LT GROUP, INC.

# Advancing our Sustainability Journey

SUSTAINABILITY REPORT 2022

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# About this Report

## Reporting Scope and Boundary

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

Since 2019, LTG has embraced and integrated sustainable practices toward resource optimization and operational efficiency. It has since committed to issuing sustainability reports to mark the Company's progress toward heightened accountability, especially with regard to its environmental, social, and governance performance. The scope of LTG's 2022 Sustainability Report includes LTG as the holding company and its local subsidiaries, Asia Brewery, Eton, PNB, and Tanduay. PNB issues a separate Sustainability Report containing the Bank's full disclosure. The Philip Morris Fortune Tobacco Company (PMFTC), under the management of Philip Morris International Inc. (PMI), is not covered in full detail in this report and will be included in the PMI's sustainability report.

Unless otherwise stated, this report covers the period from the start of January until the end of December 2022. The Company's financial data and general business information are all reported in the 2022 Annual Report, which can be read in conjunction with this Sustainability Report. No external assurance has been sought for the non-financial disclosures in this Sustainability Report. Still, verification procedures and internal reviews have been carried out to ensure the accuracy of all non-financial information.

## Economic Performance Boundary

This report provides a comprehensive account of the financial performance of LTG as of the year ended December 31, 2022. The financial information in this report includes the LTG as the parent company and all its subsidiaries and associates operating locally and internationally. More information can be found in the 2022 LTG Annual Report.

## Reporting Approach

GRI 2-3, 3-1

To assess significant environmental, social, and governance issues within the Company, LTG created a framework based on the principle of materiality. This framework enabled us to determine our key and potential material topics from internal and external sources. Then, based on inputs from internal stakeholders through quantitative and qualitative metrics, the list of vital and potentially crucial material topics was sorted to prioritize their impact on the Group and our operations and stakeholders.

## Sustainability Reporting Guidelines and Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and the sustainability reporting guide provided by the Philippine Securities and Exchange Commission (SEC) through Memorandum Circular No. 4, Series of 2019. This report also incorporates reporting standards and metrics created by the Sustainable Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TFCD).

Furthermore, we also disclose our contributions to the United Nations (UN) 17 Sustainable Development Goals (SDGs) to solidify our commitment to realizing the global sustainable development agenda.

## Sustainability Report Feedback

GRI 2-3

Your opinions, feedback, and recommendations will be much appreciated as we work toward strengthening our sustainability reporting procedures. You may contact us at sustainability@ltg.com.ph.

# Message from the Chairman

Dear Stakeholders,

Business resilience is a critical element that can help foster post-pandemic economic recovery. Throughout the pandemic, LTG demonstrated its ability to adapt quickly to social and economic disruptions.

With the adaptive leadership of our management team combined with the resolute efforts of our employees, we have weathered the pandemic and came out of it stronger.

By any standard, we are convinced that 2022 has been better than previous years. Our focus has shifted from surviving to slowly reviving our economy. For its part, LTG is pursuing strategies to stimulate its business growth and do its share in helping the economy regain its strength. Alongside this, we are steadfast in our commitment to promoting sustainability within our operations. This year's sustainability report, with the theme “Advancing our Sustainability Journey,” shows our steady progress toward becoming a sustainable and inclusive business despite ongoing challenges.

We are on the cusp of a prolonged economic recovery, and it will not be easy. Nevertheless, we trust that our collective and unyielding persistence and enduring optimism will bring us to a new era of growth, stability, and sustainable development.

**Dr. Lucio C. Tan**
**Chairman and Chief Executive Officer**

# Message from the President

Dear Stakeholders,

Sustaining a business is undoubtedly challenging, particularly in times of crisis. From supply chain issues to labor-related concerns, business owners needed to adapt to the new reality and create innovative solutions to cope with the post-pandemic transition.

Yet, for the past three years, LTG has remarkably navigated through the uncertainty, thanks in large part to our dedicated employees and customers.

With the gradual re-opening of the economy, we are slowly expanding our business activities and taking this opportunity to reinvent our company. From a financial standpoint, LTG demonstrated exceptional performance, culminating in the achievement of its greatest total revenue yet, surpassing all previous records since the inception of sustainability reporting. We were able to generate a total revenue of Php 128.28 billion, a 14% increase compared to 2021. Our wins boosted our motivation to work harder and deliver better value to our customers.

Throughout the pandemic, the strength of our corporate governance was also put to the test. We had to divide our attention between balancing our stakeholders' needs and responding to the pandemic's business impacts. Despite an unusual business scenario, LTG was able to comply with relevant laws and regulations, enforce due diligence in our transactions, and conduct our business in an ethical manner. In addition, we were able to nurture existing relationships with our partners and broaden ties with other industry leaders.

LTG did not waver in our sustainability commitments, albeit the pace of our sustainability journey is cautious and conservative. Nevertheless, we have made steady progress toward deepening the integration of sustainability principles into our business practices over the past years. Determined to reduce our carbon footprint, we have consistently promoted the judicious use of water and energy resources alongside proper waste management. Protecting our biodiversity also remains a top agenda for the Company in the coming years.

As the crisis continues, our programs and policies for employee development have also evolved. We used a holistic approach to support and protect our employees during the pandemic. Health and medical services were provided, along with various wellness programs. In addition, we recalibrated our policies on workplace safety to ensure a safe return to work. Meanwhile, efforts have been put into enhancing the responsiveness and reliability of our mechanisms for reporting unethical behavior within the workplace.

In 2022, we placed greater attention on supporting community recovery in our areas of operation. We have implemented programs to enhance agricultural productivity in key areas and training opportunities for people. In education, we partnered with local organizations to rehabilitate schools and conduct school supplies donation drives. Together with our community partners, we rolled out green initiatives to contribute to sustainable development.

Overall, we ended 2022 in good form. From now on, we hope to accelerate our progress to thrive in a post-pandemic world. With the end of the pandemic in sight, our Company is prepared and poised for growth.

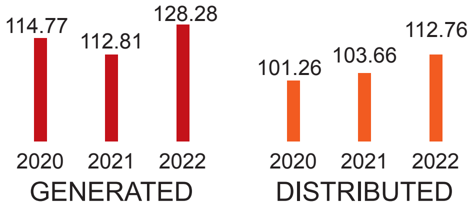
**Michael G. Tan**
**President**

# 2022 Highlights and Contribution to the UN SDGs

## ECONOMIC AND GOVERNANCE GRI 201-1

8 DECENT WORK AND ECONOMIC GROWTH

Direct Economic Value
*in Php Billions*




**Php12.08 bn**
spent in employee wages and benefits

5 GENDER EQUALITY

**55%**
of women on the Board

**33%**
of women in senior management roles

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

ACGS
ASEAN CORPORATE GOVERNANCE SCORECARD

Received **three** Golden Arrows **(LT Group, Inc.)** and **four** Golden Arrows **(PNB)** at the 2022 ACGS Golden Arrow Awards

## ENVIRONMENT GRI 2-4

6 CLEAN WATER AND SANITATION

Water withdrawal

| | |
|---|---|
| 2022 | **7,562.54 ML** |
| 2021 | **7,214.09 ML** |
| 2020 | **7,795.68 ML** |

7 AFFORDABLE AND CLEAN ENERGY

**Two-megawatt solar power generation facility** in Lian, Batangas supplying electric power to the National Grid Corporation of the Philippines (NGCP)

- **2,447,718.6 kWh** total energy generated

Green Power Initiative

- **Renewable energy for Luzon manufacturing sites** from Shell Energy
- **13.8 megawatt solar photovoltaic (PV) system** on manufacturing facilities[1]
- **Cabuyao's Solar Project** that will be operational by Q4 of 2023

11 SUSTAINABLE CITIES AND COMMUNITIES

Waste generated

| | |
|---|---|
| 2022 | **7,867.58 mt** |
| 2021 | **6,210.40 mt** |
| 2020 | **8,839.50 mt** |

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Overall energy consumption

| | |
|---|---|
| 2022 | **2.55 million GJ** |
| 2021 | **1.91 million GJ** |
| 2020 | **3.24 million GJ** |

13 CLIMATE ACTION

Total carbon footprint

| | |
|---|---|
| 2022 | **218,178 $tCO_2e$** |
| 2021 | **263,163 $tCO_2e$** |
| 2020 | **259,435 $tCO_2e$** |

15 LIFE ON LAND

Carbon dioxide sequestration potential of **493.66 metric tons** via the Legacy Forest

Produced **22 tons of various crops** via the Agroforestry Farm Project at Barangay Digdig in Carrangalan, Nueva Ecija

[1]Asia Brewery

## EMPLOYEES GRI 404-3

**12,325**
employees covered by the OHS management system

**26,460,502** safe man hours

**22%** of trainings are focused on mental health of all employees

**425,508**
total training hours

**41%**
female employees

**12,325**
total employees

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

## CUSTOMERS

**ZERO**
incidents of non-compliance with regulations on customer health and safety

**1,575** ATMs, **179** CAMs, and **8,367** POS Terminals

**25,341** enrolled users and **6,504** new enrollments in the PNB Cashnet mobile app

## SOCIETY

**Php 25.91 million total community investments**

**Php 40,000/year** quarterly tilapia fingerlings dispersal at Lian River

**Php 36,000/year Rice Donation** to Fisherfolk of Brgy. San Diego, Lian, Batangas

**150kg of hybrid palay seedlings** donated to farmers of Masaganang Palayan Project in Nueva Ecija

**367,108.51 metric tons of Liquid Fertilizers** donated to Sugarcane Farmers

**Php 170,908 amount of in-kind donations** for Brigada Eskwela, Balik Eskwela Program, Teacher's Day, Give a Gift Reading

**Donated 30 decommissioned desktop computers and one laptop** for the use of students of Dr. Pablito V. Mendoza Senior HS in Bustos, Bulacan

**36 Dual Training System Trainees and 435/month of allowances** provided and one Dual Tech School maintained via the Brigada Eskwela Program

**Career orientation sessions for 41 senior high school beneficiaries** of the TYKFI-STA Scholarship Program for Farmers' Children

**School bags donated to 415 elementary school pupil**s in Sta. Cruz, Ilocos Sur

**10kgs sacks of white rice** donated to over **522 pupils and 29 teachers** in Sta. Cruz, Ilocos Sur

# Our Organizational Profile GRI 2-1

The LT Group, Inc., or the companies under the same, have been delivering a variety of products and services for over 6 decades.

The conglomerate was organized in 2012, through Tanduay Holdings, Inc (THI), which was later renamed in the same year as LT Group, Inc.

In the same period, the Company's Board of Directors authorized the acquisition of shareholdings in Fortune Tobacco Corporation, Philippine National Bank, Allied Banking Corporation, Asia Brewery, Inc., and Eton Properties Philippines, Inc.

The series of acquisitions made by LTG in 2012 expanded its investment portfolio to include tobacco, beverages, property development and banking. Majority owned by Dr. Lucio C. Tan and his family and assignees, these subsidiaries, combined with the LT Group, Inc., are collectively known as the Group in this Sustainability Report.

With its growing consumer products, LTG is set to continue innovating its product lines and expanding its market base overseas.

In terms of ownership, LTG's ultimate parent company, Tangent, has a 74.36% stake in the Company as of December 2021. Currently, LTG's head office is at the Bonifacio Global City, one of the most prominent central business districts in the Philippines.

## 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 a 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, and the outer circle for solidarity.

## Our Business Strategy

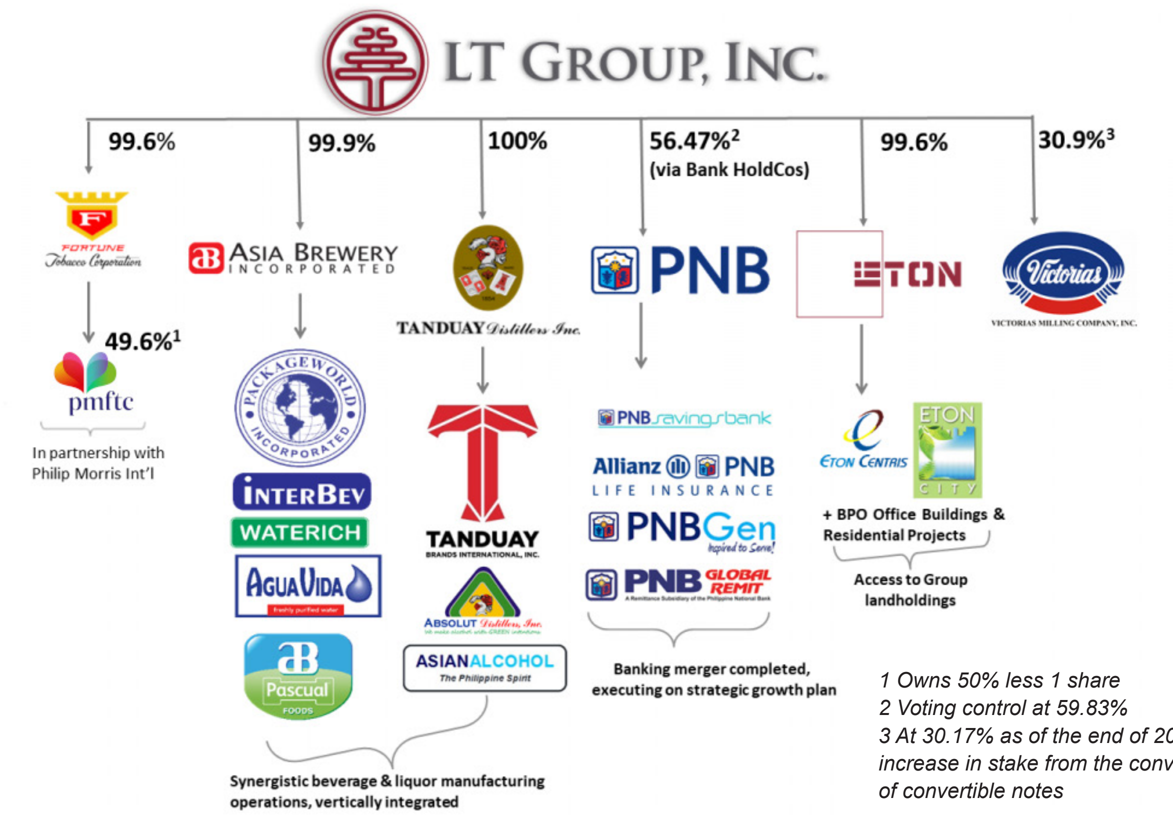
**Our Long-term Strategic Objectives**

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

*The Board of Directors reviews and approves the Vision and Mission Statements annually. The latest reviews were on February 9, 2021, and February 8, 2022.*

## Our Corporate Structure

LTG's corporate structure illustrates the relationship between the parent company and its subsidiaries. Except for Victoria Milling Company Inc., each of the subsidiaries under LTG also has its own subsidiaries, as outlined in its corporate structure. Some of these subsidiaries have supply chains that are vertically integrated for more efficient business operations.




*1 Owns 50% less 1 share*
*2 Voting control at 59.83%*
*3 At 30.17% as of the end of 2016; increase in stake from the conversion of convertible notes*

## Our Businesses GRI 2-6

### Beverages

Asia Brewery, Inc. (Asia Brewery) is one of the leading providers of top-quality and affordable beverage products to the mass market. Established in 1982, the company began by introducing a new beer brand to break the monopoly in the Philippine beer industry. From a single-product company engaged in alcoholic drinks, Asia Brewery has since expanded its line to include ready-to-drink tea, energy drink, yogurt, and soymilk products. Asia Brewery's diverse portfolio of well over (40) alcoholic and (138) non-alcoholic brands include Beer na Beer, Brew Kettle, Colt 45, Tanduay Ice, Tiger Black, Asahi, Cobra Energy Drink, Nestea, Sunkist, Absolute, Summit, V-Soy, Vitamilk, Spritz and Paraiso. Over the past years, Asia Brewery is rapidly earning a reputation for its non-alcoholic and alco-mix beverages and products.

### Property Development

Eton Properties Philippines, Inc.

Eton Properties Philippines Inc. (Eton) is a real estate firm established in 2007 with a vision to become the most trusted property developer in the country. Eton has a broad experience in the real estate industry and specializes in delivering commercial, office and residential property developments in strategic locations around the country.

Eton is one of the biggest real estate developers in the Philippines. Our foreign counterpart, Eton Properties Ltd, is an established real estate brand in Hong Kong and mainland China. With an extensive land bank in strategic locations all over the country, we specialize in office projects, commercial centers, mixed-use township developments, high-end and mid-income high-rise and horizontal residential developments, and land leases.

To date, Eton has 36 projects under its wing, including Parklinks, its latest joint-venture development with Ayala Land, Inc., along E. Rodriguez Ave. in Quezon City. In addition, we have delivered two townships, mixed-use development, eight commercial centers, six BPO hubs, one event venue, one hotel, one serviced residence, eight high-rise condominiums, one mid-rise development, and six residential subdivisions.  Among the completed office buildings are Centris Cyberpods 1-5 in Eton Centris, Eton Corinthian Cyberpod in Ortigas, and eWestPod at Eton WestEnd Square in Makati.

