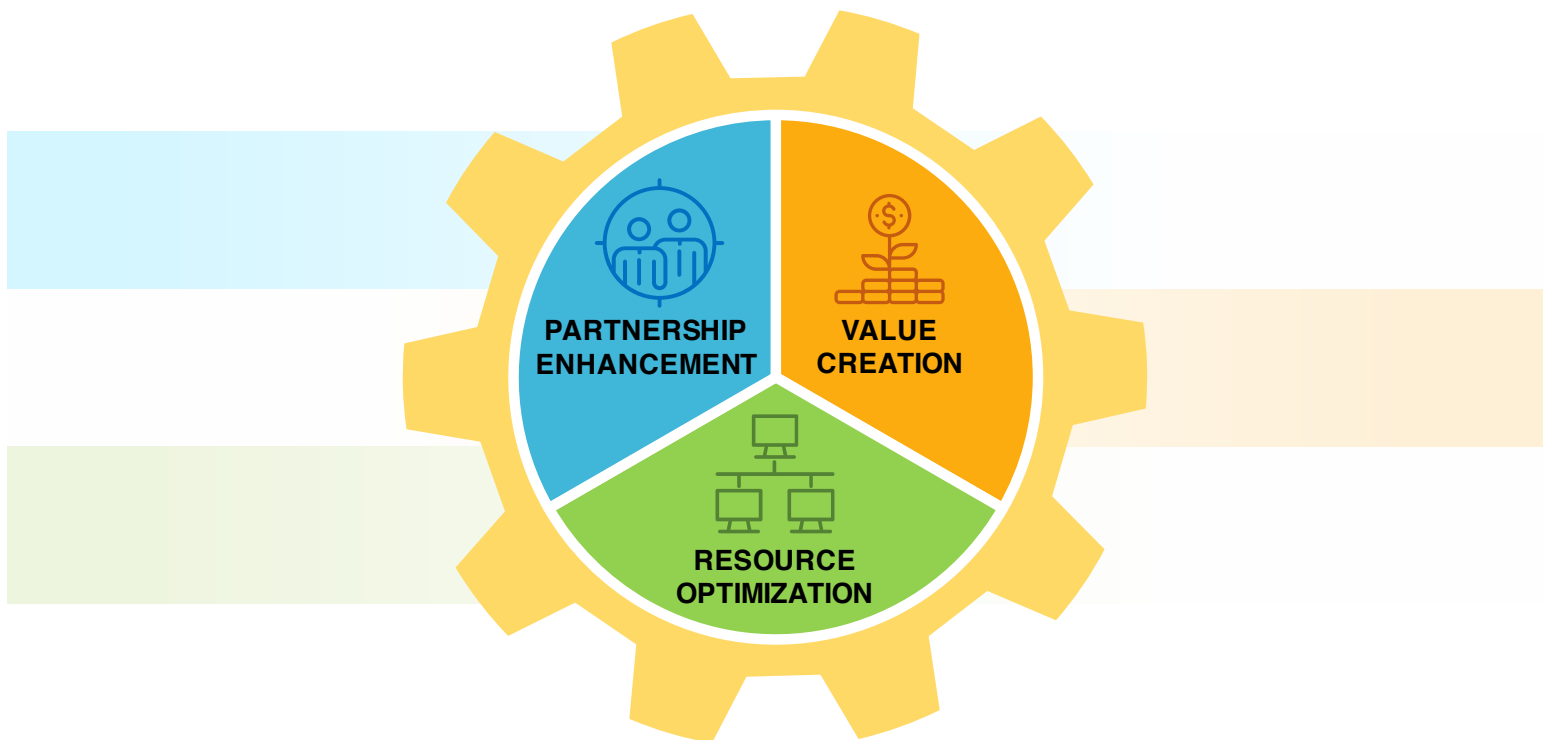


SUSTAINABILITY

As the world faced and still continues to deal with the looming specter of COVID-19, Pacific Online recognizes the primacy of sustainability in its operations and corporate goals. We maintain our duty to help steward the nation, the environment, and the world, in conjunction with progressing towards our goals as a company. Our second annual Sustainability Report, prepared in accordance with Global Reporting Initiative (GRI) standards, carries on from last year's maiden report, and details the Company's performance on economic, social, environmental, and governance issues.

