

Corporate Governance

The Group has four (4) Committees which assist the Board of Directors in its oversight function over LTG and its subsidiaries namely, the Audit and Risk Management Committee, the Executive Committee, the Nomination and Compensation Committee, and the Corporate Governance Committee. Each Committee was created for a specific purpose and is tasked to oversee the necessary details in the operations of the Group including compliance with its principles of good governance.

The Company's Audit and Risk Management Committee is composed of five (5) Directors with Mr. Johnip G. Cua as Chairman and Ms. Juanita T. Tan Lee, Ms. Florencia G. Tarriela, Mr. Wilfrido E. Sanchez, and Ms. Mary G. Ng as its members. Out of the five (5) Committee members, four (4), including the Chairman, are Independent Directors. It was created to assist the Board in the fulfilment of its oversight responsibilities over the financial reporting process, the system of internal control, the management of financial and non-financial risks, the audit process, and the Group's process for monitoring compliance with laws and regulations including related party transactions.

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

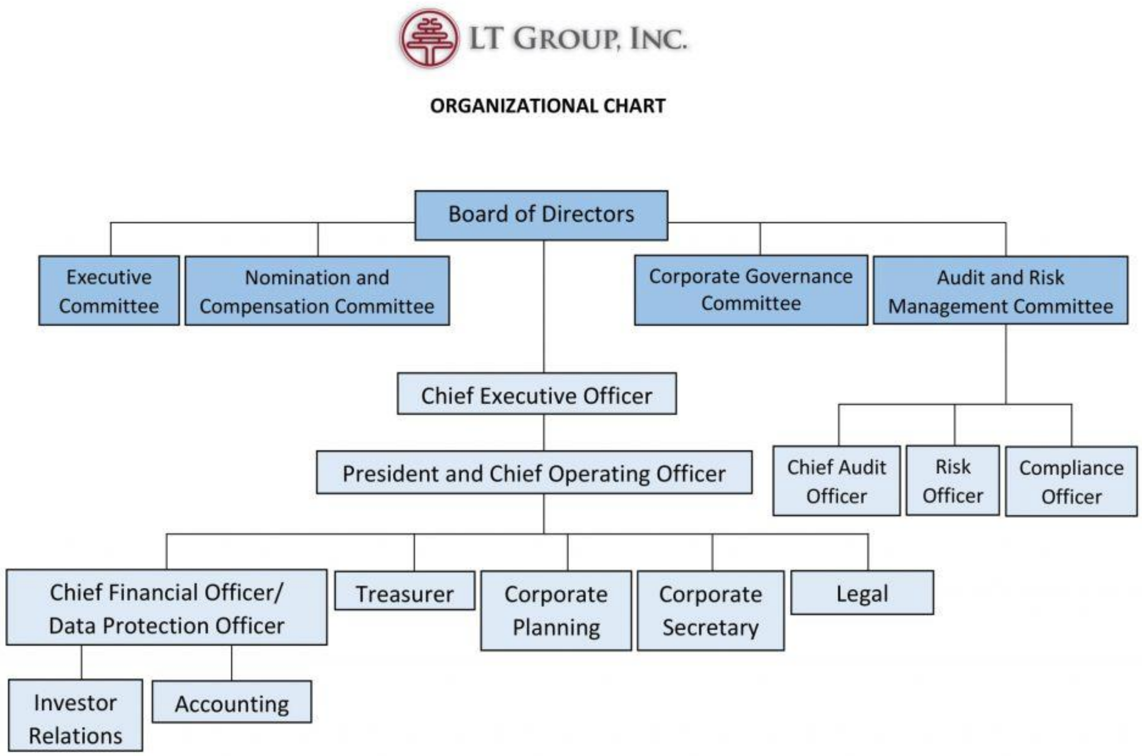
The Group's Nomination and Compensation Committee is composed of five (5) Directors with Dr. Lucio C. Tan as Chairman and Mr. Harry C. Tan, Mr. Michael G. Tan, Ms. Juanita T. Tan Lee, and Mr. Wilfrido E. Sanchez as its members. The Committee meets at least once a year in compliance with its charter for purposes of ensuring a formal and transparent Board nomination process in selecting, compensating, monitoring, and, when necessary, replacing key executives as well as overseeing succession planning.

The Group believes that good corporate governance is vital in its pursuit of becoming a world-class conglomerate, able to stay "at the forefront of the Philippine economic growth and successfully maintaining a strong presence and dominant position in key Philippine industries while ensuring continuous benefits to its consumers, communities, employees, business partners and shareholders." To do so, it has created a Corporate Governance Committee composed of five (5) Directors with Ms. Florencia G. Tarriela as its Chairman and Mr. Michael G. Tan, Ms. Juanita T. Tan Lee, Mr. Johnip G. Cua, and Mr. Wilfrido E. Sanchez as its members.

The Committee was created to oversee the periodic performance evaluation of the Board, its committees, and the executive management, among others. It makes sure, through these periodic evaluations, that a Director is capable of fulfilling and has been adequately carrying out his/her duties and responsibilities as such. Pursuant to the Group's Revised Manual on Corporate Governance, the Committee meets at least twice a year or as often as may be necessary.

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

Organizational Chart



Supply Chain Management

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

Asia Brewery, Inc.

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

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

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

Eton Properties Philippines, Inc.

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

Philippine National Bank

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

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

Tanduay Distillers, Inc.

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

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

Membership of Associations

Asia Brewery, Inc.

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

Eton Properties Philippines, Inc.

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

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

Philippine National Bank

PNB has the following industry memberships: Integrated Bar of the Philippines; Bankers Association of the Philippines; Association of Certified Fraud Examiners; ACI Philippines, The Financial Markets Association, Inc.; Association of Certified Public Accountant 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; Bank Marketing Association of the Philippines; British Chamber; Bank Security Management Association; 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; Institute of Corporate Directors, Inc.; Institute of Internal Auditors of the Philippines, Japanese Chamber; Korean Chamber; Information Systems, Audit and Control Association; Makati Commercial Estate Association, Inc.; Management Association of the Philippines; Money Market Association of the Philippines, Inc.; Philippine Association of National Advertisers, Inc.; Philippine Chamber of Commerce and Industries, Inc.; People Management Association of the Philippines; Mabuhay Miles; Philippine Business Coalition for Women Empowerment; Philippine Payments Management, Inc.; Public

Relations Society of the Philippines; Rotary Club; Tax Management Association of the Philippines; Trust Officers Association of the Philippines; Women's Business World.

Tanduay Distillers, Inc.

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

About this Report

Reporting Scope and Boundary

We believe in the importance and urgency of embedding sustainability in our business. Last year, we took a bold step of beginning our sustainability reporting journey. This is our second sustainability report featuring our sustainability performance as of and for the year ended December 31, 2020, unless otherwise indicated. The information presented herein complements the information in our Annual Report for the same period.

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

Our businesses cover a wide range of industries including beverages, property development, tobacco, banking, and distilled spirits. As such, differences may be observed in terms of material topics and context. To enable the reader to get a better understanding of our big picture, we have consolidated our common material topics for the Group and have also provided a separate listing for unique material topics per subsidiary.

All financial data and general information about the business found in this report have been disclosed in our 2020 Annual Report. No external assurance has been sought for the non-financial disclosures presented in this report. We have however conducted internal review and verification procedures to ensure the accuracy of non-financial information presented in this report.

Economic Performance Boundary

The economic performance data presented in this report is from the consolidated financial statements as of and for the year ended December 31, 2020 covering LTG, as the parent company, and all its subsidiaries and associates operating in the Philippines and abroad. For more information, please refer to the 2020 LTG Annual Report.

Reporting Approach

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

Sustainability Reporting Guidelines and Standards

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

Stakeholder Engagement Mechanisms

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

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

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

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

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

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

Sustainability Report Feedback

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

Our Approach to Materiality

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

Scan

- Global standards, issues and mega trends that affect the industries we are engaged in
- Regulatory requirements
- Material topics identified by our peers
- Media coverage around the Group and potential material topics identified
- Review of internal policies and board papers identifying potential material topics

Prioritize

- Collected data analyzed quantitatively and qualitatively
- List of identified potential material topics voted according to order of importance to stakeholders and impact on and of the business

Validate

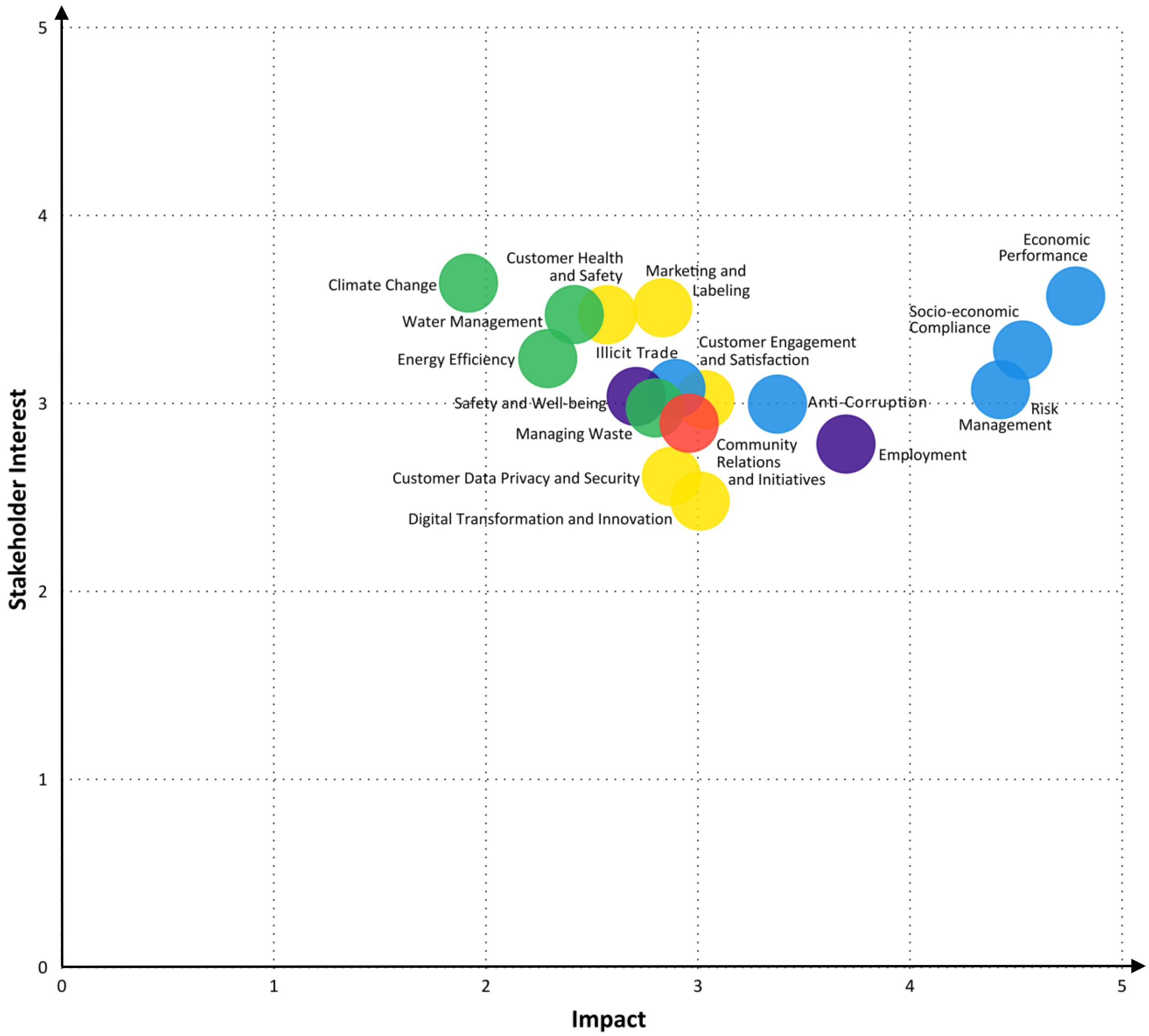
- Meeting and discussion with key management executives on prioritized material topics to see alignment with group strategy

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

For 2020, after a series of discussions and consultations with key Management Officers, the same 17 material topics remain to be the most important to the Group and our stakeholders.

Materiality Matrix

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



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

Our Key Material Topics

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

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

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

Unique Material Topics across Subsidiaries

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

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

Our Strategy and Performance

In the following sections, you will find out more about our sustainability journey in 2020. The disclosures have been divided into five categories: Economics and Governance, Environment, Employees, Customers and Society – with the corresponding key material topics contained therein.