### 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 5 out of the top 10 brands available in the market today.

**Banking**

The Philippine National Bank (PNB) is one of the largest and oldest banks in the Philippines. Operating as a government bank from its establishment in 1916 until its privatization in 2007, PNB has earned a reputation as the "Bangko ng Bayan" or the people's bank. Throughout the past 106 years, PNB has withstood the test of time by providing stable and reliable customer-first services even during the most challenging financial and social crises.

The Bank believes it is responsible for upholding its stakeholders' right to prosperity and ensuring its customers have pathways to fulfilling lives. As a result, PNB has constantly maintained a customer-centric approach with a passion for innovation and service excellence.

In over a century of continuous operations, the Bank's mission has constantly evolved to respond to the needs of the changing times. For instance, PNB pioneered rural banking services to support the agriculture sector in the 1920s. In 1917, the Bank marked its entry into the field of international banking with the opening of its first overseas branch in New York. Today, the PNB has positioned itself as a leading and dynamic Filipino financial services group with a global reach committed to delivering valuable products and services.

**Distilled Spirits**

Incorporated in May 1988, Tanduay Distillers Inc. (Tanduay) is a company mainly engaged in manufacturing, compounding, bottling, importing, exporting, buying, and selling liquor products. Tanduay sells liquor such as rhum, brandy, whiskey, and gin either in retail or wholesale. Apart from liquor products, Tanduay also sells equipment, materials, and supplies related to the manufacturing of these products. Tanduay has two subsidiaries: Absolut Distillers Inc. (ADI) and Tanduay Brands International, Inc. (TBII).

Absolut Distillers Inc., originally known as the Century Distillery Corporation (CDI), started as a small distillery in the late 1980s. By 1990, CDI eventually became Absolut Chemicals Incorporated, and LTG acquired it. ADI aspires to be a word class producer of quality alcohol while promoting sustainable development by empowering its employees, stakeholders, and communities. ADI offers fine ethyl alcohol and liquified carbon dioxide used in alcoholic and non-alcoholic beverages. In addition, ADI manufactures bioethanol used to produce fuel bioethanol.

Tanduay Brands International mainly handles the marketing of Tanduay products. In 2003, TBII was incorporated in the country, and three years later, LTG sold its 100% ownership interest in TBII to Tanduay. The following year, the company started its commercial operations and opened its first store, "Tanduay," in Century Park Sheraton Hotel Manila.

## Our Markets and Geographical Reach GRI 2-6

LTG is a Filipino-owned and controlled company that enjoys a significant presence in the domestic market. The Company aims to broaden its global operations to realize its vision of becoming a world-class business firm delivering outstanding products and services.

Asia Brewery's market reach is limited to local mass consumers, although we aspire to bring Filipino-branded beverage products to a wider international market. To date, Asia Brewery sells alcoholic and non-alcoholic beverages and products through various distribution facilities nationwide. At least 11 distribution channels are in Luzon, and two are in Mindanao. Aside from these channels, we are increasing our customer reach through our exclusive distributors' network of 39 sales offices, 15 sub-warehouses, and 7 depots.

Eton has a diversified real estate portfolio ranging from residential to commercial projects. We lease and sell residential condominium units, office and commercial spaces, and buildings. On top of these, the company also offers property management and hospitality services.

PNB offers a wide range of traditional and innovative services to individual and institutional customers. These banking and financial services include deposits, insurance, trade finance, lending services, trust, treasury, and remittance products and services. We complement our traditional banking operations with digital banking through our internet portal and digital apps for faster transactions.

Our customer base is composed of private and public sector organizations such as corporations, the national government, local government units, government-owned enterprises, and other government agencies. Moreover, we also cater to small and medium markets and retail customers.

We operate 651 Philippine branches and offices plus 71 overseas branches, subsidiaries, and representative offices in 17 jurisdictions in the United States, Europe, the Middle East, Asia & Oceania.

Tanduay has a broad range of liquor products such as rhum, gin, vodka, whiskey, cocktails, and medicinal wine. Meanwhile, ADI is engaged in producing various products ranging from bioethanol and distilled products to solar power. ADI has been registered as a bioethanol producer with a capacity of 30 million liters per year and started the commercial operation of its bioethanol plant in 2016. In addition, ADI manufactures and sells denatured alcohol, liquid carbon dioxide and dry ice. Meanwhile, ADI also operates a two-megawatt solar power generation facility, licensed under the Renewable Act of 2008. Under a 25-year solar energy supply contract, ADI supplies electric power through its solar power system to the National Grid Corporation of the Philippines (NGCP) at the approved Feed-In-Tariff rate of Php8.69 per kilowatt hour.

Through fifteen exclusive distributors, Tanduay serves more than 215,000 points of sale as of 2022. These distributors operate at least 40 sales offices and 48 warehouses nationwide. Through TBI, in-house sales staff are employed by Tanduay to provide marketing and administrative support to its distributors. In addition, third-party transportation companies offer logistical services for Tanduay's products. ADI's bioethanol and other by-products are delivered through distillery tankers or collected by customers at distillery plants.

## Membership in Associations GRI 2-28

LTG joined various industry, trade, and professional associations in the country to enhance its business profile and expand its business connections. In some of these organizations, LTG plays crucial leadership positions. By actively participating in external organizations, LTG has acquired insights into industry updates, best practices, and emerging trends.

**Asia Brewery**

- Cabuyao River Protection Advocates (CaRPa) – President

MEMBER

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

**Eton Properties**

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

MEMBER

- Philippine Society for Talent and Development
- Employees Confederation of the Philippines
- Philippine Association of National Advisers

**Tanduay**

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

MEMBER

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

**PNB**

- Philippine Association of Management Accountants – President

MEMBER

- ACI Philippines
- Association of Certified Fraud Examiners
- Association of Certified Public Accountants in Commerce
- Association of AML Officers (AMLO)
- Association of Bank Compliance Officers (ABCOMP)
- Agusan Chamber
- Asian Bankers Institute
- Asian Bankers Association
- Bankers Institute of the Philippines
- Bankers Association of the Philippines
- Bank Marketing Association of the Philippines
- Bank Security Management Association
- British Chamber of Commerce in the Philippines
- Business for Sustainable Development (BSD)
- Credit Management Association of the Philippines
- Credit Card Association of the Philippines
- Executives Finance Management Association
- Federation of the Philippine Industries, Inc.
- Financial Executive Institute of the Philippines
- Financial Technology of the Philippines
- Good Governance Advocates and Practitioners of the Philippines (GGAPP)
- Information Systems, Audit and Control Association
- Institute of Corporate Directors
- Institute of Internal Auditors of the Philippines
- Integrated Bar of the Philippines
- International Association for Business Communicators (IABC)
- Japanese Chamber
- Korean Chamber
- Mabuhay Miles
- Makati Commercial Estate Association, Inc.
- Management Association of the Philippines
- Money Market Association of the Philippines, Inc.
- People Management Association of the Philippines
- Philippine Association of National Advertisers, Inc.
- Philippine Chamber of Commerce and Industries, Inc.
- Philippine Business Coalition for Women Empowerment
- Philippine Payments Management, Inc.
- Public Relations Society of the Philippines (PRSP)
- Rotary Club
- Tax Management Association of the Philippines
- The Financial Markets Association, Inc.
- Trust Officers Association of the Philippines
- Women's Business World

# Sustainability for LT Group

## Stakeholder Engagement Mechanisms GRI 2-29

| HOW WE ENGAGE | KEY CONCERNS RAISED | COMPANY'S RESPONSE |
|---|---|---|
| **Government Agencies and Regulators** | | |
| • Policy dialogues, consultations and meetings, and legislative hearings<br>• Regular reportorial requirements and other official correspondence<br>• Briefings, forums, webinars and conferences (primarily online)<br>• Annual audits<br>• Formal proceedings<br>• Membership in committees organized by the government<br>• Periodic examinations<br>• Emails / Correspondences<br>• Virtual Meetings<br>• Webinars | • Request for private sector support for government Initiatives, programs, or policies<br>• Completion/clarification of compliance requirements<br>• Conduct of sound business practices and risk management<br>• Sustainability of the company<br>• Compliance to laws, rules, and regulations<br>• Transparency and accountability<br>• Liquidity and capital adequacy to operate as a universal/commercial bank<br>• Timely and accurate submission of financial and regulatory reports | • Participation in and/or expression of support for government initiatives, programs, or policies<br>• Correspondence with relevant government agencies<br>• Timely and accurate submission of regulatory reports<br>• Transparency and accountability<br>• Proactive dialogue<br>• Full compliance/adherence to banking laws, rules, and regulations in the country and overseas |
| **Customers** | | |
| • Email<br>• Calls/SMS<br>• Social Media Platforms<br>• Messaging Apps<br>• Websites<br>• Retail Partners<br>• Customer Survey Forms | • Better customer engagement and experience<br>• Fast, efficient and competent customer service<br>• Accessibility and convenience of customer touchpoints<br>• Data security risks<br>• Protection of customer information<br>• Safety and quality of products<br>• Responsible advertisement of products<br>• Health and safety of customers | • A reliable 24/7 customer service hotline<br>• Information campaigns and seminar training<br>• Digital Customer Complaint Handling Process<br>• Enhanced Digital Platforms/ Online Transactions<br>• Cybersecurity Tools<br>• Ensure 100% compliance with requirements on standards and regulations<br>• IATF regulation and standards<br>• Presence across the country |

| HOW WE ENGAGE | KEY CONCERNS RAISED | COMPANY’S RESPONSE |
|---|---|---|
| | • Products and services that are responsive to their current needs<br>• Updates and information on operating hours, new products and services, promos, etc. | and overseas, offering relevant products, services, and solutions<br>• Financial Wellness Sessions, Roundtable Discussions, Economic Briefings<br>• Clear and timely customer updates or advisories (i.e., schedule of branch operations, new product/ service, promos, etc.) |
| **Employees** | | |
| • Consultation<br>• Tool box meetings<br>• Employee-related activities<br>• Labor union<br>• Annual Shareholders' Meeting<br>• Annual Press Briefing<br>• Quarterly Analysts' Briefing<br>• Consultation Meetings with the Congress<br>• Conference/telephone calls<br>• Regular virtual meetings with relationship managers and branch personnel<br>• Website updates<br>• Email communication<br>• Social Media Updates and Messaging Apps (Facebook, Messenger, Twitter, Instagram, Viber, WhatsApp)<br>• Virtual Events<br>• Yearly outing/ team building | • Hiring and retaining talents<br>• Handling grievances<br>• Attracting and retaining talents<br>• Financial results of the Group<br>• Future plans of operations<br>• Other significant changes on the operations of the Group<br>• Work-life balance<br>• Competitive compensation and benefits<br>• Safe and secure work environment<br>• Training, development and career progression<br>• Improvement of infrastructure and facilities<br>• Opportunities for volunteerism and community engagement | • Competitive salary<br>• Year-round initiatives and programs to promote employee well-being; in-house and external webinars; employee welfare and wellness (medical and mental teleconsultation hotlines, power classes, etc.)<br>• Employee recognition<br>• Performance appraisal<br>• Labor management committee/ council meetings<br>• Offer career opportunities<br>• Labor Management Committee (LMC)<br>• Grievance mechanism<br>• Regular checking and maintenance of on-site offices/ branches and IT infrastructure (i.e., hardware, software, and systems)<br>• On-site/off-site volunteerism or community outreach opportunities for our employees<br>• Development and implementation of policies that safeguard the safety, growth, and well-being of our employees |

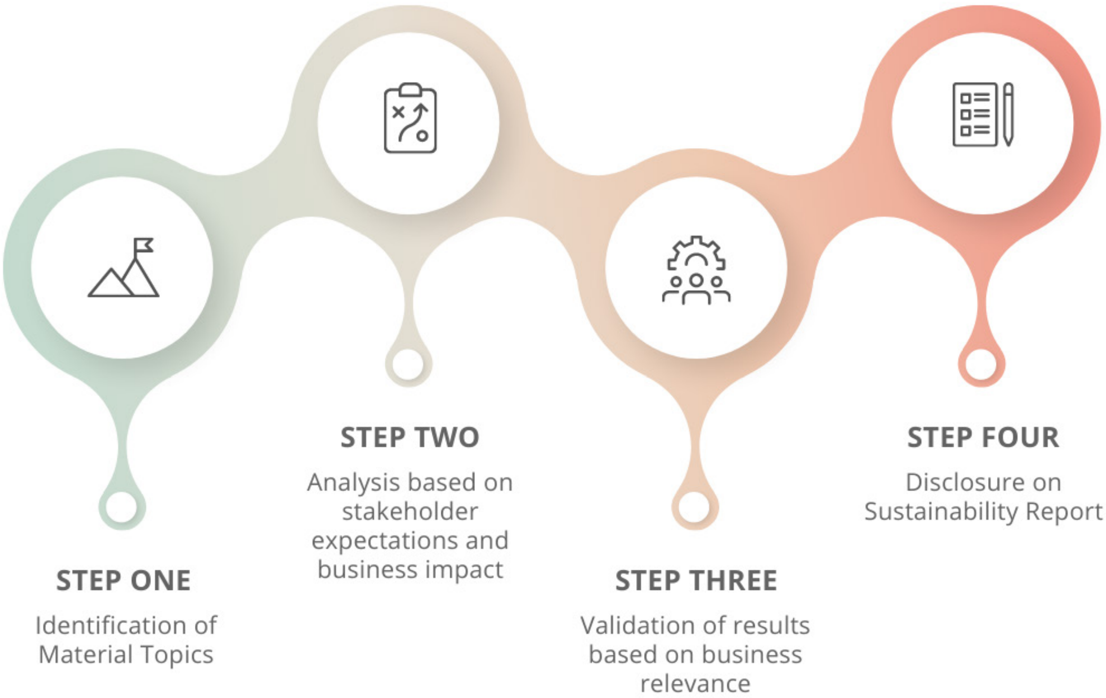
| HOW WE ENGAGE | KEY CONCERNS RAISED | COMPANY'S RESPONSE |
|---|---|---|
| **Communities** | | |
| • Corporate Social Responsibility Activities<br>• Investors' Conference<br>• Plant Visits<br>• Virtual Financial Literacy/ Financial Wellness sessions<br>• Virtual meetings and events/ activities (i.e., donations, turnovers, etc.)<br>• Charitable/ Philanthropic Contributions<br>• Environmental and sustainability-related projects or initiatives<br>• Partnerships with credible NGOs, Foundations, academic institutions, LGUs, or Civil Society Organizations | • Access to existing public infrastructure<br>• Community programs and initiatives<br>• SEC and PSE reports should be disclosed on time and are available for viewing and downloading on the Group's website • Promote a greater understanding of the businesses<br>• Knowledge of basic money management<br>• Projects that support the economic, social, and environmental landscape of the community<br>• Disaster or emergency response<br>• The school was temporarily closed due to pandemic<br>• DTS Trainees who were trapped within the company's premises | • Shuttle services<br>• Donations of Bottled Water (ABI White Label) during calamities (typhoons, earthquakes, fire, flooding)<br>• Tree Planting<br>• Brigada Eskwela<br>• Adopt-a-River (Clean-up drive)<br>• Networking and coordination for certain CSR or sustainability-related projects and activities<br>• Financial inclusion through financial literacy programs<br>• Partnerships with credible social development organizations, LGUs, academic institutions, and civil society organizations aligned with the CSR and sustainability thrusts of the Bank<br>• Support for charitable and philanthropic causes on education, environment, and social welfare development.<br>• Support for affected communities where the Bank has a presence, especially during times of natural and man-made calamities (i.e., relief operations), with assistance from our employees, our subsidiaries, and affiliates.<br>• Continuous training whenever possible<br>• Food and accommodation and allowances<br>• Extended financial assistance to the partner school<br>• Allow the request to conduct |

| HOW WE ENGAGE | KEY CONCERNS RAISED | COMPANY'S RESPONSE |
|---|---|---|
| **Suppliers**<br>• Supplier Performance Evaluation<br>• Consignment Program (Partnership)<br>• Electronic/Physical Letters<br>• Virtual meetings<br>• Phone calls/SMS | • Partnership with Suppliers on the Consignment Program<br>• Supply chain risks<br>• Timely and accurate payment of products and services commissioned/secured<br>• Ethical and efficient supplier accreditation process<br>• Updates/information on any changes in the procurement/ outsourcing policies and processes<br>• Non-compliance incidents or practices | • Provide feedback and discuss the Supplier Performance Evaluation through email and meetings<br>• Ensure reliability and inventory control/management of consigned raw materials<br>• Annual review of vendor/ supplier performance<br>• Orientation sessions/briefings for vendors/suppliers<br>• Organized biddings, a thorough review of documentation submitted, proper accreditation of suppliers in compliance with relevant standards and requirements<br>• Review of necessary documentation and facilitation of timely release of payments<br>• Foundation for the creation of a Bank-wide Sustainability Procurement and Supply Chain by organizing webinars for the Corporate Services Division and other concerned business units |

## Our Approach to Materiality GRI 3-1, 3-2

We conducted a thorough materiality assessment to understand critical environmental, social and governance issues that matter to the Company's stakeholders and develop strategies to address them. The materiality assessment entails identifying topics relevant to us and our subsidiaries. To assess the scope and objectives of the engagement with its sustainability partner, we organized a series of consultation sessions with the Sustainability Reporting Project team. From these sessions, the list of sections to be included in the survey forms for the materiality assessment was finalized. The sections were revised and changed into specific questions that can generate insights enabling us to plan, implement, and achieve measurable results.

