



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

GENERAL INSTRUCTIONS

A. Use of Form I-ACGR

This SEC Form shall be used as a tool to disclose Publicly-Listed Companies’ compliance/non-compliance with the recommendations provided under the Code of Corporate Governance for Publicly-Listed Companies, which follows the “comply or explain” approach, and for harmonizing the corporate governance reportorial requirements of the SEC and the Philippine Stock Exchange (PSE).

B. Preparation of Report

These general instructions are not to be filed with the report. The report shall contain the numbers and captions of all items.

The I-ACGR has four columns, arranged as follows:

RECOMMENDED CG PRACTICE/POLICY	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<p>Contains CG Practices/ Policies, labelled as follows:</p> <p>(1) “Recommendations” – derived from the CG Code for PLCs;</p> <p>(2) “Supplement to Recommendation” – derived from the PSE CG Guidelines for Listed Companies;</p> <p>(3) “Additional Recommendations” – CG Practices not found in the CG Code for PLCs and PSE CG Guidelines but are expected already of PLCs; and</p> <p>(4) “Optional Recommendation” – practices taken from the ASEAN Corporate Governance Scorecard</p> <p>*Items under (1) – (3) must be answered/disclosed by the PLCs following the “comply or explain” approach. Answering of items under (4) are left to the discretion of PLCs.</p>	<p>The company shall indicate compliance or non-compliance with the recommended practice.</p>	<p>The company shall provide additional information to support their compliance with the recommended CG practice</p>	<p>The PLCs shall provide the explanations for any non-compliance, pursuant to the “comply or explain” approach.</p> <p>Please note that the explanation given should describe the non-compliance and include how the overall Principle being recommended is still being achieved by the company.</p> <p>*“Not Applicable” or “None” shall not be considered as sufficient explanation</p>

C. Signature and Filing of the Report

- a. Three (3) copies of a fully accomplished I-ACGR shall be filed with the Main Office of the Commission **on or before May 30 of the following year for every year that the company remains listed in the PSE;**
- b. At least one (1) complete copy of the I-ACGR shall be duly notarized and shall bear **original and manual** signatures
- c. The I-ACGR shall be signed under oath by: (1) Chairman of the Board; (2) Chief Executive Officer or President; (3) All Independent Directors; (4) Compliance Officer; and (5) Corporate Secretary.
- d. The I-ACGR shall cover all relevant information from January to December of the given year.
- e. All reports shall comply with the full disclosure requirements of the Securities Regulation Code.



SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended 2021
2. SEC Identification Number AS93008809 3. BIR Tax Identification No. 003-865-392-00000
4. Exact name of issuer as specified in its charter PACIFIC ONLINE SYSTEMS CORPORATION
5.
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 28TH Floor, East Tower, Tektite Towers,
Exchange Road, Ortigas Center, Pasig City
Address of principal office 1605
Postal Code
8. (02) 8584-1700
Issuer's telephone number, including area code
9. n/a
Former name, former address, and former fiscal year, if changed since last report.

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
<p>Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>			
Recommendation 1.1			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	Compliant	<p>1) Company website: https://loto.com.ph/our-company/leadership</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	Compliant	<p>2) Revised Manual on Corporate Governance (page 7 item no. 2.2.4; page 19 – Qualification of Directors):</p>	
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	Compliant	<p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf</p> <p>3) Charter of the Board: https://loto.com.ph/sites/default/files/Charter%20of%20the%20BOD%20%281%29.pdf</p> <p>4) 2021 Annual Report, pp. 19-21 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf</p> <p>5. Definitive Information Statement for 2022 Annual Stockholders' Meeting (DIS), pp. 6-8, 46-47 https://loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%20DIS.pdf</p>	

Recommendation 1.2			
1. Board is composed of a majority of non-executive directors.	Compliant	Company website: https://loto.com.ph/our-company/leadership https://loto.com.ph/sites/default/files/Board%20of%20Directors%20Meeting%202021.pdf 2021 Annual Report, pp. 19-21 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	Compliant	Revised Manual on Corporate Governance (page 5): https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf Board Charter, Item VII.h, p. 7 https://loto.com.ph/sites/default/files/Charter%20of%20the%20BOD%20%281%29.pdf	
2. Company has an orientation program for first time directors.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf	
3. Company has relevant annual continuing training for all directors.	Compliant	2021 Annual Report, p. 29	

		https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf	
Recommendation 1.4			
1. Board has a policy on board diversity.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf Board has 2 female Directors and 7 male Directors https://www.loto.com.ph/sites/default/files/2020-05-06-Charter-of-the-BOD.pdf 2021 Annual Report, pp. 19-21 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf DIS, pp. 46-47 https://loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%2020IS.pdf	
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	Compliant		

2. Corporate Secretary is a separate individual from the Compliance Officer.	Compliant	<ol style="list-style-type: none"> https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf (page 6) https://loto.com.ph/our-company/leadership 2021 Annual Report, p. 21 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf 	
3. Corporate Secretary is not a member of the Board of Directors.	Compliant		
4. Corporate Secretary attends training/s on corporate governance.	Compliant	https://www.loto.com.ph/sites/default/files/Continuing%20Education%20for%20Directors%20%26%20Officers%202021.pdf	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf (page 17)	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf (page 7)	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	Compliant		
3. Compliance Officer is not a member of the board.	Compliant		2021 Annual Report, p. 22 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf

		Compliance Officer: Grace L. Gatdula Position: Head of Administration Division (AVP) Ms. Gatdula is not a member of the Board of Directors.	
4. Compliance Officer attends training/s on corporate governance.	Compliant	https://www.loto.com.ph/sites/default/files/Continuing%20Education%20for%20Directors%20%26%20Officers%202021.pdf	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	Compliant	https://www.loto.com.ph/sites/default/files/2019%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20for%20Upload.pdf (page 9-11) https://www.loto.com.ph/sites/default/files/POSC%20ASM%202021%20MINUTES.pdf	
Recommendation 2.2			
1. Board oversees the development, review and approval of the company's business objectives and strategy.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf (page 8-10)	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	Compliant	Quarterly Operations Review https://www.loto.com.ph/investor-relations/disclosures/financial-reports	
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	Compliant	https://loto.com.ph/our-company/mission-vision-core-values	