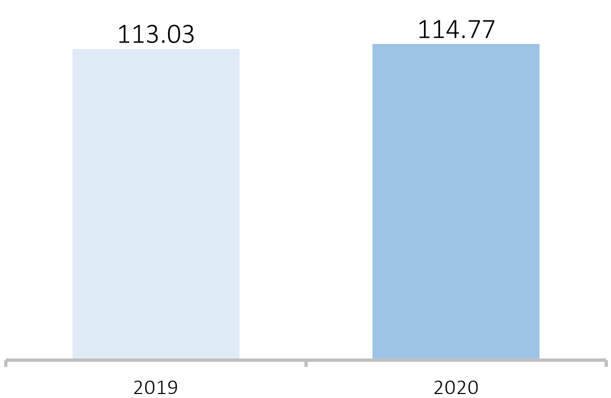
Economics and Governance

Economic Performance

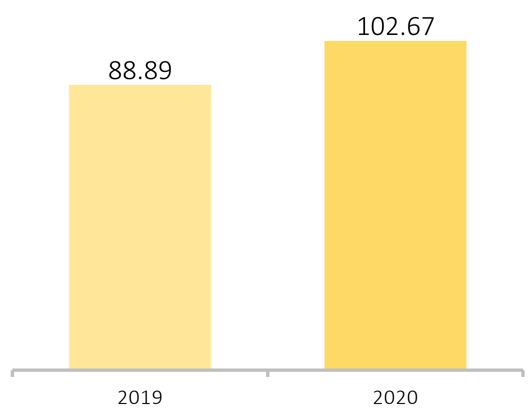
We maintained a guarded outlook this year to ensure the viability of our businesses amidst the economic consequences of the COVID-19 pandemic. Our strong foundation in 2019 helped us to remain resilient in navigating through 2020 and our mission to shared value creation and long-term growth is firm.

For 2020, we reported total economic value generation at Php114.77 billion, a slight increase of 1.54% compared to last year. Our total direct economic value distribution is at Php102.67 billion, an increase of 15.51%. Of this value, Php46.87 billion went to operating costs, Php12.29 billion to employee wages and benefits, Php20.84 billion for payments to government, Php22.57 billion for payments to providers of capital, and Php0.097 billion in community investments. As of the end of the current reporting period, the economic value retained is at Php12.09 billion.

Direct economic value generated
in billion Pesos



Direct economic value distributed
in billion Pesos



Direct economic value distributed (in Pesos)		
	2019	2020
Operating costs	39,525,175,222.34	46,868,358,299.45
Employee wages and benefits	11,355,563,625.72	12,294,976,981.91
Payments to government	15,444,345,059.13	20,844,610,731.79
Payments to providers of capital	22,473,831,107.24	22,568,583,390.55
Community investments	88,926,713.08	97,332,438.72
Total direct economic value distributed	**88,887,841,727.51**	**102,673,861,842.42**
Total economic value generated	113,025,097,439.59	114,766,428,692.40
Economic value retained	24,137,255,712.08	12,092,566,849.98

Socioeconomic Compliance

As the Group values compliance with socioeconomic laws and regulations, we understand the importance of timely and efficient compliance in nurturing confidence and trust among our stakeholders at the same being a 'force for good' in nation-building. We strive to go beyond compliance and take swift action if and when compliance issues arise.

Our LTG Board of Directors and the respective Committees that the Members of the Board belong to—Executive, Nomination and Compensation, Audit and Risk Management, and Corporate Governance—are responsible for the regular review and oversight of the policies we implement across the Group. Compliance matters are primarily tackled by our Corporate Governance Committee who, together with our Compliance Officer and Corporate Secretary, ensures that we are able to consistently comply with all conditions set by Philippine regulatory bodies and legislation, as well as international standards. Our Manual on Corporate Governance, which contains our Code of Business Conduct and Ethics, mandates that all personnel, regardless of rank or seniority, abide by all government laws, rules and regulations. This is cascaded on to our employees as part of onboarding for new employees, refresher courses for current employees, and is readily available on our corporate website for easy reference.

When reporting to regulatory bodies, we ensure strict and timely compliance with the requirements set by the SEC, the PSE and the Bureau of Internal Revenue (BIR), among others. The integrity and accuracy of our filings is vetted by a thorough review process. We do our best to avoid penalties due to late submissions by filing documents on or before the deadline. After submission, we look at best practices to replicate and evaluate areas that can be improved and learned from in our reporting practice so that the next reporting cycle is more efficient. We also take immediate action to effect corrective measures that come from regulators on possible issues and concerns.

In compliance with the SEC recommendations on good governance as provided for in the Integrated Annual Corporate Governance Report, we conducted our annual performance self-assessment for Members of the Board and key Management Officers this year covering both 2019 and 2020. This allowed us to see how effective our current corporate governance mechanism is, to assess the Group's efficiency to meet compliance requirements, and to come up with solutions to improve weak areas.

This year, in compliance with Bangko Sentral ng Pilipinas (BSP) Circular no. 1085, Series of 2020 directing all local banks to integrate sustainability principles in their business and operations, PNB created its own Sustainability Policy and a Three-Year Sustainability Transition Plan (2021-2023). The Bank has laid a robust foundation to enhance its compliance with socioeconomic policies with a strong emphasis on addressing environmental and social regulations. Part of the implementing activities of the Policy and Transition Plan will be to (a) identify, assess and create an inventory of environmental, social and governance (ESG) related laws and policies in areas or communities where the Bank has presence whether locally or abroad; (b) develop and implement policies and controls to detect potential compliance issues regarding environmental and social regulations and laws; and (c) regularly report to the Corporate Governance and Sustainability Committee of the Bank any violations and fines related to environmental and social regulations.

In 2020, we noted no major incident of non-compliance with laws and regulations in the social and economic areas. Major and minor non-compliance issues are dealt with immediately for resolution through the appropriate channels. In the next reporting period, we commit to ensure that no incidents of non-compliance are recorded and that any incident that may arise is resolved immediately.

Risk Management

Risk management is an important element of our business. Effective risk management is a tool for success and we use it to our advantage by ensuring that our risk management systems remain relevant and dynamic. It allows us to proactively identify and manage risks that could impact how we create value for our stakeholders and foster sustainability.

Across the Group, our Enterprise Risk Management (ERM) System enables us to mitigate risks in security, operations, reputation, compliance, fraud, law, disaster recovery, among others. Based on the Enterprise Risk Management - Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), our ERM System is regularly updated to address emerging risks coming from volatile market conditions and the ever-changing business landscape. Our Chief Risk Officer is responsible for overseeing risks including continued compliance with SEC regulations on the implementation of risk management activities. We also conduct Internal Audit activities to our ERM System and its implementation as part of our 3-year risk-based audit cycle.

In preparing Eton's ERM framework and system, risk awareness and identification activities were conducted this year. Correspondingly, the implementation of ERM is expected after careful study and planning. This will be led by Eton's Chief Risk Officer who is also tasked to monitor and develop plans on risk management operations and activities, with oversight function by Eton's Audit and Risk Management Committee.

The Risk Oversight Committee (ROC) of PNB is the highest governing body with risk management function in the Bank. It is comprised of designated members of the PNB Board of Directors who oversee the execution of the Bank's ERM Framework aligned with the risk governance framework and the three lines-of-defense model as well as local regulatory requirements and international standards. The ROC meets monthly and looks into the Bank's constantly changing risk profile based on material risks defined in the PNB's Internal Capital Adequacy Assessment Process (ICAAP) document. Supporting the ROC is the Risk Management Group (RMG) who is responsible for implementing and operationalizing the ERM Framework. Approved by the Board in early 2020, the Management Risk Committee (MRC) was created as a forum ensuring that the Bank's Enterprise Risk Management Framework (ERMF) is operationalized and that Senior Management has an enterprise-level view of all material risks and that risk-mitigating actions are properly determined and effectively executed. Mainly composed of the Bank's Sector and Group heads, the MRC will be responsible for reviewing and monitoring enterprise level risks and assessing risk responses proposed or taken by the relevant risk owner, and for providing inputs to the ERMF process. The committee shall periodically assess that the Bank's risk appetite statements are aligned with the business strategy and the overall objectives. The RMG ensures consistent risk management and monitoring by directly engaging with all levels across the Bank's business and support groups. This includes the regular conduct of training activities and learning sessions that adequately equip personnel on the Bank's risk management policies and practices. As part of onboarding for new employees, the RMG conducts a bimonthly training on business continuity, data privacy awareness, operational risk, and ICAAP during the New Employees Orientation Program. Existing employees in both domestic and overseas branches annually undergo the Risk Education and Awareness Program which includes trainings on business continuity, data privacy awareness, trust risk, credit risk, market risk, operational risk and ICAAP. The RMG maintains a database of employees who have attended and have yet to attend these trainings. In April 2020, the ROC, supported by other internal stakeholders in the Bank, conducted its annual review of PNB's ERM Framework. Notes from both regulatory bodies and Internal Audit were incorporated resulting to updates in monitoring mechanisms for risks related to the market, operations and reputation. An exciting development this year is our ongoing work in creating the Bank's Sustainability Finance Framework (SFF). The SFF will embed ESG risk in our due diligence and risk management activities, observing a precautionary approach to financing prospective clients and projects that have a likelihood of causing environmental degradation. This is a bold but necessary step that the Bank is taking to ensure that sustainability is integrated into the future of banking in the Group. For a full description of PNB's ERM System and Sustainable Finance Framework, please refer to the 2020 PNB Annual Report.

Anti-Corruption

Understanding the negative effects of corruption on our business and our stakeholders, we continue to stand by our strong commitment to fair and equitable business practices. We ensure that we do not engage in activities that foster corruption by having measures in place to counter it including robust policies and regular trainings of our employees.

100%

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

Our Code of Business Conduct and Ethics is our Group-wide policy against corruption. Approved by our Board and aligned to the standards set by the SEC, it is observed across all our subsidiaries and guarantees that any act of bribery or corruption with government officials in order to facilitate transactions or obtain favors are not condoned. The Code further ensures that all our Directors, Officers, and employees comply with all government rules, laws, and regulations, and conduct themselves in a way that avoids conflicts of interest. Our Board conducts regular reviews of the Code to ensure its continued relevance and implements updates in a timely manner.

To supplement the Code, we have a Group-wide Whistle-Blower Policy and Non-Retaliation Policy in place. Any suspected incidents of corruption may be reported through our established reporting channels and are treated with utmost confidentiality with a safeguard against retaliation. The Code provides that employees may report suspected corruption to their immediate supervisor who shall determine the existence of reasonable ground to escalate the matter. Directors and Officers shall report suspected and/or verified cases of corruption to the Chairman of the Corporate Governance Committee who, alongside the Committee, metes out appropriate sanctions. Alternatively, employees may also anonymously report unethical and corrupt activities.

Reinforcing our Group-wide action against corruption are our subsidiaries' own policies that complement the Group's Code. Asia Brewery, Eton, PNB and Tanduay have their own Code of Conduct and Ethics. Asia Brewery, apart from its own Code of Conduct, maintains a Labor Management Council and a Committee on Right Ethics (CORE) which help manage cases of misconduct and corruption. Eton's Code of Ethics contains a no-gift policy, as well as anti-bribery and anti-corruption. PNB maintains a Policy on Soliciting and Receiving Gifts and a Policy on Office Decorum, which includes anti-bribery and anti-corruption provisions. In September 2020, PNB adopted a new Whistleblower Policy where it outlines the responsibility of all directors, senior officers, and employees to report suspected or actual occurrence of fraud, misconduct, and/or violation of any law, rule or policy. Tanduay has a Conflict of Interest Policy, aside from its own Corporate Code of Conduct.

To ensure that new and existing employees are aware of our policies on anti-corruption and ethical behavior, we conduct regular information sessions either as part of employee onboarding or as a refresher course. All our policies are available on our corporate websites for easy reference. As in the previous year, our anti-corruption policies and related procedures have been communicated to 100% of all our employees, business partners and governance body members while 26% of our employees and 21% of our governance body members have received anti-corruption training. Next year, we hope to expand the reach of our training to include more employees, governance body members and business partners.