In October 2022, we held a materiality assessment session to discuss the various applications of sustainability in the Company and identify sustainability topics relevant to the Group. During the session, the application of sustainability in our sustainable development plans and programs was tackled. Towards the end of the session, a short survey was conducted to solicit feedback on our sustainability initiatives. Survey participants were asked to indicate their profiles and rank the company's impact based on the rating system provided to them.




Following the assessment, our Senior Management organized an in-person validation session of the outcome on January 9, 2023, in Makati City to accurately represent the Company's sustainability performance. Furthermore, the Risk Management Committee conducted a confirmation session on January 10, 2023, to endorse the results of the validation session.

| Economic and Governance | Environment | Employees | Customers | Society |
| --- | --- | --- | --- | --- |
| • Good Governance<br>• Economic Performance<br>• Ethical Operations<br>• Socio-Economic and Environmental Compliance<br>• Illicit Trade | • Resource Efficiency<br>• Climate Change/ GHG Emission | • People Safety, Security and Well-being<br>• Employee Skills and Competency Development<br>• Employment<br>• Labor Relations and Diversity | • Customer Data Privacy and Security<br>• Customer Engagement and Satisfaction<br>• Marketing and Labeling | • Community Relations<br>• Human Rights Protection<br>• Supply Chain Management |

# Economic & Governance

## Good Governance GRI 2-9, 2-10, 2-11, 2-12

LTG understands the importance of effective corporate governance as a driver of company performance. The Company's Board of Directors provides strategic guidance and supervises the management and operations of the business. Under the Board of Directors are five committees tasked to oversee operations and ensure the Company follows sound corporate governance practices. These committees include the Audit Committee, Risk Management Committee, Executive Committee, Nomination and Compensation Committee, and Corporate Governance Committee.

The Audit Committee assists the Board in performing oversight functions on financial reporting, internal control, audit, and monitoring compliance with laws and regulations. This Committee is composed of five members, four of which, including the Chairman, are independent directors. The Committee members are Mr. Johnip G. Cua as Chair and Ms. Juanita T. Tan Lee, Ms. Florencia G. Tarriela, Mr. Wilfrido E. Sanchez, and Ms. Mary G. Ng as members.

Meanwhile, the Risk Management Committee oversees the management of the Group's financial and non-financial risks, including related party transactions. It is the responsibility of the Committee to review risks and manage the overall risk exposure of LTG. Currently, Ms. Mary G. Ng serves as the Chair of the Committee, while Mr. Johnip G. Cua, Ms. Juanita T. Tan Lee, Ms. Florencia G. Tarriela, and Mr. Wilfrido E. Sanchez serve as Committee members.

The Board gives the Executive Committee powers to manage the business and affairs of LTG, but it is excluded from exercising any powers expressly reserved to the Board of Directors. Dr. Lucio C. Tan chairs this committee, and its members include Ms. Karlu T. Say, Mr. Michael G. Tan, Ms. Vivienne K. Tan, Ms. Juanita T. Tan Lee, Mr. Lucio C. Tan III, and Mr. Johnip G. Cua.

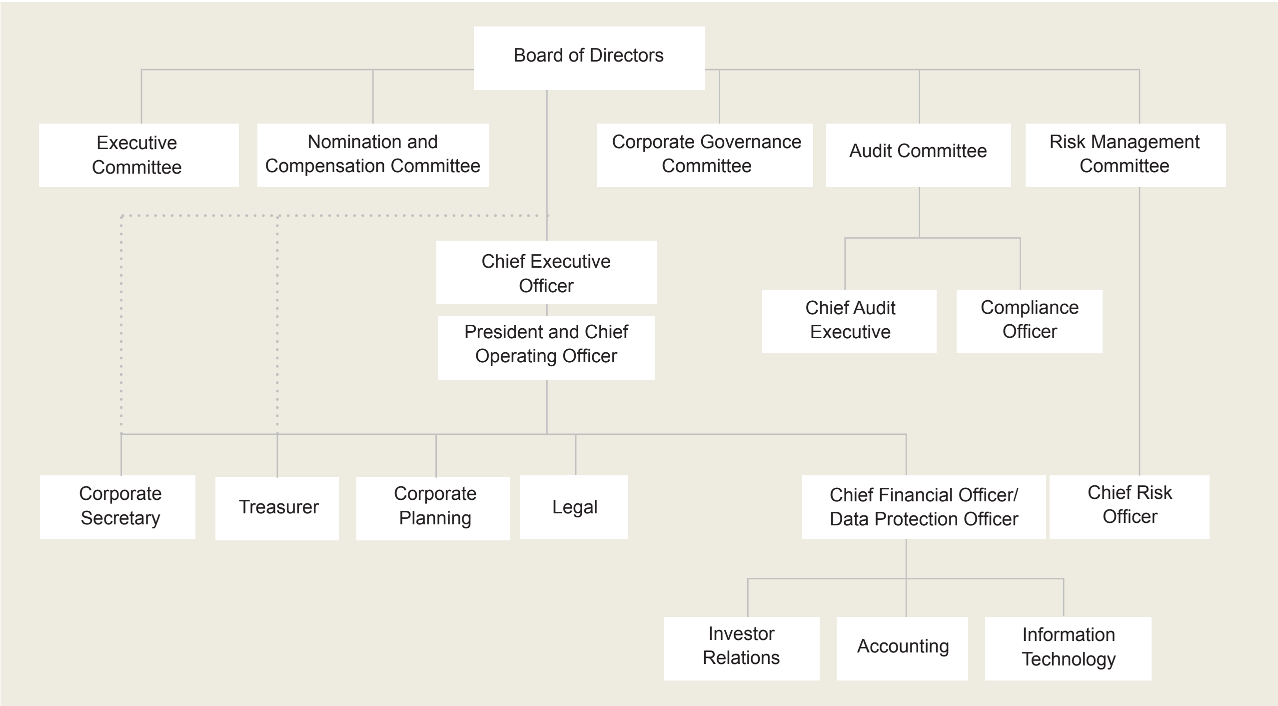
Under the Group's charter, the Nomination and Compensation Committee ensures a formal and transparent Board nomination process in selecting, compensating, monitoring, and, if needed, replacing key executives. The Committee is also responsible for overseeing the Board's succession planning. Dr. Lucio C. Tan is the Committee Chair, while Ms. Karlu T. Say, Mr. Michael G. Tan, Mr. Lucio C. Tan III, Ms. Juanita T. Tan Lee, Ms. Mary G. Ng, and Mr. Wilfrido E. Sanchez are the Committee members.

LTG created a Corporate Governance Committee to promote good governance within the Group and lead the Company to become a world-class conglomerate. This Committee oversees the periodic performance evaluations of the Board, its committees, and the executive management. These evaluations aim to ensure that a director is fully qualified and capable of performing the duties and responsibilities of the position. The Committee is chaired by Ms. Florencia G. Tarriela and is required to meet at least twice a year or as needed. Committee members include Mr. Michael G. Tan, Mr. Lucio C. Tan III, Ms. Juanita T. Tan Lee, Mr. Johnip G. Cua, and Mr. Wilfrido E. Sanchez.

Over the years, no changes have been made to the Group's corporate structure, size, and ownership.

## Organizational Chart GRI 2-9

The LTG Board of Directors is the highest governing body responsible for implementing the Company's strategy. The Board of Directors is assisted by five committees and oversees the governance of the entire conglomerate. The Company's Chief Executive Officer, President, and Chief Operating Officer report directly to the Board of Directors. Each officer in the organizational structure plays a crucial role in driving LTG's corporate performance.




## Awards and Recognition


The Company's efforts in improving its practices and policies to ensure compliance with the Philippine Code of Corporate Governance and the internationally recommended corporate governance practices by the ASEAN Corporate Governance Scorecard (ACGS) was not left unnoticed by the Institute of Corporate Directors (ICD), the duly appointed domestic ranking body of the SEC.

As a testament of the Company's dedication and commitment, it received the three (3) golden arrow recognition last January 20, 2023. This golden arrow is awarded by the ICD to companies that achieve a score of at least 80 points in the ACGS Assessment. For the year 2021, the Company garnered a score of 106.09 points out of the possible 130 points.

## Driving Sustainability from the Boardroom GRI 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20, 2-22

LTG's Board of Directors plays a crucial role in driving sustainability within the Company. Balancing the Board's corporate responsibility and sustainability leadership role is critical to boosting LTG's bottom line.

Members of the Board oversee the overall management of the Company and set the purpose, values and strategies of LTG. The Board is bound to adhere to the highest ethical standards of corporate governance. Within the Company, all Directors and key Officers are required to disclose to the Board of Directors or to the Risk Management Committee any material transaction or relation that would result in actual or potential conflict of interest. In cases where it is unclear whether an act or transaction will result in a conflict of interest, the Director, Officer or Employee should consult with the Risk Management Committee of the Corporation, the Chief Legal Officer, or his or her immediate supervisor, whichever is applicable based on the personnel's rank.

LTG's Board delegates its authorities, including the responsibility of managing economic, environmental and social concerns, through the Committees in the Company and its subsidiaries. Each subsidiary has a Committee Chairman and executives appointed by the Board to deal with these topics. Key Directors and Officers of LTG undergo seminars with topics relating to Environment, Social and Governance (ESG). Stakeholders of the Company and subsidiaries are consulted on sustainability-related topics to gather their concerns and issues. These issues are compiled and forwarded to the Board in the form of Committee reports.

To assess the performance of the Company's highest governance body, an annual self-assessment is conducted by the Board of Directors to review their performance and revisit their roles and responsibilities. To make the evaluation process more efficient, LTG has developed an electronic Performance Evaluation Form ("form") outlining the duties and responsibilities of the Directors and Committee members based on the Revised Manual on Corporate Governance and Charters. Annually, the form is filled out by the Chairman, Directors, and all Committee members to evaluate their own performance as well as the performance of the Chairman, Directors and Committee members.

The remuneration of Board members is based on the Nomination and Remuneration Committee Charter which explicitly prohibits directors from being involved in deciding their own remuneration. As a policy, LTG bases the compensation of its officers on their performances, and it does not disclose the salary of its officers.

As the overall lead of the Company's sustainability initiatives, the Board is responsible for setting policies, directing programs, managing sustainability impacts, and leading LTG's sustainability report. Upon the establishment of LTG's Sustainability Reporting Framework in 2019, the Company has been regularly submitting its Sustainability Report subject to review and approval of the Board.

For PNB, the institutionalization and adoption of sustainability principles within the corporate governance, risk management framework, and strategic objectives of the Bank is the main responsibility of its Board. The Bank's Corporate Governance and Sustainability Committee assists the Board in performing its governance responsibilities, including the Nomination and Remuneration Committee functions, ensuring compliance with and proper observance of good corporate governance. It also oversees the consistent implementation of the Bank's sustainability framework.

## Risk Management

Effectively Managing business risks helps the Company protect its operations, avoid losses, and achieve business objectives. In an environment of uncertainty, LTG is determined to enhance its risk management system and find ways to turn these risks into opportunities.

We formed a Risk Management Committee composed of mostly independent Directors to lead in monitoring the Company's risk environment and provide direction to mitigate risks that may negatively impact our goals. This Committee regularly holds meetings to identify the material risks facing the Company and presents to the Board its assessment and recommendations on issues related to EESG. The Board decides the course of action to be taken by the Company based on the recommendations of the Committee. As part of its Risk Oversight and Related Party Transactions (RPTs) Functions, the Committee also reviews and screens related party relationships and transactions to protect the interest and reputation of LTG.

The Company's subsidiaries also established their respective Risk Management Committees tasked with formulating and setting directions on mitigating and resolving business risks. The subsidiaries' Risk Management Committee head or Chief Risk Officer is required to submit a report to LTG's Risk Management Committee, which elevates the report to the Board and formulates solutions addressing the identified risks. The Board deliberates the proposed recommendations and decides on the action to take to manage the risks.

In 2022, the Company's Risk Management Committee organized six meetings to discuss the current risk exposures of LTG based on submitted Management reports.

Eton identifies and responds to business-related risks using its Enterprise Risk Management policy. One of the committees under the company's Board is the Audit and Risk Committee, which oversees management's activities in handling credit, market, liquidity, operational legal, and other related risks. The Audit and Risk Committee receives information from the management on risk exposures and risk management activities. Yearly, the committee reviews our risk appetite levels and risk tolerance limits against the developments in the business and its context, regulatory frameworks, and other significant events that may impact the business.

The Risk Oversight Committee (ROC) is one of PNB's eight board committees. It assists the board in overseeing the risk profile and approving the risk management framework of PNB, including its related allied subsidiaries and affiliates. It is mandated to set the Bank's risk appetite; approve frameworks, policies, plans, and programs for managing risks; and accept risks beyond the approval discretion provided to management.

Specific risks have been identified by Tanduay that are crucial to its business operations, such as market risk, raw material supply risk, credit risk, trademark infringement risk, regulatory risk, safety health and environmental law risk, and counterfeiting risk. Tanduay's primary market is lower-income consumers who are highly sensitive to price changes. Thus, the entry of new competitive and substitute products suitable to the purchasing power of its consumers will adversely affect Tanduay's financial position and performance. To address this risk, Tanduay continuously expands its portfolio of products and constantly monitors market trends, and consumer needs to identify potential opportunities and respond to customer preferences.

Tanduay regularly monitors its molasses and alcohol requirements, provides adequate storage to stock its raw materials, and maintains a network of local and foreign suppliers to boost the resilience of its supply chain. We manage credit risk by thoroughly assessing the credit worthiness of our distributors, and for the past twenty years, Tanduay's credit dealings with existing distributors have been generally satisfactory. We address trademark infringement and counterfeiting risks by developing safeguards and taking preventative actions. Tanduay registers its brand names, trademarks, and other intellectual property rights with the Intellectual Property Office (IPO) in all countries where its products are being sold, while products under development are registered in advance. Further, we actively evaluate counterfeiting risk and undertake legal actions against violators.

With the nature of its core business, Tanduay undergoes extensive review from regulatory bodies. To manage regulatory risks such as the imposition of a higher specific tax, we resort to increasing our selling prices and reducing our production costs. In addition, Tanduay coordinates with appropriate regulatory agencies and industry associations to check potential problems and policy direction shifts.

Compliance with safety, health, and environmental laws and regulations is a top priority for Tanduay. As such, we strictly follow government regulations and have invested in an environmental protection system for our physical facilities, all of which have been cited as compliant by environmental regulators.

## Compliance GRI 2-27

The culture of compliance has always been a bedrock of LTG's commercial operations. Accordingly, the Company's management requires all employees, officers, directors, and personnel to comply with all laws, rules, and regulations relevant to LTG's business.

PNB's Board Audit and Compliance Committee assists the Board in performing its oversight responsibility relating to financial reporting process, internal control systems, audit process, and monitoring of compliance with applicable laws, rules, and regulations.

Tanduay gives serious consideration to its compliance with laws and regulations. The Company's Corporate Governance Committee diligently monitors business units responsible for ensuring compliance with regulatory agencies.

Across the Company, there was no record of significant non-compliance with laws and regulations relevant to our business operations.

## Anti-Corruption GRI 3-3, 2-25, 205-2, 205-3

Supporting and sustaining LTG's long-term development as a business requires vigilance against corruption, unethical behaviors, and unfair business practices. To create a fair business environment, we are bolstering our anti-corruption efforts by strictly enforcing the Group-wide Code of Business Conduct and Ethics, expanding educational campaigns, and strengthening mechanisms for reporting unethical practices.

At Asia Brewery, business transactions are conducted under high ethical standards. Internal rules and regulations prohibit corruption, monopoly, anti-competitive behavior, and other unethical business practices. Corruption and unscrupulous behavior are prevented within the supply chain by implementing a competitive procurement process subject to the

Executive Committee's review and approval. To ensure understanding and compliance with the Code of Conduct, we conduct orientation programs and send all employees reminders on our whistleblowing policy and grievance mechanisms. Complaints and reports, if any, are investigated thoroughly, and sanctions are imposed as deemed appropriate.

Upholding business integrity is always crucial for Eton. Thus, the company's Corporate Governance Manual outlines the ethical requirements that management and employees should follow. The management officers, executive directors, and key officers must disclose to the Board of Directors or the Audit and Risk Committee any potential conflict of interest arising from their business dealings. In line with Eton's Related Party Transaction Policy of the Code of Business Conduct and Ethics, all company employees, including its subsidiaries, should divulge business and family-related transactions to prevent conflicts of interest. The company does not tolerate corrupt behavior and practices such as fraud and bribery. Employees cannot give or accept gifts in exchange for business favors. To promote fair competition, the company does not infringe any trademark, patent, or trade secrets of its competitors. Aside from these company policies, we conduct orientation on the Code of Business Conduct and Ethics as well as corporate governance seminars to improve professionalism in the workplace.