		Annual review done by the Board.	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	Compliant	https://www.loto.com.ph/our-company/leadership https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf 2021 Annual Report, p. 19 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf	
2. Board adopts a policy on the retirement for directors and key officers.	Compliant	<p><i>The Board of Directors has adopted a policy with respect to the retirement of directors and key officers at age 80.</i></p> <p><i>In the adoption of a policy on retirement of directors and key</i></p>	

		<i>officers, however, the Board of Directors, through the Corporate Governance Committee, will still be mindful that long-term experience is still a critical asset for persons engaged in the gaming industry and this will still be considered in the determination of directors and/or officers due to be made subject of mandatory retirement.</i>	
Recommendation 2.5			
1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.PO SC .pdf	
2. Board adopts a policy specifying the relationship between remuneration and performance.	Compliant	The Corporate Governance Committee which has oversight on the Remuneration function conducts a yearly review of the Company's remuneration policy which aligns the remuneration with the performance of its key officers and board members.	
3. Directors do not participate in discussions or deliberations involving his/her own remuneration.	Compliant	Page 18 (Manual on CG) 2.16 COMPENSATION OF DIRECTORS Directors shall not receive any compensation unless approved by the stockholders or provided in the Corporation's By-Laws. No director shall participate in the approval of his compensation. However, the Board may, from time to time, approve a reasonable per diem that a director may receive for attendance in Board and Board Committee meetings.	

Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	Compliant	https://www.loto.com.ph/sites/default/files/2020-05-06-Charter-of-the-BOD.pdf	
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	Compliant	https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%204%20-%20Annex%201%20%28Sustainability%20Report%29%20%281%29.pdf	
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 12)	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	Compliant	https://www.loto.com.ph/sites/default/files/2019%20REVISED%20MANUAL%20ON%20CORPORATE%20GOVERNANCE%20for%20Upload.pdf (page 12)	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 20-21)	
4. Board nomination and election policy includes how the board shortlists candidates.	Complaint	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 20-21)	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf	

the nomination, election or replacement of a director.		0on%20Corporate%20Governance.PO SC .pdf (page 22)	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.PO SC .pdf (page 13- 17)	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	Compliant	For the year, the Company requested recommendation/list from GGAPP. https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.PO SC .pdf (page 22)	
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.P OSC .pdf	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	Compliant	https://www.loto.com.ph/sites/default/files/2022-01-31%20Related%20Party%20Transactions%20Committee%20Charter 0.pdf	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	Compliant	https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according	Compliant	https://www.loto.com.ph/sites/default	

<p>to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>		<p>t/files/Related%20Party%20Transactions%20Policy_0.pdf</p>	
<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf</p>	
<p>Recommendation 2.8</p>			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf</p> <p>Chief Executive Officer – Jackson T. Ongsip</p> <p>Results of October 2021 Board of Directors' Meeting https://loto.com.ph/sites/default/files/Change%20in%20Directors%20and%20or%20Officers%20%28Resignation%2C%20Removal%20or%20Appointment%2C%20Election%20and%20or%20Promotion%29_1.pdf</p> <p>Internal Auditor – Anna Josefina G. Esteban</p>	

		<p>Risk Officer – Mischel Gabrielle O. Mendoza</p> <p>Compliance Officer – Grace L. Gatdula</p> <p>Data Protection Officer – Ma. Meliza C. Romillo</p> <p>Results of the 2022 ASM https://loto.com.ph/sites/default/files/SEC%20Form%2017-C%20-%202022%20Results%20of%20ASM%20and%20OBD.321.pdf</p>	
<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf</p> <p>https://www.loto.com.ph/corporate-governance/governance-pacific-online-0</p> <p>Summary of 2021 Board Assessment https://loto.com.ph/sites/default/files/Board%20of%20Directors%20Evaluation%202021%20%28Summary%29.pdf</p> <p>BOD Assessment Form for 2021 https://loto.com.ph/sites/default/files/POSC%20Board%20Evaluation%20Form%202021.pdf</p>	

Recommendation 2.9

1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	Compliant	https://www.loto.com.ph/sites/default/files/2020-05-06-Charter-of-the-BOD.pdf	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	Compliant	e. Monitor compliance with policies, and achievement against objectives, by holding management accountable for its activity through the measurement and control of operations by regular reports to the Board, including monthly performance reporting and budget updates. The Board shall establish an effective performance management framework that will ensure that the performance of Management and personnel is at par with the standards set by the Board and senior management.	
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	Compliant	https://www.loto.com.ph/sites/default/files/2020-05-06-Charter-of-the-BOD.pdf (page 5)	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	Compliant	https://www.loto.com.ph/sites/default/files/2020-05-06-Charter-of-the-BOD.pdf (page 8 Annex A-1)	
3. Board approves the Internal Audit Charter.	Compliant	https://www.loto.com.ph/sites/default/files/2022-02-09%20Internal%20Audit%20Charter_0.pdf The Internal Audit Charter was approved by the Audit Committee	

		on February 9, 2022, and ratified by the Board on February 10, 2022.	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	Compliant	https://www.loto.com.ph/corporate-governance/enterprise-risk-management	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	Compliant	https://www.loto.com.ph/sites/default/files/2020-05-06-Charter-of-the-BOD.pdf https://www.loto.com.ph/sites/default/files/2022-02-09%20Internal%20Audit%20Charter_0.pdf https://www.loto.com.ph/sites/default/files/2022-02-09%20Board%20Risk%20Oversight%20Committee%20Charter_0.pdf	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	Compliant	https://www.loto.com.ph/sites/default/files/2020-05-06-Charter-of-the-BOD.pdf	
2. Board Charter serves as a guide to the directors in the performance of their functions.	Compliant		
3. Board Charter is publicly available and posted on the company's website.	Compliant		
Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	Compliant	https://www.loto.com.ph/sites/default/files/INSIDER%20TRADING%20POLICY.pdf	
Optional: Principle 2			

<p>1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/POLICY%20ON%20CONFLICT%20OF%20INTEREST_0.pdf</p> <p>https://www.loto.com.ph/sites/default/files/2019%20CODE%20OF%20BUSINESS%20CONDUCT%20AND%20ETHICS_0.PDF</p> <p>"The Company expects directors, as well as officers and employees, to act ethically at all times and to acknowledge their adherence to the policies comprising the Company's code of conduct set forth in the Company's Code of Ethics. The Company will not make any personal loans or extensions of credit to directors or executive officers. The Company will not permit any waiver of any ethics policy for any director or executive officer. If an actual or potential conflict of interest arises for a director or officer, the director or officer shall promptly inform the CEO and the presiding director. If a significant conflict exists and cannot be resolved, the director or officer should resign."</p>	
<p>2. Company discloses the types of decision requiring board of directors' approval.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf</p> <p>https://www.loto.com.ph/investor-relations/disclosures/financial-reports</p>	

Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	Compliant	https://loto.com.ph/corporate-governance/governance-pacific-online-0	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	Compliant	https://www.loto.com.ph/sites/default/files/2022-02-09%20Audit%20Committee%20Charter.pdf https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf "The Audit Committee shall recommend the appointment, reappointment, removal, and fees of the external auditor for the approval of the Board and ratification of the shareholders. When there is a change or removal of the external auditor, the reason therefor shall be disclosed to the proper regulatory authorities and the public through the proper disclosures and the company website."	