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



U.N. SUSTAINABLE DEVELOPMENT GOALS

#3 Good Health and Well-Being: Ensure healthy lives and promote well-being for all at all ages

#4 Quality Education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

#5 Gender Equality: Achieve gender equality and empower all women and girls

#8 Decent Work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

#12 Responsible Consumption and Production: Ensure sustainable consumption and production patterns

#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

ECONOMIC PERFORMANCE



DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

	AMOUNT IN PHP MILLIONS
Economic Value Generated	298.53
Economic Value Distributed	679.92
Operating Costs	540.12
Employee wages and benefits	129.51
Payments to the government	10.29
Economic value retained (lost)	(381.39)

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 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. Approx. 52% of waste was for plastic and metal casing and defective cables of equipment, while 48% was e-waste.

3,458 KG
Total volume of waste generated by the company in 2020



65%
Decrease from 2019

ENERGY

Pacific Online strives to implement and maintain energy-efficiency in its operations in terms of fuel, electricity and water consumption. Over-all, the company has decreased its consumption of energy mainly due to the temporary suspension of lottery operations due to the pandemic and the divestment from LCC.

ELECTRICITY

544,418 kWh
 Total electricity consumption in 2020



70%
 Decrease in consumption from 2019

1,270,904 kWh
 Reduction in absolute total electricity consumption



WATER

1,988 m3
 Total water consumption in 2020



97%
 Decrease in consumption from 2019

FUEL

35,172 L
 Total fuel consumed by company vehicles in 2020



97%
 Decrease in consumption from 2019

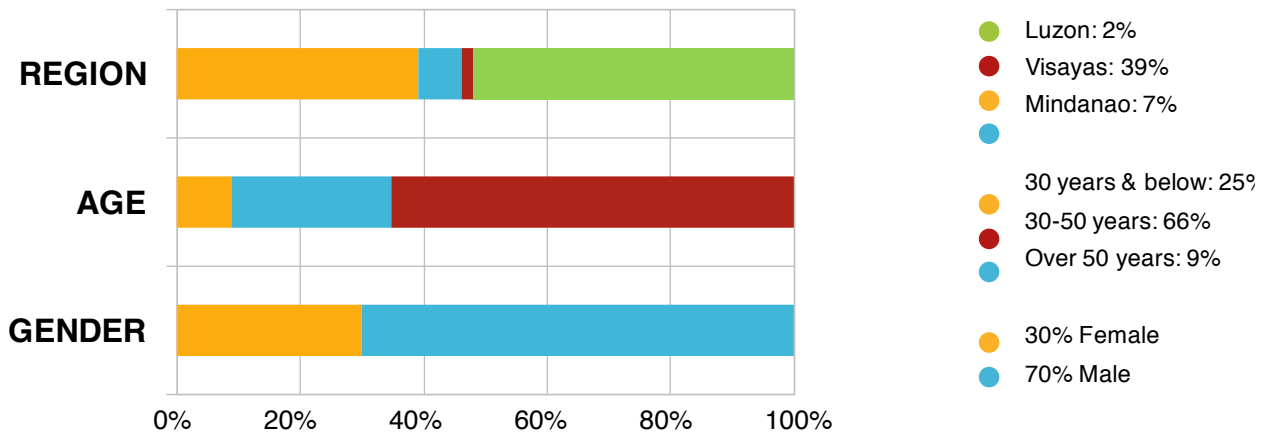
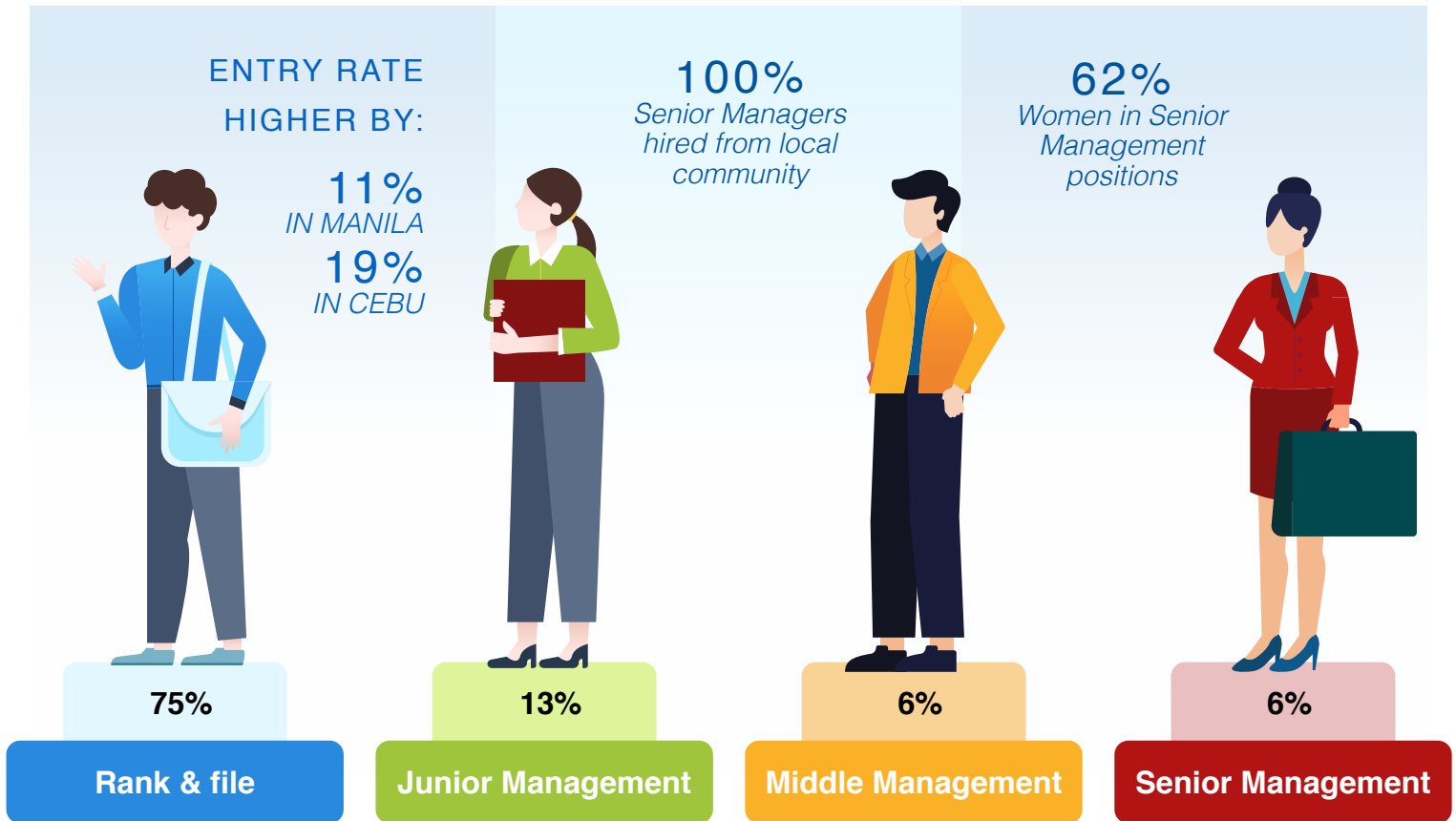
EMPLOYMENT

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.

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

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

EMPLOYEE PROFILE



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

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 while all staff below manager rank personnel were provided PPE (face masks and face shields) and vitamins C
5. Uniform Allowance for all regular employees
6. Annual Physical Exam / Executive Check-Up – this is being scheduled annually to check the employees' health condition and suitability to perform their job.
7. Various health and wellness activities are being conducted to help employees improve further their health and well-being.