PNB does not tolerate offenses related to bribery and corruption. Accordingly, the Anti-Bribery and Corruption (ABC) Policy of the Bank prohibits giving, promising, authorizing, offering, soliciting, or receiving any item of value, whether directly or indirectly, intended to improperly influence the decisions or actions of another party to obtain an unfair advantage.

Our employees may report suspected violations of integrity standards, including corruption and bribery, through the Whistleblower Hotline using call, text, or email. All reports are kept confidential to encourage reporting of bribery and corruption-related acts, and the whistleblower is protected from harassment, retaliation, or bullying. The harassment or victimization of the whistleblower is treated as a serious disciplinary offense, which will be dealt with under the PNB's code of conduct.

At Tanduay, honesty and integrity are core values that govern our business dealings. Our policies and guidelines to promote ethical behavior are anchored on LTG's Code of Ethics, Conflict of Interest Policy, and Corporate Code of Conduct. To ensure employees act ethically and adhere to anti-corruption laws, Tanduay disseminates company memos and conducts onboarding orientation explaining our Code of Conduct and core values. Tanduay also designed a Work Attitude and Values Enhancement program to promote awareness of ethical practices and develop a positive working attitude among employees. This program helps influence work behaviors and provides a holistic self-management framework to help employees identify their personal values and explore ways to align these with their organizational values.

We ensure that LTG employees know our anti-corruption policies and procedures. In 2022, the Group's anti-corruption policies and procedures were communicated to employees from rank-and-file staff to officers as well as relevant third parties. As a result, 3,646 LTG employees across all subsidiaries and 2,917 governance bodies received anti-corruption training in 2022. In the same period, no major incidents of corruption have been reported within the Company.

Looking forward, LTG will consistently strive to prevent corrupt and abusive practices to protect its business and stakeholders.

## Illicit Trade

**LTG's Unique Key Material Topic**

LTG has been relentless in combating the illicit tobacco trade in the country. The problem has significantly affected our business interests, the local tobacco industry, and the economy. To address this issue, we have been strengthening our internal capacity and forging external partnerships to curb illegal trade.

Tax-driven price hikes further compound illicit trade in the tobacco industry. A study by Euromonitor estimates that the tax boost has resulted in a 14% increase in illicit trade in 2022 and 13.9% in 2023. With the annual increase of Php5 in cigarette excise taxes since 2019, the excise tax on a pack of legitimate cigarettes costs Php60 as of January 2023. In comparison, the price gap between legitimate and smuggled cigarettes ranges from 66 to 200%. The significant price difference makes smuggled cigarettes more affordable to consumers, especially for the youth and low-income earners. Across the country, illicit cigarettes are more prevalent in Mindanao than in other regions.

For a holistic response, we have developed programs and initiatives to fight illicit trade that aim to prevent the diversion of its products, share its knowledge with other parties, and pre-empt attempts to illegally divert its smoke-free products. LTG is channeling its resources and tools and ensuring due diligence to secure its supply chain and prevent product diversion. Collaboration with external partners, including the Philippine and foreign governments, is also done by intelligence sharing, active monitoring, and investigation to fight illicit trade. The Company takes preemptive action to address the illegal diversion of its products in cooperation with the enforcement teams of the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC).

LTG has also actively supported the enactment of national and local legislations and policies to prevent and penalize the illicit trade of cigarettes. These legislations include House Bill No. 3917, amending the Anti-Agricultural Smuggling Act to include smuggling of tobacco and tobacco products as economic sabotage; the BIR Revenue Memorandum Circular on fixing floor price of cigarettes and listing registered brands of cigarettes that can be legally sold; and the BIR Revenue Memorandum Order No. 40-2022 instituting guidelines in the conduct of enforcement operations against illicit traders of cigarettes. At the local level, some government units have passed ordinances penalizing retailers engaged in the illicit trade of cigarettes.

Within and outside the organization, LTG launched and sustained an information campaign against illegal cigarettes directed at its retailers, consumers, and law enforcement agencies. Direct engagements with more than 300,000 tobacco points of sales combined with traditional and social media engagements are being utilized as a part of its information drive to reach its target audience. In addition, we conduct briefings on illicit trade incidence studies for law enforcement agencies to inform them of geographic areas where illicit trade is rampant. Partner retailers are also educated on the consequences of patronizing illicit cigarettes to help de-normalize sales of smuggled cigarettes. By the end of 2022, we have managed at least 33 training sessions with 1,102 attendees composed of employees, retailers, consumers, and law enforcement officials.

Through PMFTC Inc. ("PMFTC''), LTG supports the objectives and principles outlined in the World Health Organization Framework Convention on Tobacco Control (FCTC) Protocol to Eliminate Illicit Trade in Tobacco Products. PMFTC is an active member of "Fight IT" (Fight Illicit Trade), a multi-sectoral movement led by the Federation of Philippine Industries (FPI) which aims to curb unfair trade and secure national revenues, and protect legitimate players in the local market. Moreover, PMFTC is a founding member of the Alibaba Anti-Counterfeiting Alliance, whose goal is to take down sellers of counterfeit products. Across the country, the tobacco industry works closely with government enforcement agencies such as the BIR, BOC, the National Bureau of Investigation (NBI), and the Philippine National Police (PNP) to fight the illicit cigarette trade. In 2022, at least 297 enforcements by agencies relating to illicit tobacco products were recorded based on the Company's internal monitoring. Of these enforcements, 335.59 million sticks and 15 machine components were seized, while one (1) illegal cigarette factory was shut down.

Moving forward, LTG will remain vigilant in the fight against the entry and proliferation of smuggled and illegal cigarettes.

## Supply Chain Management

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

Effective supply chain management is vital in growing LTG's business and achieving customer satisfaction. Over the years, we have developed a reliable, efficient, and resilient supply chain to ensure the sustained production of excellent products and services. We ensure integrity and transparency in its procurement processes and enhance the resilience of our supply chain to gain a competitive advantage.

Asia Brewery ensures uninterrupted business operations by strengthening its supply chain management. The company's Board Executive Committee is in charge of managing our supply chain. The Committee is concerned with making decisions and approving supply purchases, including strategic sourcing. As part of its managerial responsibility, the Committee implements operational and tactical strategies, monitors issues, and recommends corrective and preventive actions.

At Eton, the operational and financial efficiency of the supply chain is vital. Value for money is the primary objective of our leasing process. Thus, Eton's leasing sector continued to account for the largest share of the company's revenues in 2022. Although many offices were not operating at full capacity, interest in the company's office properties remained strong as locators prized the flexible spaces in Eton's office developments.

The commercial segment showed resilience and strength as new tenants opened up in several properties. As the economy fully reopened in 2022, more new stores are expected to open in our various commercial properties.

Eton's adaptability and flexibility in 2022 were captured through innovative marketing strategies. This included building brand equity through partnerships with various companies and different campaigns that led to stronger brand awareness and recall on top of continued digitization.

For supplier selection, Eton considers price and quality as two crucial factors. The company prefers to procure locally to achieve cost-efficiency in purchasing goods and services. Local suppliers undergo an accreditation process conducted by Eton to vet service providers. Our supplier selection method is thorough, transparent, and well-documented. A feedback mechanism is also embedded in the company's procurement process to allow suppliers to submit their concerns through email or a written letter.

PNB strongly emphasizes supply chain efficiency, leading to enhanced business performance. The Bank follows a simple process to streamline procurement: canvassing and bidding, reviewing proposed bids, and awarding purchase orders to credible vendors or suppliers. Suppliers are selected based on their financial capacity, ability to deliver within the company's turnaround time, and adherence to our sustainability policy, among other criteria. Using our Outsourcing and Accreditation Policy, an enhanced due diligence process is conducted before, during, and after vendor engagement to guarantee that suppliers adhere to PNB policies and government regulations. The assessment is also carried out to determine the supplier's social and environmental impacts. Throughout the contract period, suppliers are required to enhance their sustainability practices in sync with PNB's sustainability policy.

The Bank established a Procurement Committee composed of various Senior Management Team members to serve procurement functions and review and deliberate on bids. PNB offices and branches in the National Capital Region tap Metro Manila-based service providers, while provincial and overseas branches employ local suppliers. Concerned Bank units are required to evaluate each supplier's service and technical capability in line with PNB's Vendor Management Policy. Under the Corporate Services Division, the Accreditation and Vendor Management Department (AVMD) enhanced its accreditation process, risk assessment, and conduct of due diligence of suppliers. Part of the upgrade in the accreditation process is the inclusion of ESG criteria, such as gender inclusion in human resources and compliance with environmental and social laws and regulations.

Local suppliers with high service standards are prioritized to support the local economy and minimize logistics costs. However, preference for local suppliers may come with associated risks, particularly during disasters. Thus, PNB requires local suppliers to submit a proof of concept and approval proofing from the requesting unit to minimize procurement-related risks. Approval proofing is a process to confirm or approve whether or not the sample goods or services comply with the requirements of the requesting unit. This is done before mass production of the items to prevent defects and errors in the items for procurement. In the case of services being procured, a technical evaluation and vendor due diligence are performed to evaluate technical capacity and guarantee that the service provider complies with the specifications or terms of reference. The Bank's various business units have a Business Continuity Plan to manage supply chain risks effectively while we also maintain a pool of suppliers for our procurement needs.

Transparency is embedded in the procurement process of the Bank. Results of bidding are released following the Manual of Operations. Feedback channels are also provided to suppliers where they can raise their concerns or clarifications.

Finally, Tanduay requires its business chain partners to follow its stringent supplier accreditation policy. The company's Code of Ethics guides the process of scrutinizing suppliers to ensure their integrity and avoid conflict of interest and unethical activities. Suppliers commit to complying with our social standards through a legally binding agreement.

We also promote equal opportunity among our suppliers and engage with both local and foreign service providers. However, engaging local suppliers has attendant risks that could affect the company's supply chain. To mitigate these risks, we only accredit suppliers with an ISO Certification. Preference is also given to suppliers that promote environmental sustainability, human rights, diversity, and health and safety. Suppliers are expected to adhere to responsible business practices such as screening for abuses, including modern slavery and child labor; compliance with environmental, health and safety regulations, and industry best practices; and implementing rigorous programs to eliminate bribery and other illegal behavior. The Quality Assurance, Warehouse Department, and Purchasing Department conduct a Supplier Performance Evaluation to monitor suppliers' compliance with company rules and standards. A rejection notice is issued to suppliers with non-compliant practices. Moreover, non-compliant suppliers are required to submit a corrective action report.

We source our raw materials locally and internationally to ensure a robust supply chain. In 2022, Tanduay imported most of its alcohol requirements due to the high cost of locally produced alcohol, while 10% of its requirements were supplied by ADI. Glass bottles needed to package our liquor products account for approximately 15% of the cost of goods sold, while caps and labels account for 3% and 1% of the total product cost. Aside from buying brand new bottles to package its liquor products, we manage a network of secondhand bottle dealers across the country to source cheaper glass bottles.

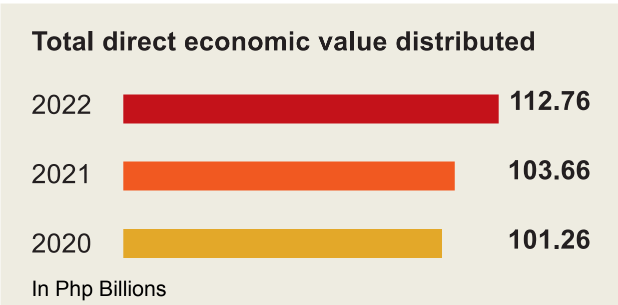
The molasses ADI needs for its products are acquired from sugar millers and traders such as the Universal Robina Corporation, Victorias Milling Corporation, Binalbagan Sugar Company, LYL Marketing, Shurmanns & Van Ginneken Philippines, Inc., Grandcane Company, Inc. and Tate and Lyle Corporation. Instead of entering into long-term purchase commitments, we make purchase orders on a per need basis.

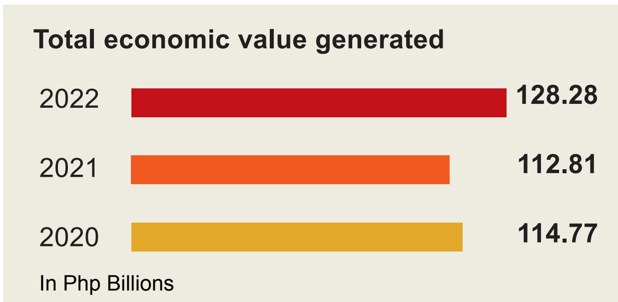
For this reporting period, LTG and its subsidiaries have not identified any significant adverse environmental and social impacts in its supply chain.

## Economic Performance GRI 3-3

LTG demonstrated its resilience and stayed competitive amid the challenges posed by the ongoing pandemic. Under unfavorable circumstances, we applied innovative solutions to continue operations and deliver products to consumers. Company revenues dipped throughout the pandemic; however, LTG's financial performance is starting to improve.

GRI 201-1




| In Php Billions | 2022 | 2021 | 2020 |
|---|---|---|---|
| Operating costs | 49.57 | 50.72 | 46.87 |
| Employee wages and benefits | 12.07 | 12.32 | 12.29 |
| Payments to government | 26.30 | 19.91 | 20.84 |
| Payments to providers of capital | 24.77 | 20.63 | 21.15 |
| Community investments | .03 | .08 | .10 |
| **Economic value retained** | 15.52 | 9.15 | 13.51 |

# Environment

## Resource Efficiency

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

Over the years, LTG has stepped up its efforts to effectively and efficiently manage its water resources. Water is primarily used as a raw material by LTG subsidiaries, such as Asia Brewery and Tanduay, which are both in the business of producing beverages. For the rest of the Group, water is used for operational purposes and employee needs. Given the importance of water to the business, LTG is promoting a culture of responsible water use across its operating companies.

As a beverage company, Asia Brewery reaches high levels of water use in its operations, specifically for its bottled water, alcoholic and other beverage products. To manage this, we keep track of our usage and aim for an optimal water usage ratio. The water discharge standard of the company is compliant with the quality parameters based on the DENR Administrative Order (DAO) No. 2016-08, which was amended to DAO No. 2021-19. We aim to reduce our water usage by 5% from 2020 to 2023 and plan to reduce water losses from the source. In parallel, Asia Brewery has started water recycling efforts by re-using alcohol effluent to minimize its industrial wastewater.

Eton advocates the sustainable use of water within its operations and projects. The company strives to reduce its water consumption by eliminating existing and potential leak sources within its properties and recycling water from its rehabilitated sewage treatment plant. For its effluent discharge, the company adheres to the water quality guidelines and general effluent standards set by the DENR. Eton's sewage treatment plant has also been upgraded to comply with DENR standards.

While water is not integral to PNB's business operations, the Bank still uses water for sanitation and hygiene. In particular, water is vital to ensure branch cleanliness, safe drinking water, and hygienic practices, especially amid the ongoing pandemic.

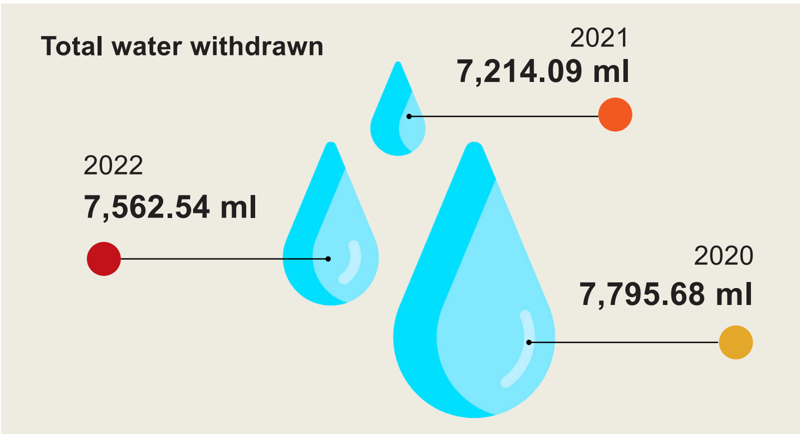
Despite PNB's minimal water use, the Bank has implemented various initiatives to reduce water consumption, reuse water, and mitigate water management risks. Employees are reminded to observe proper usage and conservation of water. At the same time, regular maintenance activity is conducted to inspect water supply equipment and repair water leakages as needed. We have installed water-efficient fixtures and fittings to conserve water. Moreover, we engage in community awareness and outreach programs of local governments to preserve water and promote sustainability principles.

The effluent generated by the Bank is handled and treated by public utility agencies or water sewage treatment facilities. However, to minimize the environmental impact and avoid soil or underground contamination, we use environment-friendly cleaning materials and substances to clean and maintain toilets and other facilities. Moreover, sink strainers are used to separate solid wastes from wastewater and dispose of them properly.