<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/corporate-governance/governance-pacific-online-0</p> <p>https://www.loto.com.ph/our-company/leadership</p> <p>DIS, p. 30 https://loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%2020IS.pdf</p> <p>Results of the 2022 Organizational Meeting https://loto.com.ph/sites/default/files/SEC%20Form%2017-C%20-%202022%20Results%20of%20ASM%20and%20OBD.321.pdf</p> <p>Results of the 2021 Organizational Meeting https://loto.com.ph/sites/default/files/Results%20of%20Organizational%20Meeting%20of%20Board%20of%20Directors%204.pdf</p>	
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/our-company/leadership</p> <p>DIS, pp. 46-47 https://loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%2020IS.pdf</p>	
<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/our-company/leadership</p>	

		https://www.loto.com.ph/corporate-governance/governance-pacific-online-0 Audit Committee Chairman: Mr. Laurito E. Serrano – Lead Independent Director DIS, p. 7 https://loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%2020IS.pdf	
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	Compliant	https://www.loto.com.ph/sites/default/files/2022-02-09%20Audit%20Committee%20Charter.pdf (page 4)	
2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	Compliant	https://www.loto.com.ph/sites/default/files/Audit%20Committee%20Meeting%202021_0.pdf	
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	Compliant	https://www.loto.com.ph/sites/default/files/Audit%20Committee%20Meeting%202021_0.pdf 2021 Annual Report, p. 30 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf Audit Committee had 4 meetings for 2021.	

<p>2. Audit Committee approves the appointment and removal of the internal auditor.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/2022-02-09%20Audit%20Committee%20Charter.pdf</p> <p>2021 Annual Report, pp. 17-18 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf</p>	
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Recommendation 3.3

<p>1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/corporate-governance/governance-pacific-online-0</p> <p>https://www.loto.com.ph/sites/default/files/2022-02-09%20Corporate%20Governance%20Charter_0.pdf</p> <p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf</p>	
<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/corporate-governance/governance-pacific-online-0</p> <p>Results of the 2021 Organizational Meeting https://loto.com.ph/sites/default/files/Results%20of%20Organizational%20Meeting%20of%20Board%20of%20Directors_4.pdf</p> <p>Results of the 2022 Organizational Meeting</p>	

		<p>https://loto.com.ph/sites/default/files/SEC%20Form%2017-C%20-%202022%20Results%20of%20ASM%20and%20OBD.321.pdf</p> <p>2021 Annual Report, p. 30 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf</p>	
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/corporate-governance/governance-pacific-online-0</p> <p>https://www.loto.com.ph/our-company/leadership</p> <p>Corporate Governance Chairman: Atty. Roberto C.O. Lim – Independent Director</p> <p>Results of the 2021 Organizational Meeting https://loto.com.ph/sites/default/files/Results%20of%20Organizational%20Meeting%20of%20Board%20of%20Directors_4.pdf</p> <p>Results of the 2022 Organizational Meeting https://loto.com.ph/sites/default/files/SEC%20Form%2017-C%20-%202022%20Results%20of%20ASM%20and%20OBD.321.pdf</p>	

Optional: Recommendation 3.3.

<p>1. Corporate Governance Committee meet at least twice during the year.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/Corporate%20Governance%20Committee%20Meeting%202021.pdf</p> <p>Corporate Governance Committee had 3 meetings for 2021.</p> <p>2021 Annual Report, p. 30 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf</p>	
<p>Recommendation 3.4</p>			
<p>1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/corporate-governance/governance-pacific-online-0</p> <p>https://www.loto.com.ph/sites/default/files/2022-02-09%20Board%20Risk%20Oversight%20Committee%20Charter_0.pdf</p>	
<p>2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/corporate-governance/governance-pacific-online-0</p> <p>https://www.loto.com.ph/our-company/leadership</p> <p>Results of the 2021 Organizational Meeting https://loto.com.ph/sites/default/files/Results%20of%20Organizational%20Meeting%20of%20Board%20of%20Directors_4.pdf</p> <p>Results of the 2022 Organizational Meeting</p>	

		https://loto.com.ph/sites/default/files/SEC%20Form%2017-C%20-%202022%20Results%20of%20ASM%20and%20OBD.321.pdf	
<p>3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/our-company/leadership</p> <p>https://www.loto.com.ph/corporate-governance/governance-pacific-online-0</p> <p>Board Risk Oversight Committee Chairperson: Atty. Ma. Gracia M. Pulido-Tan – Independent Director</p> <p>Results of the 2021 Organizational Meeting https://loto.com.ph/sites/default/files/Results%20of%20Organizational%20Meeting%20of%20Board%20of%20Directors%204.pdf</p> <p>Results of the 2022 Organizational Meeting https://loto.com.ph/sites/default/files/SEC%20Form%2017-C%20-%202022%20Results%20of%20ASM%20and%20OBD.321.pdf</p>	

<p>4. At least one member of the BROCC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/our-company/leadership</p> <p>DIS, p. 46-47 https://loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%2020IS.pdf</p>	
Recommendation 3.5			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/corporate-governance/governance-pacific-online-0</p> <p>https://www.loto.com.ph/sites/default/files/2022-01-31%20Related%20Party%20Transactions%20Committee%20Charter_0.pdf</p>	
<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/corporate-governance/governance-pacific-online-0</p> <p>https://www.loto.com.ph/our-company/leadership</p> <p>Related Party Transactions Committee Chairman: Atty. Roberto C.O. Lim – Independent Director</p> <p>Members: Atty. Ma. Gracia M. Pulido-Tan - ID Mr. Laurito E. Serrano - ID Ms. Regina O. Reyes+ - NED Mr. Henry N. Ocier - NED</p>	