EMPLOYEE HEALTH & WELLNESS ACTIVITIES & ORIENTATIONS

The Company has hosted various wellness and team-building programs for its employees, and 2020 was no exception. It started the year off with its traditional Sinulog Celebration in its Cebu office, complete with costumes, food, and prayer. Other off-duty activities conducted in the first quarter of the year which members of the organization enjoyed were physical and sports-related - basketball, badminton, bowling, ice skating, and even laser tag. Another wellness session was the Heart Health Talk in February.

When the pandemic hit and physical meetings were strongly discouraged, the Company recognized that its employees needed guidance on how to acclimatize to the new normal. Zoom sessions were organized to address the necessity of coping. "Taking care of our Mental Health during the Pandemic" (Online session) was conducted to help employees cope with the COVID-19 pandemic and the 'new normal', mentally adjusting to all the new and unfamiliar factors while keeping their minds healthy and happy despite external factors. "Taking Care of Our Physical Health During the Covid-19 Pandemic - Practical Tips and Home Remedies" (Online session) Conducted to help employees cope with the pandemic by teaching and reminding them things to do to prevent, avoid, and deal with the virus. It also assembled a Virtual Chair Yoga session to clear one's mind and relax the body.





Jan 17, 2020 Sinulog Celebration

Jan 25, 2020 Lazer Tag Game - Cebu

Jan 28, 2020 Basketball - Manila

Jan 29, 2020 Ice Skating – Manila H&W

Feb 2, 2020 Badminton - Cebu

Feb 20, 2020 Bowling - Manila

Feb 27, 2020 Heart Health Talk - Manila

Sept 30, 2020 Taking Care of your Mental Health during the Covid-19 Pandemic

Oct 29, 2020 Taking Care of your Physical Health: Practical Tips & Home Remedies during the Covid-19 Pandemic

Dec 4, 2020 Virtual Chair Yoga



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.

845
Total No. of training hours recorded

227
Employees trained in 2019

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	<ol style="list-style-type: none"> 1. Hands-On Training for Lottery Terminal Trouble-Shooting (1) 2. Cyber Safety & Data Privacy Compliance Forum (1) 3. 2020 Go Up Forum (Gov't Updates- BIR, DOLE, SSS, Philhealth, HDMF) (1) 4. Various Internal Audit Related Topics (50) 5. Return to Work Guide Ad Covid-19 Response Orientation (5) 6. Implementing Guidelines on The Resumption of the Regular Workweek (4) 7. Session with the OSH Committee and Emergency Marshals (1) 8. Orientation for New Employees (3) 9. IMS Requirements Workshop (2) 10. ISO Workshop 9001:2015 (1) 11. ISO Workshop 27001:2013 (1) 12. IMS Audit Training/Workshop (1) 13. Orientation Remote Audit Guidelines (1) 	72
Job-based / Professional Skills	<ol style="list-style-type: none"> 1. 2030 SDG's Game Day 2. Business Communication, 3. Advanced Corporate Governance Training, 4. SM Sustainability Academy: Environment Series (Preparatory Course): Module 1 - Water, 5. Project Management 	5
Leadership	N/A	
Others, please specify	<p>Health & Wellness:</p> <ol style="list-style-type: none"> 1. Taking Care of Our Mental Health During Pandemic, 2. Taking Care of Our Physical Health During the COVID-19 Pandemic - Practical Tips and Home Remedies, 3. Chair Yoga 4. COVID-19 Response Session 	4

CSR INITIATIVES

Our Company has conducted numerous CSR projects over the course of the year, despite the pandemic. This 2020, listed below are the notable initiatives and their corresponding UN Sustainable Development Goals they address:



CYBERGUARDIANSPH

Pacific Online participated in DICT's CybersafePH program, which paved the way for the formation of CyberGuardiansPH, a coalition of organizations and individuals driven and committed to co-create a cybersafe Philippines for online protection of children and the youth against sexual abuse and exploitation, cyberbullying and all forms of cyber threats. POSC spearheaded its creation and currently is a member of the coalition's Council of Leaders.

These activities were conducted by CybersafePH in 2020:

'UNLEASH the Musical Genius' was launched in partnership with GAPB, Inc. to teach children how to play musical instruments as part of a healing program for the survivors of online sexual abuse and exploitation.

