

# SUSTAINABILITY

The publication of our maiden sustainability report aligned to the GRI standards is part of a country-wide effort to adopt sustainable practices and integrate this information into our reporting and disclosures. This as part of a bigger movement will hopefully encourage not just the publicly-listed companies, but all companies in the Philippines to understand and adopt the mindset and practice of sustainability.

Our sustainability journey began with the mandate of our Board of Directors to take a more active role in improving the Company's corporate governance and sustainability programs. Headed by our Management team, Pacific Online continues to establish, maintain, and improve the sustainable practices of the Company through target setting, progress monitoring, and analysis of our outputs. Part of the thrust of the Sustainability Report is to be aligned with the UN Sustainable Development Goals in order to have a holistic approach in improving the company's and society's sustainable future. We have indicated which specific goals we have chosen to address.



## PACIFIC ONLINE'S SUSTAINABILITY FRAMEWORK

The Company is able to achieve sustainable development through 3 major pillars:

- Partnership Enhancement
  - Improving our services for the benefit of the PCSO and its agents
  - Partnering with accredited external providers for responsible disposal
  - Compliance with standards of our regulators
- Resource Optimization
  - Prudent fiscal management and sustainable operating models
  - Business continuity planning and disaster recovery protocols
  - Implementation of recycling and electronic systems to minimize waste
- Value Creation
  - Economic value generation and distribution
  - Good governance and risk management
  - Human capital development
  - Creation of systems to improve data analysis for efficient operations



## ECONOMIC PERFORMANCE

### DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

IN PHP MILLIONS	TOTAL
Economic Value Generated	989.87
Economic Value Distributed	
Operating Costs	1,032.26
Employee Wages and Benefits	314.09
Payments to the Government	23.98
Economic Value Retained	(380.46)

## EFFLUENTS AND WASTE MANAGEMENT

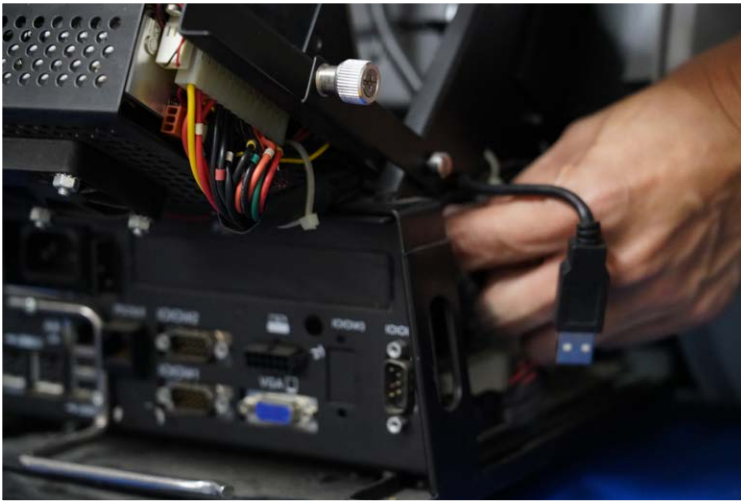
Pacific Online regularly disposes its waste through DENR accredited facilities. Majority of its waste is from lottery terminals and peripherals. The Company's efforts to actively lessen waste and to recycle items within the organization has led to a marked decrease in the amount of waste generated.

**9,977 KG**

*Total volume of waste generated by the company in 2019*

**25%**

*Decrease from 2018*



## ENERGY

Pacific Online strives to implement and maintain energy-efficiency in its operations in terms of fuel, electricity and water consumption.

### FUEL

**1,337,053 L**

*Total fuel consumed by company vehicles in 2019*

**6%**

*Decrease in consumption from 2018*

### ELECTRICITY

**1,815,322 KWH**

*Total electricity consumption in 2019*

**37%**

*Decrease in consumption from 2018*

**1,046,336 KWH**

*Reduction in absolute total electricity consumption*

### WATER

**75,198 M<sup>3</sup>**

*Total water consumption in 2019*

**27%**

*Decrease in consumption from 2018*



## HUMAN RESOURCE MANAGEMENT

### MARKET PRESENCE

Pacific Online and TGTI have no minimum wage earners. Entry rates for the two are higher than the local minimum wage.

Pacific Online Entry Rate higher by

**11%**

*IN MANILA*

**19%**

*IN CEBU*

The Company employs its personnel from the local communities. All senior managers located in the Cebu office were hired from Cebu.

**100%**

*Senior Managers hired from local community*

**14**

*in Luzon*

**5**

*in Visayas*



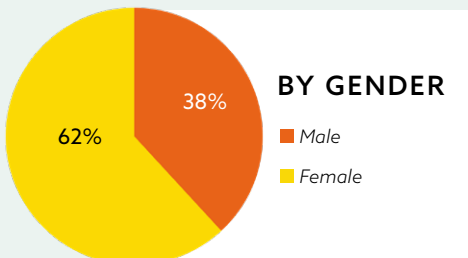
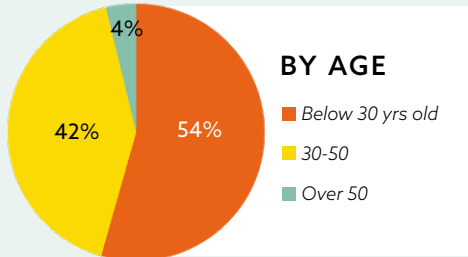
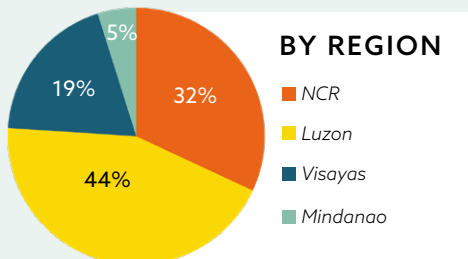
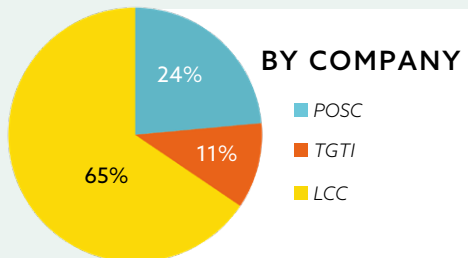


# EMPLOYMENT

Pacific Online is steadfast in its duty to provide opportunities for gainful employment to the people of the country. The Company does not discriminate against any individual based on gender or age.

## EMPLOYEE PROFILE

**781**  
Employees

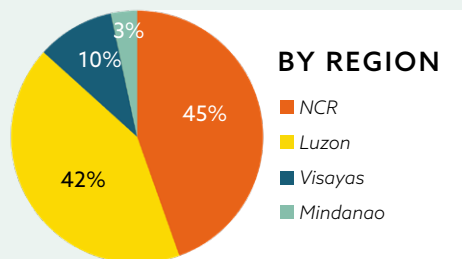
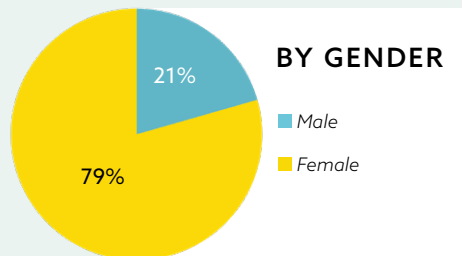


**58%**  
Women in Senior Management positions

**44%**  
Women in Managerial positions

## NEW HIRES AND EMPLOYEE TURNOVER

**300**  
New Hires in 2019



**38%**  
Hiring Rate

**79%**  
Female new hires

**14%**  
Turnover Rate for Pacific Online Group of Companies

**1%**  
Pacific Online turnover

**50**  
Employees who took parental leave in 2018

**41**  
of these still employed in 2019

# OCCUPATIONAL HEALTH & SAFETY



Pacific Online is committed to provide safe, healthy and environmentally-friendly areas for all its employees.

It promotes fair, safe and productive work practices in all its business aspects.

The Company will at all times comply with all regulatory requirements of the Philippines, its customers and other external parties.

## BENEFITS PROVIDED TO EMPLOYEES FOR PROMOTION OF WORKER HEALTH

- Full HMO coverage (room & board and maximum benefit limit based on rank) of all employees upon hiring and extended to 2 dependents upon regularization. Benefit package includes preventive healthcare, out-patient care and hospitalization, emergency care, dental care, and financial assistance.

HMO CLAIMS BY EMPLOYEES		
CLAIM TYPE	AMOUNT	%
In-Patient	1,096,686.57	36%
Out-Patient	1,542,907.35	50%
Annual Physical Examination	83,749.50	3%
Dental Care	84,700.00	3%
Emergency Care	263,309.92	9%
TOTAL	3,071,353.34	100%

- Life Insurance coverage upon hiring, amount of insurance is based on rank. Benefit coverage includes basic life, accidental death, dismemberment & disablement, total & permanent disability, unproved murder & assault, and accident medical reimbursement.
- Group Accident Insurance coverage upon hiring. Benefit coverage includes accidental death, dismemberment & disablement, total & permanent disability, unproved murder & assault, accident medical reimbursement, accident burial benefit, and daily hospital income.
- Wellness Benefit Allowance for Managers-Up – qualified Officers are allowed to reimburse their health and wellness related expenses up to certain amount per year.
- Uniform Allowance for all regular employees
- Annual Physical Exam / Executive Check-Up – this is being scheduled annually to check the employees' health condition and suitability to perform their job.

## ANNUAL PHYSICAL EXAMINATION OF EMPLOYEES

	NO. OF PERSONNEL	DATES
Manila	63	March 1 - April 15, 2019
Cebu	117	October 1 - 31, 2019

- Various health and wellness activities are being conducted to help employees improve further their health and well-being.





## WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

OCCUPATIONAL HEALTH & SAFETY	2019
Safe man-hours recorded, in man-hours	722,485
No. of work-related injuries reported	3
No. of work-related fatalities reported	-
No. of work-related ill-health	-
No. of safety drills conducted	5

### POSC SEMINARS/TRAININGS:

Disaster Preparedness Training (May 6, 2019)

Conducted to orient the attendees on various disaster scenarios and train them on what to do before, during and after the disaster

Occupational First Aid & CPR with AED Workshop (July 11-12, 2019)

Designed to help non-medical professionals provide assistance in times of emergency situations

Road Safety & Disaster Preparedness Seminar (Dec. 11, 2019)

Aimed to remind and refresh our Field Service Representatives on the importance of road safety and disaster preparedness

### WELLNESS ACTIVITIES

#### MANILA

WELLNESS PROGRAM / ACTIVITY	TIMES CONDUCTED
Skin Wellness	2
Basketball	5
Badminton	1
Trampoline	1
Ice Skating	1
Wall Climbing	1
Lazer Tagging	2
Health Talk: Workplace Hygiene	1
Mystery Manila	1
Bowling	1
Archery	1

#### CEBU

WELLNESS PROGRAM / ACTIVITY	TIMES CONDUCTED
Yoga	3
Basketball	9
Zumba	7
Taichi	9
Badminton	6
Massage	10
Ice Skating	2
Swimming	1



## TRAINING & EDUCATION

Pacific Online believes in the continuous improvement of its staff. It invests a lot of time and manpower in ensuring that the proper skills necessary to perform functions are present.

**10,632**

*Total No. of training hours recorded*

**1,151**

*Employees trained in 2019*

**PHP 1.55 MILLION**

*Total amount spent on training and development of employees*

**100%**

*of employees appraised*



## PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS

TRAINING TYPE/ CLASSIFICATION	SPECIFIC CLASSES/SESSIONS INCLUDED IN THIS TRAINING CATEGORY	# OF SESSIONS CONDUCTED
Core/Business Compliance	<p>Pacific Online: Annual Company Updates , ISO Refresher Seminar, Cybersecurity Forum, Tuberculosis Health talk, Disaster Preparedness Seminar, IMS Audit Workshop, Occupational First Aid &amp; CPR with AED Workshop, Orientation for New hires, Employee Re-orientation on Selected Policies, Processes and Systems, Updates on MIS/IT, Data Privacy &amp; Workforce</p> <p>TGTI: Basic Occupational Safety &amp; Health Training/ Mandatory 8 hr Safety &amp; Health Seminar/Emergency Preparedness</p> <p>LCC: Dole Compliance on Occupational Safety and Health Standards, Data Privacy, Safety and Emergency, Dole Inspections</p>	46
Job-based/Professional Skills	<p>Pacific Online: Preparing Quality Audit Workshop, Hands-On Training for Field Services Representatives (FSR), Tools and Techniques for IA Staff, Assessing Risk Ensuring Internal Audit Value, Be informed: Keep up with the Tax Reform!, Written Business Communications Skills Workshop, Telephone Handling Skills Training, COSO Framework Demystified, Electronic Records Management, Records, Filing Management, Building and Property Management, TRAIN Beyond-Rise and Shine!, Lunch and Learn Session on Initiative, Fundamentals of IT Auditing, MS Excel training, Identify and Access Management Seminar for Non-IT Auditors, Road Safety &amp; Disaster Preparedness Seminar</p> <p>TGTI: Bench Repair Training</p> <p>LCC: Business and Income Taxation, Enhancement on Administrative Skills, IT Auditing, Financial Analysis, Financial Analysis, BIR Tax Assessment, Installation of CCTV Security, Enhancement on Customer Relation, Marketing Strategies and Techniques, Managing Cost and Profits, Guaranteed Actionable Results to Improve Customer Service</p>	36
Leadership	<p>Pacific Online: Foundations of Leadership (FLEX), The Hows and Whys of Supervision Workshop, Cornerstone of Learning Organization Workshop , Tools &amp; Techniques for IA Manager, ACIIA CAE Leadership Forum</p> <p>TGTI: The How's &amp; Why's of Supervision</p> <p>LCC: Enhancement on Leadership Skills</p>	10
Others, please specify	Pacific Online: Spiritual Deepening Activities	2

# CSR INITIATIVES

Our company has conducted numerous CSR projects over the course of the year. This 2019, listed below are the notable initiatives and their corresponding UN Sustainable Development Goals they address:

## CYBERGUARDIANSPH

3 GOOD HEALTH AND WELL-BEING



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



CyberGuardiansPH is an initiative spearheaded by Pacific Online, in partnership with the Department of Information and Communications Technology (DICT) to conceptualize and implement various Cybersafe programs in the Philippines. The principal objective of this undertaking is to raise the level of awareness of the general public in protecting children against online sexual abuse & exploitation and cyberbullying.

Among the different projects implemented during the year are the following:

1. Eco-system Activation & Planning Workshop - As a kick-off activity for the collaboration efforts to fight Online Sexual Abuse and Exploitation of Children (OSAEC), Pacific Online and DICT co-sponsored said workshop
2. Pacific Online has successfully recruited program partners which has allowed it to create awareness campaigns with minimal funding requirements, such as Caritas Manila Foundation, TV Maria Foundation, Communications Foundation for Asia (CFA) and Jesuit Communication Foundation.
3. The Company also provided invaluable support for CyberGuardiansPH to produce CyberChat, a TV talk show that provided free air time and studio/equipment rental) and an MTV, Pag-asa Ng Bayan which offered its

- recording studio for free in support of the cause.
4. The Company has likewise helped expand the CyberGuardians network as it continuously holds Engagement Meetings in order to introduce the CyberGuardiansPH coalition and its mission/vision and programs. Philippine Mental Health Association, Commission for Filipinos Overseas (CFO), Department of Justice/Inter-Agency Council Against Trafficking (IACAT) and the Office of the VP are among its new partner-recruits.
5. Hub sessions & Engagement Meetings were conducted to raise awareness of the CyberGuardians activities and advocacy through the Theory U method of Presencing Institute of MIT Cambridge.
6. Pacific Online was the Executive Producer and Writer/Co-Director of CyberChat, a TV Talk show about cybercrime awareness and prevention. 4 episodes have been taped in 2019.
7. Creation of Pag-Asa Ng Bayan, a call-to-action MTV produced by the Company with various celebrity artists participating pro bono.
8. Hearts Filled With Joy - Pacific Online, along with other members of the CyberGuardians, held its first Medical Mission and Psychosocial activities for the benefit of 200 OSAEC survivors and other children living in high risk areas.







## BLOODLETTING

3 GOOD HEALTH AND WELL-BEING



In both Manila and Cebu, a bloodletting drive was conducted this year to encourage people to donate their blood on a voluntary basis for the benefit of those in need and the Red Cross Blood Bank. 44 people donated blood in 2019, and for the 4 years since the program's inception, 167 donations have been made.



## OPERATION TULI

3 GOOD HEALTH AND WELL-BEING



For the children of Cordova and Lapu Lapu, Cebu who did not have the means for quality medical circumcision, "Operation Tuli" was initiated in May 2019 to provide free circumcision to 32 boys.



## TREE PLANTING

15 LIFE ON LAND



As a part of its Corporate Social Responsibility initiatives, the Company participated in the tree planting activities of Belle Corporation's Kaagapay: One Tree at a Time and also of the LGU in Cebu City. Pacific Online contributed 175 trees to combat deforestation and promote ecologically friendly values. To date, it has planted 625 trees since November 2015.



## CARITAS EDUCATION

4 QUALITY EDUCATION



To promote and support quality education opportunities for all, the Company supports Caritas Manila's Youth Servant Leadership & Education Program. The Youth Servant Leadership and Education Program (YSLEP) is the flagship program of CARITAS MANILA that aims to break the chains of poverty in the Philippines by providing opportunities for a college education for poor, underprivileged but deserving youth. In 2019, Pacific Online provided scholarships to 2 youths, and since June 2017, it has had 6 beneficiaries. Furthermore, a donation was made to Redemptorist Province Cebu City: Redemptorist Education Assistance Program last Dec. 1, 2019.

## VITAMIN & GIFT CHECK DONATIONS

3 GOOD HEALTH AND WELL-BEING



Pacific Online, TGTI and LCC participated in the PCSO's 80th anniversary celebration entitled Handog Pasasalamat sa Pamilyang Pilipino. The Company hosted 3 television segments from the month-long event and donated 50 boxes of vitamins, as well as P100,000 worth of gift certificates to indigenous families.



Furthermore, 150 boxes of vitamins were donated through Caritas Manila to the victims of the 6.6 Magnitude Earthquake in North Cotabato and Davao Del Sur.

**ANNEX 1**  
**SUSTAINABILITY REPORT**

## ANNEX I - SUSTAINABILITY REPORT

### Item 1. GENERAL DISCLOSURES

<b><u>ORGANIZATIONAL PROFILE</u></b>	
102-1	<p><b>NAME OF THE ORGANIZATION</b></p> <p>Pacific Online Systems Corporation</p>
102-2	<p><b>ACTIVITIES, BRANDS, PRODUCTS, AND SERVICES</b></p> <p>Pacific Online Systems Corporation (POSC) is engaged in the management of online lottery systems for the Philippine gaming industry. It was incorporated in November 1993 and was publicly listed in 2007 with the stock symbol LOTO.</p> <p>It sources technology from leading global suppliers of integrated gaming systems and leases to the Philippine Charity Sweepstakes Office (PCSO). In 1995, POSC entered into an Equipment Lease Agreement (ELA) with PCSO for its Lotto operations in Visayas and Mindanao and subsequently was granted entry into the Luzon Lotto market in June 2012.</p> <p>Through its subsidiary Total Gaming Technologies Inc. (TGTI), POSC leases Keno terminals and online operating system nationwide to PCSO through an ELA signed in 2004. Also included in POSC's business portfolio is the operation of more than 200 PCSO retail outlets nationwide through another subsidiary, Loto Pacific Corporation.</p> <p>POSC is in partnership with two of the top lottery system providers globally; i.e., Scientific Games International Inc. (SGI) and Intralot SA Integrated Lottery Systems &amp; Services for its online Lotto games.</p>
102-3	<p><b>LOCATION OF HEADQUARTERS</b></p> <p><b>Manila Business Center</b> U2803 A &amp; B East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, 1605, Philippines</p> <p>U1901-B West Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, 1605, Philippines</p> <p><b>Cebu Business Center</b> 16/F Metrobank Plaza, F. Osmena Blvd, 6000, Cebu City</p> <p><b>Service and Logistics Center</b> J. King Warehouse No. 8, Holy Name St., Mabolo, 6000, Cebu City</p>
102-4	<p><b>LOCATION OF OPERATIONS</b></p> <p>POSC's scope of operations for its lottery operations is nationwide in the Philippines.</p>