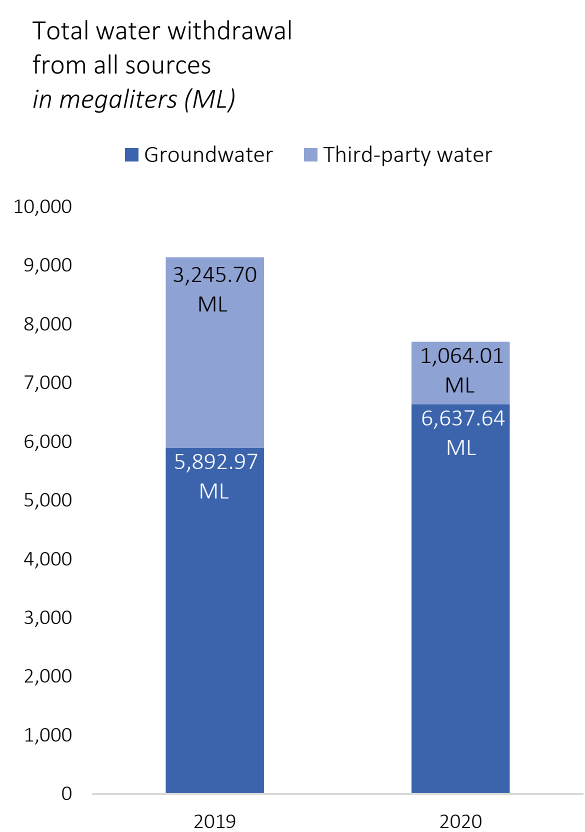
Our strong commitment and drive against corruption has enabled us to maintain our record of zero reported cases of suspected and actual corruption for the current reporting period. We commit to maintain this record and reinforce our campaign to weed out corruption and promote ethical behavior in 2021.

Environment

Water Management

Water is one of our most important resources on the planet. Despite being renewable, it is finite and water scarcity is one of most serious issues today. Understanding the value of water and its importance to quality of life, we enforce strict compliance with regulation related to water consumption and management alongside measures we have instituted to help us manage our impact to water resources.

Our primary water source at Asia Brewery is groundwater. We observe sustainable water withdrawal practices and strict monitoring of our water consumption and wastewater management through our Water Treatment Process and Wastewater Treatment Process. We ensure that all our deep wells have the necessary permits for installation and maintenance, and that we submit timely reports to regulators. We observe strict compliance with the Water Code of the Philippines and other regulations set by the National Water Resources Board, the Department of Environment and Natural Resources (DENR), the Laguna Lake Development Authority (LLDA) and other regulatory bodies as well as industry standards set by the International Bottled Water Association (IBWA). We also partner with different non-government organizations (NGOs) including the World Wide Fund for Nature (WWF) in a partnership that works with government and businesses to help improve water management and the protection of watersheds.



We source our water at Eton primarily through third-party water distributors with a small percentage from groundwater sources. 70% of our properties have a Sewage Treatment Plant (STP) that treats wastewater before being discharged to the respective municipal drainage systems where our properties are located. Our building engineers use a daily checklist monitor to manage all water-related concerns and impacts. We commit to comply with all policies and procedures set by DENR and other government agencies. We continue to enhance our water conservation campaign among our property tenants and residents by sending out advisories reminding them to check for leaking faucets and showerheads, and to turn them off when not in use.

PNB sources its water from third-party water distributors. Our head office in Pasay maintains its own STP and treats its wastewater prior to discharge on to Manila Bay in strict compliance with the parameters set by DENR and LLDA. The wastewater from our Makati offices on the other hand are discharged on to the sewerage system of our third-party water services provider and treated at their STP. We conduct regular monitoring and maintenance activities of our water supply and distribution system alongside implementing water saving measures like adjusting the flushing mechanisms of our water toilets to use less water and replacing leaking faucets and water valves. At our STP in Pasay, we are currently planning to use the effluent for our cooling towers and to water the plants.

Tanduay's primary source of water is groundwater through deep wells. Our Water Resource Management Toolkit helps us ensure our operational compliance with regulations set by NWRB. We monitor all points-of-use and report to regulators on a monthly basis our water consumption and ensure that we do not go beyond our allocated consumption volume. We are currently studying plans to re-lay out and expose our deep well extraction pipes to reduce leakages and unnecessary water wastage. We ensure that our effluent is compliant with the standards set by DENR. At Absolut Distillers, Inc. (ADI), a subsidiary of Tanduay, we have a Biomethanated Spent Wash Evaporation Plant that allows us to lessen our distillery effluent by 80% and product condensate from the remaining 20% reused back into the fermentation process. Our distillery effluent is also distributed to farmers for free and used as fertilizer. We partner with government and NGOs like DENR and the Cabuyao River Protection Advocates to improve and protect the water quality of receiving water bodies. We regularly participate in DENR's flagship Adopt-an-Estero/Water Body Program where we have adopted Cabuyao River in Cabuyao, Laguna, Palico-Lian River in Batangas, and Cabungan-an Creek in Murcia, Negros Occidental. We also regularly conduct river and creek clean-up activities, trash catchment mechanism installations, and community education campaigns.

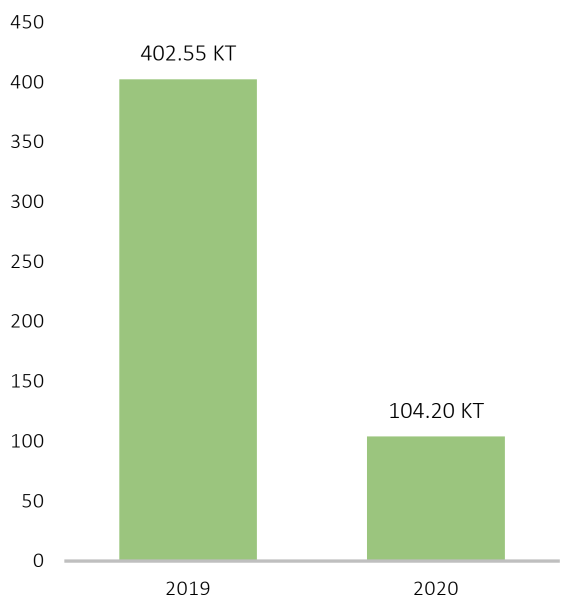
In 2020, our total water withdrawal is 7,701.65 megaliters (ML) where 6,637.64 ML is from groundwater sources and 1,064.01 ML is from third-party water suppliers. Despite an overall 16% decrease in our water consumption compared to 2019, some areas of our business experienced high rates of production activity accounting for the 13% increase in our use of groundwater. The 67% decrease in our use of water from our third-party water providers was due to the COVID-19 pandemic and the temporary closure of our offices during the lockdowns, and the implementation of work-from-home and alternative work schedule arrangements.

Managing Waste

Our efforts to finding solutions for climate change include the efficient management of the waste we generate. We have Group-wide programs that help us lessen our waste, and measures that ensure we dispose of our waste in ways that do not cause harm to the environment.

Across the Group, we reduce waste by promoting the use of electronic means to transmit internal communication as well as two-sided printing and repurposing scratch paper for second use. We observe proper waste segregation and comply with all laws and regulations set by DENR. Waste from LTG is handled by the building management where LTG is a tenant while waste from our subsidiaries is primarily handled by third-party contractors that have been accredited by DENR to handle hazardous and non-hazardous wastes. Asia Brewery's Environment, Health & Safety Policy and Eton's Solid Waste Management document ensure efficient waste management practices at our beverages and property development businesses, respectively. At our PNB Makati Center, we are currently planning to construct a Materials Recovery Facility (MRF) which will help us implement solid waste segregation thoroughly. Our Solid Waste Management Plan at Tanduay helps us manage and control solid waste from our operations in strict compliance with the conditions set by our Environmental Compliance Certificate (ECC).

Hazardous and non-hazardous waste generated
in kilotons (KT)



Hazardous and Non-Hazardous Waste by Disposal Method (in kilotons)		
Waste disposal method	2019	2020
Hazardous waste		
Deep well injection	-	0.1490
Incineration	-	0.0003
Landfill	-	0.0049
On-site storage	0.0201	0.0060
Other (hauled by third-party contractor)	0.0243	-
Recovery	0.0048	0.0018
Recycling	0.0032	0.0312
Total hazardous waste disposed	0.0524	0.1932
Non-hazardous waste		
Landfill	388.43	98.84
On-site storage	0.000734	0.00002
Other (hauled by third-party contractor)	10.35	2.91
Recycling	3.72	2.26
Total non-hazardous waste disposed	402.50	104.01
Total of all waste disposed	402.55	104.20

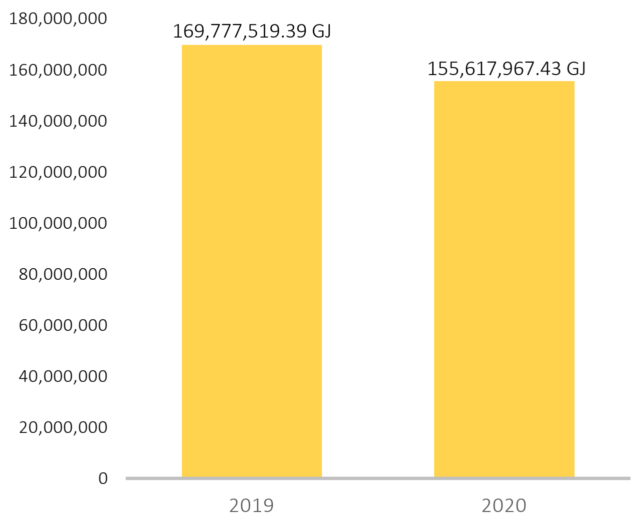
In 2020, we noted a 74% decrease in the waste we generated and disposed totaling to 104.20 kilotons (KT)—0.19 KT of hazardous waste and 104.01 KT of non-hazardous waste. We also disposed of 68 pieces of used lead acid batteries (with 0.50 metric tons from PNB) through our accredited third-party service providers. The overall decrease in waste we generated this year was due to the effects of the COVID-19 pandemic and its impact to our business operations. We noted zero incidents of non-compliance with regulations on waste management and aim to maintain this for the next reporting period.

Energy Efficiency

We continue to promote energy efficiency throughout our Group with energy conservation measures that not only helps us reduce our overall environmental footprint and increase awareness among our stakeholders on environment-friendly practices but also allows us to achieve operational efficiency. Starting with simple solutions like using energy efficient lighting in our offices to turning off appliances when not in use, our little actions put together create a bigger impact that helps us achieve energy efficiency in business.

At LTG, we encourage our employees to use energy judiciously by regularly issuing internal directives and reminders that foster electricity-saving habits like turning off and unplugging equipment when not in use, and petrol-saving habits like carpooling and the use of our company car service when commuting to work. At our offices, we also maintain our air-conditioning units running at 25-degrees Celsius for maximum energy efficiency. We are currently exploring ways to formalize a policy on energy conservation and carbon footprint reduction which will help us monitor our energy and petrol consumption levels and reinforce energy conscious behavior among our employees.

Total energy consumption
within the organization
in gigajoules (GJ)

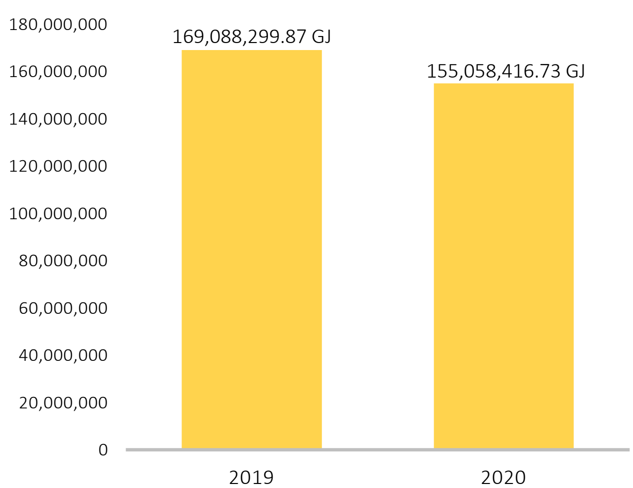


Our Energy Management System at Asia Brewery allows us to achieve energy efficiency for our beverage and packaging manufacturing plants. We observe strict compliance with the Philippine Energy Efficiency and Conservation Act and regulations set by the Department of Energy as well the requirements of our ISO 50001 Energy Management Systems certification.

Eton's Power/Energy Management document contains guidelines on managing and controlling our energy consumption in our property development business. We continue to implement energy-saving initiatives at our head office like our noon break lights-off policy and regularly reminding employees to ensure that all computers and equipment are turned off and unplugged before leaving the office.