Given the nature of its business, water is an essential resource for Tanduay. As such, we ensure the sustainable use of water within our business operations by reducing water consumption, recycling water, and improving the quality of our wastewater. Recycling activities of Tanduay include reusing water for gardening and flushing canals. We establish targets of the Water Use ratio (liters of water consumed over liters of products) and Energy Use ratio (megajoules consumed over liters of products) to monitor how efficiently resources are used. Moreover, we track our water usage by installing a sub-flow meter in every business unit. The company also adheres to the General Effluent Standard set by DENR to monitor wastewater discharge. Tanduay has wastewater treatment facilities in all its bottling plants which screen, collect, and neutralize all waste generated from the bottling process before these are discharged. The wastewater generated by our production process is collected in lagoons, where it undergoes a treatment process to minimize adverse environmental effects. Regulatory agencies such as the DENR and Laguna Lake Development Authority (LLDA) conduct annual inspections of our wastewater treatment process.

Meanwhile, ADI, one of Tanduay's subsidiaries, also has a wastewater treatment digestor and methane gas collector that help reduce carbon emissions and serve as a secondary power source for the distillation plant. For its Lian Batangas Distillation Plant, ADI has installed a biomethanated spent wash evaporator plant to be used for the evaporation of its wastewater.

GRI 2-4, 303-3, 303-4, 303-5, FB-AB-140a.1, FB-NB-140a.1




| Water Withdrawal, Discharge, and Consumption in megaliters (ml) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Groundwater | 6,402.09 | 6,072.83 | 1,158.04 |
| Third-party water | 1,160.45 | 1,141.26[5] | 6,637.64 |
| **Total water withdrawn** | **7,562.54 [4]** | **7,214.09 [5]** | **7,795.68** |
| Surface water | 1,594.09 | NA - We initiated the collection of these requirements in the year 2022. | |
| Groundwater | 184.92 | | |
| Seawater | 504.16 | | |
| Third-party water | 570.53 | | |
| **Total water discharged [6]** | **2,853.70** | | |
| **Total water consumed** | **2,374.13** | | |

4 Increase is capacity driven (additional production line at Bottled Water Plant 2)

5 Amended figures (withdrawal from PNB branches were not included in the total)

6 No flow meter yet for El Salvador plant

## Managing Waste GRI 3-3, 306-1, 306-2

As a responsible business, LTG applies waste management and recycling solutions to reduce the amount of waste it generates and conserve resources. Waste prevention is the central strategy of the Company to manage waste, combined with materials recycling and proper waste disposal.

Asia Brewery strives not only to reduce but also to address its negative impacts on the environment. Typically, the waste generated by our company comes from production operations, preventive maintenance, and wastewater treatment activities. Asia Brewery's waste management policy emphasizes minimization, segregation, and recycling. We use alternative raw materials in its production process to further minimize wastage. Meanwhile, waste segregation is done to dispose of waste properly and facilitate recycling. In addition, we recycle waste, such as used oil and solvents, while scrap materials are sold to scrap buyers for recycling.

A third-party disposal firm handles Asia Brewery's waste collection and disposal. We require a Certificate of Treatment and Certificate of Disposal from the service provider to track its waste management system.

Asia Brewery conducts an annual training course on Waste Management for employees and third-party service providers as part of its commitment to promote waste management. In addition, quarterly audits of manufacturing plant business units and site visits for annual accreditation of third-party haulers are also conducted to monitor stakeholder compliance.

Eton has developed a solid waste management program and policy to minimize the waste generated from its business operations. This policy is strictly implemented in each property owned and managed by the company. Part of the solid waste management program is the establishment of a recovery materials facility to recycle and reuse wastes from Eton's properties and facilities. In addition, the company monitors the compliance of its stakeholders to its waste management program through a quarterly risk compliance tracker and regular reporting of its service vendors. Our customers are also encouraged to adopt a sustainable lifestyle to reduce waste and mitigate adverse environmental impacts.

PNB has embedded waste reduction into its waste management and sustainability efforts. For example, to reduce waste in the workplace, the Bank is pushing for digitalizing its services and processes. This includes issuing electronic copies of e-statements of accounts and forms for office requests, approvals, and other transactions. Employees are also encouraged to reuse and recycle office materials such as paper and plastics.

The types of waste generated by PNB mainly include construction and renovation materials, defective equipment, and office waste materials, such as papers, plastics, and busted light bulbs. In terms of waste management, we rely on a third-party private contractor to haul our waste. We also placed a system for collecting, processing, and disposing of equipment such as printers, computers, and hazardous materials. Internally, PNB has designated pollution control officers to monitor and assess our office requirements and compliance with local and national laws. The pollution control officers undergo regular training and seminars to keep them abreast of environmental regulations.

The Bank strictly adheres to the strict implementation of local government regulations on proper waste segregation and disposal. In addition, we conduct regular smoke emission tests to minimize our carbon footprint and comply with DENR standards.

Tanduay introduced and implemented several initiatives and schemes to reduce the amount of corporate waste generated from its business.

These include implementing a ban on plastic and styrofoam and rolling out the Back to Supplier scheme and 3Rs program. In addition, the company employs the Far East Petroleum Corporation, a third-party service provider, to manage our chemical waste. We conduct on-site visits and spot checks to verify the service provider's activities regarding chemical waste management. Further, we also submit a quarterly report to DENR on our effluent quality.

GRI 2-4, 306-3

| Waste by composition in metric tons (mt)[9] | 2022 | 2021 | 2020 |
|---|---|---|---|
| Total hazardous waste | 2,326.83 | 488.54 | 261.45 |
| Total non-hazardous waste | 5,540.75 | 5,613.08 | 8,578.05 |
| **Total waste generated** | **7,867.58**[7] | **6,210.40**[8] | **8,839.50** |

GRI 2-4, 306-4

| Waste diverted from disposal by recovery operation in metric tons (mt)[9] | 2022 | | 2022 |
|---|---|---|---|
| Preparation for reuse | 0.00 | Preparation for reuse | 0.00 |
| Recycling | 33.72 | Recycling | 974.41 |
| Others | 3,039.55 | Others | 849.04 |
| **Total hazardous waste** | **3,073.27** | **Total non-hazardous waste** | **1,823.45** |

7 Improved scope and disclosure have led to increased figures
8 Amended figures (waste from PNB branches were not included in the total)
9 Change of unit from kilotons (KT) to metric tons (MT) and disposal method following GRI requirement.

GRI 2-4, 306-5

| Waste directed to disposal by disposal operation in metric tons (mt)[9] | 2022 | | 2022 |
|---|---|---|---|
| Incineration | 0.18 | Incineration | 0.00 |
| Landfilling | 2,981.73 | Landfilling | 3,557.27 |
| Others | 290.64 | Others | 0.00 |
| **Total hazardous waste** | **3,272.54** | **Total non-hazardous waste** | **3,557.27** |

## Biodiversity GRI 3-3, 304-2

LTG is one of the companies in the Philippines that is paying greater attention to biodiversity protection. The long-term sustainability of businesses such as LTG is dependent on biodiversity. As such, LTG has developed and integrated sustainability strategies into its business operations and processes.

Eton's business operations have indirect effects on the environment. Thus, the company ensures it complies with national laws and regulations to mitigate the negative effects on biodiversity and implements programs to lessen its carbon footprint. In particular, Eton complies with the DENR Department Administrative Order 2016-08 on sewage treatment plant discharge parameters, RA 9003 on segregation of residual wastes, RA 6969 on controlling toxic substances and hazardous wastes, and RA 8749 on the Clean Air Act. Moreover, the company complies with the regulations on the applications of sources of pollution and has introduced new technologies in its sewage treatment facility and sourcing renewable electricity supply.

Protecting and preserving the environment is a critical consideration in the business operations of PNB and lending practices. Internally, we promote sustainability principles and practices in our operations, from energy emission to waste management. Sustainability considerations also extend to our customers and service providers.

PNB respects all life forms and ensures that its business and operations do not pose any threat to the environment and all living creatures, especially in areas or communities where it has a presence. To demonstrate this commitment, we have put together an Exclusion List, or a list of activities or businesses that the Bank will not support or finance, to include activities that can harm the environment and threaten biodiversity, such as the production or trade of wildlife; illegal logging or uncontrolled fire for clearing forest lands and conversion of land for plantation use in primary tropical moist forests; land clearance by burning, fishing with the use of explosives or cyanide; finning and/or trading (wholesale or retail) or serving at eateries of shark's fin and deriving material revenue from such activities; and natural resource extraction or engaging in transactions focused on natural extraction within UNESCO World Heritage sites, among others.

To date, we have managed to limit the environmental impacts of our operations. An Environmental Management Program (EMP) serves as Tanduay's framework to identify potential environmental risks from business-related activities and implement biodiversity programs. The company also ensures strict compliance with regulatory requirements such as the General Effluent Standards of the DENR, which sets guidelines for wastewater discharge.

In line with this regulation, we regularly test and monitor the quality of our surface and groundwater sources, including wastewater discharge. We also implemented several initiatives to promote biodiversity, such as tree planting activities, river cleanup, fingerlings distribution, and solid waste management.

For the year under review, all activities and operations of LTG had no significant negative impact on the environment.

## Energy Efficiency and Emissions GRI 3-3

LTG has institutionalized measures to promote energy efficiency and conservation within the Company. At the same time, these measures reduce the Company's carbon footprint, reduce electricity consumption, and save operational costs. With these multiple benefits to the business and environment, LTG continuously updates its policies and upgrades its energy management system to promote business efficiency and environmental sustainability.

Asia Brewery actively monitors its GHG emissions and carbon footprint to determine its environmental impact. We engage a third-party service provider to conduct quarterly testing of our Scope 1 emissions. In addition, we plan to install waste gas treatment and redesign and repair the furnace to reduce our emissions proactively. Throughout the reporting period, we have not recorded any instances of air pollution exceeding the regulatory limit.

To step up its efforts to reduce carbon footprint and promote sustainability, Asia Brewery is turning to renewable energy to power some of its business operations. Two significant partnerships have been initiated by the company towards this direction. Asia Brewery will soon be powered by sustainable energy, thanks to the solar rooftop project awarded to TotalEnergies ENEOS which will be responsible for setting up and maintaining the 13.8 MWp solar photovoltaic (PV) system. The PV system is set to generate approximately 20,000 megawatt-hours (MWh) of renewable energy per year, which will power 24% of the company's facilities. Asia Brewery will pay for the electricity generated over a period of 9 years, without the need for any initial investments under the no-capex business model. The solar rooftop project is expected to result in significant cost savings for Asia Brewery and reduce the company's carbon footprint by approximately 9,600 tons of $CO_2$ emissions per year, equivalent to planting over 129,000 trees during the contract period.

Asia Brewery has inked a power supply agreement (PSA) with Shell Energy Philippines, requiring the latter to supply at least 15 megawatts of renewable energy-generated electricity to the beverage company. Based on the power supply deal, Shell Energy Philippines will supply renewable energy to Asia Brewery's manufacturing facilities located in Luzon. Asia Brewery President and COO Michael G. Tan and Shell Energy Philippines President and Chief Operating Officer Bernd Krukenberg signed the supply contract. Shell Energy Philippines, a local power investment and retailing division of the Anglo-Dutch energy company Shell, is committed to achieving its mid-century net-zero emissions target and assisting customers in adopting clean energy solutions.

Eton aims to be energy efficient to reduce energy usage and business costs. We have already started implementing an energy conservation program to meet this goal and introduced renewable energy in some of its properties. The company is also implementing a weekly functionality performance test to manage its fuel consumption. We prefer vendors who maximize renewable energy sources, even in terms of engaging service providers.

PNB has invested in energy efficiency activities to minimize the Bank's carbon footprint while lowering its energy costs. We have upgraded all outdated equipment and acquired energy-efficient devices to reduce and manage energy consumption. From conventional lighting fixtures, we shifted to energy-efficient LED lights and inverter-type air conditioning units. Employees are also reminded to unplug office equipment that is not being used and minimize the use of office equipment and lighting.

The Bank regulates fuel consumption by implementing a trip maximization policy where official business travel is subject to approval. Aside from using fuel for its transport requirements, PNB also requires fuel for its generator sets. These generators undergo regular preventive maintenance through a third-party service provider to ensure a fuel-efficient operating condition.

Tanduay's approach to becoming energy efficient is by reducing energy waste in its processes and investing in renewable energy. The company actively tracks any possible fuel leakage and performs regular preventive maintenance of equipment to reduce its energy consumption. We have invested in a 2.04 MW Lian Solar plant, which is being operated by ADI, to support its operations with an alternative, sustainable and renewable energy source. The solar plant is licensed under RA 9513 or the Renewable Energy Act of 2008.

We strictly comply with the existing regulatory limit and air quality standards. The Scope 1 emission of the Tanduay is monitored quarterly by conducting stack sampling and ambient air monitoring.

In 2022, LTG's business activities resulted in 2800 kWh of electricity consumption, which is 29% lower than the previous year's.

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

| | Total energy consumption In GJ | Total fuel consumption In GJ | Total electricity consumption In kWh |
|---|---|---|---|
| 2022 | **2,549,615** | **1,788,471** | **211,434,909** |
| 2021 | **1,910,161** | **1,373,894** | **148,962,877** |
| 2020 | **3,241,299** | **2,688,481** | **153,560,428** |

| **Total energy consumption** within the organization | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Total energy consumption (GJ)** | **2,549,615** | **1,910,161** | **3,241,299** |
| Luzon and Visayas (GJ) | 1,646,688 | NA - We initiated the collection of these requirements in the year 2022.. | |
| Mindanao (GJ) | 141,783 | | |
| **Total fuel consumption from non-renewable sources (GJ)** | **1,788,471[10]** | **1,373,894** | **2,688,481** |
| Luzon and Visayas (GJ) | 192,555,829 | NA - We initiated the collection of these requirements in the year 2022.. | |
| Mindanao (GJ) | 18,879,080 | | |
| **Total electricity consumption (kWh)** | **211,434,909[11]** | **148,962,877** | **153,560,428** |

GRI 2-4

| **Fuel consumption breakdown** within the organization from non-renewable sources in gigajoule (GJ) | 2022 | 2021 | 2020 |
|---|---|---|---|
| Bunker Fuel | 586,022 | 560,374 | 579,955 |
| Coal | 867,770[12] | 377,319 | 321,705 |
| Low Sulfur Fuel Oil (LSFO) | 254 | 0.00 | 0.00 |
| Diesel | 139,736 | 16,265 | 11,973 |
| Gasoline | 14,604 | 246,741 | 1,621,950 |
| Liquefied Petroleum Gas | 180,085 | 173,196[13] | 152,898[13] |
| **Total fuel consumption** | **1,788,471** | **1,373,894** | **2,688,481** |

10 Increase is due to additional scope (company-owned vehicles for Eton and branches for PNB)
11 Increase due to additional scope (two buildings for Eton and branches for PNB)
12 Increase due to the high demand for products driving the need to expand production capacity
13 Amended. LPG figures last 2021 is in MJ

## Climate Change GRI 201-2, 3-3

The increasing impacts of climate change threaten companies and business operations worldwide. As in other companies, LTG is exposed to climate impacts which consequently affect its operations, supply levels, financial standing, and bottom line. LTG is addressing climate change by implementing measures to reduce its carbon footprint and strengthening its internal capacity to withstand the direct impacts of the changing weather patterns. To remedy potential climate impacts, the Company has taken steps to factor climate risks in building a resilient business.

Being located in a country prone to disasters and climate change, LTG integrates into its governance an assessment of climate-related risks that could harm its operations as well as opportunities that could enhance its business. In particular, the Company has developed methodologies to examine aspects of its operations that could be disrupted by weather and other hazards. The evaluation is conducted on an annual basis and is regularly discussed at the management level. Risk assessment results serve as the basis for systematic management and adaptation measures employed by the Company against climate risks and hazards.

To complement the regular climate-risk assessment, LTG plans to have a long-term evaluation of the impact of climate change risks and understand its potential effects on the business. Based on the findings, LTG will develop long-term climate change mitigation and adaptation strategies.

LTG assesses climate change risks through its annual risk assessment. The Company utilizes impact and vulnerability assessments to recognize the climate-related risks relevant to LTG. In addition, evaluating risks enables the Company to test the effectiveness of its existing risk management measures and policies. LTG engages a Business Continuity Manager (BCM) to help manage and deal with disasters such as typhoons and floods.

Annually, LTG conducts carbon accounting to analyze its carbon footprint and enhance efficiency of its processes. We disclose our annual GHG emissions through our Sustainability and Annual reports. Our management also plans to have a long-term target to reduce our carbon footprint in our operations.

PNB has actively taken steps to reduce its carbon footprint and negative environmental impacts. We recognize that climate change and other environmental and social risks could threaten financial stability, both at the Company's operations and macro-economic level. As such, we embarked on a journey to integrate sustainability principles in our business, governance, risk management, and other aspects of operations. The Bank also promotes sustainable and resilient growth through environmentally and socially responsible business decisions coherent with the Philippine Development Plan.