102-5	<p><b>OWNERSHIP AND LEGAL FORM</b></p> <pre> graph TD     POSC[Pacific Online Systems Corporation] --&gt; LotoPac[Loto Pacific Leisure Corp. (Loto Pac) 100% Owned]     POSC --&gt; TGTI[Total Gaming Technologies Inc. (TGTI) 98.92% Owned]     LotoPac --&gt; LCC[Lucky Circle Corporation (LCC) Retail Network 97.64% Owned by POSC, 2.36% Owned by Loto Pac]     TGTI --&gt; FRI[Falcon Resources Inc. (FRI) Distribution 100% Owned]     LCC --- Subs[Athena Ventures Inc., Circle 8 Gaming Ventures Inc., Luckydeal Leisure Inc., Luckypick Leisure Club Corporation, Luckyfortune Business Venture Inc., Lucky Ventures Leisure Inc., Lucky Games Entertainment Ventures Inc., Avery Integrated Hub, Orbis Valley Corporation]   </pre>					
102-6	<p><b>MARKETS SERVED</b></p> <p>POSC has an Equipment Lease Agreement (ELA) with PCSO for its Lotto operations nationwide.</p> <p>Through its subsidiary Total Gaming Technologies Inc. (TGTI), POSC leases Keno terminals and online operating system nationwide.</p> <p>Also included in POSC's business portfolio is the operation of more than 200 PCSO retail outlets nationwide through another subsidiary, Loto Pacific Corporation.</p>					
102-7	<p><b>SCALE OF THE ORGANIZATION</b></p> <p>Total Number of Employees: 781</p> <p>Total Number of Operations:</p> <ul style="list-style-type: none"> <li>• Lotto Terminals nationwide: 3,785</li> <li>• Keno Terminals nationwide: 1,833</li> <li>• Retail Stores nationwide: 233</li> </ul> <p>Net Revenues: P989.87M</p> <p>Total Capitalization: P2,238.3M</p>					
102-8	<p><b>INFORMATION ON EMPLOYEES AND OTHER WORKERS</b></p> <p><b>TOTAL GROUP HEADCOUNT</b></p> <table border="1" data-bbox="347 1823 724 1908"> <tr> <td>2019</td> <td>781</td> <td rowspan="2">Decreased by 17%</td> </tr> <tr> <td>2018</td> <td>941</td> </tr> </table>	2019	781	Decreased by 17%	2018	941
2019	781	Decreased by 17%				
2018	941					

**2019 BREAKDOWN (POSC, TGTI & LCC):**

**BY COMPANY**

POSC	184	24%
TGTI	85	11%
LCC	512	66%

**BY REGION**

NCR	249	32%
LUZON	345	44%
VISAYAS	150	19%
MINDANAO	37	5%

**BY GENDER**

MALE	299	38%
FEMALE	482	62%

**BY AGE**

BELOW 30 YEARS OLD	425	54%
30 - 50	327	42%
OVER 50	29	4%

**BY RANK**

SENIOR MGMT.	19	2%
MIDDLE MGMT.	35	4%
RANK AND FILE	727	93%

102-9

**SUPPLY CHAIN**

**Partnerships**

POSC has a policy of forming partnerships with other organizations, which complement its own offerings and bring increased benefits to its customers.

POSC's technology partners for the online lottery system are Scientific Games International, Inc. (SGI) and Intralot S.A. Integrated Lottery Systems & Services (Intralot). SGI and Intralot are both leaders in the global lottery and gaming industry with experience of over 40 years and 20 years, respectively. SGI has been working with over 100 lotteries in 50 countries in 6 continents; while Intralot has presence in 57 jurisdictions in 5 continents. Both are members of the World Lottery Association (WLA). They are certified by various international accreditation agencies.

**Supply Chains**

In order to provide our products and services to our customers, a number of important supply chain routes are in place. The major ones are:

- Lottery Terminals and Draw Equipment
- Equipment Spare Parts
- Third Party Warehousing/Logistics
- Co-location Facilities for Data Center
- Subscriber Identity Module (SIM) Cards
- Modems and Routers
- Leased Lines
- System Server and other peripherals
- Security system

**Relationships with Other Interested Parties**

- Equipment Maintenance – provision of equipment maintenance and repair services.

	<ul style="list-style-type: none"> <li>Contractors – provision of office improvement services, web site development and other services.</li> </ul>
102-10	<p><b>SIGNIFICANT CHANGES TO THE ORGANIZATION AND ITS SUPPLY CHAIN</b></p> <p>None to report.</p>
102-11	<p><b>PRECAUTIONARY PRINCIPLE OR APPROACH</b></p> <p>Pacific Online Systems Corporation (POSC) shall consider the external and internal context of the organization and the requirements of interested parties to determine the risks and opportunities that need to be addressed to:</p> <ul style="list-style-type: none"> <li>Ensure the integrated management system can achieve its intended outcomes;</li> <li>Prevent, or reduce, undesired effects; and</li> <li>Achieve continual improvement.</li> </ul> <p>POSC shall plan actions to address the risks and opportunities and how to:</p> <ul style="list-style-type: none"> <li>Integrate and implement the actions into its integrated management system processes; and</li> <li>Evaluate the effectiveness of these actions.</li> </ul> <p>POSC shall apply an information security risk assessment process, which also applies to any opportunities identified on the information assets:</p>
102-12	<p><b>EXTERNAL INITIATIVES</b></p> <p>POSC has chosen a list of UN Sustainable Development Goals and Targets that the Company will focus its sustainability efforts on:</p>

UN SDG & TARGETS	INITIATIVES
<p><b>#3 Good Health and Well-Being: Ensure healthy lives and promote well-being for all at all ages</b></p> <p>3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p>	<p>On our road to sustainability, we cannot forget our duty to those who have helped us get to where we are now, which is why the Company ensures that its employees have employee healthcare HMO full coverage and insurances. On top of that, health and wellness programs to promote the strengthening of the mind and the body are scheduled regularly. Here is a list of initiatives prepared by the company:</p> <ol style="list-style-type: none"> <li>1. Full HMO coverage upon hiring and extended to 2 dependents upon regularization</li> <li>2. Life Insurance</li> <li>3. Group Accident Insurance</li> <li>4. Annual Physical Exam / Executive Check-Up</li> <li>5. Wellness Benefit Allowance for Managers-Up</li> <li>6. Monthly health &amp; wellness activities such as Sports Activities: Badminton, Basketball, Ice Skating, Trampoline, Laser Tagging Game, Wall Climbing, Archery, Bowling, Talks on PTB &amp; Workplace Hygiene Health were also conducted</li> </ol> <p>We also support this goal for the local community. In both Manila and Cebu, a bloodletting drive was conducted this year to encourage people to donate their blood on a voluntary basis for the benefit of those in need and the Red Cross Blood Bank. 44 people donated blood in 2019, and for the 4 years since the program's inception, 167 donations have been made.</p> <p>For the children of Cordova and Lapu Lapu, Cebu who did not have the means for quality medical circumcision, "Operation 'Tuli'" was initiated in May 2019 to provide free circumcision to 32 boys.</p> <p>150 Boxes of Vitamins were donated c/o Caritas Manila to the victims of 6.6 Magnitude Earthquake in North Cotabato and Davao Del Sur.</p> <p>POSC along with the other members of the CyberGuardians (A coalition of organizations and individuals driven and committed to co-creating CyberSafePH for child protection against online sexual abuse &amp; exploitation (OSAEC) and cyberbullying.) held its first Medical Mission and Psychosocial activities for the benefit of 150 OSAEC survivors and other children who are living in the high risk areas.</p>
<p><b>#4 Quality Education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</b></p> <p>4.3 By 2030, ensure equal access for all women and men to affordable and</p>	<p>To promote and support quality education opportunities for all, we support Caritas Manila's Youth Servant Leadership &amp; Education Program. The Youth Servant Leadership and Education Program (YSLEP) is the flagship program of CARITAS MANILA that aims to break the chains of poverty in the Philippines by providing opportunities for a college education for poor, underprivileged but deserving youth. In</p>

<p>quality technical, vocational and tertiary education, including university</p> <p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>4.6 By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy</p>	<p>2019, we provided scholarships to 2 youths, and since June 2017, we have had 6 beneficiaries. We also gave a donation to Redemptorist Province Cebu City: Redemptorist Education Assistance Program last Dec. 1, 2019.</p>
<p><b>#5 Gender Equality: Achieve gender equality and empower all women and girls</b></p> <p>5.1 End all forms of discrimination against all women and girls everywhere</p> <p>5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p>	<p>We believe in a just and equitable vision for the country, without discrimination against all women and girls and ensuring them equal opportunities for leadership.</p> <p>In Pacific Online Systems Corporation, the proportion of women in the workforce is 62%, the percentage of female new hires is 79%, and 58% of Senior Management/leadership of positions are women. 44% of managerial (Assistant Manager up) positions are occupied by women as well.</p>
<p><b>#8 Decent Work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b></p> <p>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p>	<p>Our commitment to our nation's economic growth and employment situation is shown by the P1,370.33 million Total Economic Value distributed by the Company in the past year. We provide decent jobs, with our entry rate 11% above the minimum wage in Manila and 19% in Cebu. 13.5 is the average number of years of employment for our senior management employees, 11 for middle management and 5 for rank-and-file. Again, we believe in a world without discrimination, and we make efforts to provide productive employment and decent work for all people, including young people (below 30 years old), who make up 54% of our workforce.</p> <p>We also support and protect labor rights and promote a safe and secure working environment for our employees. Our committee sets and ensures Occupational Health &amp; Safety standards, and as we recognize that our lifblood is our field service representatives, who travel almost every day through ways and roads of varying quality in the countryside, we provide them protection and accident insurance.</p> <p>Here is a list of some wellness, health and safety initiatives provided for by the company:</p> <ol style="list-style-type: none"> <li>1. Creation of Occupational Safety &amp; Health Committee</li> </ol>