A call-to-action music video on the plight of victims and survivors of online sexual abuse and exploitation was produced and created by POSC with CyberGuardiansPH volunteers and friends along with celebrity singers/advocates. This was aired on TV Maria last May 2020 and launched in the CyberGuardiansPH YouTube channel in July 2020.

Season 1, 13 episodes of CyberChat aired on TV MARIA - Being aware that more adult predators inhabited cyberspace during the pandemic, the CyberGuardiansPH spearheaded by POSC launched Season 1 of CyberChat, a TV program which aired over TV Maria last June 2020 up to September 2020. CyberChat is an awareness campaign program focused on all forms of cyber threats such as online sexual abuse and exploitation of children, cyberbullying, digital and social media addiction and other cybercrimes against children and the youth. The show provided a platform to openly discuss with government, NGOs/people organizations and individuals involved in child protection, teachers, students, parents and the church how these problems can be holistically addressed.



BLOODLETTING

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. This has been the 5th year of the Company's annual bloodletting event.

CARITAS & OTHER DONATIONS



To promote and support quality education opportunities for all, we support 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 2020, we provided scholarships to 2 youths, and since June 2017, we have had 8 beneficiaries.

133 Boxes of Vitamins were donated c/o Caritas Manila to the affected communities and survivors of the Taal Volcano eruption.

Furthermore, the Company contributed P50,000.00 in kind to Rancho ni Kristo for abused children residents of the Center.





ANNEX I - SUSTAINABILITY REPORT

Item 1. GENERAL DISCLOSURES

<u>ORGANIZATIONAL PROFILE</u>	
102-1	<p>NAME OF THE ORGANIZATION</p> <p>Pacific Online Systems Corporation</p>
102-2	<p>ACTIVITIES, BRANDS, PRODUCTS, AND SERVICES</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. 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.</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 & Services for its online Lotto games.</p>
102-3	<p>LOCATION OF HEADQUARTERS</p> <p>Manila Business Center U2803 A & 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>Cebu Business Center 16/F Metrobank Plaza, F. Osmena Blvd, 6000, Cebu City</p> <p>Service and Logistics Center J. King Warehouse No. 8, Holy Name St., Mabolo, 6000, Cebu City</p>
102-4	<p>LOCATION OF OPERATIONS</p> <p>POSC's scope of operations for its lottery operations is nationwide in the Philippines.</p>