We assess climate-related risks through the Business Continuity Risk Assessment (BCRA), Risk and Control Self-Assessment (RCSA) to identify climate-related risks, and the Business Continuity Plan Manual and Crisis Management Plan to address the identified risks. In addition, PNB has a Crisis Communication Plan and Disaster Recovery Plan to strengthen operational and infrastructure resiliency during climate disasters and business disruptions. Using the RCSA, the Bank identifies and evaluates risks such as Corporate Social Responsibility Risk, Environment Risk, Losses from damage due to natural calamities, and Business Disruption-related threats and vulnerabilities.

Aside from the business unit level RCSA, the Bank also started the E&S risk scoring at the portfolio level for corporate clients. The Bank has created the ESG Scorecard/Checklist, which includes the questionnaire, checklist and relevant documents to be submitted by the client, as applicable. The Credit Manager evaluates the E&S risk of the borrower by accomplishing the Environmental and Social Governance (ESG) scorecard. The resulting ES total score in the scorecard shall then be incorporated in the final Credit Risk Rating (CRR) of the borrower. Also, the borrower must comply with all the applicable enhanced due diligence requirements of the Bank before loan approval or implementation, where applicable.

Currently, PNB is developing an Environmental and Social Risk Management System (ESRMS) with the assistance of the Tan Yan Kee Foundation, the CSR arm of the Lucio Tan Group of Companies, and its pool of Subject Matter Experts. The ESRMS is a set of policies, procedures and tools that will help identify, assess, monitor and mitigate exposure of the Bank to environmental and social risks. The framework which integrates environment and social risk criteria in PNB's risk management framework will cover all business functions and operations of the Bank. The target completion and delivery of the ESRMS Framework to the Bangko Sentral ng Pilipinas is in April 2023.

PNB also plans to enter into Sustainable Financing Transactions (SFTs) to finance or refinance projects and expenditures that have positive environmental and social impacts. Specifically, the Bank commits to fund or finance projects that will not harm the environment and society in general, as well as support those aligned with its growth objectives and will contribute to achieving the United Nations' Sustainable Development Goals (SDGs). Projects that promote rural development include food manufacturing, agricultural production, water distribution and supply, energy generation and distribution, construction and operation of toll roads and bridges, telecommunications infrastructure, and construction of green buildings and health facilities. In addition, PNB provides continuous support to environmentally compliant projects such as the Operation of Toll Roads and Bridges; Generation and Distribution of Power and Water; Construction of Green or LEED buildings and infrastructure; and Real Estate Development.

At the end of 2022, a total of Php 289.6 billion, or 57.4% of the Bank's loan portfolio, has been provided to different sectors and businesses in the country. Specifically, these projects contribute to attaining Sustainable Development Goals 1, 2, 3, 6, 7, 8, 9, 11 and 12.

Tanduay has an Incident Management Crisis Resolution Procedure (QMS-IMP-B-P-1000), which guides the company in identifying the climate risks and opportunities that financially impact its operations. Climate risks will potentially affect the warehousing activities, logistics and delivery, and acquisition of raw materials by the company. Considering these potential impacts, we maintain a buffer stock to ensure business continuity. We also ensure that our business operations only generate emissions within the allowable threshold values and comply with local regulatory requirements on the use of alternative diesel fuel. Tree planting activities to mitigate the impacts of climate change are also integrated into our corporate social initiatives.

GRI 305-1, 305-2

| | Scope 1 ($tCO_2e$) | Scope 2 ($tCO_2e$) | Total carbon footprint ($tCO_2e$) |
|---|---|---|---|
| 2022 | **66,320** | **151,858** | **218,178** |
| 2021 | **155,468** | **107,695** | **263,163** |
| 2020 | **149,227** | **110,208** | **259,435** |

| **Emissions** | 2022 | 2021 | 2020 |
|---|---|---|---|
| Generator sets | 10,008 | | |
| Company-owned vehicles | 2,585 | | |
| Others | 53,727 | | |
| **Scope 1 ($tCO_2e$)** | **66,320** | **155,468** | **149,227** |
| Luzon and Visayas | 137,138 | | |
| Mindanao | 14,720 | | |
| **Scope 2 ($tCO_2e$)** | **151,858** | **107,695** | **110,208** |
| **Total carbon footprint ($tCO_2e$)** | **218,178** | **263,163** | **259,435** |

# Employees

LTG employees are the backbone of the Company, providing stability and ensuring the business's success. The critical importance of workers to any industry has been underscored during the pandemic, but simply acknowledging their importance and contribution is not enough. Instead, companies must provide programs and incentives for the holistic development of employees. For LTG's part, strategic initiatives have been developed and rolled out across the Group to empower its personnel and enable their productivity and career advancement.

**Total Employees**
**12,325**

**Total New Hires**
**890**

**Total Turnover**
**1,679**

## Employment

GRI 2-7, 2-25

| | MALE | | | FEMALE | | | |
|---|---|---|---|---|---|---|---|
| **Employee breakdown** | < 30 y.o | 30-50 y.o | >50 y.o | < 30 y.o | 30-50 y.o | >50 y.o | **Total** |
| Officers | 1 | 137 | 172 | 0 | 101 | 107 | **518** |
| Managers | 274 | 1,881 | 749 | 155 | 967 | 322 | **4,348** |
| Supervisors | 81 | 307 | 66 | 53 | 115 | 15 | **637** |
| Rank and file | 1,139 | 2,208 | 275 | 1,430 | 1,565 | 205 | **6,822** |
| **Total** | | | | | | | **12,325** |

GRI 401-1

| | MALE | | | FEMALE | | | |
|---|---|---|---|---|---|---|---|
| **Employee breakdown** | < 30 y.o | 30-50 y.o | >50 y.o | < 30 y.o | 30-50 y.o | >50 y.o | **Total** |
| Luzon | 258 | 145 | 7 | 232 | 97 | 5 | **744** |
| Visayas | 26 | 4 | 0 | 24 | 7 | 0 | **61** |
| Mindanao | 43 | 15 | 1 | 23 | 3 | 0 | **85** |
| **Total New Hires** | | | | | | | **890** |
| **New Hire Rate** | | | | | | | **7.22%** |

GRI 401-1

| Turnover | MALE < 30 y.o | MALE 30-50 y.o | MALE >50 y.o | FEMALE < 30 y.o | FEMALE 30-50 y.o | FEMALE >50 y.o | Total |
|---|---|---|---|---|---|---|---|
| Luzon[14] | 310 | 333 | 119 | 353 | 300 | 217 | 1,632 |
| Visayas | 6 | 2 | 0 | 2 | 0 | 0 | 10 |
| Mindanao | 11 | 12 | 4 | 5 | 3 | 2 | 37 |
| **Total Turnover** | | | | | | | **1,679** |
| **Turnover Rate** | | | | | | | **13.62%** |

GRI 401-2

| **Benefits Breakdown** | Number: Male | Number: Female | Percentage: Male | Percentage: Female |
|---|---|---|---|---|
| SSS | 741 | 1,802 | 15% | 25% |
| Philhealth | 214 | 201 | 4% | 3% |
| Pag-IBIG | 625 | 1,492 | 12% | 20% |
| Parental leave | 152 | 420 | 3% | 6% |
| Vacation leave | 3,225 | 3,276 | 64% | 45% |
| Sick leave | 3,029 | 2,089 | 60% | 29% |
| Medical benefits | 519 | 1,897 | 10% | 26% |
| Housing assistance | 1 | 2 | 0% | 0% |
| Retirement fund | 118 | 57 | 2% | 1% |
| Telecommuting | 162 | 141 | 3% | 2% |
| Flexible working hours | 1,238 | 898 | 25% | 12% |

14 PNB currently does not have turnover data by island group. For 2022, all PNB turnovers are under Luzon.

GRI 401-3

| Parental Leave | Male | Female | Total |
|---|---|---|---|
| Total number of employees that were entitled to parental leave | 2,310 | 977 | 3,287 |
| Total number of employees who took parental leave in 2022 | 138 | 270 | 408 |
| Total number of employees who returned to work in 2022 after parental leave ended | 138 | 269 | 407 |
| **Return to work rate** | **100%** | **99.6%** | **99.8%** |
| Total number of employees who availed leave in 2021 and are still with the company in 2022 | 86 | 149 | 235 |
| Total number of employees that took parental leave in 2021 | 90 | 171 | 261 |
| **Retention rate** | **95.6%** | **87.1%** | **90%** |

| Solo Parental Leave | Male | Female | Total |
|---|---|---|---|
| Total number of employees that were entitled to parental leave | 16 | 192 | 208 |
| Total number of employees who took parental leave in 2022 | 14 | 150 | 164 |
| Total number of employees who returned to work in 2022 after parental leave ended | 14 | 150 | 164 |
| **Return to work rate** | **100%** | **100%** | **100%** |
| Total number of employees who availed leave in 2021 and are still with the company in 2022 | 12 | 138 | 150 |
| Total number of employees that took parental leave in 2021 | 12 | 149 | 161 |
| **Retention rate** | **100%** | **93%** | **93.2%** |

LTG places a premium on the growth and well-being of employees. From hiring and onboarding to managing employees, LTG has integrated practical considerations for employee development and performance enhancement. In addition, LTG offers its employees a comprehensive benefits package and opportunities, such as training and leadership opportunities; health and wellness promotion; and a combination of government-mandated benefits such as SSS, PhilHealth and Pag-IBIG and Company-initiated benefits such as retirement fund, medical and leave benefits.

Asia Brewery understands that its employees are the company's most valuable assets. Employees drive every fundamental aspect of the business, from the company's profit strategies to its current sustainability targets. As such, we employ a holistic approach to nurturing and developing our employees. The company implements a competitive salary program to attract and retain talent. At the same time, non-financial benefits are also provided to employees, such as leave and retirement benefits, health care services, and training opportunities. Leave benefits available to our employees include paternity leave, special leave under the Magna Carta for Women, violence against women leave, and parental leave. Asia Brewery offers leadership, personal development, and soft skills training to boost employee performance.

We adopt an inclusive hiring process and comply with the Anti-Discrimination Act of the Philippines. Discriminatory practices are not tolerated in the company. To protect employees from unfair labor practices upon hiring down to retirement, we have established an accountability and grievance mechanism. The Labor Management Committee facilitates the monthly meeting between the union and management to monitor compliance with provisions outlined in the collective bargaining agreement (CBA), while the Committee on Right Ethics (CORE) upholds the ethical standard in the Company. Grievances and complaints are addressed using our Grievance Handling Machinery and Disciplinary Case Handling Procedures.

Eton provides opportunities for its employees to take part in training and development. Company-sponsored training on essential and technical skills is offered to employees for professional advancement and increased productivity. Employees with excellent performance are also recognized and rewarded through promotions and merit increases.

Employee growth and development are key priorities for PNB. The Bank actively promotes work-life balance and provides career and personal development opportunities. We have introduced a competitive salary program, attractive benefits and incentives, and a holistic employee wellness program to attract and retain talent.

PNB practices a non-discriminatory hiring process and adopts gender-equal and inclusive programs. We hire, retain and develop qualified and suitable candidates regardless of gender and background. The company adopts gender, diversity, and inclusion principles across different employee programs from hiring or recruitment, training and development, wellness and engagement, compensation and benefits, and promotions and career development. The same opportunities for employment, remuneration, recognition, and career advancement are given to all, regardless of gender. To demonstrate its seriousness in promoting gender equality, PNB uses and monitors Gender Equality indicators to track its policy performance.

During the pandemic, we offered various benefits to our employees while ensuring a safe and healthy working environment. For example, employees were given a COVID-19 Quarantine Leave (CQL) for a maximum of 10 days for reporting onsite and five days for working from home.

Employee training also continued during the lockdown through PNB's e-learning platforms. Annually, employees are encouraged to undergo at least 32 hours of training, which is included in their performance review. In addition, we sponsored webinars on various topics such as leadership, communication, health and wellness, and work dynamics. In addition to maximizing the use of LinkedIn Learning, we are currently developing a learning platform incorporating a standard learning and mandatory training course available to new hires and transferees.

An assessment mechanism to monitor the performance of PNB employees is conducted regularly. Through the mechanism, the Bank can determine individual performance, strengths, and areas for improvement. Top-performing employees are recognized and given promotion opportunities, performance-based incentives, Service Excellence Awards, and Outstanding Work awards, among other merits.

True to its promise of reducing the gender gap, PNB has implemented policies and programs promoting gender equality within the company. Our initiatives to empower women have earned us recognition from various institutions. In 2022, PNB was awarded by the Asia Corporate Excellence and Sustainability Awards (ACES) as one of "Asia's Most Influential Companies," an award that is given to companies with a genuine interest in promoting the interests of its stakeholders through corporate social responsibility initiatives embedded into policies and operations. The award also recognizes businesses with high employee and top management involvement in community engagement, environment, and social empowerment programs.

For the second year in a row, PNB was a Runner Up for Transparency and Reporting in the UN Women 2022 Philippines Women's Empowerment Principles (WEPs) Awards. The Bank's transparency and reporting practices include gender data and indicators, specifically analyzing the performance and impact of gender on its adaptive policies and programs. The data gathering also includes tracking the Bank's performance toward gender equality and women's economic empowerment. WEPs Awards is under a joint program of the European Union and UN Women.

PNB was also a proud recipient of the ASEAN Asset Class Award in the 2021 ACGS Regional Virtual Awards conducted in December 2022. These awards and recognition are a testament to the commitment and impact of the Bank toward gender equality.

Employee development is a top priority for Tanduay. To achieve this, we offer prospective and current employees a competitive salary package, additional benefits, and training and career opportunities. Regarding employee development, our goals include better performance and increased overall productivity, employee retention, and improvement of employee morale. With the ongoing pandemic, we faced difficulties in organizing training for employees, given the mobility and social distancing restrictions. Thus, we utilized virtual platforms to conduct online training and learning sessions.

ADI conducts performance appraisals on an annual basis to evaluate the performance of its employees. To acknowledge the valuable contributions of employees, ADI recognizes the best employees at the end of the year based on three criteria: contribution, attitude, and performance. Incentives are given to employees with excellent performance in the form of recognition and cash rewards.

The Labor Management Committee (LMC) serves as a grievance mechanism where employees can submit their issues or complaints. Regular communication is ensured between employees and officers of the workers' union.

For 2022, all employees of LTG, from the rank and file to officers, have received a regular performance and career development review to monitor and enhance staff performance.

### Training and Development

GRI 404-1

| Male | Total training hours | Total number of employees trained | Average hours of training |
|---|---|---|---|
| Officers | 2,997 | 212 | 10 |
| Managers | 55,527 | 1,433 | 19 |
| Supervisors | 3,853 | 380 | 10 |
| Rank and File | 87,756 | 2,697 | 27 |
| **Female** | | | |
| Officers | 5,582 | 295 | 27 |
| Managers | 96,901 | 2,757 | 67 |
| Supervisors | 1,964 | 238 | 13 |
| Rank and File | 170,928 | 3,147 | 55 |
| **TOTAL** | **425,508** | **11,159** | **35** |

## Safety and Well-being

GRI 3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7

The Company maintains a safe workplace by implementing measures that prevent workplace incidents and addressing occupational safety hazards and risks that may adversely affect its employees. LTG employees are covered by the occupational health and safety (OHS) management system of the Company in accordance with the legal requirements and recognized standards and guidelines on workplace safety. Across the Group, LTG has also invested in occupational safety measures to comply with safety requirements and protect its personnel.

To protect the health of employees and prevent workplace injuries, Asia Brewery implements a health and safety policy that complies with the country's occupational safety and health (OSH) law. Identifying occupational safety hazards and risks is the first step in promoting OSH. To do this, we conduct audit patrols in its manufacturing plants, collect safety reports from workers, and assess the existing procedures and processes using the Hazard Identification, Risk Assessment, and Control (HIRAC) method. Safety audits are conducted through onsite verification and inspection. Our safety audits include Cross-functional Audits (internal) and Customer Audits (external), conducted quarterly and annually, respectively. The identified hazards and risks are addressed by developing corrective and preventive actions. Asia Brewery has also organized a formal joint management-worker health and safety committee to decide on health and safety measures and ensure the implementation of health and safety policies and regulations within the company. We disseminate health and safety policies and updates through email reminders, messages, and EHS bulletin board posts.

Asia Brewery employees are also enabled to respond to health and safety emergencies as needed. The company provides employees with internal and external training opportunities regularly or as needed. The training modules include First Aid Training and Basic Life Support, Emergency Response Training, Environment Health and Safety-related training, and other specialized courses. We also have an Emergency Response Procedure, Manufacturing Continuity Plan, and Chemical Spill Response training to prepare for disaster events.

Amid the ongoing pandemic, Asia Brewery strengthened its initiatives to ensure the health and well-being of its employees. For example, the company enforced strict health and safety protocols, such as signing health declaration forms, COVID-19 testing before entering the workplace, social distancing, and wearing facemasks. In addition, we provided non-occupational medical and healthcare services, such as HMO, medicines and vitamins, and flu vaccines, to all employees through our in-house medical facilities. Annually, employees also undergo a physical examination to identify health-related illnesses and provide healthcare through accredited service providers.