	<ol style="list-style-type: none"> <li>2. Emergency Procedure/ Guidelines</li> <li>3. First Aid Training</li> <li>4. Disaster Preparedness Training</li> <li>5. PPE for selected personnel</li> <li>6. Group Accident Insurance</li> </ol>
<p><b>#12 Responsible Consumption and Production: Ensure sustainable consumption and production patterns</b></p> <p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle</p>	<p>We recognize that as a business that is centered on systems maintenance, there must be measures to mitigate the waste products. Our company practices recycling of the parts of terminals, to ensure that not everything goes to waste and to prolong the life of the equipment. We also partner with DENR accredited suppliers for waste management to ensure that the parts and waste that are indeed unusable for us go into the right hands for proper disposal or reuse.</p> <p>The publication of our maiden sustainability report aligned to the GRI standards is part of a country-wide practice to adopt sustainable practices and integrate this information into our reporting and disclosures. This as part of a bigger movement will hopefully encourage not just the publicly-listed companies, but all companies in the Philippines to understand and adopt the mindset and practice of sustainability.</p>
<p><b>#15 Life on Land: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</b></p> <p>15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally</p>	<p>As a part of our Corporate Social Responsibility initiatives, the Company participated in the tree planting activities of Belle Kaagapay: One Tree at a Time and also of the LGU in Cebu City. We contributed 175 trees to combat deforestation and promote ecologically friendly values. To date, we have planted 625 trees since November 2015.</p>
<p><b>#16 Peace, Justice, and Strong Institutions: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</b></p> <p>16.2 End abuse, exploitation, trafficking and all forms of violence against and torture of children</p> <p>16.6 Develop effective, accountable and transparent institutions at all levels</p>	<p>Our company, along with DICT, started an awareness campaign called Cybersafe Philippines, to protect children against online sexual abuse &amp; exploitation and cyberbullying. These activities were conducted by CybersafePH in 2019:</p> <p>CyberSafePH Ecosystem Activation &amp; Planning Workshop - Mar 7-8, 2019</p> <p>As a kick-off activity for the collaboration efforts to fight OSAEC (Online Sexual Abuse and Exploitation of Children), POSC with the Department of Information &amp; Communications Technology facilitated a 2-day CyberSafePH Ecosystem Activation &amp; Planning Workshop</p> <p>CyberChat Talk Show - Taping Sept 28, Oct 26, Dec 7</p>

		<p>MTV Taping for Pag-asa ng Bayan</p> <p>Hub Sessions &amp; Engagement Meetings: May 31, 2019 at IJM Philippines, June 6, 2019 at Phil Mental Health Association, July 2, 2019 at UP Diliman University Hotel, July 30, 2019 at Caritas Manila, Aug 30, 2019 at TV Maria, Nov 12, 2019 at PSEC. Hub Sessions &amp; Engagement Meetings are conducted to raise awareness of the CyberGuardians activities and advocacy</p> <p>To attain the goal of transparency, we have adopted the Corporate Governance Scorecard. In addition, by nature, the online lottery system is more transparent versus other games which are not online because the information is transmitted automatically.</p>
102-13	<p><b>MEMBERSHIP OF ASSOCIATIONS</b></p> <p>World Lottery Association          People Management Association of the Philippines          Employers' Confederation of the Philippines          Philippine Society for Training and Development</p>	

<b><u>STRATEGY</u></b>	
102-14	<p><b>STATEMENT FROM SENIOR DECISION MAKER</b></p> <p>With the ever-changing market demands and rapid technological developments in the shifting landscape of the Philippine gaming industry, it is more important than ever to see the big picture. More than two decades of experience and expertise in the industry by paving the way to providing a reliable and reputable lottery gaming platform has prepared Pacific Online Systems Corporation (Pacific Online) to face the challenge of the new decade.</p> <p>Our company maintains its commitment to creating hope in partnership with state-run Philippine Charity Sweepstakes Office (PCSO), as we help nurture the optimism and aspirations of PCSO's agents, players and beneficiaries by creating business opportunities and generating funds for charity through the application of quality gaming technologies.</p> <p>Pacific Online has accepted the challenge of adapting its strategies and evolving itself to the beats of the hurdles and changes of the industry. Moreover, the Company has also maintained its ISO certification for Quality Management System (ISO 9000) and Information Security Management (ISO/IEC 27001), with SGS as its certifying body since 2015, proving once again its topflight quality within the industry. With technology at the center of it all, the company has fulfilled the rigorous demands of the lottery customers of the country, in order to help fulfill their dreams. We are proactive in our finding of our opportunities, believing that we must not standby idly, we create our own luck. While PCSO is expected to hold a re-bidding for its Nationwide Online Lottery System (NOLS) this year, we are confident that our company is ready to assert itself as a front-runner and meet all the requirements given its track record of over 20 years in the lottery business and its technology partners that are global leaders in the gaming industry.</p> <p>As we enter the new decade, we remember that we are playing the long game, that while maintaining a profit is paramount, we also have to stand by our duty to help steward the nation, environment, and the</p>

	<p>world. Over the decades, we have come to understand the synergy of working together with our stakeholders, local communities, customers, employees and investors in order to build towards our shared vision. Henceforth, we are proud to initiate our maiden Sustainability Report, prepared in accordance with Global Reporting Initiative (GRI) Standards, presenting our performance on the economic, social, environmental and governance issues.</p> <p>Due to our steadfast commitment to full transparency and accountability, we emphasize that Pacific Online's network offers the most efficient and transparent system promoting responsible gaming, complete with the proper monitoring and auditing procedures to ensure the remitting of the proper dues and revenues to PCSO and its charity fund, and taxes to the government. We believe that the backbone of a sustainable and legitimate program for the government's charity work remains with the online gaming sector.</p> <p>Even if the challenges in the current lottery climate persist, Pacific Online chooses to bravely face them, remaining optimistic and confident that the recent hampered performance will only be a blip in the radar, and in the long game, will return to not just the past heights, but the next levels.</p>
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<b><u>ETHICS AND INTEGRITY</u></b>	
102-16	<p><b>VALUES, PRINCIPLES, STANDARDS, AND NORMS OF BEHAVIOR</b></p> <p><b>Mission</b> Create Hope. Live Life.</p> <p><b>Vision</b> To Be the Gaming Partner of Choice.</p> <p><b>Core Values</b> Pacific Online is a LEARNING organization composed of diverse individuals with unity of purpose and a shared vision. We strive for EXCELLENCE in all we do. We fully accept ACCOUNTABILITY for all our actions, decisions, and responsibilities. We create our future driven by a DYNAMIC team of professionals. We always aim for EFFICIENCY in all aspects of our work. We accord everyone due RESPECT and carry ourselves in a professional manner. We nurture relationships by providing quality SERVICE to all stakeholders.</p> <p><b>Quality Policy and Objectives</b> Pacific Online Systems Corporation is committed to continuously improve the quality management system and meet all requirements of the stakeholders in providing reliable, efficient and effective online lottery systems.</p> <ul style="list-style-type: none"> <li>• To be fully responsive to the requirements of stakeholders.</li> <li>• To maintain and continuously develop a competent workforce.</li> <li>• To maintain and continuously improve financial, operational and administrative control systems to achieve the company's goals and objectives.</li> <li>• To comply with statutory and regulatory requirements.</li> </ul> <p><b>Information Security Policy and Objectives</b> Pacific Online Systems Corporation is committed to safeguard the confidentiality, integrity and availability of all physical and electronic information assets of the company to ensure that regulatory, operational and contractual requirements are fulfilled.</p> <ul style="list-style-type: none"> <li>• To comply with statutory and regulatory requirements.</li> </ul>

- To comply with requirements for confidentiality, integrity and availability for employees and other users.
- To establish controls for protecting company information and information systems against theft, abuse and other forms of harm and loss.
- To ensure that employees maintain the responsibility for, ownership of and knowledge about information security, to minimize the risk of security incidents.
- To sustain continuity of operations at all times.
- To ensure that external service providers comply with the company's information security needs and requirements.

## GOVERNANCE

102-18

### **GOVERNANCE STRUCTURE**

At Pacific Online, we believe in balancing the interests of the many stakeholders and upholding shareholders' value. Our aim is to have equilibrium between economic and social and between individual and communal goals. With this in mind, our Board of Directors has established corporate governance principles to ensure accountability, fairness and transparency in the organization.

#### **Board of Directors**

The principal roles of the Board of Directors of Pacific Online are to oversee how management serves the interests of the shareholders and other stakeholders, and to ensure that the latter are adequately and timely informed of all relevant information about the Company. Towards this end, the Board has adopted corporate governance principles to ensure its independence and keep itself fully-informed of the key risks and strategic issues facing Pacific Online.

<b>DIRECTOR'S NAME</b>	<b>DESIGNATION</b>	<b>DIRECTORSHIP</b>
Willy N. Ocier	Chairman	Executive Director
Armin Antonio B. Raquel Santos	Member	Non-Executive Director
Ma. Virginia V. Abo-Hamda	Member	Executive Director
Tarcisio M. Medalla	Member	Non-Executive Director
Henry N. Ocier	Member	Non-Executive Director
Regina O. Reyes	Member	Non-Executive Director
Jerry C. Tiu	Independent	Lead Independent Director
Laurito E. Serrano	Independent	Independent Director
Joseph C. Tan	Independent	Independent Director

#### **BOARD COMMITTEES**

To assist the Board of Directors in ensuring compliance with good corporate governance principles, the following committees have been formed:

**Executive Committee**

The Executive Committee which exercises, in between meetings of the Board, all the powers of the Board (except those powers expressly reserved by applicable law to the Board) in the management and direction of the business and conduct of the affairs of the Company, subject to any specific directions given by the Board.

Willy N. Ocier	Chairman
Armin B. Raquel-Santos	Director
Ma. Virginia V. Abo-Hamda	Director

**Audit Committee**

The Audit Committee assists the Company's Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing Pacific Online's quarterly and annual financial statements, considering the scope of the Company's annual external audit, approving the Company's internal audit program, advising on the appointment of external auditors, and reviewing the effectiveness of the Company's internal control systems and risk management systems.