		<p>Results of the 2021 Organizational Meeting https://loto.com.ph/sites/default/files/Results%20of%20Organizational%20Meeting%20of%20Board%20of%20Directors_4.pdf</p> <p>Results of the 2022 Organizational Meeting https://loto.com.ph/sites/default/files/SEC%20Form%2017-C%20-%202022%20Results%20of%20ASM%20and%20OBD.321.pdf</p>	
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	Compliant	https://www.loto.com.ph/corporate-governance/governance-pacific-online-0 https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.PO SC .pdf (page 18)	
2. Committee Charters provide standards for evaluating the performance of the Committees.	Compliant		
3. Committee Charters were fully disclosed on the company's website.	Compliant	https://www.loto.com.ph/corporate-governance/governance-pacific-online-0	
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing	Compliant	https://www.loto.com.ph/sites/default/files/Board%20of%20Directors%20Meeting%202021.pdf	

conducted in accordance with the rules and regulations of the Commission.		https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 17)	
2. The directors review meeting materials for all Board and Committee meetings.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 12)	
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 11) https://www.loto.com.ph/our-company/leadership	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 11)	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			

2. Company schedules board of directors' meetings before the start of the financial year.	Compliant	Schedule of Board of Director's meetings for 2022 were reviewed and approved on February 10, 2022.	
3. Board of directors meet at least six times during the year.	Compliant	https://www.loto.com.ph/sites/default/files/Board%20of%20Directors%20Meeting%202021.pdf Board of Directors had 10 meetings for 2021. 2021 Annual Report, p. 28 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf	
4. Company requires as minimum quorum of at least 2/3 for board decisions.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 17)	

Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs

Recommendation 5.1

1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	Compliant	https://www.loto.com.ph/our-company/leadership 2021 Annual Report, p. 20-21 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf	
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Recommendation 5.2

<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/our-company/leadership</p> <p>2021 Annual Report, p. 20-21 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf</p> <p>Manual on Corporate Governance, April 2022, p. 15-17 https://loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf</p>	
Supplement to Recommendation 5.2			
<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf (page 12)</p> <p>"To exercise independent judgment. He shall view each problem or situation objectively. Should a disagreement with other directors arise, he should carefully evaluate and explain his position. He should not be afraid to take unpopular positions if he thinks such ideas are beneficial to the Company."</p>	
Recommendation 5.3			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/our-company/leadership</p>	

		https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 12)	
3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	Compliant	All Independent Directors are still within the term limit set forth in the Manual on Corporate Governance.	
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	Compliant	Chairman of the Board: Willy N. Ocier President: Jackson T. Ongsip Results of the October 2021 Board Meeting https://loto.com.ph/sites/default/files/Change%20in%20Directors%20and%20or%20Officers%20%28Resignation%2C%20Removal%20or%20Appointment%2C%20Election%20and%20or%20Promotion%29_1.pdf Results of the 2022 Organizational Meeting	

		https://loto.com.ph/sites/default/files/SEC%20Form%2017-C%20-%202022%20Results%20of%20ASM%20and%20OBD.321.pdf	
2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 31)	
Recommendation 5.5			
1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	Compliant	<p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 11)</p> <p>https://www.loto.com.ph/our-company/leadership</p> <p>Chairman is not an Independent director however, a Lead Independent Director was appointed.</p> <p>Lead Independent Director: Mr. Laurito E. Serrano</p> <p>Results of the 2021 Organizational Meeting https://loto.com.ph/sites/default/files/Results%20of%20Organizational%20Meeting%20of%20Board%20of%20Directors_4.pdf</p> <p>Results of the 2022 Organizational Meeting</p>	

		https://loto.com.ph/sites/default/files/SEC%20Form%2017-C%20-%202022%20Results%20of%20ASM%20and%20OBD.321.pdf	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 11) https://www.loto.com.ph/sites/default/files/POLICY%20ON%20CONFLICT%20OF%20INTEREST_0.pdf	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	Compliant	Dec. 7, 2021 1 meeting for the period covered with attendance of all NEDs done virtually chaired by Mr. Laurito E. Serrano (Lead Independent Director)	
2. The meetings are chaired by the lead independent director.	Compliant		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	Compliant	Results of the 2021 Organizational Meeting https://loto.com.ph/sites/default/files/Results%20of%20Organizational%20Meeting%20of%20Board%20of%20Directors_4.pdf Results of the 2022 Organizational Meeting	

		https://loto.com.ph/sites/default/files/SEC%20Form%2017-C%20-%202022%20Results%20of%20ASM%20and%20OBD.321.pdf Results of the October 2021 Board Meeting https://loto.com.ph/sites/default/files/Change%20in%20Directors%20and%20or%20Officers%20%28Resignation%2C%20Removal%20or%20Appointment%2C%20Election%20and%20or%20Promotion%29_1.pdf	
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Principle 6: The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

Recommendation 6.1

1. Board conducts an annual self-assessment of its performance as a whole.	Compliant	Year 2021 – Self Assessment Done in December 2021 for their 2021 performance	
2. The Chairman conducts a self-assessment of his performance.	Compliant		
3. The individual members conduct a self-assessment of their performance.	Compliant	Results of 2021 Board Assessment https://loto.com.ph/sites/default/files/Board%20of%20Directors%20Evaluation%202021%20%28Summary%29.pdf	
4. Each committee conducts a self-assessment of its performance.	Compliant	2021 Assessment Form https://loto.com.ph/sites/default/files/POSC%20Board%20Evaluation%20Form%202021.pdf	
5. Every three years, the assessments are supported by an external facilitator.	N/A	2022 for Year 3	

Recommendation 6.2			
1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.PO SC .pdf (page 18)	
2. The system allows for a feedback mechanism from the shareholders.	Compliant	Published email address: contactus@pacificonline.com.ph 2021 Annual Report, p. 33 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf	

Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

Recommendation 7.1			
1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	Compliant	https://www.loto.com.ph/sites/default/files/2019%20CODE%20OF%20BUSINESS%20CONDUCT%20AND%20ETHICS.PDF	
2. The Code is properly disseminated to the Board, senior management and employees.	Compliant	https://www.loto.com.ph/sites/default/files/CODE%20OF%20CONDUCT.pdf	
3. The Code is disclosed and made available to the public through the company website.	Compliant	https://www.loto.com.ph/sites/default/files/CODE%20OF%20CONDUCT.pdf	
Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing	Compliant	https://www.loto.com.ph/sites/default/files/CODE%20OF%20CONDUCT.pdf (page 5-6)	