Workplace wellness is front and center at Eton. Employee health and safety is the company's greatest asset and investment. Thus, we developed an OSH program in line with the Department of Labor and Employment (DOLE) Department Order on strengthening occupational health and safety standards. The OSH program was submitted to DOLE and is being enforced by the company's OSH Committee, which is in charge of developing, implementing, and monitoring OSH policies and programs. Additionally, the Committee oversees and investigates workers' safety and health issues and concerns. For example, during the pandemic, the OSH Committee formed a Health Monitoring team to track COVID-19 cases and assist affected employees.

Eton supports the health and well-being of its employees by providing free health insurance and health services. Regular health and wellness sessions and seminars are also offered to all employees. The Human Resource unit of our company recently launched the Kumustahan online platform to encourage employees to consult with the team on health and wellness issues.

From construction to maintenance of properties, Eton always considers and identifies the hazards and risks associated with their projects. Before starting a construction project, a job hazard analysis and safety orientation for contractors are required. Also, each property we own and manage has its own disaster protocol.

Eton conducts training on OSH and Hazard Identification, Risk Assessment and Control (HIRAC) to enhance employees' awareness of workplace safety. In addition, employees are trained to perform risk assessments to identify work-related hazards and anticipate hazardous situations.

For PNB, a healthy workforce is key to its business success. Thus, it has implemented a wide range of employee wellness programs to promote a healthy lifestyle among its employees. Having realized the unprecedented effects of the ongoing pandemic on employees' mental health, PNB provided mental health programs to cope with stress, reduce anxiety, and support employees experiencing emotional difficulties. Alongside these programs, we organized sports and wellness activities via online platforms such as e-Zumba sessions and digital wellness and sustainability fairs. Telemedicine consultations were also offered to our employees to ensure access to medical services as needed.

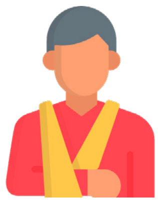
Tanduay makes employee health and safety programs available to promote workplace safety. Primarily, our OSH Program complies with DOLE Department Order 198-08 where Personal Protective Equipment, OSH training, and mandatory seminars are provided to employees. Occupational hazards and risks are identified and investigated by Safety Officer (SO) and Occupational Health Nurse SO, OH Nurse and Safety Officers. Health and safety protocols are enforced based on the rules and regulations of DOLE, DOH and IATF. We are also implementing an occupational health and safety management program covering all employees, service providers, security personnel and contractors. To protect the health and well-being of employees, we require them to undergo an annual physical examination and attend safety training provided by DOLE. The company has existing policies and programs on promoting a drug-free workplace; prevention and control of HIV/AIDS, tuberculosis, and Hepa B; and mental health promotion. Employees are also encouraged to participate in health awareness seminars and have a more active lifestyle through playing sports, attending Zumba sessions, and joining weight loss contests.

GRI 403-8

| OHS Management System Coverage | # | % |
|---|---|---|
| Covered by occupational health and safety management system | | |
| Regular employees | **12,325** | 100% |
| Covered by occupational health and safety management system that has been internally audited | | |
| Regular employees | **12,107** | 98.23% |
| Covered by occupational health and safety management system that has been audited or certified by an external party | | |
| Regular employees | **8,936** | 72.50% |

GRI 403-9

| Work-Related Injuries | Employees |
|---|---|
| Number of fatalities as a result of work-related injury | 0 |
| **Rate of fatalities as a result of work-related injury** | **0.00** |
| Number of high-consequence work-related injuries (excluding fatalities) | 3 |
| **Rate of high-consequence work-related injuries (excluding fatalities)** | **0.11** |
| Number of recordable work-related injuries | 37 |
| **Rate of recordable work-related injuries** | **1.39** |
| Number of hours worked | 26,699,299 |
| Safe man hours | 26,460,502 |



## Human Rights GRI 2-23, 2-24, 2-25, 2-26, 3-3, 406-1

LTG believes that businesses have the responsibility to promote and respect human rights. For its part, the Company has taken meaningful actions to protect the human rights of its personnel regardless of rank or background. From its policies to programs, LTG is creating a company culture that values human rights.

Respecting workers' rights and fundamental human rights is a commitment embedded in Asia Brewery's Code of Conduct and Company Rules and Regulations. At the same time, the prohibition of child labor is explicitly underscored in the company's Recruitment, Selection and Placement Policy and Procedures. These policies are communicated to employees through orientation, email reminders, and bulletin posts. In addition, we conduct orientation seminars on the code of conduct and relevant company rules and regulations to prevent workplace discrimination. We also handle employee complaints and feedback through the Committee on Right Ethics (CORE), Grievance Handling, and Disciplinary Case Handling Procedures. In case a violation of human rights occurs within the company, due process of law will be applied.

Eton has institutionalized its obligation to promote human rights through its company policies. The company's Code of Business Conduct and Ethics sets out the professional and ethical behavior that its employees must observe. This policy prohibits unethical and discriminatory behavior as well as disrespectful and unfair treatment of employees. Internal complaints of discrimination, harassment, or other misconduct are submitted to the Compliance Officer, who determines if the act violates the company's policy. To protect complainants or whistleblowers, we have a Whistleblower Policy that includes Investigation Procedures and a Non-Retaliation policy. For false or malicious reports, the complainants will be subjected to disciplinary or legal actions and applicable laws and regulations.

Any form of harassment or bullying is not tolerated at PNB. The Bank has institutionalized a robust whistleblower policy to protect the Bank from damages to assets, reputation, finances, and people and mitigate risk and losses through the early discovery and proper reporting of suspected or actual wrongdoings. Within the Bank, a committee was set up to investigate, deliberate and decide on appropriate actions regarding whistleblower and retaliatory cases raised by employees. According to the PNB's Code of Conduct, appropriate administrative sanctions will be imposed for harassment and bullying. We also adhere to a Diversity and Inclusion policy to foster inclusion and equality—a culture that recognizes team members as collaborators and peers regardless of their backgrounds.

Prevention of sexual harassment is a priority of PNB to ensure a safe and respectful workplace for all its employees. In recent years, we have updated our Anti-Sexual Harassment (ASH) policy following the enactment of the Safe Spaces Act. In our policy, the parameters of sexual harassment were defined based on the law. To ensure that incidences of unwelcome sexual conduct are dealt with, PNB established a Committee on Decorum and Investigation dedicated solely to investigating and addressing cases of sexual harassment.

Employees with complaints or grievances may file a report through the Bank's whistleblowing channels or to the disciplinary authorities such as the Group or Sector Head, Human Resource Group and Ethical Standards Committee. The complaints are discussed during the Labor Management Council meeting, followed by a formal investigation. To ensure the protection of whistleblowers, we have a Whistleblower Policy with a provision on anti-retaliation.

For Tanduay, protecting human rights is vital in fostering equality and respect in the workplace.

Therefore, we have a non-discrimination policy when it comes to hiring and adhere to the government's anti-discrimination policies. Tanduay strives to create an environment free of discrimination by educating its employees, encouraging them to respect diversity in the workplace, and responding appropriately to complaints of discrimination. A grievance machinery is in place to deal with employee complaints and issues. The Human Resources office coordinates with the employee’s immediate head to resolve complaints or pursue legal action if necessary. Before issuing a decision, the Head of Office requires the concerned employee to submit a written explanation within five working days. The Head of Office also convenes a conference or a hearing to evaluate the evidence presented to the office. Appropriate disciplinary measures will be implemented based on the final decision of the Head of Office. The HR office handles all communications in total confidentiality to alleviate fears of possible retaliation.

Based on the Company’s monitoring, no critical incidents and violations of labor laws and human rights occurred in 2022.

# Customers

## Marketing and Labeling GRI 3-3, 417-1, 417-3

To build and maintain brand integrity, LTG complies with the high standards of marketing and labeling regulations. We ensure that our subsidiaries follow legal compliance with marketing and advertising laws and regulations set by the government.

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

| | 2022 |
|---|---|
| Total no. of incidents of non-compliance with regulations resulting in a fine or penalty | 0 |
| Total no. of incidents of non-compliance with regulations resulting in a warning | 0 |
| Total no. of incidents of non-compliance with voluntary codes | 0 |
| Total no. of substantiated complaints | 130 |
| Total no. of complaints addressed | 130 |
| Number of significant product or service categories offered | 35 |
| Number of significant product or service categories covered by and assessed for compliance with information and labeling procedures | 35 |
| Percentage of significant product or service categories covered by and assessed for compliance with information and labeling procedures | 100% |

FB-AB-270a.1, FB-NB-270a.1

| **Responsible Drinking, Product Labelling & Marketing**[15] | 2022 |
|---|---|
| Percentage of total advertising impressions made on individuals at or above the legal drinking age | 5% |
| Total number of advertising impressions made on individuals at or above the legal drinking age | 3,448,276 |
| Total number of advertising impressions made on alcoholic beverages | 70,000,000 |
| Percentage of total advertising impressions made on children | 39% |
| Number of advertising impressions made on children | 2,857,143 |
| Total number of advertising impressions made on non-alcoholic beverages | 7,400,000 |

15 Figures cover Asia Brewery only

Asia Brewery adheres to the Food and Drug Administration (FDA) standards for its marketing and labeling policy to ensure consumers always get the correct product information. We disclose critical product-related data such as the sourcing components, content, safe use of product or service, and environmental and social impacts resulting from product disposal.

Eton follows marketing and labeling guidelines to ensure customers receive the correct product and service information. Following our Code of Ethics, employees are required to comply with marketing and labeling laws and regulations set by various government agencies such as the Department of Trade and Industry (DTI), Intellectual Property Office of the Philippines (IPOPHL), Housing and Land Use Regulatory Board (HLURB), and Ad Standards Council (ASC). We also employ a digital marketing strategy to advertise its products and increase its customers. Promotional materials are published through our website and third-party websites like Rentpad and Carousell. Further, we organize event sponsorships, cross-promotion referrals, and media programs.

Tanduay's marketing and labeling approach is governed by a Brand Guidance Policy, which aims to promote fair and responsible marketing practices. The company complies with all mandatory requirements on advertising set by regulatory bodies such as the ASC, IPO, and FDA. As part of Tanduay's Quality Policy and Quality Management System (QMS), regular product assessment and evaluation are conducted to ascertain compliance with regulations and to develop innovative ways to strengthen brand equity in its existing and emerging markets.

For 2022, no notices for non-compliance with regulatory requirements on marketing and labeling have been reported for the entire Group.

## Customer Health and Safety

GRI 2-25, 3-3, 416-1

LTG has implemented proactive efforts to ensure customer health and safety throughout the pandemic. These efforts range from ensuring sanitary and clean production facilities to providing avenues for customers to register their concerns related to product quality.

Asia Brewery strives to protect the health and safety of consumers and ensure quality excellence by enforcing food safety policies and enhancing the competencies of its employees. We adhere to a stringent Food Safety and Quality Policy and follow a Food Safety and Quality Management System based on international and local standard requirements. As a beverage manufacturer and distributor, some concerns customers raise include product spoilage and products with foreign objects. We respond to such complaints through Customer Complaint Handling, which now has a digital version via the support portal. In addition, we implement internal assessments and corrective actions to prevent the recurrence of issues.

During the COVID-19 pandemic, we responded to the demand for immunity-boosting products by enhancing the nutritional value of some of its beverages. For example, the Cobra Energy drink, intended initially as an energy-boosting drink, was enhanced to include immunity-boosting ingredients.

To minimize the environmental impact of its chemical byproducts, Asia Brewery ensures strict compliance with various standards and regulations such as the FDA Good Manufacturing Practices, ISO 9001 Quality Management System, Food Safety System Certification (FSSC) (ISO 22000 Food Safety Management System) and Hazard Analysis Critical Control Point (HAACP), among others.

Tanduay formulated a quality policy and quality management system to protect and promote the health and safety of its consumers. The compliance and effectiveness of these measures are assessed through an annual surveillance audit. This process provides and interprets data to facilitate the prevention and control of disease to safeguard our customers. With the pandemic, we continue to implement health and safety measures in line with the IATF regulations and standards to protect our consumers and employees.

Our company ensures customer health and safety compliance by strictly implementing its Quality Policy, Mission and Vision, and Strategic Business Objectives. Tanduay is currently ISO 9001: 2015 Certified and is annually assessed for compliance and renewal/maintenance of certificate by TUV SUD Asia Pacific TUV SUD Group and complying with FDA's Good Manufacturing Practices.

## Customer Engagement and Satisfaction

The Company intentionally cultivates positive relationships with its customers by delivering products and services that exceed customer expectations and providing customer touchpoints. Across the Group, LTG actively solicits customer feedback to determine aspects of their products and services that require enhancements.

A consistently excellent customer experience is essential to Asia Brewery's business growth. Thus, we ensure that our products are of high quality and that our services are delivered on time. To enhance customer experience, we developed an E-Commerce site where customers can order products anytime and expect faster delivery. Moreover, customers can provide feedback on the products and services of Asia Brewery through our social media pages and website.

Eton seeks to understand its customers' experience to determine how to improve its products and services. Customers are requested to submit their feedback via online platforms such as our website, email address, and messenger. During the pandemic, when customers could not visit our offices in person, we have enhanced our digital platforms to handle customer issues more effectively. For the reporting year, Eton customers reported concerns about Condominium Certificates Titles and Transfer Certificate of Titles. The concerns were addressed through constant communication through phone and email with the client by the Customer Service Department, which provides updates and answers.

PNB believes that customer satisfaction is an essential metric for business success. As such, it offers a robust feedback and grievance mechanism to respond to customer complaints promptly. The Customer Experience Division (CED) enforces the Consumer Protection Policy of the Bank. Through the Unified Contact Center Solution project, the CED's Contact Center Operations is being improved to achieve shorter handling time, better agent user experience, better case logging tools, and automated quality evaluation and scorecard management. These improvements will take effect by the fourth quarter of 2023. Customers of the Bank also have the option to raise issues or report complaints to the various customer service channels by email, telephone, and messenger applications.

PNB encountered several challenges during the COVID-19 pandemic due to the implementation of the Bayanihan Act. The customer-related concerns the Bank received during this period include interest charges, re-computation of amortization, and waiving charges. The most common customer-related concerns are related to credit cards, account openings, billing statements, and the PNB Digital App, such as password changes. We have instructed relevant offices to coordinate with each other and implement the changes based on the government's policy and help address customer concerns.

PNB implements an after Call and Email Customer Satisfaction survey to evaluate customer satisfaction. Customer feedback informs improvements in the policies, service delivery, process, and customer engagement.

Tanduay understands that satisfied customers help drive business growth. Thus, we endeavor to offer our customers high-quality and affordable products by strengthening our quality policy and complying with product certifications such as ISO, HACCP, and HALAL. In addition, we actively seek customer feedback by deploying customer satisfaction surveys and conducting after-sales communication to improve the quality of our products and services.

## Digital Transformation and Innovation

LTG is slowly embedding digital technologies in its business processes. The Company acknowledges the value that digital transformation can contribute to its business model and operations.

PNB's digital strategy and initiatives are aligned with the Bank's key strategic business pillars. Understanding market and customer trends as well as the business and regulatory landscape, gives us actionable insights to enhance our strategy. Our key retail business units also provide inputs that help shape the strategic direction of our Bank's digital innovation and transformation.

The Bank's digital program is implemented through various Committees within the company. Our Projects Prioritization Committee is in charge of clearing and approving major strategic projects of PNB. The Mobile Steering Committee and Technology Committee approve and monitor the project priorities of the Bank, while the Board IT Governance ensures the alignment of digital initiatives with enterprise priorities and overall targets of PNB.

To avoid digital and financial-related risks, we adhere to the BSP Policy on Electronic Banking and Financial Services and related regulations such as Guidelines on Electronic Payments, Operations on Payment Systems, Anti-Money Laundering (AMLA) Rules and Regulations, Data Privacy Law, and Consumer Protection. In alignment with the BSP Digital Payment Transformation Roadmap, which operates under the National Retail Payment System (NRPS), PNB launched services such as Person to Merchant (P2M) and Person to Business (P2B) payment streams. In addition, we also adhere to the Open Finance Framework of BSP, where financial institutions can share data with customers' consent to optimize various banking-related services.

For better customer experience, we have also digitally transformed some of our existing systems and processes, such as automating bank forms, shifting customers to electronic Statements of Account (e-SOA), and migrating existing customers to PNB's digital channels. These efforts also help lessen our environmental footprint.

PNB's mobile banking platform, PNB Digital, offers more advanced and secure features, expanded payment and disbursement capabilities, and better access to products and services. For 2022, the PNB Digital and Account Access Portal users grew by 349% or an overall increase of 31% in our total digital user base. In parallel, significant growth in our customer engagement, particularly in transaction count and volume, increased by 118% and 160%, respectively. In addition, through our social media platforms, we continue to communicate to consumers our digital banking app to increase its enrolment and usage.