Our continuing energy conservation program at PNB enables us to save on energy costs and lower our emissions. Our Facilities Manager monitors our overall energy efficiency while our Pollution Control Officer monitors emissions from our standby generator sets, which we use during power interruptions, alongside regular third-party smoke emissions testing. We continuously look for new ways to optimize our use of energy and are currently planning to set up a team to oversee our energy efficiency.

Total fuel consumption
within the organization
from non-renewable sources
in gigajoules (GJ)



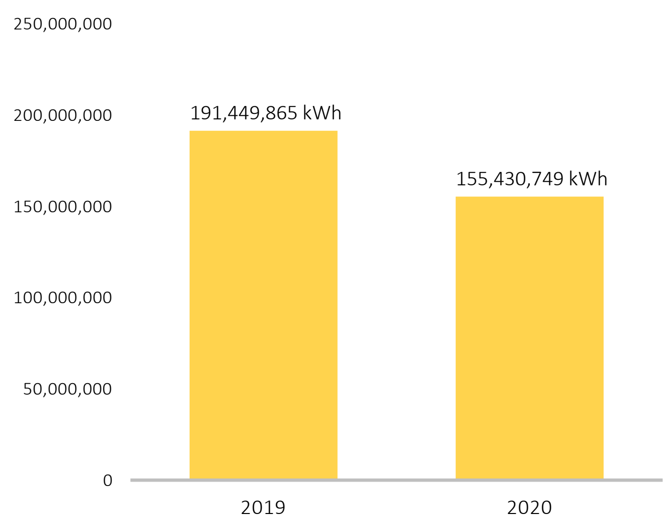
Total fuel consumption within the organization from non-renewable sources (in gigajoules)

Fuel type	2019	2020
Bunker fuel	599,979.60	579,955.16
Coal	335,643.28	321,705.02
Diesel	11,384.51	8,590.29
Gasoline	2,500,380.63	1,621,950.00
Liquefied petroleum gas	165,640,911.86	152,526,216.26
Total fuel consumption	**169,088,299.87**	**155,058,416.73**

We monitor our energy consumption and emissions at Tanduay in relation to production outputs by using an *energy use ratio* (EUR),[4] which is unique for each plant as it is dependent on the factors affecting a particular plant's operation. The respective Pollution Control Officers of our plants submit an energy consumption report to our Group Safety, Environment and Risk Management (GSERM) Department where positive and negative deviations from the set EUR target are addressed for possible mitigation or conservation measures. To support the use of renewable energy, we have Biodigesters at ADI that enable us to generate biogas from our wastewater for use as a supplemental fuel to our coal-fired boilers with our fuel ratio at 65% coal to 35% biogas. Additionally, we have a Bioethanol Plant which supplies fuel-grade ethanol to oil companies since gasoline is blended with 10% ethanol as mandated by the Biofuels Act of 2006. We also have a 2.04MW Solar Power Plant which sells clean energy to the grid under the government's feed-in tariff scheme. Based on the University of the Philippines Los Baños (UPLB) Study commissioned by the Sugar Regulatory Administration and the Department of Energy, all the projects mentioned have resulted in an 80% carbon footprint reduction.

In 2020, our total energy consumption across the Group is 155.62 million gigajoules (GJ), a decrease of 8% from 2019. Our total fuel consumption from non-renewable sources is 155.06 million GJ, while our total electricity consumption is 0.560 million GJ (155.43 million kilowatt hours).

Total electricity consumption
within the organization
in kilowatt hours (kWh)



Total electricity consumption by area of operation (in kilowatt hours)		
Area of operation	**2019**	**2020**
Luzon and Visayas	179,483,622	142,947,383
Mindanao	11,966,243	12,483,366
Total electricity consumption	**191,449,856**	**155,430,749**

Climate Change

The challenge of climate change is a serious issue to us as it affects not just our business but the lives of the people we work with and the communities we serve. We affirm our commitment to climate action through policies and measures we have implemented throughout the business alongside continuous development and study of climate responsive measures for the future.

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

Our Manufacturing Continuity Program at Asia Brewery provides guidance in our beverages business on how to prevent, prepare, respond and recover before, during and after a disaster, incident or crisis with three key priorities: reducing employee exposure to health and safety risks, reducing operations downtime, and managing financial loss. This guide is updated annually and covers various scenarios that are due to or made worse by the effects of climate change including severe weather conditions, typhoons, flooding, epidemics, among others. We regularly communicate with regulators and other stakeholders on the impact of our operations to local communities and the climate. We also have a sustainability program spearheaded by our AMORES (Asia Brewery Manufacturing Operations, Resources and Environment Sustainability) team who are our sustainability champions in the beverages business.

Climate action at Eton is manifested through our continued use of clean and renewable energy at our office buildings in Eton Centris in Quezon City through the MakBan Geothermal Power Plant via a partnership with Cleanergy of AboitizPower. In 2021, we will expand the use of clean and renewable energy to our office buildings in Eton WestEnd Square in Makati City together with Eton Centris through a new partnership with MPower of MERALCO. We are currently studying new ways of expanding the use of clean and renewable energy for more of our properties in the future.

In 2020, our Sustainability Policy, Sustainable Finance Framework (SFF), and Three-Year Sustainability Transition Plan at PNB were approved by the Board of Directors for implementation in 2021. The Sustainability Policy, alongside our SFF, highlights our deep commitment to climate stewardship and includes our position of no longer supporting or financing illegal businesses or industries that cause environmental and social degradation. These also include a guide on how to manage business clients that have high environmental and social risk profiles, which will primarily be addressed through enhanced due diligence and monitoring activities. The complete exclusion list and enhanced due diligence list are included in our SFF. Our SFF aims to support businesses and projects that foster nation-building and countryside development, environmental protection and conservation, and sustainable development. Our Three-Year Sustainability Transition Plan, covering the years 2021-2023, embeds ESG-related activities including qualitative and quantitative climate scenario analysis, and the creation of our Environmental and Social Risks Management System.

Our Incident Management Crisis Resolution Procedure at Tanduay is climate-informed and includes our action plans in response to various scenarios caused by or made worse by climate change. Strict compliance with DENR's policies on ozone-depleting gases and GHG emissions is also strictly observed. We use DENR-approved fuels in our operations such as low-sulfur fuel oil for our boilers and continue to participate in reforestation programs. Our Carbon Dioxide Recovery (CDR) Plant at ADI continues to produce pure food-grade liquid carbon dioxide (CO_2). CO_2 is a byproduct of the manufacturing of bioethanol. The CO_2 generated from the fermentation of molasses is recovered and processed in the CDR plant. A portion of the liquid CO_2 is then solidified and sold as dry ice. The CDR plant helps us capture a portion of the CO_2 we emit from our operations back into use instead of releasing it into the atmosphere. Beginning 2021, we will map out and measure our CO_2 emissions. After the completion of this activity, we will conduct data analysis on our average CO_2 emissions and implement emission reduction measures in 2022 and 2023, respectively.

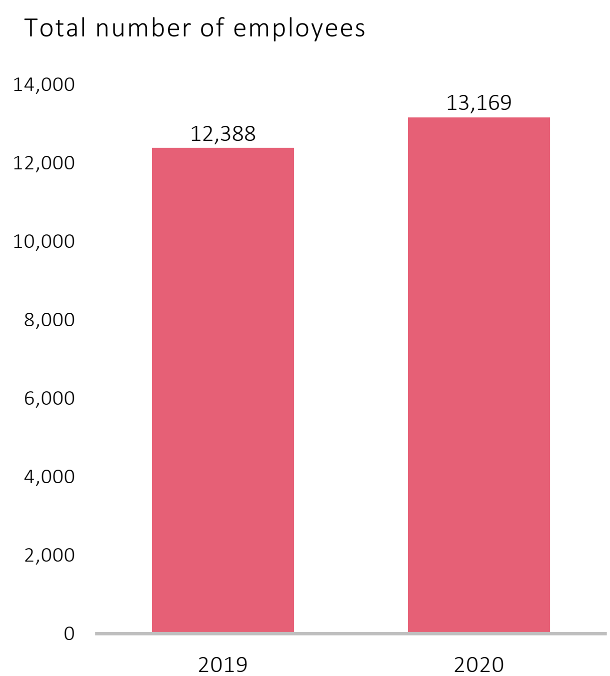
Employees

Employment

A working environment that nurtures care and concern for each other with a purpose for the common good is important to us, and this is embodied by our various policies on employment and employee welfare. We remain committed to ensuring fair employment practices, gender equality, and diversity and inclusion throughout the Group.

Across the Group, we have policies on hiring, transfer, promotion, employee benefits, resignation and separation, and learning and development, among others, which are regularly reviewed and evaluated by Management. These policies have been created in accordance with labor laws, industry practices, and the existing collective bargaining agreements (CBAs) with the employees' unions. 39% of all our employees are covered by an existing CBA and we ensure that we uphold and safeguard the rights of all our employees, whether they are covered by a CBA or otherwise. Benefits for our full-time employees at the minimum throughout the Group include all government-mandated benefits, paid leaves, healthcare insurance coverage, loan facilities, and retirement provision, among others. We comply with all requirements of the Labor Code of the Philippines and the General Labor Standards of the Department of Labor and Employment (DOLE) who conduct regular inspections and evaluations on our compliance. For 2020, we remain compliant and have recorded zero incidents of non-compliance.

Our Code of Business Conduct and Ethics, which is aligned with the standards set by the SEC in accordance with internationally accepted standards, is our primary guide on professional and ethical conduct for all Directors, Officers and employees of our businesses. Embedded in the Code is our Whistle-Blower Policy, which helps us ensure that all incidents of misconduct and unethical behavior are reported anonymously without fear of retaliation. Throughout the Group, we have a grievance mechanism that enables us to resolve cases of employee grievances, misconduct, disputes or controversies in a timely manner covering both employees who are covered and not covered by CBAs. We are also currently drafting our Employee Handbook, which includes a policy on work protocols we observe for the duration of the COVID-19 pandemic.



As a Group, our gender equality and diversity and inclusion (D&I) practices remain strong with women comprising the majority of our combined workforce and new hires. The LTG Board of Directors is also comprised of 5 women, alongside 6 men. We also continue to ensure that there is no difference between the basic salaries of men and women throughout the Group and that hiring, promotion and benefits are on the basis of achievement and merit. In March 2020, PNB became the first private universal bank in the

Philippines to be certified by the Economic Dividends for Gender Equality (EDGE) as gender equal after receiving its first level EDGE Assess certificate. PNB was also recognized by the 2020 Asiamoney Awards as one of the Leaders for Women in Asia for having the highest percentage of women in the workforce.

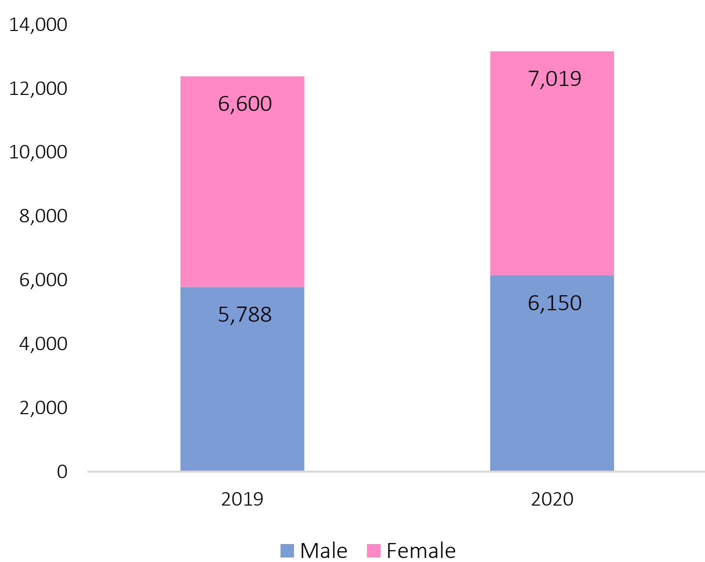
For 2020, our year-end workforce count is at 13,169 regular employees where 7,019 employees or 53% are females. We also have 52 temporary employees. Our employee turnover rate is at 5.86%, lower than 2019's 9.27%. We hired 1,314 new employees of which 729 were females.