<p>company involvement in offering, paying and receiving bribes.</p>		<p>Code of Conduct 3.8.1.1 Fraud Against the Company – committing any of the following offenses shall be penalized by DISMISSAL 3.8.1.1.1 Making false representation of facts; 3.8.1.1.2 Employing any kind of deception; 3.8.1.1.3 Making false or fraudulent claims against the company; 3.8.1.1.4 Initiating or participating in any action intended to defraud the company; 3.8.1.1.5 Obtaining payment, gain or benefit to which one is not entitled; 3.8.1.1.6 Knowingly honoring a forged signature for his/her own benefit or that of another person; and 3.8.1.1.7 Giving due course of approval to a document knowing it to be false or erroneous</p> <p>3.8.1.5.2 Conflict of interest occurs in situations that have the potential to undermine the impartiality of one person because of the possibility of a clash between the person's self-interest and professional/company interest such as the following, but not limited to: 3.8.1.5.2.1 Receiving of gifts and favors to enrich oneself or others such as family or friends. 3.8.1.5.2.2 Preferential treatment or be affected by undue influence to</p>	
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		give External Providers unfair advantage	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	Compliant	https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf (page 28)	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	Compliant	Required to comply: Board of Directors, Officers and all Employees of the Company. No findings on non-compliance as of to-date.	

Disclosure and Transparency

Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 38) Right to information	
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Supplement to Recommendations 8.1

1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-	Compliant	https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf End of Fiscal Year – Dec. 31, 2021 Distribution/Publication – March 22, 2022 Consolidated FS (17A) 81 days	
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<p>five (45) days from the end of the reporting period.</p>		<p>https://www.loto.com.ph/investor-relations/disclosures/pse-sec-filings</p> <p>https://loto.com.ph/investor-relations/disclosures/financial-reports</p>	
<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf</p>	
Recommendation 8.2			
<p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.PO SC .pdf</p>	
<p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>Compliant</p>	<p>"Upon request, the Company shall provide the stockholders with periodic reports and information about directors and officers, and certain other matters such as their holdings of the Company's shares, dealings with the Company, relationships among directors and key officers, and the compensation of directors and officers, including termination and retirement provisions. To make certain that the information on the shareholdings of directors and officers are updated, all directors and key officers shall be required to report to the Company any dealings in the</p>	

		<p>Company's shares within three (3) business days."</p> <p>https://loto.com.ph/investor-relations/disclosures/pse-sec-filings (Statement of Beneficial Ownership of Securities)</p> <p>2021 Annual Report, p. 32 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf</p>	
Supplement to Recommendation 8.2			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g., share buy-back program).</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/POR%202021%20Q4%20Disclosure%20Page.pdf</p> <p>https://www.loto.com.ph/sites/default/files/List%20of%20Top%20100%20Stockholders%20as%20of%2031%20March%202022%20%28POSC%29_0.pdf (Top 100 Shareholders)</p> <p>https://www.loto.com.ph/our-company/corporate-structure (Map of Conglomerate)</p> <p>2021 Annual Report, p. 32 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf</p>	

Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	https://www.loto.com.ph/sites/default/files/Public%20Ownership%20Report_04122022.pdf (Public Ownership Report) https://www.loto.com.ph/our-company/leadership	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	Compliant	https://www.loto.com.ph/sites/default/files/POR%202021%20Q4%20Disclosure%20Page.pdf (Public Ownership Report) https://www.loto.com.ph/our-company/leadership	
Recommendation 8.4			
1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf "Directors shall not receive any compensation unless approved by the stockholders or provided in the Corporation's By-Laws. No director shall participate in the approval of his compensation. However, the Board may, from time to time, approve a reasonable per diem that a director may receive for attendance in Board and Board Committee meetings."	

<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf “b. Designate amount of remuneration, which shall be (1) in a level sufficient to attract directors, executives and other key senior personnel needed to run the company successfully, (2) commensurate to the responsibilities entailed by the position involved, and (3) in a pay-out schedule sensitive to risk outcomes over a multi-year horizon;”</p>	
<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf (page 25 – Compensation of Directors)</p>	

Recommendation 8.5

<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/2020-03-26%20Related%20Party%20Transactions%20Committee%20Charter.pdf No conflict-of-interest incident reported within the covered period.</p>	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf (page 27)</p>	

Supplement to Recommendation 8.5

<p>1. Company requires directors to disclose their interests in transactions or any other conflict of interests.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 36)</p> <p>PART IV – REPORTORIAL OR DISCLOSURE SYSTEM OF COMPANY’S CORPORATE GOVERNANCE POLICIES</p> <p>4.1. The reports or disclosures required under this Manual shall be prepared and submitted to the SEC by the respective committee through the Compliance Officer or the Corporate Governance Committee.</p> <p>4.2. The Board shall commit at all times to fully disclose material information relative to the Company. It shall cause the filing of all required information with the proper regulatory authorities, with such report being comprehensive, accurate, reliable and timely.</p> <p>The Board shall ensure that such disclosures will give shareholders and other stakeholders a fair and complete picture of the Company’s Financial condition, results and business operations.</p> <p>The Board shall, when appropriate, consider using media and analyst’s briefings as channels of communication to ensure the timely and accurate dissemination of public, material, and relevant information to its shareholders and stakeholders.</p>	
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	<p>4.3. The Company shall make a full, fair, accurate and timely disclosure to the public of every material fact or event that affects the Company. All material information that, in the judgment of the Board or the Company's management, could potentially affect share price in a significant manner, shall be publicly disclosed, so long as such disclosure does not violate regulations of the SEC, the Philippine Stock Exchange ("PSE") or any governmental body, nor any legal or binding agreement. Such information shall include but shall not be limited to earnings results, acquisition or disposal of significant assets, board changes, material related party transactions, shareholdings of directors and change of ownership.</p> <p>In the case of an acquisition or disposal of significant asset/s by the Company, the Company shall appoint an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of asset/s.</p> <p>4.4. All disclosed information shall be released via the approved PSE procedure for company announcements, as well as through the annual report.</p> <p>Policy on Conflict of Interest</p>	
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		https://loto.com.ph/sites/default/files/POLICY%20ON%20CONFLICT%20OF%20INTEREST_0.pdf Policy on Insider Trading https://loto.com.ph/sites/default/files/INSIDER%20TRADING%20POLICY.pdf	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	Compliant	https://www.loto.com.ph/sites/default/files/2022-01-31%20Related%20Party%20Transactions%20Committee%20Charter_0.pdf "The Committee shall be responsible for reviewing all material related party transactions of the Company and ensuring that all RPTs are conducted on a fair and arms-length basis." Policy on Related Party Transactions https://loto.com.ph/sites/default/files/Related%20Party%20Transactions%20Policy_0.pdf	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	Compliant	https://loto.com.ph/investor-relations/disclosures/pse-sec-filings	
2. Board appoints an independent party to evaluate the fairness of the transaction	Compliant	https://www.loto.com.ph/sites/default/files/2022-01-	