Apart from our digital platforms, we continue to operate our automated teller machines (ATMs) and cash acceptance machines (CAMs), providing customers with easy access to their funds. By the end of 2022, PNB has a total of 1,575 ATMs, 145 CAMs, 29 Corporate CAMs, and 8,367 point-of-sales (POS) terminals for 24-hour banking convenience for our clients.

FB-AB-270a.1, FB-NB-270a.1

| | ATMs | CAMs | POS Terminals |
|---|---|---|---|
| 2022 | 1,575 | 145 | 8,367 |
| 2021 | 1,586 | 165 | 6,603 |
| 2020 | 1,578 | 144 | 7,120 |

Source: Digital Innovations Group and ITBG, PNB

PNB introduced the PNB Cashnet Plus mobile app in February 2022 to provide more efficient online business transactions. The mobile app enables clients to view their accounts, monitor their receivables, and initiate and approve payments. At year-end, nearly a thousand IBS clients were onboarded in less than four months.

FB-AB-270a.1, FB-NB-270a.1

**Digital banking (mobile and internet)**

| | Enrolled users | New enrollment |
|---|---|---|
| 2022 | 1,508,741 | 347,878 |
| 2021 | 805,906 | 56,342 |
| 2020 | 749,564 | 221,418 |
| % Inc./Dec. 2022 v. 2021 | 31% | 517% |

For the reporting period, no violation of the policies and regulations governing our digital products and services has been noted.

Tanduay is slowly integrating digital technology into its business process and operations. Various avenues for digital transformation are being explored to enhance customer experience. In 2022, we implemented the enhancement of freight charges for accrual. We are also planning to implement a Human Capital Management (HCM) payroll system for efficient payroll processing and the enhancement of its inventory costing.

## Customer Data Privacy and Security

GRI 3-3, FN-CB-230a.2

LTG takes data privacy and security very seriously. Mindful of the risks and threats to data security, we have enhanced our data protection policies and equipped ourselves with cybersecurity tools to protect the Company and customer information.

LTG created an Information Technology (IT) Team to flag data security risks that would impact the business. The IT Team is also responsible for monitoring trends and training key staff who could be at risk of cyber-attacks. To enhance data security, we set up a secure network for its staff and a secure channel for storing sensitive information. The Company's IT equipment is constantly reviewed, modified, and upgraded as needed. The IT Team also regularly conducts staff training to enhance internal cybersecurity awareness.

To manage customer privacy, Asia Brewery has started developing its Data Classification Policy that governs the use of all data or information created, collected, stored, or processed by its business. The company has established an Incident Management Policy and Information Security Incident Policy and Procedures to minimize and respond to potential data or security breaches. We also apply a non-disclosure agreement for third-party agencies or service providers. We adhere to the Advertising Standard Council's policy to ensure that information on our advertising and communication materials are not misleading or violative of existing advertising standards.

Eton respects customer privacy by complying with the provisions of the Data Privacy Act of 2012 and implementing its own data privacy and cybersecurity practices. The purpose of the law is to protect personal data in the information and communications systems of the public and private sectors. In line with the Data Privacy law, we have installed cybersecurity tools and established processes related to backup procedures to minimize data security risks. In the event of a data breach, our company immediately reports it to the National Privacy Commission within 72 hours. The organization actively promotes cybersecurity awareness to prevent and respond to data breaches and other cybersecurity threats.

PNB implements various company policies to ensure customer data privacy and security. For instance, the Bank's data protection policy addresses security risks that could affect PNB's data and operations. Under the overall framework of the Revised Policy and Implementing Guidelines on Consumer Protection, PNB highlights the importance of protecting consumers in all stages of their transactions. Our consumer protection and data privacy policies include the Enterprise Data Privacy Policy, the Governance and Risk Management Sub-Policy, and Data Privacy Architecture, supplemented by the PNB Enterprise Data Privacy Manual for overseas branches.
To proactively assess risks, we implement a Privacy Impact Assessment Policy based on ISO 27001/2/5 and DPA of 2012 for the conduct of the Privacy Impact Assessment Process, Information Security Risk Assessment Process, and Third Party Information Security Risk Assessment Process.

With the introduction of teleworking, the Bank's Human Resource Group has issued a Policy on Telecommuting to protect employee privacy and ensure the security of equipment, IT infrastructure, and systems.

# Society

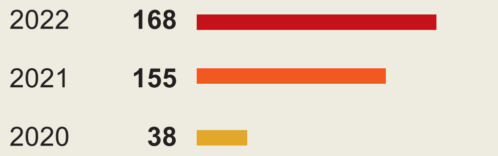
## Community Relations and Initiatives GRI 3-3, 203-2, 413-1

LTG considers local communities as development partners. Thus, the Company is committed to positively impacting the communities in which it operates. Across the Group, active steps have been taken to integrate social good into LTG's business.

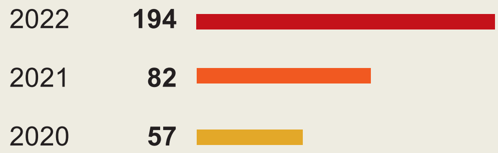
Asia Brewery is committed to supporting local development by delivering various community-oriented programs. In particular, we have implemented environmental protection and education initiatives. For example, a tree-planting activity was coordinated by the Pampanga Plant, Davao Plant, El Salvador Plant, and Cabuyao Plant to prevent flooding and protect the local communities in these areas. Furthermore, to generate positive social impact, education programs organized by the company include the Brigada Eskwela and Balik Eskwela Program. The Brigada Eskwela Program aims to help parents and government school officials rehabilitate classrooms and clean up the school to prepare for class opening. Meanwhile, we donated school supplies and educational materials to government schools under the Balik Eskwela Program. We also distributed tokens of appreciation to Special Education teachers during World Teachers' Day and donated books at selected orphanages as part of National Children's Day.

Eton aims to positively impact the community by creating charitable programs in partnership with government and non-government entities. For example, we linked with the Rotary Club of Quezon City to raise funds to help generate more awareness and strengthen the vaccination drive against polio. Furthermore, to increase agricultural productivity in the province of Nueva Ecija, we donated additional seedlings to local farmers under the Masaganang Palayan program with the assistance of the Tan Yan Kee Foundation. For the Christmas season, our company collaborated likewise with the TYKFI to nurture health and provide fresh produce to seniors discarded from society in Kanlungan ni Maria in Antipolo City and Group Home for Abandoned

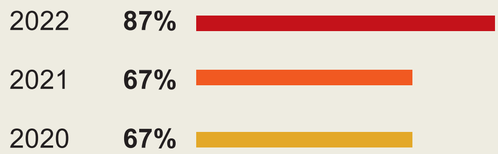
**Total number of operations with implemented local community engagement, impact assessments and/or development programs**




**Total number of operations**




**Percentage of operations with implemented local community engagement, impact assessments and/or development programs**



Older Women. Moreover, our company organized a Christmas Parol-making contest with the Quezon City government to promote camaraderie and unity among the barangays in the city.

For PNB, corporate social responsibility (CSR) is a way to effect positive changes in the community. With the leadership of the Bank's Corporate Sustainability Unit (CSU) and Human Resources Group (HRG), various CSR and volunteer-oriented initiatives are being implemented by PNB. Our onsite CSR activities were limited during the Covid-19 pandemic; however, community coordination and communication continued. In addition, we have organized virtual activities such as wellness and sustainability fairs.

The Bank also carried out initiatives to protect and preserve the environment. For example, this year, we held a tree-planting activity called "PNB CommuniTree" in Brgy. Mamuyao, Tanay, Rizal to celebrate the Bank's 106th anniversary in partnership with Tan Yan Kee Foundation, Inc.

PNB also extended support to its outsourced personnel during the pandemic, given the social and economic consequences of the health crisis. Our company focused on helping the guards, maintenance staff, clerks, drivers, and messengers greatly affected by the pandemic. An employee-giving program was also rolled out to support the outsourced personnel of the Bank.

Tanduay forged a partnership with Dualtech Training Center, a private vocational school established in 1982, to train the Center's students for a period of 18 months. Under TESDA, beneficiary students were given dual training on operating, repairing, and maintaining various industrial equipment and facilities.

ADI partners with local communities to implement social and environmental initiatives. ADI employees are encouraged to volunteer in these company-led projects, which include clean-up and rehabilitation activities in schools, donative drives for fisherfolks and farmers, and supporting fisherfolks by augmenting their income.

In 2022, LTG delivered a total of 130 community-oriented operations, 123 of which comprise local community engagement, impact assessments, or development programs. LTG's corporate social responsibility programs are focused on agriculture and forest development, such as reforestation, agroforestry, agri-entrepreneurship and livelihood, and food security. LTG operations with local community engagement, impact assessments, and development programs include calamity and healthcare assistance, vaccination drive, tree planting activities, food and school supplies distribution, and agricultural input distribution.

# GRI Content Index

| | |
|---|---|
| Statement of use | LT Group, Inc. has reported in accordance with the GRI Standards for the period 1 January 2022 to 31 December 2022. |
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI Sector Standard(s) | None |

| GRI Standard / Other Source | Disclosure | Location | Omission | | | GRI Sector Standard Ref. No. |
|---|---|---|---|---|---|---|
| | | | Requirements (s) Omitted | Reason | Explanation | |
| General Disclosures | | | | | | |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details | 7 | | | | |
| | 2-2 Entities included in the organization's sustainability reporting | 1 | | | | |
| | 2-3 Reporting period, frequency and contact point | 1-2 | | | | |
| | 2-4 Restatements of information | 5, 30, 32, 33, 35 | | | | |
| | 2-5 External assurance | 1 | | | | |
| | 2-6 Activities, value chain and other business relationships | 9, 11, 26 | | | | |
| | 2-7 Employees | 39 | | | | |
| | 2-8 Workers who are not employees | | 2-8-a to 2-8-c | Information unavailable | Collection of this information has not been initiated | |
| | 2-9 Governance structure and composition | 19-20 | | | | |
| | 2-10 Nomination and selection of the highest governance body | 19 | | | | |
| | 2-11 Chair of the highest governance body | 19 | | | | |
| | 2-12 Role of the highest governance body in overseeing the management of impacts | 19 | | | | |
| | 2-13 Delegation of responsibility for managing impacts | 21 | | | | |
| | 2-14 Role of the highest governance body in sustainability reporting | 21 | | | | |
| | 2-15 Conflicts of interest | 21 | | | | |
| | 2-16 Communication of critical concerns | 21 | | | | |
| | 2-17 Collective knowledge of the highest governance body | 21 | | | | |
| | 2-18 Evaluation of the performance of the highest governance body | 21 | | | | |
| | 2-19 Remuneration policies | 21 | | | | |
| | 2-20 Process to determine remuneration | 21 | | | | |
| | 2-21 Annual total compensation ratio | | 2-21-a to 2-21-c | Confidentiality constraints | Owing to the sensitivity of the information, the Company deems the salary of the highest paid individual as confidential. Nevertheless, compensation is based on performance. | |
| | 2-22 Statement on sustainable development strategy | 21 | | | | |
| | 2-23 Policy commitments | 47 | | | | |
| | 2-24 Embedding policy commitments | 47 | | | | |
| | 2-25 Processes to remediate negative impacts | 47, 50 | | | | |
| | 2-26 Mechanisms for seeking advice and raising concerns | 47 | | | | |
| | 2-27 Compliance with laws and regulations | 23 | | | | |
| | 2-28 Membership associations | 12 | | | | |
| | 2-29 Approach to stakeholder engagement | 13-16 | | | | |

| | | | |
|---|---|---|---|
| Material Topics | | | |
| GRI 3: Material Topics 2021 | 3-1 Process to determine material topics | 2, 17 | |
| | 3-2 List of material topics | 17 | |
| Economic and Governance | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 28, 36 | |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 5, 28 | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 36 | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 55 | |
| GRI 203: Indirect Economic Impacts 2016 | 203-2 Significant indirect economic impacts | 55 | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 23-24 | |
| GRI 205: Anti-corruption 2016 | 205-2 Communication and training about anti-corruption policies and procedures | 23-24 | |
| | 205-3 Confirmed incidents of corruption and actions taken | 23-24 | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 26-28 | |
| GRI 414: Supplier Social Assessment 2016 | 414-2 Negative social impacts in the supply chain and actions taken | 26-28 | |
| Environment | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 34-35 | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 35 | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 29-30 | |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | 29-30 | |
| | 303-2 Management of water discharge-related impacts | 29-30 | |
| | 303-3 Water withdrawal | 30 | |
| | 303-4 Water discharge | 30 | |
| | 303-5 Water consumption | 30 | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 33-34 | |
| GRI 304: Biodiversity 2016 | 304-2 Significant impacts of activities, products and services on biodiversity | 33-34 | |
| GRI 305: Emissions 2016 | 3-3 Management of material topics | 34-38 | |
| GRI 3: Material Topics 2021 | 305-1 Direct (Scope 1) GHG emissions | 38 | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 38 | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 31-32 | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 31-32 | |
| | 306-2 Management of significant waste-related impacts | 31-32 | |
| | 306-3 Waste generated | 32 | |
| | 306-4 Waste diverted from disposal | 32 | |
| | 306-5 Waste directed to disposal | 33 | |

| | | | |
|---|---|---|---|
| Employees | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 42-43 | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 40 | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 40 | |
| | 401-3 Parental leave | 41 | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 44-46 | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 44-46 | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 44-46 | |
| | 403-3 Occupational health services | 44-46 | |
| | 403-4 Worker participation, consultation, and communication on occupational health and safety | 44-46 | |
| | 403-5 Worker training on occupational health and safety | 44-46 | |
| | 403-6 Promotion of worker health | 44-46 | |
| | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 44-46 | |
| | 403-8 Workers covered by an occupational health and safety management system | 46 | |
| | 403-9 Work-related injuries | 46 | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 42-43 | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 44 | |
| | 404-3 Percentage of employees receiving regular performance and career development reviews | 42-43 | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 47-48 | |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken | 47-48 | |
| Customers | | | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 50-51 | |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | 50-51 | |
| GRI 3: Material Topics 2021 | 3-3 Management of material topics | 49-50 | |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | 49 | |
| | 417-2 Incidents of non-compliance concerning product and service information and labeling | 49 | |
| | 417-3 Incidents of non-compliance concerning marketing communications | 49 | |
| Society | | | |
| GRI 3: Material Topics 20 21 | 3-3 Management of material topics | 55-56 | |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programs | 55-56 | |

# SASB Content Index

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

| Topic | Code | Accounting Metrics | Location/ Response |
|---|---|---|---|
| Food & Beverage Sector - Alcoholic and Non-Alcoholic Beverages | | | |
| Energy Management | FB-AB-130a.1<br>FB-NB-130a.1 | (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable | 35 |
| Water Management | FB-AB-140a.1<br>FB-NB-140a.1 | (1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress | 30 |
| | FB-AB-140a.2<br>FB-NB-140a.2 | Description of water management risks and discussion of strategies and practices to mitigate those risks | 29 |
| Responsible Drinking & Marketing | FB-AB-270a.1 | Percentage of total advertising impressions made on individuals at or above the legal drinking age | 49 |
| | FB-AB-270a.2 | Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes | 49 |
| | FB-AB-270a.3 | Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices | 49 |
| Product Labeling & Marketing | FB-NB-270a.1 | Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines | 49 |
| | FB-NB-270a.3 | Number of incidents of non-compliance with industry or regulatory labeling and/or marketing codes | 49 |
| | FB-NB-270a.4 | Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labeling practices | 49 |
| Financials Sector - Commercial Banks | | | |
| Data Security | FN-CB-230a.2 | Description of approach to identifying and addressing data security risks | 53 |

# TCFD Content Index

| Recommended Disclosures | Location/Response |
|---|---|
| **Governance**<br>Disclose the organization’s governance around climate-related risks and opportunities | |
| a) Describe the board’s oversight of climate-related risks and opportunities | 36-38 |
| b) Describe management’s role in assessing and managing climate- related risks and opportunities | 36-38 |
| **Strategy**<br>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material | |
| a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term | 36-38 |
| b) Describe the impact of climate- related risks and opportunities on the organization’s businesses, strategy and financial planning. | 36-38 |
| c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario | 36-38 |
| **Risk Management**<br>Disclose how the organization identifies, assesses, and manages climate-related risks | |
| a) Describe the organization’s processes for identifying and assessing climate- related risks | 36-38 |
| b) Describe the organization’s processes for managing climate- related risks | 36-38 |
| c) Describe how processes for identifying, assessing, and managing climate- related risks are integrated into the organization’s overall risk management | 36-38 |
| **Metrics and Targets**<br>Disclose the metrics and targets used to assess and manage relevant climate- related risks and opportunities where such information is material | |
| a) Disclose the metrics used by the organization to assess climate- related risks and opportunities in line with its strategy and risk management process | 36-38 |
| b) Describe the targets used by the organization to manage climate- related risks and opportunities and performance against targets | 36-38 |

LT GROUP, INC.