Number of employees by employment contract and gender				
Year	Male		Female	
	Permanent	*Temporary*	*Permanent*	*Temporary*
2019	5,788	0	6,600	0
2020	6,118	32	6,999	20

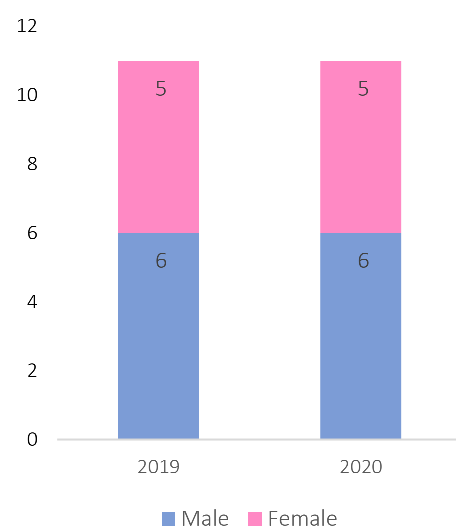
Number of employees by employment type and gender				
Year	Male		Female	
	Full-time	*Part-time*	*Full-time*	*Part-time*
2019	5,788	0	6,600	0
2020	6,150	0	7,019	0

Number of employees by employment contract and region				
Region	2019		2020	
	Permanent	*Temporary*	*Permanent*	*Temporary*
Luzon	9,580	0	10,135	51
Visayas	1,345	0	1,358	0
Mindanao	1,463	0	1,624	1

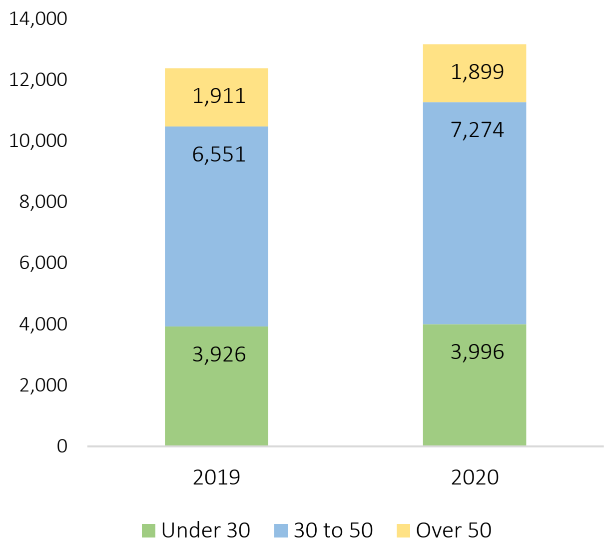
Number of employees by gender



Composition of
LTG Board of Directors

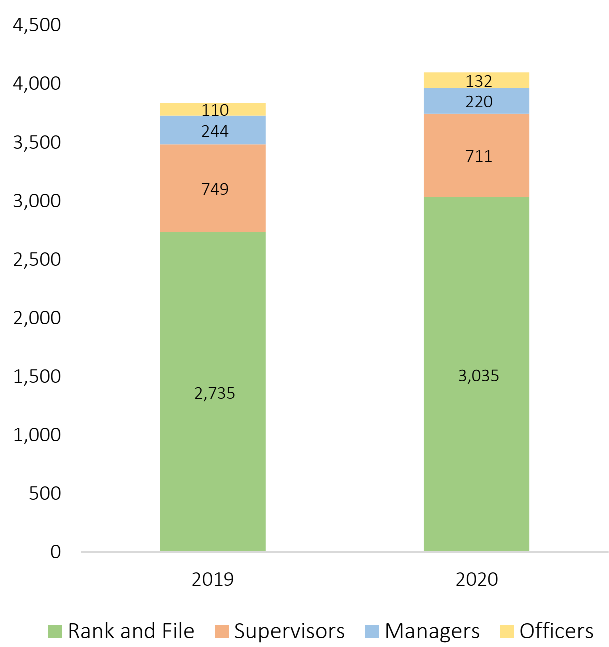


Number of employees
by age group

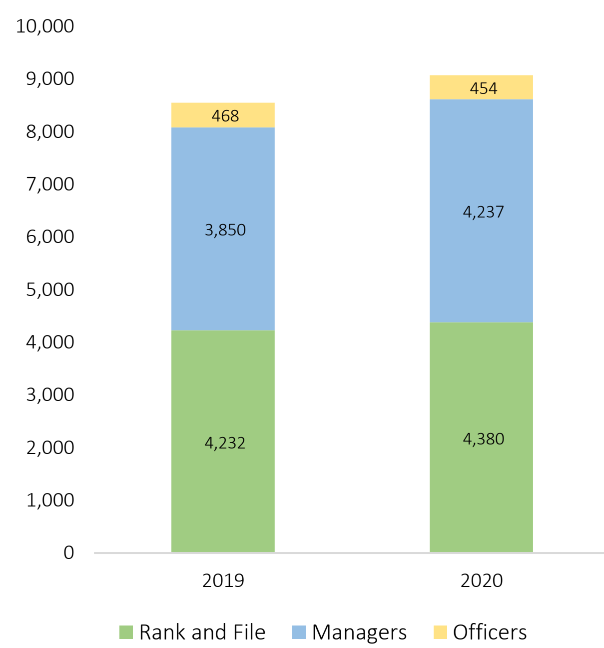


Total number of employees by age group and gender		
Gender and Age	2019	2020
Male		
Under 30	1,691	1,736
30 to 50	3,349	3,636
Over 50	748	778
Female		
Under 30	2,235	2,260
30 to 50	3,202	3,638
Over 50	1,163	1,121
Total number of employees	12,388	13,169

Number of employees
by employment category/rank
(for LTG, Asia Brewery, Eton, and Tanduay only)

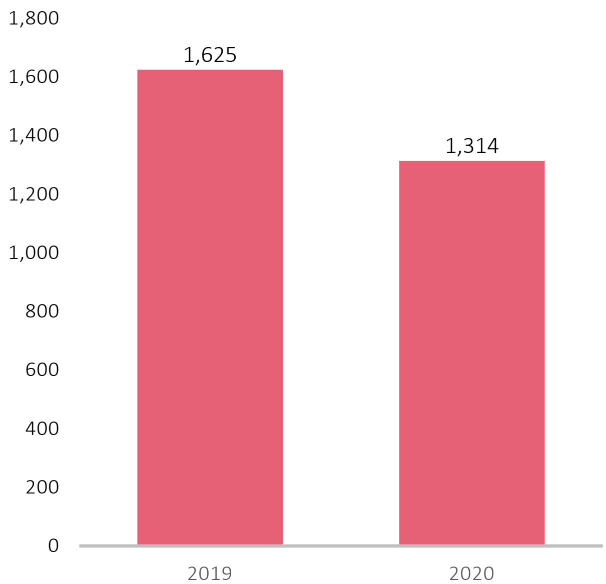


Number of employees
by employment category/rank
(for PNB only)[5]



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

Total number of new hires

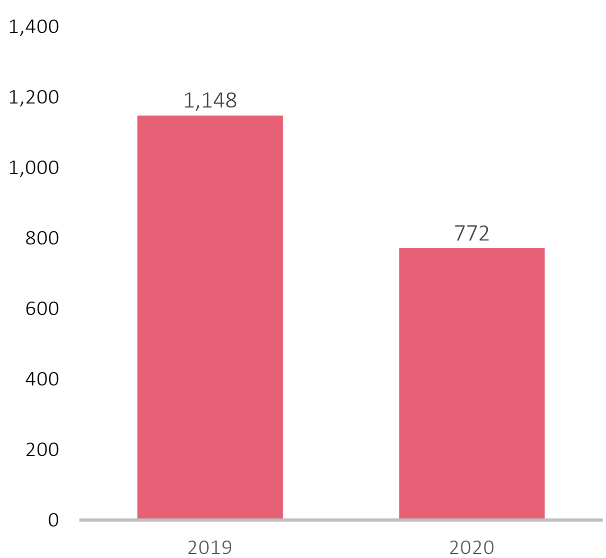


Total number of new hires by gender		
Gender	2019	2020
Male	1,007	585
Female	618	729
Total number of new hires	1,625	1,314
Rate of new hires (%)	13.12%	9.98%

Total number of new hires by age group		
Age group	2019	2020
Under 30	1,142	644
30 to 50	456	609
Over 50	27	61
Total number of new hires	1,625	1,314

Total number of new hires by region		
Region	2019	2020
Luzon	1,360	1,173
Visayas	113	52
Mindanao	152	89
Total number of new hires	1,625	1,314

Total number of employee turnovers



Total number of employee turnover by gender		
Gender	2019	2020
Male	667	370
Female	481	402
Total turnover	1,148	772
Rate of turnover (%)	9.27%	5.86%

Total number of employee turnover by age group		
Age group	2019	2020
Under 30	509	322
30 to 50	458	280
Over 50	181	170
Total turnover	1,148	772

Total number of employee turnover by region		
Region	2019	2020
Luzon	972	656
Visayas	111	50
Mindanao	65	66
Total turnover	1,148	772

Number of employees availing parental leaves		
Gender	2019	2020
Male		
Male employees entitled to parental leave	491	657
Male employees availing of parental leave	41	36
Female		
Female employees entitled to parental leave	305	330
Female employees availing of parental leave	185	154

Number of employees returning to work after parental leave		
Gender	2019	2020
Male		
Male employees due to return after parental leave	39	36
Male employees that returned to work after parental leave	39	36
Return to Work rate (%)	**100%**	**100%**
Female		
Female employees due to return after parental leave	173	147
Female employees that returned to work after parental leave	173	147
Return to Work rate (%)	**100%**	**100%**

Number of employees returning to work from parental leave still employed 12 months after return		
Gender	2019	2020
Male		
Male employees returning from parental leave in prior periods	16	23
Male employees retained 12 months after returning to work following parental leave	16	23
Retention rate (%)	**100%**	**100%**
Female		
Female employees returning from parental leave in prior periods	166	140
Female employees retained 12 months after returning to work following parental leave	166	140
Retention rate (%)	**100%**	**100%**

Safety and Well-being

The safety and well-being of our workforce is a top priority for our Group. We continue to ensure that we provide a safe and secure working environment for our employees with measures that enable us to continue operations despite global disruptions to businesses. As such, we are able to provide continuous employment to our people and safe and healthy homes for their families.

Our policies relating to the health, safety and welfare of our employees safeguard each employee's rights and access to humane working conditions. This is in line with our thrust for good corporate governance and in compliance with the conditions set by DOLE. We conduct regular reviews and evaluation of these policies to assess effectiveness and implement updates when needed. Throughout the Group, occupational safety and health committees regularly meet to manage work-related hazards, including investigation and incident reporting, which is guided by DOLE's guidelines on the Notification and Keeping of Records of Accidents and/or Occupational Illnesses (Rule 1050, Occupational Safety and Health Standards, As Amended 1989, DOLE). Our employees across the Group are covered by a healthcare plan which includes coverage for occupational health services.

To raise continuous awareness on occupational safety and health (OSH), we conduct regular training programs across the Group through our respective subsidiaries' Safety Officers, health providers, government agency partners, and third-party providers. The DOLE-prescribed mandatory training hours for OSH is complemented by other trainings we conduct, including: loss control management seminars, first-aid trainings, working at heights and scaffold safety trainings, and heavy equipment operation trainings at Eton's construction sites on top of our annual trainings for OSH, Basic Occupational Safety and Health (BOSH), and Construction Occupational Safety and Health (COSH), a requirement for the construction industry; and trainings on hazardous materials management, hot works operation, spill control, confined space safety and working at heights, and laboratory safety by our Safety Officers at Tanduay. Across the Group, we publish regular health bulletins and information packets for our employees.

At Asia Brewery, we implement the Hazard Identification, Risk Assessment and Determining Control (HIRADC) procedure, whereas Eton's and Tanduay's sites implement the Hazard Identification, Risk Assessment and Control (HIRAC) procedure. These procedures allow us to identify hazards and assess risks according to their likelihood and severity. After evaluation, we are able to determine and apply controls to manage the identified hazards and risks in the workplace.

In response to the various emergencies this year, including the Taal Volcano eruption and the COVID-19 pandemic, we heightened our protocols on workplace safety and well-being to protect our employees from certain harm. The measures we implemented included the implementation of a work-from-home/skeletal workforce arrangement; the provision of N95 masks to employees after the Taal Volcano eruption in January; the provision of the COVID-19 Hygiene Kits (soap and alcohol) to employees in March; the provision of masks to employees and disinfectant mats to offices during the COVID-19 pandemic; the provision of COVID-19 rapid testing to our employees and requiring all to undergo testing; the implementation of safety protocols (wearing of masks, disinfecting with rubbing alcohol, social distancing, etc.) and provision of a shuttle service for employees who are required to report to work in the office; and monitoring the health and safety of our employees under our work from home scheme through a Daily Health Check Questionnaire in compliance with DOLE requirements. We also disseminated information and regular updates on health and safety including the latest DOH announcements as well as mental health and stress management articles.