Laurito E. Serrano	Chairman
Jerry C. Tiu	Independent Director
Tarcisio M. Medalla	Director

**Board Risk Oversight Committee**

The Risk Committee will assist the Board in providing framework to identify, assess, monitor and manage the risks associated with the Company's business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with Company's risk profile.

Jerry C. Tiu	Chairman
Laurito E. Serrano	Independent Director
Tarcisio M. Medalla	Director

**Corporate Governance Committee**

The Corporate Governance Committee is tasked with ensuring compliance with, and proper observance of, corporate governance principles and practices.

Joseph C. Tan	Chairman
Laurito E. Serrano	Independent Director
Jerry C. Tiu	Independent Director

<b>Related Party Transactions</b>	
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. Transactions considered material are subject to review by the Committee prior to Board approval and Management execution.	
Joseph C. Tan	Chairman
Laurito E. Serrano	Independent Director
Jerry C. Tiu	Independent Director
Regina O. Reyes	Director
Henry N. Ocier	Director

<b><u>STAKEHOLDER ENGAGEMENT</u></b>													
102-40	<p><b>LIST OF STAKEHOLDER GROUPS</b></p> <ul style="list-style-type: none"> <li>• Investors / Shareholders</li> <li>• Board of Directors &amp; Management</li> <li>• Employees</li> <li>• External Providers</li> <li>• Customer – PCSO</li> <li>• Indirect Customers – Lottery Agents &amp; Lottery Players</li> <li>• Government Bodies / Regulators</li> </ul>												
102-41	<p><b>COLLECTIVE BARGAINING AGREEMENTS</b></p> <p>Not applicable.</p>												
102-42	<p><b>IDENTIFYING AND SELECTING STAKEHOLDERS</b></p> <p>An interested party or stakeholder is defined as “a person or organization that can affect, be affected by, or perceive themselves to be affected by a decision or activity”.</p>												
102-43	<p><b>APPROACH TO STAKEHOLDER ENGAGEMENT</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Stakeholder Group</th> <th style="text-align: left;">Description</th> <th style="text-align: left;">Channels of Engagement</th> </tr> </thead> <tbody> <tr> <td>Investors/ Shareholders</td> <td>Financial backers and sources of vital funding who allow POSC to achieve intended results, substantial returns, and shared value</td> <td>Annual stockholders' meetings, one-on-one dialogues, website, investors / media briefings</td> </tr> <tr> <td>Board of Directors &amp; Management</td> <td>Final decision makers of POSC who direct the company's path to sustainability</td> <td>Regular meetings, one-on-one dialogues, management reports</td> </tr> <tr> <td>Employees</td> <td>Dynamic team of professionals who are the lifeblood of POSC and share a unity of purpose according to the corporate vision, mission and objectives</td> <td>Internal communications, human resource dialogues, performance reviews, training workshops</td> </tr> </tbody> </table>	Stakeholder Group	Description	Channels of Engagement	Investors/ Shareholders	Financial backers and sources of vital funding who allow POSC to achieve intended results, substantial returns, and shared value	Annual stockholders' meetings, one-on-one dialogues, website, investors / media briefings	Board of Directors & Management	Final decision makers of POSC who direct the company's path to sustainability	Regular meetings, one-on-one dialogues, management reports	Employees	Dynamic team of professionals who are the lifeblood of POSC and share a unity of purpose according to the corporate vision, mission and objectives	Internal communications, human resource dialogues, performance reviews, training workshops
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Employees	Dynamic team of professionals who are the lifeblood of POSC and share a unity of purpose according to the corporate vision, mission and objectives	Internal communications, human resource dialogues, performance reviews, training workshops											

	External Providers	Suppliers and providers of software, hardware and outside services who partner with POSC	Business meetings, contracts, policies, external provider accreditation and evaluations
	Customer – PCSO	Lessee of POSC's lottery system and maintenance	Letters, business meetings, satisfaction surveys, contracts
	Indirect Customer – Lottery Agents & Lottery Players	End-users of POSC's services	Satisfaction surveys, hotline calls, field service visits
	Government Bodies/ Regulators	Collaborators in the pursuit of social progress and sustainability	Compliance, formal meetings, timely and accurate disclosures

102-44 **KEY TOPICS AND CONCERNS RAISED**

Stakeholder Group	Relevant Issues	Our Commitment
Investors/ Shareholders	<ul style="list-style-type: none"> <li>- Economic Performance</li> <li>- Environmentally responsible business operations</li> <li>- Corporate Governance and Compliance</li> </ul>	Building towards the strategy of being the gaming partner of choice and delivering steady and reliable economic returns while also remaining responsible and compliant with laws and timely disclosures
Board of Directors & Management	<ul style="list-style-type: none"> <li>- Economic Performance</li> <li>- Environmentally responsible business operations</li> <li>- Corporate Governance and Compliance</li> <li>- Market Presence</li> <li>- Customer care and service</li> <li>- Quality Management</li> </ul>	Work efficiently and effectively to fulfill the corporate goals in order to keep moving on the road to sustainability
Employees	<ul style="list-style-type: none"> <li>- Human Resource Development and Welfare</li> <li>- Economic Performance</li> <li>- Market Presence</li> </ul>	Empowerment and respectful treatment of our employees across all levels and fulfillment of their career aspirations
External Providers	<ul style="list-style-type: none"> <li>- Economic Performance</li> <li>- Customer care and service</li> <li>- Corporate Governance and Compliance</li> </ul>	Maintenance of good governance, transparency and accountability
Customer – PCSO	<ul style="list-style-type: none"> <li>- Customer care and service</li> </ul>	Providing the best quality service and ensuring the safety and security of the

		<ul style="list-style-type: none"> <li>- Corporate Governance and Compliance</li> <li>- Economic Performance</li> <li>- Quality Management</li> <li>- Information Security Management</li> </ul>	critical data involved; maintenance of good governance, transparency and accountability; making sure that downtime is minimized
	Indirect Customer – Lottery Agents & Lottery Players	<ul style="list-style-type: none"> <li>- Quality Management</li> <li>- Information Security Management</li> <li>- Economic Performance</li> </ul>	Providing the best quality service and ensuring the safety and security of the critical data involved; making sure that downtime is minimized
	Government Bodies/ Regulators	<ul style="list-style-type: none"> <li>- Corporate Governance and Compliance</li> <li>- Environmentally responsible business operations</li> <li>- Human Resource Development and Welfare</li> <li>- Information Security Management</li> </ul>	Working efficiently, harmoniously and in an aboveboard manner towards the achievement of shared goals and mutual benefits

<b>REPORTING PRACTICE</b>					
102-45	<b>ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS</b>				
	Pacific Online Systems Corporation and subsidiaries (Refer to 102-5)				
102-46	<b>DEFINING REPORT CONTENT AND TOPIC BOUNDARIES</b>				
		1	2	3	4
	Steps Taken	Build Corporate Capacity	Undergo Materiality Assessment	Identify and Gather Critical Data	Review and Validate Material Data
	Description	Training on Sustainability	Review of processes, KPIs and risk assessment	Based on Material Issues, created templates for data gathering	Affirmation of reported disclosures
	GRI Reporting Principle Applied	Stakeholder Inclusiveness and Sustainability Context	Materiality, Sustainability Context, Stakeholder Inclusiveness	Stakeholder Inclusiveness and Completeness	Stakeholder Inclusiveness and Completeness



			and Completeness		
	Details on topic boundaries to be listed below in 102-47				
102-47	<b>LIST OF MATERIAL TOPICS</b> <ul style="list-style-type: none"> <li>- Economic Performance</li> <li>- Market Presence</li> <li>- Environmentally responsible business operations <ul style="list-style-type: none"> <li>o Energy</li> <li>o Effluence and Waste</li> </ul> </li> <li>- Human resource development &amp; welfare <ul style="list-style-type: none"> <li>o Employment</li> <li>o Occupational Health and Safety</li> <li>o Training &amp; Education</li> </ul> </li> <li>- Customer care &amp; service</li> <li>- Corporate governance and compliance</li> <li>- Quality Management</li> <li>- Information Security Management</li> </ul>				
102-48	<b>RESTATEMENTS OF INFORMATION</b>  None to report.				
102-49	<b>CHANGES IN REPORTING</b>  None to report.				
102-50	<b>REPORTING PERIOD</b>  This is Pacific Online Systems Corporation's Sustainability Report outlining the Company's economic, environmental, social and governance performance from January to December 2019. It is a testament to our commitment to the United Nations Sustainable Development Goals. This report has been prepared in accordance with the GRI Standards: Core option. The companies highlighted in this report include Pacific Online Systems Corporation and its subsidiaries.				
102-51	<b>DATE OF MOST RECENT REPORT</b>  January to December 2018 through Belle-Corporation's 2018 Sustainability Report entitled "Creating a Sustainable Tomorrow".				
102-52	<b>REPORTING CYCLE</b>  Annual.				
102-53	<b>CONTACT POINT FOR QUESTIONS REGARDING THE REPORT</b>  For inquiries on Sustainability:  Mischel O. Mendoza Corporate Planning Department Head Email: momendoza@pacificonline.com.ph				

102-54	<b>CLAIMS OF REPORTING IN ACCORDANCE WITH THE GRI STANDARDS</b> This report has been prepared in accordance with the GRI Standards: Core option.
102-55	<b>GRI CONTENT INDEX</b> See attached GRI Content Index at the end of the report.
102-56	<b>EXTERNAL ASSURANCE</b> Not applicable.