price on the acquisition or disposal of assets.		31%20Related%20Party%20Transactio ns%20Committee%20Charter 0.pdf	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	Compliant	There are no shareholder agreements, voting trust agreements, confidentiality agreements and such other agreements and such other agreements that may impact on the control, ownership, and strategic direction of the company reported for the period covered.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf	
2. Company's MCG is submitted to the SEC and PSE.	Compliant	https://www.loto.com.ph/corporate-governance/governance-pacific-online-0	
3. Company's MCG is posted on its company website.	Compliant		
Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:		2021 Annual Report	
a. Corporate Objectives	Compliant		

b. Financial performance indicators	Compliant	https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf Corporate Objectives, p. 17 https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf Financial Performance Indicators 2021 Audited Financial Statements https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf Non-financial performance indicators 2021 Sustainability Report https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%204%20-%20Annex%201%20%28Sustainability%20Report%29%20%281%29.pdf https://loto.com.ph/sustainability Dividend Policy, p. 10 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf Biographical details, pp. 19-21
c. Non-financial performance indicators	Compliant	
d. Dividend Policy	Compliant	
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	Compliant	
f. Attendance details of each director in all directors meetings held during the year	Compliant	
g. Total remuneration of each member of the board of directors	Compliant	

		https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf Attendance to 2021 meetings, p. 28 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf	
2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.	Compliant	https://www.loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%2020IS.pdf (page 47)	
3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.	Compliant	2021 Annual Report, p. 31 https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf	
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.	Compliant	2021 Annual Report, p. 31 https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf https://www.loto.com.ph/sites/default/files/2021%20Internal%20Audit%20and%20Compliance%20Attestation.pdf (Annual Confirmation of Internal Audit & Control Adequacy)	

5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).	Compliant	https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf (page 6)	
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Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

Recommendation 9.1

1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 25) https://www.loto.com.ph/sites/default/files/2022-02-09%20Audit%20Committee%20Charter.pdf	
2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	Compliant	https://www.loto.com.ph/sites/default/files/2022-02-09%20Audit%20Committee%20Charter.pdf https://www.loto.com.ph/sites/default/files/POSC%20ASM%202021%20MINUTES.pdf (720,199,850 votes in favor 100%) Results of the 2021 ASM https://loto.com.ph/sites/default/files/Results%20of%20Annual%20or%20Sp	

		ecial%20Stockholders%27%20Meeting_4.pdf Results of the 2022 ASM https://loto.com.ph/sites/default/files/SEC%20Form%2017-C%20-%202022%20Results%20of%20ASM%20and%20OBD.321%20%281%29.pdf	
3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	Compliant	https://www.loto.com.ph/sites/default/files/POSC%20ASM%202021%20MINUTES.pdf DIS for 2021 ASM, p. 13 https://loto.com.ph/sites/default/files/Definitive%20Information%20Statement%20%28POSC%29.pdf DIS, pp. 14-15 https://loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%20DIS.pdf	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	Compliant	https://www.loto.com.ph/sites/default/files/External%20Auditor%20Selection%2C%20Appointment%20and%20Rotation%20Policy_0423.pdf	

Recommendation 9.2

<p>1. Audit Committee Charter includes the Audit Committee's responsibility on:</p> <ul style="list-style-type: none"> i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements. 	Compliant	https://www.loto.com.ph/sites/default/files/2022-02-09%20Audit%20Committee%20Charter.pdf	
<p>2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.</p>	Compliant	https://www.loto.com.ph/sites/default/files/2022-02-09%20Audit%20Committee%20Charter.pdf	
Supplement to Recommendations 9.2			
<p>1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.</p>	Compliant	https://www.loto.com.ph/sites/default/files/2022-02-09%20Audit%20Committee%20Charter.pdf	
<p>2. Audit Committee ensures that the external auditor has adequate quality control procedures.</p>	Compliant	https://www.loto.com.ph/sites/default/files/2022-02-09%20Audit%20Committee%20Charter.pdf	
Recommendation 9.3			
<p>1. Company discloses the nature of non-audit services performed by its external</p>	Compliant	2021 Annual Report, p. 18	

<p>auditor in the Annual Report to deal with the potential conflict of interest.</p>		<p>https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf</p> <p>(There were no non-audit services performed for the period covered)</p>	
<p>2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/2022-02-09%20Audit%20Committee%20Charter.pdf</p>	
<p>Supplement to Recommendation 9.3</p>			
<p>1. Fees paid for non-audit services do not outweigh the fees paid for audit services.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf (page 18)</p> <p>Audit Fees: P1,050,000 Tax Services Other Fees: none</p>	
<p>Additional Recommendation to Principle 9</p>			
<p>1. Company's external auditor is duly accredited by the SEC under Group A category.</p>	<p>Compliant</p>	<ol style="list-style-type: none"> 1. Name of the audit engagement partner; - Belinda B. Fernando 2. Accreditation number; 0207-FR-3 (Group A) 3. Date Accredited; August 29, 2019 4. Expiry date of accreditation; August 28, 2022 5. Name, address, contact number of the audit firm. Reyes Tacandong & Co. BDO Towers Valero 	

		8741 Paseo de Roxas Makati City 1226 Philippines Tel. No. +632 8 982 9100	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	Compliant	Provide information on the following: 1. Date it was subjected to SOAR inspection, if subjected; November 23 to December 16, 2020 2. Name of the Audit firm: <u>Reyes Tacandong & Co.</u> 3. Members of the engagement team inspected by the SEC. – Arthur Vinson Ong - Partner Laydel B. Balaquidan and Aura Vera Reyes - Managers	

Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

Recommendation 10.1

1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	Compliant	https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf (Annex 1) https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%204%20-%20Annex%201%20%28Sustainability%20Report%29%20%281%29.pdf https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%2	
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		0on%20Corporate%20Governance.P OSC .pdf	
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	Compliant	https://loto.com.ph/sites/default/files/17-A%202020%20Part%201-4%20Annual%20Report_03022021.pdf (Annex 1)	

Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

Recommendation 11.1

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	Compliant	Website, Quarterly Reporting https://www.loto.com.ph/sites/default/files/PLC%20-%20Presentation%20to%20Investors%20August%202021.pdf https://www.loto.com.ph/investor-relations/disclosures/financial-reports	
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Supplemental to Principle 11

1. Company has a website disclosing up-to-date information on the following:		https://loto.com.ph/ https://www.loto.com.ph/investor-relations/disclosures/financial-reports https://www.loto.com.ph/presentation-investors https://www.loto.com.ph/annual-report https://www.loto.com.ph/notices	
a. Financial statements/reports (latest quarterly)	Compliant		
b. Materials provided in briefings to analysts and media	Compliant		
c. Downloadable annual report	Compliant		
d. Notice of ASM and/or SSM	Compliant		
e. Minutes of ASM and/or SSM	Compliant	DIS	

f. Company's Articles of Incorporation and By-Laws	Compliant	https://loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%2020IS.pdf https://www.loto.com.ph/investor-relations/minutes-all-annual-special-stockholders-meetings https://www.loto.com.ph/articles-incorporation-laws	
Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	Compliant	https://loto.com.ph/	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	Compliant	https://www.loto.com.ph/sites/default/files/2021%20Internal%20Audit%20and%20Compliance%20Attestation.pdf	
2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	Compliant	<ol style="list-style-type: none"> 1. Company's risk management procedures and processes https://www.loto.com.ph/corporate-governance/enterprise-risk-management 2. Key risks the company is currently facing https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf (page 6) 3. How the company manages the key risks 	

		https://loto.com.ph/sites/default/files/RISK%20MANAGEMENT%20SYSTEM.PDF Annual of review of the enterprise risk management framework.	
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	Compliant	https://www.loto.com.ph/corporate-governance/governance-pacific-online-0 https://www.loto.com.ph/sites/default/files/Continuing%20Education%20for%20Directors%20%26%20Officers%202021.pdf Annual review.	
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.	Compliant	https://www.loto.com.ph/sites/default/files/2019/INFORMATION%20TECHNOLOGY%20POLICY%20STATEMENT.PDF	
Recommendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	Compliant	Internal Audit is in-house	
Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	Compliant	Chief Audit Executive: Anna Josefina G. Esteban	

		<p>Results of the 2021 Organizational Meeting https://loto.com.ph/sites/default/files/Results%20of%20Organizational%20Meeting%20of%20Board%20of%20Directors_4.pdf</p> <p>Results of the 2022 Organizational Meeting https://loto.com.ph/sites/default/files/SEC%20Form%2017-C%20-%202022%20Results%20of%20ASM%20and%20OBD.321%20%281%29.pdf</p>	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third-party service provider.	Compliant	https://www.loto.com.ph/sites/default/files/2022-02-09%20Audit%20Committee%20Charter.pdf	
3. In case of a fully outsourced internal audit activity, qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	Not applicable	Internal Audit is in-house	
Recommendation 12.4			
1. Company has a separate risk management function to identify, assess and monitor key risk exposures.	Compliant	https://www.loto.com.ph/sites/default/files/2022-02-09%20Board%20Risk%20Oversight%20Committee%20Charter_0.pdf	
Supplement to Recommendation 12.4			

1. Company seeks external technical support in risk management when such competence is not available internally.	Compliant	https://www.loto.com.ph/sites/default/files/2022-02-09%20Board%20Risk%20Oversight%20Committee%20Charter_0.pdf (page 3)	
Recommendation 12.5			
1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	Compliant	https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf (page 22)	
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	Compliant	Chief Risk Officer: Mischel Gabrielle O. Mendoza Head, Business Dev't. (AVP)	
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	Compliant	https://www.loto.com.ph/sites/default/files/2021%20Internal%20Audit%20and%20Compliance%20Attestation.pdf	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			
1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf (page 37)	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	Compliant	https://www.loto.com.ph/corporate-governance/governance-pacific-online-0	

		https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	Compliant	https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf (page 10)	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 37)	
3. Board has an effective, secure, and efficient voting system.	Compliant	https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf	
4. Board has an effective shareholder voting mechanism such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	Non-Compliant		The Company has not adopted special shareholder voting mechanisms, such as supermajority or "majority of minority" requirements. The Company just adheres to the voting requirements for corporate actions under the Corporation Code of the Philippines. It must also be emphasized, however, that the Company has not taken any corporate acts requiring special protective mechanisms for the benefit of its minority shareholders.
5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf (page 38)	

6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC .pdf (page 37)	
7. Company has a transparent and specific dividend policy.	Compliant	https://www.loto.com.ph/sites/default/files/2019%20DIVIDEND%20POLICY%20STATEMENT.pdf There were no cash or stock dividends paid in 2021.	
Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.	Compliant	Ms. Cristina Naguit Minutes of the 2021 ASM https://loto.com.ph/sites/default/files/POSC%20ASM%202021%20MINUTES.pdf	
Recommendation 13.2			
1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	Compliant	21 business days Issued: April 30, 2021 ASM: May 28, 2021 https://www.loto.com.ph/sites/default/files/Annual%20report%202019_%20ASM%202020%20definitive%2020IS_Annual%20report%2017Q_new.pdf No changes to the Agenda issued.	
Supplemental to Recommendation 13.2			

1. Company's Notice of Annual Stockholders' Meeting contains the following information:		https://www.loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%2020IS.pdf (page 1 of pdf)	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	Compliant	https://www.loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%2020IS.pdf (pp. 6-8)	
b. Auditors seeking appointment/re-appointment	Compliant	https://www.loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%2020IS.pdf (page 2 of pdf)	
c. Proxy documents	Compliant	https://www.loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%2020IS.pdf (page 3 of pdf) 2022 ASM Proxy Form https://loto.com.ph/sites/default/files/PROXY%20FORM%202022.pdf	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	Compliant	https://www.loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%2020IS.pdf (page 2 of pdf)	
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	Compliant	https://www.loto.com.ph/sites/default/files/POSC%20ASM%202021%20MINUTES.pdf Date Disclosed: May 28, 2021	