In 2020, we did not record any instances of high-consequence work-related injuries.[6] We will continue to intensify our efforts to ensure health and safety in the workplace to maintain this record in the next reporting period.

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

OHS Management System coverage	2019		2020	
	Number of employees	Percentage	Number of Employees	Percentage
Covered by occupational health and safety management system				
Regular employees	9,265	75%	9,561	73%
Contract workers[7]	360	100%	258	94%
Covered by occupational health and safety management system that has been internally audited				
Regular employees	8,850	96%	9,163	96%
Contract workers	360	100%	258	100%
Covered by occupational health and safety management system that has been audited or certified by an external party				
Regular employees	8,610	97%	9,074	99%
Contract workers	-	-	-	-

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

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

Customers

Marketing and Labeling

The trust of our customers on the products and services we offer is extremely important to us. We remain committed to serving the 'informed consumer' by observing fair and responsible marketing practices through transparent and readily accessible information for our brands and services and continuously looking at new ways for improvement.

Asia Brewery's Manufacturing Change Control (MCC) document is our practical guide in our beverages business when we introduce, manage, execute and implement changes in terms of raw materials used, packaging, operational activities and controls, promotional activities, and product campaigns. The MCC, together with our New Product Development document and our Stock Aging Management document, enables us to cover different aspects of how we market and label our products to consumers at different stages. Guidelines on information and labeling as set by the Philippine Food and Drug Administration (FDA), as well as all requirements set by the Philippine Ad Standards Council (ASC) and the Department of Trade and Industry (DTI), which may include information on sourcing, content, safe use, and proper disposal, are observed and strictly complied with.

Eton's Marketing team serves as our brand guardians ensuring that all our marketing-related materials are aligned with our branding guidelines and compliant with all applicable laws and regulation set by DHSUD (formerly HLURB) and DTI, among others. A review of branding guidelines is regularly conducted to address and accommodate new trends in industry branding. We also ensure that our brand logos and product names are duly registered at the Philippine Intellectual Property Office (IPO).

PNB's brand playbook is our reference guide for marketing and brand management in our banking business. Our Social Media Framework is also in place to help us manage reputational risk for our social media platforms. Compliance with the conditions set by the BSP and the guidelines of the Philippine Deposit Insurance Corporation (PDIC), ASC, and DTI is strictly observed. All our marketing tools have undergone internal reviews and have the necessary permits from regulators.

Tanduay's Brand Guidance Policy, created through research done by Tanduay on marketing standards practiced in the Philippines, is our main guide for branding in our distilled spirits business. Our Quality Policy guides our labeling practices where we follow a mandatory minimum standard for information on our labels, which include alcohol content, packing size, intended sale placement (whether domestic or export), manufacturing plant address, BIR assessment number, ingredient declaration, and product traceability, among others. Proper product storage conditions and mixing guides as well as guidelines on disposal are included on products that require it. We continuously monitor this under our Quality Management System, and in strict compliance with conditions set by regulatory bodies such as the ASC for our television and radio advertisements. Labels of products for local distribution conform to the guidelines of FDA, while labels for products meant for export are subject to labeling regulations of the importing country. All our products are evaluated and registered by the FDA with their corresponding Philippine IPO registration. Regular assessments and evaluations are conducted throughout the year as we continuously look for new and innovative ways to strengthen brand equity in existing markets and heighten our appeal to emerging markets.

In 2020, we have recorded zero incidents of non-compliance with laws and regulations on marketing and labeling due to our strong commitment to fair and responsible marketing practices.

Customer Health and Safety

Customer health and safety remains to be one of our top priorities. We ensure that all our products and services are safe and free from hazards that could potentially harm our customers by observing the highest standards of quality and safety.

Our Food Safety and Quality Policy at Asia Brewery remains to be our main guideline to safeguard customer health and safety through food safety, quality excellence and continuous improvement. We make sure that our products meet international standards on quality and safety as set by our Quality Management System and the policies of the FDA, as well as the National Sanitation Foundation, the IBWA, and our Halal certification. We continue to ensure that all our plants are in top shape, that there are zero cases of non-conformance to regular internal and external audit procedures, and that key performance indicators on quality and packaging are met. Customer concerns and feedback on health and safety are included in our Customer Satisfaction Survey and our complaints handling mechanism, which are discussed in regular meetings by Management and acted upon in a timely manner.

At Eton, our Safety and Security Manual is currently being reviewed by Management. This will allow us to further our commitment on enhancing the safety and security of our properties. Our Property Managers and Health and Safety Officers are also regularly updated and trained on ensuring the health and safety of our customers. We strictly meet and observe all conditions set out by regulation and secure all needed permits as required by local zoning laws, regulations set by the National Building Code of the Philippines, as well as policies of the DHSUD (formerly HLURB), the Bureau of Fire Protection (BFP), DENR, among others.

Our Quality Policy and Quality Management System (QMS) at Tanduay helps us guarantee quality products for our customers that are free from harmful agents. Within our QMS, and in compliance with the policies of the FDA, we observe strict implementation of our Quality Policy as well as efficient response and resolution to product complaints with our product complaints procedure, consumer response program and corrective action plan.

In 2020, we recorded zero incidents of non-compliance with regulations on customer health and safety. We reinforce our commitment to ensuring customer health and safety across all our products and services and we will do our best to maintain zero cases in the next reporting period.

Customer Engagement and Satisfaction

The satisfaction of our customers is important to us. By paying close attention to the markets we serve and understanding what our customers need, we are able to improve our products and services and positively impact quality of life.

We regularly conduct a Customer Satisfaction Survey at Asia Brewery to understand the satisfaction and changing preferences of our dynamic customer base. Our Customer Complaint Report mechanism also allows our customers to directly engage with us and submit feedback through our website, phone, email and social media channels.

Our Customer Support team at Eton handles all concerns coming from existing clients, while our Property Management Group takes care of on-site concerns. Our Marketing team handles all feedback received from our website and social media platforms from both existing and prospective clients. We make sure that all feedback and concerns are addressed urgently. These are also discussed at our regular meetings with the Management. In 2020, we released online surveys to gather service feedback from our existing residential leasing clients in light of the COVID-19 pandemic. We plan to conduct this online service feedback survey regularly in the future.

Our Consumer Protection Policy at PNB ensures that any complaints brought to our attention are acknowledged, processed and resolved in a timely manner. As mandated by BSP, we submit consolidated complaints reports monthly to Management and Risk Oversight Committee and quarterly to BSP. Our dedicated Customer Experience Division (CED) handles all client concerns and complaints 24 hours a day, 7 days a week through various channels including our Customer Care Hotline, website, email, secure online messaging platforms and social media. The CED also rolled out the "After Call Survey for 8573-8888" project, which allows us to gather qualitative feedback from customers at the point of call.

We regularly engage in relationship-building activities between our salespeople and our customers at Tanduay, alongside our social media and marketing promotion campaigns throughout the year. Monthly and annual evaluations of these activities are conducted to assess effectiveness. For customer feedback and complaints, our Complaints Handling mechanism lets customers directly reach us through our website, phone, email and social media.

Digital Transformation and Innovation

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

2020 has highlighted the importance of digital platforms in modern life. We recognize that in order to be a truly competitive enterprise geared for success, we need to innovate and make available to our stakeholders the option and convenience of digital services.

Across the Group, we continue to streamline the way we work. We use a unified email and online collaboration system that allows some of our office employees to have the option to work on-site or from home, thereby ensuring continued operations. We are also currently planning to create a Group-wide policy to leverage on strengths that we already have and make room for new and better practices in the digital space.

At LTG, we are planning to implement the computerization of our accounting system in the early part of 2021, which was put on hold this year due to the COVID-19 pandemic.

At Asia Brewery, we have improved our Enterprise Resource Planning (ERP) system by introducing online approvals for the procure-to-pay (P2P) business process. This transitions practically all P2P administrative work online. In the new normal of the COVID-19 pandemic, this system allows staff and approvers to carry out their duties with the least disruption to the regular workflow–whether they are in the office or in the comfort of their own homes.

We continue to look for ways to integrate smart homes and smart properties at Eton. To achieve this, in 2021, we will implement a Property Management System allowing us to digitally manage our property portfolio, as well as an Online Payment System allowing our clients to easily manage their payments wherever they are. This is alongside our continued plans to upgrade our ERP system.

In 2016, we launched our Ecosystem Strategy at PNB. This is an end-to-end, sustainable value chain concept that provides customized banking solutions and other services, including integrated cash management solutions, bills payment, and payroll services to our clients. With digital transformation at the core of this strategy, we continue to innovate and find better solutions to working with our partners. To further make 24-hour banking convenient and accessible to everyone, we currently have 1,578 ATMs and 144 cash accept machines (CAM), an increase from last year by 7% and 78%, respectively. We also maintain 7,120 point-of-sale (POS) terminals over numerous establishments that help make lifestyle activities easier with cashless transactions. Due to the improvements in the transaction report tracking mechanism that we have implemented, we noticed an 11% decline in the success rate of our electronic banking services from 99.8% in 2019 down to 88.8% in 2020. These improvements will enable us to pinpoint problem areas in our electronic banking services and further improve customer experience.

At Tanduay, we have implemented our new ERP system, which automated and integrated the management of many of our business processes.

Customer Data Privacy and Security

In our current age of data, privacy and security remain a top concern for our Group. We work hard to maintain the stability and resilience of our data privacy and security infrastructure to protect customer and stakeholder information through continued innovation and robust compliance with all applicable laws and regulations.

Our Group-wide Data Privacy Policy, created in compliance with the Data Privacy Act of 2012 and professional standards, contains our framework for collecting, storing and processing personal data from an individual. The policy details the measures for responsible use of information, and the implementation of security features and restrictions for data protection. Our Group's Data Protection Officer is responsible for spearheading data protection initiatives, ensuring compliance with relevant privacy and protection requirements, and handling inquiries and complaints related to data privacy and security. Our Data Privacy Policy and its implementation are subject to an independent review and evaluation by an Internal Audit activity within a 3-year risk-based cycle.

At Asia Brewery, we are currently in the process of drafting our Data Classification Policy and its implementing guidelines, which will serve as our basis for ensuring data confidentiality by assigning classifications to information with corresponding levels of sensitivity, access and/or restrictions, and distribution permissions, among others. Our Incident Management Policy also contains data protection provisions alongside a strong commitment to regulatory compliance. Feedback and data privacy concerns may be raised through our incident management and security incident reporting mechanisms and are attended to with utmost urgency by Asia Brewery's Data Protection Officer and Compliance Officers for data privacy concerns relating to Asia Brewery subsidiaries.

Eton's Data Privacy Manual, complementing our Group-wide Data Privacy Policy, is reviewed and evaluated annually to address emerging issues on security and privacy in our property business. Our Data Protection Officer who works closely with our Legal Department, ensures that our employees are aware of and compliant with all data privacy and security policies and regulations, that all data privacy concerns are resolved in a timely manner and that all required documentation obtained from our clients is handled responsibly.

Our Enterprise Data Privacy Policy is the backbone of data privacy and data protection at PNB. This policy provides guidance on the implementation of appropriate organizational, physical, and technical security measures for collecting, processing, and storing data in our banking business. This policy also enforces strict compliance with local and international regulation and global standards on data privacy and data protection. Working with our Customer Experience Division, our Data Protection Officer (DPO) and Data Privacy and Technology Risk Management Division (DPTRMD) (formerly the Data Privacy Management Division) are able to effectively address data privacy concerns directly with our customers. Our DPO and DPTRMD also work alongside our Enterprise Information Security Group in maintaining the Bank's information security. All employees of the Bank are bound by our confidentiality agreement. The DPTRMD regularly conducts trainings and sends out data privacy and data protection advisories to all personnel and third-party service providers for sustained awareness. In 2020, due to the COVID-19 pandemic, we ramped up privacy and security safeguards across our digital banking channels to ensure that customer data is not compromised alongside regular preventive information and security tips to customers about phishing and online scams sent through email and SMS or through our website and social media channels.

In 2020, we recorded two (2) substantiated complaints received from outside parties. We have immediately addressed and resolved these incidents and have effected changes that will help us avoid these in the future. We will continue to effect measures to enhance cybersecurity and reinforce strict measures in compliance with regulations on data privacy and security.

Society

Community Relations and Initiatives

Creating shared value and a positive impact in the communities we operate in and serve remains to be at the core of our business. We do our best to serve as agents of positive change and sustainable transformation because we believe that true success is one that enables other people to live better lives and have a better sense of purpose, and that the success of one is the success of all.