102-5	<p>OWNERSHIP AND LEGAL FORM</p> <pre> graph TD POSC[Pacific Online Systems Corporation] --> LotoPac[Loto Pacific Leisure Corp. (Loto Pac) 100% Owned] POSC --> TGTI[Total Gaming Technologies Inc. (TGTI) 98.92% Owned] TGTI --> FRI[Falcon Resources Inc. (FRI) Distribution 100% Owned] TGTI --> TGTIS[TGTI Services Inc. 100% Owned] </pre>																																																
102-6	<p>MARKETS SERVED</p> <p>POSC's serves the Philippine Lottery market for Lotto and Keno.</p>																																																
102-7	<p>SCALE OF THE ORGANIZATION</p> <p>Total Number of Employees: 244</p> <p>Total Number of Operations:</p> <ul style="list-style-type: none"> • Installed Lotto Terminals nationwide: 3,370 • Installed Keno Terminals nationwide: 1,180 <p>Net Revenues: P298.53M</p> <p>Total Capitalization: P895.33M</p>																																																
102-8	<p>INFORMATION ON EMPLOYEES AND OTHER WORKERS</p> <table border="1" data-bbox="325 1395 1106 1568"> <thead> <tr> <th>Total Group Headcount</th> <th>Quantity</th> <th>% Dec.</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>941</td> <td></td> </tr> <tr> <td>2019</td> <td>781</td> <td>-17%</td> </tr> <tr> <td>2020</td> <td>244</td> <td>-69%</td> </tr> </tbody> </table> <p>2020 BREAKDOWN (POSC & TGTI):</p> <table border="1" data-bbox="325 1641 1102 1807"> <thead> <tr> <th>By Company</th> <th>Quantity</th> <th>% to Total</th> </tr> </thead> <tbody> <tr> <td>POSC</td> <td>170</td> <td>70%</td> </tr> <tr> <td>TGTI</td> <td>74</td> <td>30%</td> </tr> <tr> <td>TOTAL</td> <td>244</td> <td>100%</td> </tr> </tbody> </table> <table border="1" data-bbox="325 1836 1355 2020"> <thead> <tr> <th rowspan="2">By Gender</th> <th colspan="2">2020</th> <th colspan="2">2019</th> </tr> <tr> <th>Quantity</th> <th>% to Total</th> <th>Quantity</th> <th>% to Total</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>172</td> <td>70%</td> <td>299</td> <td>38%</td> </tr> <tr> <td>Female</td> <td>72</td> <td>30%</td> <td>482</td> <td>62%</td> </tr> <tr> <td>TOTAL</td> <td>244</td> <td>100%</td> <td>781</td> <td>100%</td> </tr> </tbody> </table>	Total Group Headcount	Quantity	% Dec.	2018	941		2019	781	-17%	2020	244	-69%	By Company	Quantity	% to Total	POSC	170	70%	TGTI	74	30%	TOTAL	244	100%	By Gender	2020		2019		Quantity	% to Total	Quantity	% to Total	Male	172	70%	299	38%	Female	72	30%	482	62%	TOTAL	244	100%	781	100%
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By Age	2020		2019	
	Quantity	% to Total	Quantity	% to Total
Below 30 Years Old	62	25%	425	54%
30-50	160	66%	327	42%
OVER 50	22	9%	29	4%
TOTAL	244	100%	781	100%

By Region	2020		2019	
	Quantity	% to Total	Quantity	% to Total
NCR	126	52%	415	53%
Luzon	6	2%	179	23%
Visayas	96	39%	150	19%
Mindanao	16	7%	37	5%
TOTAL	244	100%	781	100%

By Rank	2020		2019	
	Quantity	% to Total	Quantity	% to Total
Rank-and File	184	75%	715	92%
Junior Management	31	13%	32	4%
Middle Management	14	6%	15	2%
Senior Management	15	6%	19	2%
TOTAL	244	100%	781	100%

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.

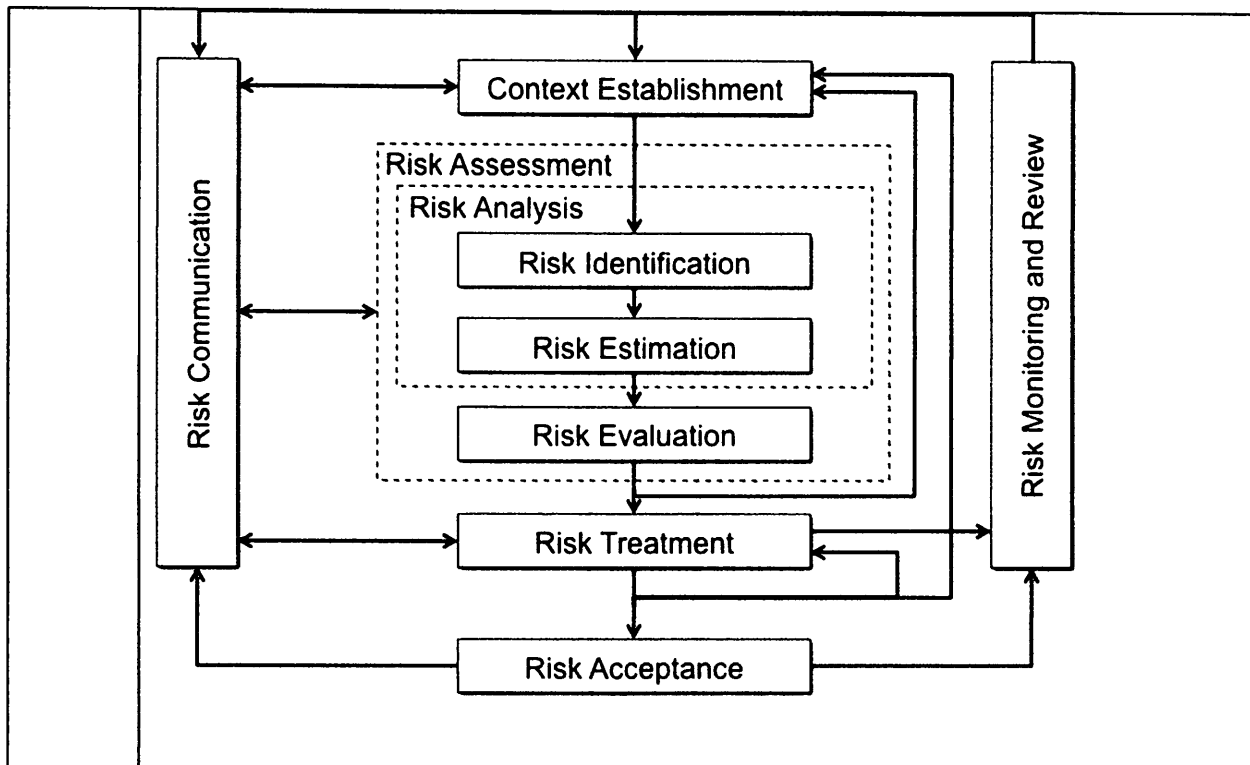
POSC's technology partners for the online lottery system are Scientific Games International, Inc. (SGI) and Intralot S.A. Integrated Lottery Systems & Services (Intralot). SGI and Intralot are both leaders in the global lottery and gaming industry with experience of over 40 years and 20 years, respectively. 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 assets 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