<p>2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/POSC%20ASM%202021%20MINUTES.pdf Date Disclosed: May 28, 2021 Votes: 720,199,850 Abstain: 0 Against: 0 Voting via Remote Communication</p>	
<p>Supplement to Recommendation 13.3</p>			
<p>1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/POSC%20ASM%202021%20MINUTES.pdf External and Internal Auditors as well as other Company Officers were in attendance during the virtual ASM</p>	
<p>Recommendation 13.4</p>			
<p>1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC .pdf (page 40)</p>	
<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC .pdf (page 40)</p>	
<p>Recommendation 13.5</p>			
<p>1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/POSC%2017A.PDF (page 33)</p>	

		<p>Disclose the contact details of the officer/office responsible for investor relations, such as:</p> <ol style="list-style-type: none"> 1. Name of the person: Grace L. Gatdula 2. Telephone number +63 2 584-1700 3. Fax number +63 2 571-7464 4. E-mail address contactus@pacificonline.com.ph 	
2. IRO is present at every shareholder's meeting.	Compliant	<p>https://www.loto.com.ph/sites/default/files/POSC%20ASM%202021%20MINUTES.pdf</p> <p>IRO was present during the last Virtual ASM</p>	
Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	Compliant	No such cases for the period covered.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	Compliant	<p>https://www.loto.com.ph/sites/default/files/POR%202021%20Q4%20Disclosure%20Page.pdf</p> <p>Public Ownership Percentage: 35.78 as of Dec. 31, 2021 (disclosed Jan. 13, 2021)</p>	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	Compliant	<p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf</p>	

		2021 Annual Report, p. 33 https://loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%201-4.pdf	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	Compliant	https://www.loto.com.ph/sites/default/files/POSC%202022%20ASM%20Definitive%2020IS.pdf (pp. 5-7 of pdf)	

Duties to Stakeholders

Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	Compliant	https://www.loto.com.ph/sites/default/files/POSC%2017A.PDF	
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Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf (page 37)	
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Recommendation 14.3

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf https://www.loto.com.ph/sites/default/files/WHISTLE%20BLOWER%20POLICY.PDF	
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Supplement to Recommendation 14.3

1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf (page 40)	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	Compliant	No exemptions requested for the period covered.	
2. Company respects intellectual property rights.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare	Compliant	https://www.loto.com.ph/corporate-governance/governance-pacific-online-0	
2. Company discloses its policies and practices that address supplier/contractor selection procedures	Compliant	https://loto.com.ph/sites/default/files/ACCREDITATION%20AND%20PERFORMANCE%20EVALUATION%20OF%20EXTERNAL%20PROVIDERS%20.pdf https://loto.com.ph/sites/default/files/POLICY%20FOR%20PURCHASE%20OF%20GOODS%20AND%20SERVICES.pdf	
Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			

Recommendation 15.1			
1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	Compliant	https://www.loto.com.ph/corporate-governance/corporate-policies 2021 Sustainability Report, p. 6 https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%204%20-%20Annex%201%20%28Sustainability%20Report%29%20%281%29.pdf	
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf	
2. Company has policies and practices on health, safety and welfare of its employees.	Compliant	https://www.loto.com.ph/corporate-governance/corporate-policies https://www.loto.com.ph/sites/default/files/Employee%20Welfare%202021.pdf The Company has established an Occupational Health and Safety (OSH) Committee and appointed Safety Officers. Company-wide drills and trainings are implemented regularly. 2021 Sustainability Report, p. 6, 21-23 https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%204%20-%20Annex%201%20%28Sustainability%20Report%29%20%281%29.pdf	

		%20Annex%201%20%28Sustainability%20Report%29%20%281%29.pdf	
3. Company has policies and practices on training and development of its employees.	Compliant	https://loto.com.ph/corporate-governance/corporate-policies https://www.loto.com.ph/sites/default/files/POSC%20Officer%2C%20Employee%20training%20seminar%202021%20.pdf Orientations and Trainings 2021 Sustainability Report, pp. 21-24 https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%204%20-%20Annex%201%20%28Sustainability%20Report%29%20%281%29.pdf	
Recommendation 15.2			
1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	Compliant	https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC_.pdf https://www.loto.com.ph/sites/default/files/2019%20CODE%20OF%20BUSINESS%20CONDUCT%20AND%20ETHICS.PDF	
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	Compliant	https://www.loto.com.ph/corporate-governance/corporate-policies https://www.loto.com.ph/sites/default/files/POSC%20Officer%2C%20Employee	

		yee%20training%20seminar%202021%20.pdf	
Supplement to Recommendation 15.2			
1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	Compliant	https://www.loto.com.ph/sites/default/files/CODE%20OF%20CONDUCT.PDF No violations for the period covered.	
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	Compliant	https://www.loto.com.ph/sites/default/files/WHISTLE%20BLOWER%20POLICY.PDF Report to: The President or his designate Email Address: whistleblower@pacificonline.com.ph	
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	Compliant	https://www.loto.com.ph/sites/default/files/WHISTLE%20BLOWER%20POLICY.PDF	
3. Board supervises and ensures the enforcement of the whistleblowing framework.	Compliant	https://www.loto.com.ph/sites/default/files/WHISTLE%20BLOWER%20POLICY.PDF No whistleblowing incident reported for the period covered. Board approved the Whistleblower Policy.	
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			

<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%204%20-%20Annex%201%20%28Sustainability%20Report%29%20%281%29.pdf</p> <p>https://www.loto.com.ph/sites/default/files/CSR%202021.pdf</p> <p>2021 Sustainability Report https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%204%20-%20Annex%201%20%28Sustainability%20Report%29%20%281%29.pdf</p>	
Optional: Principle 16			
<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/sites/default/files/2022%20Revised%20Manual%20on%20Corporate%20Governance.POSC.pdf</p> <p>https://www.loto.com.ph/sustainability/</p>	
<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>Compliant</p>	<p>https://www.loto.com.ph/our-company/corporate-social-responsibility</p> <p>https://www.loto.com.ph/sustainability/</p> <p>2021 Sustainability Report https://www.loto.com.ph/sites/default/files/SEC%20Form%2017-A%20%282021%29%20Part%204%20-%20Annex%201%20%28Sustainability%20Report%29%20%281%29.pdf</p>	

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