The Tan Yan Kee Foundation, Inc. (TYKFI) is the Group's main corporate social responsibility (CSR) arm which pursues programs in health services, education, social welfare and the environment for close to 35 years. TYKFI is supported by partners primarily composed of our subsidiaries. The Group also conducts activities that directly help communities and support government initiatives. In these trying times, with the COVID-19 pandemic and various calamities disrupting our sense of normalcy, we have risen to the challenge and remained steadfast to our commitment to help and be of service.

Our Anti COVID-19 Campaign, under TYKFI's flagship Hope Caravan and through the collective efforts of LTG and its subsidiaries, was a large-scale Group-wide operation to help the fight against the pandemic. This campaign saw the transformation of our distilleries at Tanduay to produce rubbing alcohol, which was distributed to frontliners and people in need. Through the leadership of our Chairman and the support of the Board and our generous partners, we were able to donate and distribute the following:

- 1 biomolecular laboratory
- 10 PCR machines
- 51 ventilator machines
- 30 BiPAP machines
- 2 ambulances
- 1 X-ray machine
- over 1 million sets of PPE and other equipment
- 81,765 pieces of disposable facemasks
- 965 pieces of washable facemasks
- 25,000 pairs of examination gloves
- over 400,000 liters of rubbing alcohol
- 504 units of infrared thermometers
- 6 thermal scanners
- 17 45-kilogram containers of granulated chlorine
- 364,175 relief food packs
- over 600,000 liters of bottled water and other beverages
- 339,206 kilograms of rice
- 186,219 pieces of canned goods
- 700 bottles of body wash
- 1,500 tubes of petroleum jelly
- 300 tubes of lotion

Medical frontliners, military personnel and individuals and families, alongside various Local Government Units (LGUs), government hospitals like the Philippine General Hospital and Santa Ana Hospital in Manila, and other partners were able to benefit from this campaign. We also conducted free COVID-19 Antibody Rapid Testing for 30 members of staff and farmers at The Fortune Farm in Carranglan, Nueva Ecija.

Early in the year, TYKFI and the Association of Asia Brewery Medical Specialty Scholars (AABMSS) hosted the TYKFI-AABMSS Monthly Medical Forum as a venue for the general public to learn about the latest information on medical issues, trends, and available treatment options. Due to the COVID-19 pandemic, we were only able to hold one forum in 2020. We hope to resume with the forums in due time.

Our commitment to education remains strong through the scholarship and education activities we maintain that enable access to equitable education opportunities for deserving students, skills upgrading for educators and professionals, and various other activities that foster social cohesion. Our scholarships and activities for education include the following:

- Our TYKFI College Scholarship Project, specifically designed for students of Agriculture and Agricultural Engineering, currently has seven (7) scholars.
- The UE-TYKFI Scholarship Program, a partnership between TYKFI and the University of the East, has benefited over 1,400 scholars in over 22 school years. In 2020, we had 104 new and continuing scholars under the program.
- Providing free private school education for deserving high school students from marginalized farming families in Sta. Teresita's Academy in Aritao, Nueva Vizcaya, the TYKFI-STA Scholarship Program for Farmers' Children currently has 144 scholars from grades 7 to 12.
- Launched in 2016 in partnership with the Foundation for Liberty and Prosperity (FLP), the TYKFI-FLP Legal Scholarship Program for selected junior and senior year law students who are at the top of their class currently has 20 continuing scholars across various law schools in the country.
- TYKFI together with Asia Brewery continues its Medical Specialty Scholarship Program to help Filipino doctors finish specialty training abroad with one (1) doctor benefiting from the program in 2020.
- Together with the Foundation for Upgrading the Standards of Education (FUSE), TYKFI sponsored a training on Constructivism, an approach to learning where students are encouraged to construct their own knowledge based on their own understanding and experience. This benefited 20 teachers from various schools.
- We also conduct regular school supplies distribution and food distribution projects. In 2020, our School Supplies Distribution Project distributed printed copies of learning modules, supplies and activity sheets for 125 pupils of Tan Yan Kee Elementary School in Sta. Fe, Nueva Vizcaya. Our Food Distribution Project extended free rice to the families of 200 pupils and teachers from adopted schools, and 41 farmers' families.
- In response to the COVID-19 pandemic, the Tan Yan Kee Library conducted online classes and virtual information dissemination activities. We created 33 videos designed for children aged three to 12 years old on a variety of subjects including COVID-19, healthy habits, and even on the Dragon Boat Festival. These were made available through our social media platforms including Facebook. This program benefited 120 children and their parents.

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

- TYKFI's Food Security Program and the TYKFI-Eton *Masaganang Palayan* Project help address the issue of food security in the country and support the government's thrust to curb it. We are able to provide livelihood opportunities for farmers and market vendors and at the same time provide training and wellness programs. We were able to conduct over 40 weekly operations in 2020 which linked farm-fresh produce from our farmers and partner farms that reached 500 employees and their families and thousands of other customers.
- Through the Dr. Lucio C. Tan Legacy Forest Project, our flagship reforestation program covering Barangay R.A. Padilla in Carranglan, Nueva Ecija and the Laguna-Quezon Land Grant (LQLG) of the

UPLB, we were able to plant over 80,000 seedlings of Alibangbang, Sampaloc and Native Pine this year.

- We also maintain a number of agroforestry projects. At our Fortune Farm in Carranglan, Nueva Ecija, we were able to plant 4,675 seedlings of trees including Narra, Molave, Toog, Banilad, Alibangbang, Mangium, Kakawate, Balayong, and Para Rubber. At our Mango farm in Palawan, we were able to harvest 4,830 kilograms this year.
- Our Small Water Impounding Project (SWIP), which promotes water conservation and increases farm productivity, is ongoing and has been able to rehabilitate and build water impounding dams benefiting farmers for the year-round irrigation of their crops.
- This year, we also continued with our Mangrove Rehabilitation Projects in Barangay Las-Ud in Santa Cruz, Ilocos Sur and in Boracay, Aklan.
- Through our Hope Caravan, we were able to distribute relief goods to 2,000 families affected by the Taal Volcano eruption and the Davao earthquake. We were also able to provide safe drinking water to the communities affected by the Taal Volcano eruption by bringing in our high-tech mobile water station capable of processing 13,000 liters of drinking water per day.
- The TYKFI-Eton Joint Housing Assistance Project has built three (3) houses and one (1) remaining unit to be completed for the families of four (4) scholars under the TYKFI-STA Scholarship Project in Aritao, Nueva Vizcaya.

Our subsidiaries also maintain regular community initiatives that allow us to engage with the communities we operate in and contribute to their progress and development. These initiatives include the following:

- The Asia Brewery Manufacturing Operations Resources & Environment Sustainability (AMORES) project, the flagship sustainability project of Asia Brewery, continues to foster environmental and community stewardship at our beverages business. This year, Asia Brewery donated Php1 million to the World Wide Fund for Nature (WWF) to support water sustainability projects and finding solutions to improve water management and watershed protection.
- Eton's *Masaganang Palayan* Project saw the harvest of 214 tons of palay or over 100 tons of rice from 20 hectares of land after its initial donation in 2019 of hybrid palay seeds and farm inputs to farmers. This project is in collaboration with TYKFI.
- PNB's Corporate Social Responsibility Policy and new Sustainability Policy and Three-Year Sustainability Transition Plan drive forward the commitment of our banking business to embedding sustainability and community relations and initiatives to the Bank's core business model. PNB's current portfolio is aligned to the UN SDGs in support of businesses and projects that foster sustainable development, accounting for Php232 billion or 46.50% of the Bank's loan portfolio. For more information on PNB's community initiatives, please refer to the 2020 PNB Annual Report.
- Tanduay continues its partnership with Dualtech Training Center to train their students for 18 months, under the Technical Education and Skills Development Authority 's (TESDA) dual training system. As part of DENR's National Greening Program under the *Tayo ang Kalikasan* (TAK) platform, Tanduay subsidiary ADI adopted five (5) hectares of upland plantation in Barangay Puting Kahoy in Lian, Batangas to restore, rehabilitate and develop. ADI has also adopted a portion of the Palico-Lian River under DENR's Adopt-an-Estero/Waterbody Program. ADI also continued its Tilapia Fingerlings Dispersal project in the Palico-Lian riverbank and mangrove planting activities along the seashore of Barangay Lumaniag in Lian, Batangas to help improve marine ecosystems and promote the livelihood of local communities.

In 2020, despite the challenging circumstances faced by the Group and our businesses, 67% of our local operations continued to implement community initiatives.

LTG's Unique Key Material Topic

Illicit Trade

The Philippine cigarette industry has seen the levels of smuggled and/or counterfeit tobacco products, also known as illicit cigarettes, triple to 18% since excise tax on tobacco products increased tenfold from only Php2.70 per pack in 2012 to Php25.00 per pack just a year later. Due to collective action between the Philippine government and stakeholders in the cigarette industry, a gradual decrease in illicit trade levels in the country was observed from 2014 to 2017 where levels went down from 19.4% to 6.5%. In 2018, around Php20 billion worth of illicit cigarettes and illicit cigarette-making paraphernalia were seized and destroyed. Despite these successes, Euromonitor International estimates that illicit trade for 2018 to 2020 remains to be between 12.8% and 13.6%. A 2020 survey by the Kantar Group showed that in the Philippines, Mindanao accounts for the highest incidence of illicit trade at 14.0%, while Luzon and Visayas come in at a distant second and third at only 3.6% and 1.0%, respectively.

Illicit cigarettes continue to be a considerable challenge to our operations in PMFTC. With a price gap currently at 66%-200% between illicit and legitimate cigarettes, illicit cigarettes become an attractive alternative for smokers, particularly among the youth and low-income groups. This is exacerbated by legislated annual increases of the excise tax in the coming years which will further widen price gaps if serious concerted action is not maintained to crackdown on counterfeiters and smugglers.

As part of the global PMI group, we at PMFTC channel our efforts on illicit trade through the following:

1. Fighting against the diversion of our products by continuously improving measures to secure the supply chain with all stakeholders;

2. Sharing our knowledge with the impacted parties through continuous research, analysis, and communication of illicit trade issues and consequences; and

3. Pre-empting attempts to illegally divert our smoke-free products by assessing potential risks and equipping our organization for this new challenge.

We work closely with other affiliates of PMI and our wider international network to share intelligence and resources in fighting illicit trade guided by the objectives and the principles of the World Health Organization (WHO) Framework Convention on Tobacco Control (FCTC) Protocol to Eliminate Illicit Trade in Tobacco Products. We also regularly engage with various internal and external stakeholders to raise awareness about the illegal cigarette trade problem through capacity building activities on identifying an illicit cigarette product, and distributing informative posters on illicit cigarettes to retailers and consumers, among others. In 2020, PMFTC conducted 24 technical trainings with over 449 participants from our trade and law enforcement partners, and internal stakeholders. PMI Asia regional office also entered into a Memorandum of Understanding with the US Department of Homeland Security for information sharing, 449 participants to

24 technical trainings

by PMFTC on raising awareness about the illegal cigarette trade problem

and engaged with United Nations Office on Drugs and Crime - WCO Container Control Programme (CCP) for trainings with more than 50 customs officials in Asia including the Philippines.

PMFTC is part of a multisectoral movement called "Fight IT (Illicit Trade)" led by the Federation of Philippine Industries (FPI) to curb unfair trade and secure national revenues and protect legitimate players in the domestic market. The Fight IT movement is also supported by sectors, of which common issues are smuggling and illicit trade in their industries, including rice, sugar, corn, palm oil, tobacco, steel, cement and ceramic tiles. With its strengthened fight against illicit trade, Fight IT action plans include: (1) to intensify its public information drive against illicit trade; (2) to develop a regulatory and fiscal information campaign designed to increase the awareness of retailers on illicit trade; and (3) to advocate for laws and regulations to mitigate illicit trade and support industry investigators who will monitor the illegal tobacco trade for the purpose of pushing for enforcements.

At PMFTC, we continuously support the Philippine government's efforts in actively monitoring, investigating, and enforcing measures to address illicit trade. Through Fight IT, we are able to support and work closely with government enforcement agencies such as the BIR, the Bureau of Customs (BOC), the National Bureau of Investigation (NBI), and the Philippine National Police (PNP) to address illicit cigarette trade in the country. This multisectoral collaboration resulted in an 11.8% increase in law enforcement operations, a 300% increase in the seizure of cigarette-making machines, a 210% increase in the number of illicit cigarettes seized in 2020. In the same year, the crackdown of the Philippine government on illicit trade has also led to the shutdown of nine (9) illegal cigarette manufacturing facilities and one (1) printing facility.