**Item 2. MATERIAL TOPICS**

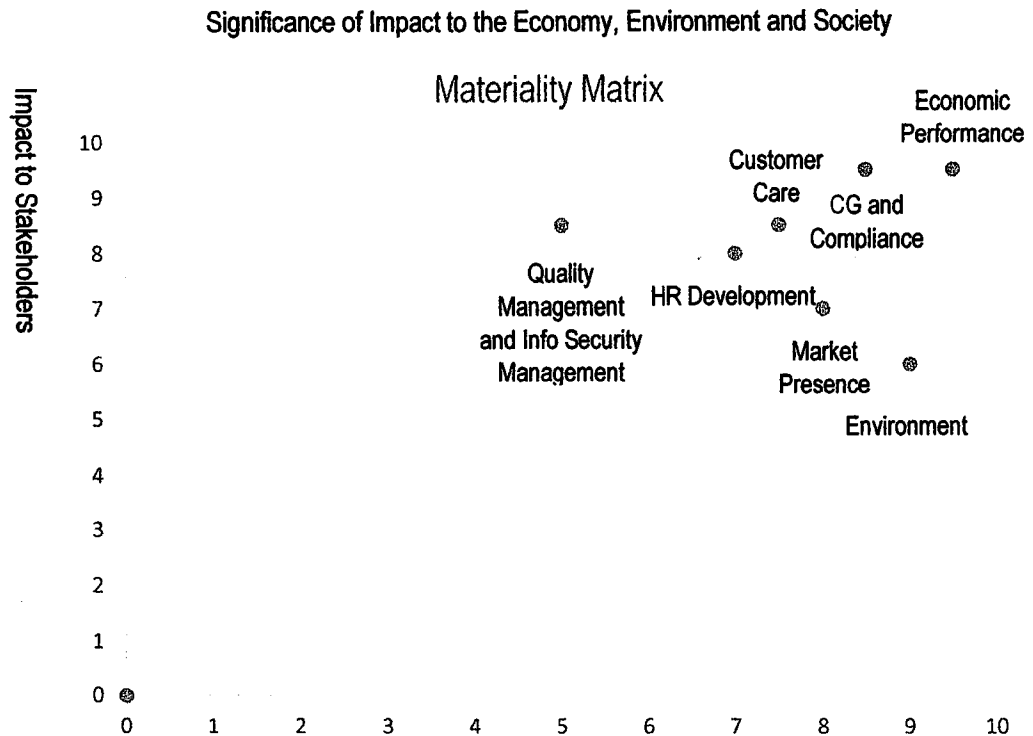
<b>MANAGEMENT APPROACH</b>			
103-1	<b>EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY</b>		
Critical Factors	Material Topics	Boundaries	Definition and Relevance
To embed sustainability in employment practices and financial & administrative operations	Economic Performance	Within POSC, business partners, regulators, local communities	How the Company cements its standing as a market leader in gaming and delivers positive economic returns to its stockholders and ensures the future and continued growth of its operations.
	Market Presence		How the Company contributes to the economic well-being and growth of local communities, and practices fair and just labor standards, according employees their due respect.
	Environmentally responsible business operations - Energy - Effluence and Waste		How the Company practices efficient utilization of its resources such as energy, minimizes waste and practices environmentally-friendly disposal with accredited external providers.
To be a learning organization composed of diverse individuals with unity of purpose and a shared vision	Human resource development & welfare - Employment - Occupational Health and Safety - Training & Education	Within POSC	How the Company develops and retains its employees, provides training and skills development, defines career path and succession planning for its employees and provides a secure and conducive working environment.
To cultivate partnerships with customers through excellent service	Customer care & service	Within POSC, customers, business partners	How the Company nurtures relationships by providing quality service and addressing the concerns of its customers and ensuring a symbiotic relationship with them.
To develop an integrated management system that implements world-class standards in order to be the	Corporate governance and compliance	Within POSC, business partners, regulators	How the Company practices accountability for all its actions, decisions and responsibilities through forward-looking corporate governance and checks and balances, and through faithful compliance with regulators.
	Quality management		How the Company maintains efficiency in the aspects of its work

	gaming partner of choice		through quality controls in its operations and complete documentation.
		Information Security Management	How the Company secures and protects its data, identifying, managing and mitigating risks ahead of time through periodic assessment and analysis and ensuring the business continuity of its operations without any downtime.

103-2	<p><b>THE MANAGEMENT APPROACH AND ITS COMPONENTS</b></p> <p>Our sustainability journey began with the mandate of our Board of Directors to take a more active role in improving the Company's corporate governance and sustainability programs. Headed by our Management team, POSC continues to establish, maintain, and improve the sustainable practices of the Company through target setting, progress monitoring, and analysis of our outputs.</p> <p><b>POSC'S SUSTAINABILITY FRAMEWORK</b></p> <p>The Company is able to achieve sustainable development through 3 major pillars:</p> <ul style="list-style-type: none"> <li>• Partnership Enhancement <ul style="list-style-type: none"> <li>○ Improving our services for the benefit of the PCSO and its agents</li> <li>○ Partnering with accredited external providers for responsible disposal</li> <li>○ Compliance with standards of our regulators</li> </ul> </li> <li>• Resource Optimization <ul style="list-style-type: none"> <li>○ Prudent fiscal management</li> <li>○ Sustainable operating models</li> <li>○ Business continuity planning and disaster recovery protocols</li> <li>○ Re-use of equipment and parts to maximize machines and minimize waste</li> <li>○ Implementation of electronic systems to reduce paper consumption</li> </ul> </li> <li>• Value Creation <ul style="list-style-type: none"> <li>○ Economic value generation and distribution</li> <li>○ Good governance and risk management</li> <li>○ Human capital development</li> <li>○ Creation of systems to improve data analysis for efficient operations</li> </ul> </li> </ul>		
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**OUR MATERIALITY PROCESS**

Our team reviewed the critical factors affecting our business and its impact on our stakeholders. From there, we were able to generate a list of material topics relevant to the Company.



103-3

**EVALUATION OF THE MANAGEMENT APPROACH**

See 102-46

**ECONOMIC PERFORMANCE**

201-1

**Direct economic value generated and distributed**

in PHP millions	<b>TOTAL</b>
Economic Value Generated	989.87
Economic Value Distributed	-
Operating Costs	1,032.26
Employee wages and benefits	314.09
Payments to the government	23.98
Economic value retained	(380.46)

**MARKET PRESENCE**

202-1

**Ratios of standard entry-level wage by gender compared to local minimum wage**

	Min Wage Male	Min Wage Female	Total Min Wage Employees	Total Employees	% Min Wage Employees
<b>TOTAL</b>	57	372	429	667	64%

POSC and TGTI have no minimum wage earners. Entry rates for the two are higher than the local minimum wage.

POSC	Minimum Wage	POSC Entry Rate	% Higher
Manila	11,679.75	13,000.00	11%
Cebu	8,787.00	10,500.00	19%

202-2

**Proportion of senior management hired from the local community**

POSC employs its personnel from the local communities. All senior managers located in the Cebu office were hired from Cebu.

	Total Senior Management	Senior Management from local community				
		Luzon	Visayas	Mindanao	Total	%
<b>TOTAL</b>	19	14	5	0	19	100%

**ENERGY**

302-1

**Energy consumption within the organization**

**Fuel Consumption**

	Diesel, in L	Gasoline, in L
<b>YE 2019</b>	1,297,294	39,759
<b>YE 2018</b>	1,376,258	45,889

There was a slight increase in fuel consumption of diesel for TGTI, which was due to increased field trips as a result of the rollout of Luzon lottery operations as well as the installation of marketing collaterals of new Keno ticket price and prize payouts to all 2,000 Keno agents in 2019. However, overall the company has decreased its consumption of diesel mainly due to the suspension of lottery operations in the LCC outlets.

**Electricity Consumption By Region**

in kWh	Luzon	Visayas	Mindanao	Total
<b>YE 2019</b>	1,250,732	562,090	2,500	1,815,322
<b>YE 2018</b>	2,341,087	457,205	63,366	2,861,658

<b>Total Water Consumption</b>	
	<b>Total, in cu. m.</b>
<b>YE 2019</b>	<b>75,198</b>
<b>YE 2018</b>	<b>102,607</b>

**EFFLUENTS AND WASTE**

306-2	<p><b>Waste by type and disposal method</b></p> <p><b>Total volume of hazardous wastes (old terminals, e-wastes) hauled by DENR-accredited hauler/charitable institutions</b></p> <table border="1"> <tr> <td></td> <td><b>Total, in kgs</b></td> </tr> <tr> <td><b>YE 2019</b></td> <td><b>9,977</b></td> </tr> <tr> <td><b>YE 2018</b></td> <td><b>13,225</b></td> </tr> </table> <p>Pacific Online regularly disposes its waste through DENR accredited facilities. Majority of its waste is from lottery terminals and peripherals. The table shows that there has been a marked decrease in the amount of waste generated by POSC, which is part of the company's efforts to actively lessen waste and to recycle items within the organization.</p>		<b>Total, in kgs</b>	<b>YE 2019</b>	<b>9,977</b>	<b>YE 2018</b>	<b>13,225</b>
	<b>Total, in kgs</b>						
<b>YE 2019</b>	<b>9,977</b>						
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**EMPLOYMENT**

401-1	<p><b>New employee hires and employee turnover</b></p> <p><b>NEW HIRES</b></p> <table border="1"> <tr> <td><b>TOTAL NEW HIRES</b></td> <td><b>300</b></td> <td></td> </tr> <tr> <td><b>BY GENDER</b></td> <td></td> <td></td> </tr> <tr> <td>MALE</td> <td>62</td> <td>21%</td> </tr> <tr> <td>FEMALE</td> <td>238</td> <td>79%</td> </tr> <tr> <td><b>BY AGE GROUP</b></td> <td></td> <td></td> </tr> <tr> <td>BELOW 30 YRS OLD</td> <td>278</td> <td>93%</td> </tr> <tr> <td>30 - 50</td> <td>22</td> <td>7%</td> </tr> <tr> <td>OVER 50</td> <td>0</td> <td>0%</td> </tr> <tr> <td><b>BY REGION</b></td> <td></td> <td></td> </tr> <tr> <td>NCR</td> <td>134</td> <td>45%</td> </tr> <tr> <td>LUZON</td> <td>126</td> <td>42%</td> </tr> <tr> <td>VISAYAS</td> <td>30</td> <td>10%</td> </tr> <tr> <td>MINDANAO</td> <td>10</td> <td>3%</td> </tr> </table>	<b>TOTAL NEW HIRES</b>	<b>300</b>		<b>BY GENDER</b>			MALE	62	21%	FEMALE	238	79%	<b>BY AGE GROUP</b>			BELOW 30 YRS OLD	278	93%	30 - 50	22	7%	OVER 50	0	0%	<b>BY REGION</b>			NCR	134	45%	LUZON	126	42%	VISAYAS	30	10%	MINDANAO	10	3%
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**HIRING RATE**