PMFTC is also a founding member of the Alibaba Anti-Counterfeiting Alliance, a global coalition of companies and global brands working together to take down sellers peddling counterfeit products.

For further information on our efforts to curb illicit trade, please refer to the 2019 PMI Integrated Report.

Appendix

GRI Content Index

GRI Standard	Disclosure		Page No.	Omissions
GRI 101: Foundation 2016 (GRI 101 does not include any disclosures)				
General Disclosures				
GRI 102: General Disclosures 2016	*Organizational Profile*			
	GRI 102 - 1	Name of the organization	11	-
	GRI 102 - 2	Activities, brands, products, and services	11-13	-
	GRI 102 - 3	Location of headquarters	11	-
	GRI 102 - 4	Location of operations	15-16	-
	GRI 102 - 5	Ownership and legal form	11-14	-
	GRI 102 - 6	Markets served	15-16	-
	GRI 102 - 7	Scale of the organization	15-16, 31, 42-43	-
	GRI 102 - 8	Information on employees and other workers	43	-
	GRI 102 - 9	Supply chain	19-20	-
	GRI 102 - 10	Significant changes to the organization and its supply chain	19-20	-
	GRI 102 - 11	Precautionary Principle or approach	32	-
	GRI 102 - 12	External initiatives	24	-
	GRI 102 - 13	Membership of associations	21-22	-
	Strategy			
	GRI 102 - 14	Statement from senior decision-maker	4-6	-
	Ethics and Integrity			
	GRI 102 - 16	Values, principles, standards, and norms of behavior	10, 17-18, 34-35	-
	GRI 102 - 17	Mechanisms for advice and concerns about ethics	34-35	-
	Governance			
	GRI 102 - 18	Governance structure	17-18	-
	GRI 102 - 22	Composition of the highest governance body and its committee	17	-
	GRI 102 - 23	Chair of the highest governance body	17-18	-
	GRI 102 - 26	Role of highest governance body in setting purpose, values, and strategy	10, 17	-
	Stakeholder Engagement			
	GRI 102 - 40	List of stakeholder groups	24	-
	GRI 102 - 41	Collective bargaining agreements	42	-

	GRI 102 – 42	Identifying and selecting stakeholders	24	-
	GRI 102 – 43	Approach to stakeholder engagement	24, 50-51	-
	GRI 102 – 44	Key topics and concerns raised	24	-
		Reporting Practice		
	GRI 102 – 45	Entities included in the consolidated financial statements	23	-
	GRI 102 – 46	Defining report content and topic Boundaries	23-26	-
	GRI 102 – 47	List of material topics	27-29	-
	GRI 102 – 48	Restatements of information	-	For 2020, we restated the following prior-period metrics due to refinements in data reporting: • Total direct economic value generated is restated from Php 114,248,633,533.39 to Php113,025,097,439.59 for 2019 • Total economic value distributed is restated from Php90,009,784,822.31 to Php88,887,841,727.51 for 2019, along with the following: ▪ Total operating costs from Php 41,006,439,317.14 to Php39,525,175,222.34 ▪ Total employee wages and benefits from Php 11,489,459,625.72 to Php11,355,563,625.72 ▪ Total payments to government from Php 14,951,000,059.13 to Php15,444,345,059.13 ▪ Total payments to providers of capital from Php 22,473,959,107.24 to Php22,473,831,107.24 • Total water withdrawal from all sources in megaliters (ML) is restated from 6,812.86 ML to 9,138.67 ML for 2019

				• Total electricity consumption in kilowatt hours (kWh) is restated from 224,819,413 kWh to 191,449,865 kWh for 2019 • Liquefied petroleum gas consumption in gigajoules (GJ) is restated from 150,907,829.40 GJ to 165,640,911.89 GJ for 2019 • Coal consumption in gigajoules (GJ) is restated from 7,981,448.13 GJ to 335,643.28 GJ for 2019 • Bunker fuel consumption in gigajoules (GJ) is restated from 27,779 GJ to 599,979.60 GJ for 2019 • Total number of employees is restated from 12,390 to 12,388 for 2019 including the following: ▪ Total number of male and female employees from 5,789 and 6,601 to 5,788 and 6,600, respectively ▪ Total number of male employees ‘under 30’ from 1,693 to 1,691 ▪ Total number of male and female employees from 3,347 and 3,203 aged ’30 to 50’ to 3,349 and 3,202, respectively ▪ Total number of male employees ‘over 50’ from 749 to 748 ▪ Total number of employees categorized as rank and file and supervisors from 6,968 and 750 to 6,967 and 749, respectively • Number and rate of regular employees covered by occupational health and safety is restated from 11,906 employees and a rate of 100% to 9,265

				employees and a rate of 75% for 2019 • Number and rate of regular employees covered by occupational health and safety management system that has been internally audited is restated from 11,491 employees and 97% to 8,850 employees and 96% for 2019 • Rate of regular employees covered by occupational health and safety management system that has audited or certified by an external party is restated from 72% to 97% for 2019
	GRI 102 – 49	Changes in reporting	-	There are no significant changes to scope, boundary or measurement methods from LTG's 2019 sustainability report.
	GRI 102 - 50	Reporting period	23	
	GRI 102 - 51	Date of most recent report	-	2019
	GRI 102 - 52	Reporting cycle	23	-
	GRI 102 - 53	Contact point for questions regarding the report	24	-
	GRI 102 - 54	Claims of reporting in accordance with the GRI Standards	24	-
	GRI 102 - 55	GRI content index	59-66	-
	GRI 102 - 56	External assurance	23	-
Material Topics				
GRI 201: Economic Performance 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	23, 27, 31	-
	GRI 103 - 2	The management approach and its components	31	-
GRI 201: Economic Performance 2016	GRI 201 - 1	Direct economic value generated and distributed	31	-
GRI 419: Socioeconomic Compliance 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	27, 32	-
	GRI 103 - 2	The management approach and its components	32	-
	GRI 103 - 3	Evaluation of the management approach	32	-

GRI 419: Socioeconomic Compliance 2016	GRI 419 - 1	Non-compliance with laws and regulations in the social and economic area	32	-
Risk Management				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	27, 33-34	-
	GRI 103 - 2	The management approach and its components	33-34	-
	GRI 103 - 3	Evaluation of the management approach	33-34	-
GRI 102: General Disclosures 2016	GRI 102 - 11	Precautionary principle or approach	32-34, 40-41	-
GRI 205: Anti-Corruption 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	27, 34-35	-
	GRI 103 - 2	The management approach and its components	34-35	-
	GRI 103 - 3	Evaluation of the management approach	34-35	-
GRI 205: Anti-Corruption 2016	GRI 205 - 2	Communication and training about anti-corruption policies and procedures	34-35	-
	GRI 205 - 3	Confirmed incidents of corruption and actions taken	35	-
GRI 303: Water and Effluents 2018				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 36-37	-
	GRI 103 - 2	The management approach and its components	36-37	-
	GRI 103 - 3	Evaluation of the management approach	36-37	-
GRI 303: Water and Effluents 2018	GRI 303 - 1	Interactions with water as a shared resource	36-37	-
	GRI 303 - 2	Management of water discharge-related impacts	36-37	-
	GRI 303 - 3	Water withdrawal	36	-
GRI 306: Effluents and Waste 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 37-38	-
	GRI 103 - 2	The management approach and its components	37-38	-
	GRI 103 - 3	Evaluation of the management approach	37-38	-
GRI 306: Effluents and Waste 2016	GRI 306 - 3	Waste by type and disposal method	38	-

GRI 302: Energy 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 38-40	-
	GRI 103 - 2	The management approach and its components	38-40	-
	GRI 103 - 3	Evaluation of the management approach	38-40	-
GRI 302: Energy 2016	GRI 302 - 1	Energy consumption within the organization	39-40	-
Climate Change				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 40-41	-
	GRI 103 - 2	The management approach and its components	40-41	-
	GRI 103 - 3	Evaluation of the management approach	40-41	-
GRI 201: Economic Performance 2016	GRI 201 - 2	Financial implications and other risks and opportunities due to climate change	40-41	-
GRI 401: Employment 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	27, 42-43	-
	GRI 103 - 2	The management approach and its components	42-43	-
	GRI 103 - 3	Evaluation of the management approach	42-43	-
GRI 401: Employment 2016	GRI 401 - 1	New employee hires and employee turnover	45	-
	GRI 401 - 2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	42	-
	GRI 401 - 3	Parental leave	46	-
GRI 403: Occupational Health and Safety 2018				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 46-47	-
	GRI 103 - 2	The management approach and its components	46-47	-
	GRI 103 - 3	Evaluation of the management approach	46-47	-
GRI 403: Occupational Health and Safety 2018	GRI 403 - 1	Occupational health and safety management system	46-47	-
	GRI 403 - 2	Hazard identification, risk assessment, and incident investigation	46-47	-
	GRI 403 - 3	Occupational health services	46-48	-
	GRI 403 - 4	Worker participation, consultation, and communication on occupational health and safety	46-48	-

	GRI 403 - 5	Worker training on occupational health and safety	46-48	-
	GRI 403 - 6	Promotion of worker health	42, 46-47	-
	GRI 403 - 7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	46-47	-
	GRI 403 - 8	Workers covered by an occupational health and safety management system	48	-
	GRI 403 - 9	Work-related injuries	48	
GRI 417: Marketing and Labeling 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 49	-
	GRI 103 - 2	The management approach and its components	49	-
	GRI 103 - 3	Evaluation of the management approach	49	-
GRI 417: Marketing and Labeling 2016	GRI 417 - 1	Requirements for product and service information and labeling	49	-
	GRI 417 - 2	Incidents of non-compliance concerning product and service information and labeling	49	-
	GRI 417 - 3	Incidents of non-compliance concerning marketing communications	49	-
GRI 416: Customer Health and Safety 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	27, 50	-
	GRI 103 - 2	The management approach and its components	50	-
	GRI 103 - 3	Evaluation of the management approach	50	-
GRI 416: Customer Health and Safety 2016	GRI 416 - 1	Assessment of the health and safety impacts of product and service categories	50	-
	GRI 416 - 2	Incidents of non-compliance concerning the health and safety impacts of products and services	50	-
Customer Engagement and Satisfaction				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 50-51	-
	GRI 103 - 2	The management approach and its components	50-51	-
	GRI 103 - 3	Evaluation of the management approach	50-51	-
GRI 102: General	GRI 102 - 43	Approach to stakeholder engagement	24, 50-51	-

Standard Disclosures 2016	GRI 102 - 44	Key topics and concerns raised	24	-
Digital Transformation and Innovation				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 51-52	-
	GRI 103 - 2	The management approach and its components	51-52	-
GRI 418: Customer Privacy 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	29, 52-53	-
	GRI 103 - 2	The management approach and its components	52-53	-
	GRI 103 - 3	Evaluation of the management approach	52-53	-
GRI 418: Customer Privacy 2016	GRI 418 - 1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	53	-
GRI 413: Local Communities 2016				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 54-56	-
	GRI 103 - 2	The management approach and its components	54-56	-
GRI 413: Local Communities 2016	GRI 413 - 1	Operations with local community engagement, impact assessments, and development programs	54-56	-
	GRI 413 - 2	Operations with significant actual and potential negative impacts on local communities	54-56	-
Illicit Trade				
GRI 103: Management Approach 2016	GRI 103 - 1	Explanation of the material topic and its boundary	28, 57-58	-
	GRI 103 - 2	The management approach and its components	57-58	-

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

Recommended Disclosures	LTG SR Disclosure Content (Page No.)
Governance *Disclose the organization's governance around climate-related risks and opportunities.*	
a) Describe the board's oversight of climate related risks and opportunities.	17, 25, 33-34, 40-41
b) Describe management's role in assessing and managing climate-related risks and opportunities.	17, 25, 33-34, 40-41
Strategy *Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning where such information is material.*	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Still being studied
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	36-41
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	36-41
Risk Management *Disclose how the organization identifies, assesses, and manages climate-related risks.*	
a) Describe the organization's processes for identifying and assessing climate-related risks.	17, 33-34
b) Describe the organization's processes for managing climate-related risks.	33-34, 36-41
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	17, 33-34, 36-41
Metrics and Targets *Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.*	
a) Describe the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	33-34, 36-41
b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	39-40
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Processes are still to be set up for the future reporting of this metric