POSC	3%
TGTI	0%
LCC	58%
ENTIRE GROUP	38%

**EMPLOYEE SEPARATIONS**

<b>EMPLOYEE SEPARATIONS</b>	460	
<b>BY GENDER</b>		
MALE	112	24%
FEMALE	348	76%
<b>BY AGE GROUP</b>		
BELOW 30 YRS OLD	397	86%
30 - 50	62	13%
OVER 50	1	0%
<b>BY REGION</b>		
NCR	208	45%
LUZON	200	43%
VISAYAS	42	9%
MINDANAO	0	0%

**TURNOVER RATE**

POSC	1%
TGTI	6%
LCC	19%
ENTIRE GROUP	14%

401-2

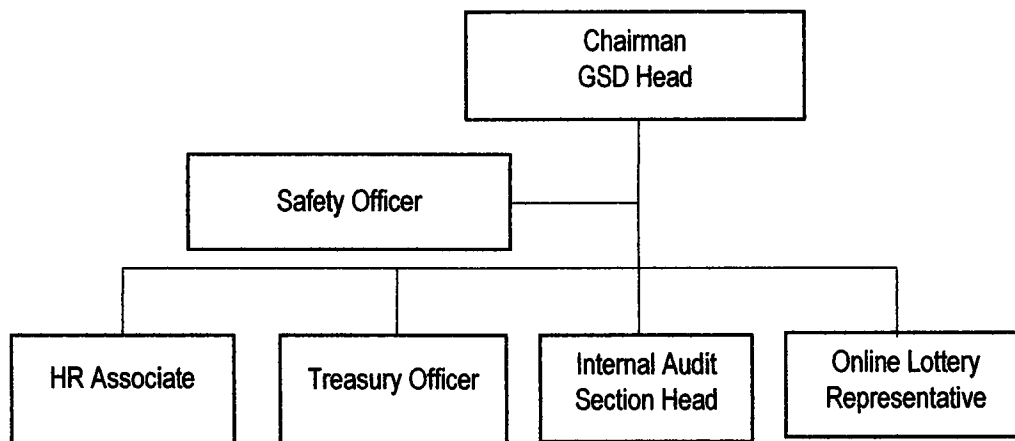
**Benefits provided to full-time employees that are not provided to temporary or part-time employees**

1. Full HMO coverage (room & board and maximum benefit limit based on rank) of all employees upon hiring and extended to 2 dependents upon regularization. Benefit package includes preventive healthcare, out-patient care and hospitalization, emergency care, dental care, and financial assistance.
2. Life Insurance coverage upon hiring, amount of insurance is based on rank. Benefit coverage includes basic life, accidental death, dismemberment & disablement, total & permanent disability, unproved murder & assault, and accident medical reimbursement.
3. Group Accident Insurance coverage upon hiring. Benefit coverage includes accidental death, dismemberment & disablement, total & permanent disability, unproved murder & assault, accident medical reimbursement, accident burial benefit, and daily hospital income.
4. Wellness Benefit Allowance for Managers-Up – qualified Officers are allowed to reimburse their health and wellness related expenses up to certain amount per year.
5. Uniform Allowance for all regular employees



401-3	<p><b>Parental leave</b></p> <p><b>1. Breakdown of Availment of Maternity and Paternity Leaves</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Employees who took Parental Leave in 2018</th> </tr> <tr> <th>Male</th> <th>Female</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Employee Headcount</td> <td style="text-align: center;">13</td> <td style="text-align: center;">37</td> <td style="text-align: center;">50</td> </tr> </tbody> </table> <p><b>2. Breakdown of Availment of Maternity and Paternity Leaves</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Among the employees who took Parental Leave in 2018, how many are still employed in 2019?</th> </tr> <tr> <th>Male</th> <th>Female</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Employee Headcount</td> <td style="text-align: center;">11</td> <td style="text-align: center;">30</td> <td style="text-align: center;">41</td> </tr> </tbody> </table>		Employees who took Parental Leave in 2018			Male	Female	Total	Employee Headcount	13	37	50		Among the employees who took Parental Leave in 2018, how many are still employed in 2019?			Male	Female	Total	Employee Headcount	11	30	41
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<b><u>OCCUPATIONAL HEALTH &amp; SAFETY</u></b>	
403-1	<p><b>Occupational health and safety management system</b></p> <p><b>OCCUPATIONAL HEALTH AND SAFETY POLICY</b></p> <p><b>Statement of Policy</b></p> <p>Pacific Online Systems Corporation is committed to provide safe, healthy and environmentally friendly areas for all its employees. It promotes fair, safe and productive work practices in all its business aspects. Pacific Online Systems Corporation will at all times comply with all regulatory requirements of the Philippines, its customers and other external parties.</p> <p><b>Details of Policy</b></p> <p>At POSC, we intend:</p> <ul style="list-style-type: none"> <li>To maintain safe and healthy working conditions;</li> <li>To provide and maintain safe office equipment;</li> <li>To prevent accidents and cases of work related illnesses;</li> <li>To provide information, instruction and supervision for employees;</li> <li>To ensure all employees are competent to do their tasks and to give them adequate training;</li> <li>To consult our employees on matters affecting their health and safety;</li> <li>To provide adequate control of the health and safety risk arising from our work activities;</li> <li>To review and revise the policy as necessary regular intervals.</li> </ul> <p><b>Structure and Functions of OSH Committee</b></p> <p>Overall and final responsibility for health and safety is that of the General Services Department Head.</p> <p>Ensuring that this policy is put into practice and this task is delegated to the Safety Officer.</p>



To ensure health and safety standards are maintained / improved, the Department Heads shall ensure compliance in their respective departments/areas.

All employees have to:

- Cooperate with their Immediate Superior and Department Head on health and safety matters;
- Not interfere with anything provided to safeguard their health and safety;
- Take reasonable care of their own health and safety;
- Report all health and safety concerns to Immediate Superior or Safety Officer.

**403-2 Hazard identification, risk assessment, and incident investigation**

A Risk Assessment is conducted by the Company to ensure business continuity in times of certain negative events. This is categorized by People, Process, Systems and Places. Threats and Vulnerabilities are measured and offset with controls in place to arrive at an acceptable level of risk. A Risk Treatment Plan is updated monthly to address unacceptable risks to ensure risk reduction.

Incidents are screened for information security breaches and documented in an Incident Report and/or Information Security Incident Report. Non-conformities are issued Corrective Action Requests and are followed up by the auditor until a correction and corrective action is deemed acceptable. Regular audits are conducted to ensure that such incidents are not repeated.

**403-5 Worker training on occupational health and safety**

<b>OCCUPATIONAL HEALTH AND SAFETY</b>		<b>2019</b>
Safe man-hours recorded, in man-hours		<b>722,485</b>
No. of work-related injuries reported		<b>3</b>
No. of work-related fatalities reported		<b>-</b>
No. of work-related ill-health		<b>-</b>
No. of safety drills conducted		<b>5</b>

**POSC SEMINARS/TRAININGS:**

1. Disaster Preparedness Training (May 6, 2019, 25/F, West Tower, PSE Centre) Conducted to orient the attendees on various disaster scenarios and train them on what to do before, during and after the disaster

	<ol style="list-style-type: none"> <li>2. Occupational First Aid &amp; CPR with AED Workshop (July 11-12, 2019, Metrobank Cebu) Designed to help non-medical professionals provide assistance in times of emergency situations</li> <li>3. Road Safety &amp; Disaster Preparedness Seminar (Dec. 11, 2019, Metrobank Cebu) Aimed to remind and refresh our Field Service Representatives on the importance of road safety and disaster preparedness</li> </ol>
403-6	<p><b>Promotion of worker health</b></p> <p><b>POSC ONLY</b></p> <ol style="list-style-type: none"> <li>1. Full HMO coverage (room &amp; board and maximum benefit limit based on rank) of all employees upon hiring and extended to 2 dependents upon regularization. Benefit package includes preventive healthcare, out-patient care and hospitalization, emergency care, dental care, and financial assistance.</li> <li>2. Annual Physical Exam / Executive Check-Up – this is being scheduled annually to check the employees' health condition and suitability to perform their job.</li> <li>3. Various health and wellness activities are being conducted to help employees improve further their health and well-being.</li> </ol>

**TRAINING AND EDUCATION**

404-1	<p><b>Average hours of training per year per employee</b></p> <p>POSC believes in the continuous improvement of its staff. It invests a lot of time and manpower in ensuring that the proper skills necessary to perform functions are present.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">By Gender</th> </tr> <tr> <th>Male</th> <th>Female</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Total No. of Training Hours Recorded</td> <td align="center">4,174</td> <td align="center">6,458</td> <td align="center"><b>10,632</b></td> </tr> <tr> <td>No. of Employees Trained</td> <td align="center">676</td> <td align="center">475</td> <td align="center"><b>1,151</b></td> </tr> <tr> <td>Average Training Hours</td> <td align="center">6</td> <td align="center">14</td> <td align="center">9</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="4">By Employee Category/Rank</th> </tr> <tr> <th>Rank &amp; File</th> <th>Middle Mgt.</th> <th>Senior Mgt.</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Total No. of Training Hours Recorded</td> <td align="center">8,567</td> <td align="center">1,708</td> <td align="center">357</td> <td align="center"><b>10,610</b></td> </tr> <tr> <td>No. of Employees Trained</td> <td align="center">862</td> <td align="center">238</td> <td align="center">51</td> <td align="center"><b>1,151</b></td> </tr> <tr> <td>Average Training Hours</td> <td align="center">10</td> <td align="center">7</td> <td align="center">7</td> <td align="center">9</td> </tr> </tbody> </table>					By Gender			Male	Female	Total	Total No. of Training Hours Recorded	4,174	6,458	<b>10,632</b>	No. of Employees Trained	676	475	<b>1,151</b>	Average Training Hours	6	14	9		By Employee Category/Rank				Rank & File	Middle Mgt.	Senior Mgt.	Total	Total No. of Training Hours Recorded	8,567	1,708	357	<b>10,610</b>	No. of Employees Trained	862	238	51	<b>1,151</b>	Average Training Hours	10	7	7	9
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404-2	<p><b>Programs for upgrading employee skills and transition assistance programs</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Training Type/ Classification</th> <th>Specific classes/sessions included in this training category</th> <th># of sessions conducted</th> </tr> </thead> <tbody> <tr> <td>Core/Business Compliance</td> <td>POSC: Annual POSC Updates , ISO Refresher Seminar, Cybersecurity Forum, Tuberculosis Health talk, Disaster Preparedness Seminar, IMS Audit Workshop, Occupational First Aid &amp; CPR with AED Workshop, Orientation for New hires, Employee Re-orientation on Selected Policies, Processes and Systems, Updates on MIS/IT, Data Privacy</td> <td align="center">46</td> </tr> </tbody> </table>			Training Type/ Classification	Specific classes/sessions included in this training category	# of sessions conducted	Core/Business Compliance	POSC: Annual POSC Updates , ISO Refresher Seminar, Cybersecurity Forum, Tuberculosis Health talk, Disaster Preparedness Seminar, IMS Audit Workshop, Occupational First Aid & CPR with AED Workshop, Orientation for New hires, Employee Re-orientation on Selected Policies, Processes and Systems, Updates on MIS/IT, Data Privacy	46																																						
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	& Workforce TGTI: Basic Occupational Safety & Health Training/ Mandatory 8 hr Safety & Health Seminar/Emergency Preparedness LCC: Dole Compliance on Occupational Safety and Health Standards, Data Privacy, Safety and Emergency, Dole Inspections																	
Job- based/Professional Skills	POSC: Preparing Quality Audit Workshop, Hands-On Training for Field Services Representatives (FSR), Tools and Techniques for IA Staff, Assessing Risk Ensuring Internal Audit Value, Be informed: Keep up with the Tax Reform!, Written Business Communications Skills Workshop, Telephone Handling Skills Training, COSO Framework Demystified, Electronic Records Management, Records, Filing Management, Building and Property Management, TRAIN Beyond-Rise and Shine!, Lunch and Learn Session on Initiative, Fundamentals of IT Auditing, MS Excel training, Identify and Access Management Seminar for Non-IT Auditors, Road Safety & Disaster Preparedness Seminar TGTI: Bench Repair Training LCC: Business and Income Taxation, Enhancement on Administrative Skills, IT Auditing, Financial Analysis, Financial Analysis, BIR Tax Assessment, Installation of CCTV Security, Enhancement on Customer Relation, Marketing Strategies and Techniques, Managing Cost and Profits, Guaranteed Actionable Results to Improve Customer Service	36																
Leadership	POSC: Foundations of Leadership (FLEX), The Hows and Whys of Supervision Workshop, Cornerstone of Learning Organization Workshop , Tools & Techniques for IA Manager, ACIIA CAE Leadership Forum TGTI: The How's & Why's of Supervision LCC: Enhancement on Leadership Skills	10																
Others, please specify	POSC: Spiritual Deepening Activities	2																
<b>Amount spent on Training and Development</b>																		
<i>Unit: In Philippine pesos</i>		<b>FY JAN-DEC 2019</b>																
Total amount spent on training and development of employees		<b>₱ 1,547,744.26</b>																
404-3	<b>Percentage of employees receiving regular performance and career development reviews</b>  <b>No. of Employees Eligible for Performance Appraisal and Actual No. of Employees Appraised by Gender</b> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>Male</th> <th>Female</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>No. of Employees Eligible for Appraisal</td> <td style="text-align: center;">292</td> <td style="text-align: center;">479</td> <td style="text-align: center;">771</td> </tr> <tr> <td>Actual No. of Employees Appraised</td> <td style="text-align: center;">292</td> <td style="text-align: center;">479</td> <td style="text-align: center;">771</td> </tr> <tr> <td>% employees appraised over total no. of employees eligible for appraisal</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">100%</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>			Male	Female	Total	No. of Employees Eligible for Appraisal	292	479	771	Actual No. of Employees Appraised	292	479	771	% employees appraised over total no. of employees eligible for appraisal	100%	100%	100%
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<b>No. of Employees Eligible for Performance Appraisal and Actual No. of Employees Appraised by Employee Category/Rank</b>				
	Rank-and-File	Middle Mgt.	Senior Mgt.	Total
No. of Employees Eligible for Appraisal	717	35	19	771
Actual No. of Employees Appraised	717	35	19	771
<b>% employees appraised over total no. of employees eligible for appraisal</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### OTHER MATERIAL TOPICS

#### **Customer Care & Service**

A yearly Customer Satisfaction Survey is conducted by the company to gain feedback from its direct and indirect customers (PCSO branch heads and Lotto agents) on the technical and service performance in view of its continuing drive to improve its services being provided by the company. The latest survey period was from June 17-20, 2019.

Research methodology: One-on-one interviews using a structured questionnaire for 12 PCSO branch managers and 120 lotto agents (top 10 per province, among 12 provinces)

Overall rating given by 12 PCSO Branch managers was 3.25/5

58% gave an excellent to good rating

74% of respondents stated that the FSR set a schedule for repair or replacement of terminal

90% replied that FSRs properly advised or informed them about the terminal problem

Overall rating given by lotto agents was 3.79, an increase of 0.42 points or 12% higher due to shift in excellent and good ratings

#### **Corporate Governance & Compliance**

Year on year from 2017 to 2018, the company has had a growth of 7.24% in its Corporate Governance Scorecard rating. We are looking at an increase in score for 2019 due to adjustments made in accordance with the good corporate governance principle/ guidelines that we adhere to.

	2014	2015	2016	2017	2018
<b>SCORE</b>	<b>46.92</b>	<b>54.82</b>	<b>67.82</b>	<b>81.75</b>	<b>87.67</b>

#### **Quality Management & Information Security Management**

The company is currently ISO certified for ISO 9001:2015 and ISO 27001:2013 standards, which are Quality Management and Information Security Management, respectively. These are consolidated in an integrated management system and documented in an IMS Manual. Non-conformities of the company are issued Corrective Action Requests (CARs) and observations are given Opportunity for Improvement (OFI). These can be issued through different ways, as shown below:

There were considerably less findings in the external audit in 2019, which could indicate that the company has also improved in its controls and systems.

**Item 3. GRI CONTENT INDEX (102-55)**

GRI Standard	Disclosure	Page number(s), direct answer and/or URLs	Reason for Omission	
<b>GRI 101: Foundation 2016</b>				
<b>General Disclosures</b>				
GRI 102: General Disclosures 2016	<b>Organizational Profile</b>			
	102-1	Name of the organization	1	
	102-2	Activities, brands, products, and services	1	
	102-3	Location of headquarters	1	
	102-4	Location of operations	1	
	102-5	Ownership and legal form	2	
	102-6	Markets served	2	
	102-7	Scale of the organization	2	
	102-8	Information on employees and other workers	2	
	102-9	Supply chain	3	
	102-10	Significant changes to the organization and its supply chain	4	
	102-11	Precautionary Principle or approach	4	
	102-12	External initiatives	4	
	102-13	Membership of associations	8	
	<b>Strategy</b>			
	102-14	Statement from senior decision-maker	8	
	<b>Ethics and Integrity</b>			
	102-16	Values, principles, standards, and norms of behavior	9	
	<b>Governance</b>			
	102-18	Governance structure	10	
	<b>Stakeholder Engagement</b>			
	102-40	List of stakeholder groups	12	
	102-41	Collective bargaining agreements	12	
	102-42	Identifying and selecting stakeholders	12	
	102-43	Approach to stakeholder engagement	12	
	102-44	Key topics and concerns raised	13	
	<b>Reporting Practice</b>			
	102-45	Entities included in the consolidated financial statements	14	
	102-46	Defining report content and topic boundaries	14	
	102-47	List of material topics	15	
	102-48	Restatements of information	15	
102-49	Changes in reporting	15		
102-50	Reporting period	15		
102-51	Date of most recent report	15		
102-52	Reporting cycle	15		
102-53	Contact point for questions regarding the report	15		
102-54	Claims of reporting in accordance with the GRI Standards	16		
102-55	GRI Content Index	28		
102-56	External assurance	Not applicable.		

<b>MATERIAL TOPICS</b>				
<b>GRI Standard</b>	<b>Disclosure</b>		<b>Page number(s), direct answer and/or URLs</b>	<b>Reason for Omission</b>
<b>Economic Performance</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	17	
	103-2	The management approach and its components	18	
	103-3	Evaluation of the management approach	19	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	19	
<b>Market Presence</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	17	
	103-2	The management approach and its components	18	
	103-3	Evaluation of the management approach	19	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	20	
	202-2	Proportion of senior management hired from the local community	20	
<b>Energy</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	17	
	103-2	The management approach and its components	18	
	103-3	Evaluation of the management approach	19	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	20	
<b>Effluents and Waste</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	17	
	103-2	The management approach and its components	18	
	103-3	Evaluation of the management approach	19	
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	21	
<b>Employment</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	17	
	103-2	The management approach and its components	18	
	103-3	Evaluation of the management approach	19	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	21	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	22	
	401-3	Parental leave	23	
<b>Occupational Health and Safety</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	17	
	103-2	The management approach and its components	18	
	103-3	Evaluation of the management approach	19	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	23	
	403-2	Hazard identification, risk assessment, and incident investigation	24	
	403-5	Worker training on occupational health and safety	24	
	403-6	Promotion of worker health	25	
<b>Training and Education</b>				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	17	
	103-2	The management approach and its components	18	
	103-3	Evaluation of the management approach	17	

GRI 404: Training and Education	404-1	Average hours of training per year per employee	25	
	404-2	Programs for upgrading employee skills and transition assistance programs	25	
	404-3	Percentage of employees receiving regular performance and career development reviews	26	
<b>Other Material Topics</b>				
Other Material Topics		Customer Care & Service	27	
		Corporate Governance & Compliance	27	
		Quality Management & Information Security Management	27	



## SIGNATURES

Pursuant to the requirement of the Securities and Exchange Commission, this Sustainability Report of Pacific Online Systems Corporation is signed on February 26, 2020 on behalf of the registrant by the undersigned.

By:



WILLY N. OCIER

Chairman of the Board and President



MISCHEL O. MENDOZA

Corporate Planning Department Head