	<p>Relationships with Other Interested Parties</p> <ul style="list-style-type: none"> • Equipment Maintenance – provision of equipment maintenance and repair services. • Telecommunications – provision of network connectivity between terminals and data center. • Contractors – provision of office improvement services, web site development and other services.
102-10	<p>SIGNIFICANT CHANGES TO THE ORGANIZATION AND ITS SUPPLY CHAIN</p> <p>2020 has brought about some challenges due to the COVID-19 pandemic and quarantine restrictions. This has greatly affected the Company's delivery and maintenance of its terminals installed nationwide, as 1,800 terminals had to be replaced. In addition, spare parts deliveries experienced delayed shipping schedules and the various quarantine rules in each LGU made it difficult to reach agents for maintenance.</p> <p>Since the data centers also had to be kept running despite the closure of lotto and keno operations, the Company had to provide lodgings to certain employees close to our data centers due to curfew.</p> <p>Another challenge that the Company faced in the past year was the increase in employee resignations for the reason of employees wanting to be close to their families during the pandemic.</p>
102-11	<p>PRECAUTIONARY PRINCIPLE OR APPROACH</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"> • Ensure the integrated management system can achieve its intended outcomes; • Prevent, or reduce, undesired effects; and • Achieve continual improvement. <p>POSC shall plan actions to address the risks and opportunities and how to:</p> <ul style="list-style-type: none"> • Integrate and implement the actions into its integrated management system processes; and • Evaluate the effectiveness of these actions. <p>POSC shall apply an information security risk assessment process, which also applies to any opportunities identified on the information assets:</p>



102-12

EXTERNAL INITIATIVES

POSC has chosen a list of UN Sustainable Development Goals and Targets that the Company will focus its sustainability efforts on:

UN SDG & TARGETS	INITIATIVES
<p>#3 Good Health and Well-Being: Ensure healthy lives and promote well-being for all at all ages</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>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"> 1. Full HMO coverage upon hiring and extended to 2 dependents upon regularization 2. Life Insurance 3. Group Accident Insurance 4. Annual Physical Exam / Executive Check-Up <p>During the COVID-19 pandemic, where the lives and routines of employees were overhauled significantly, the Company prepared initiatives to help its employees adjust to the new normal and fortify their mental health and standing. Initiatives include:</p> <ol style="list-style-type: none"> 1. Flexible work arrangements such as telecommuting and work from home 2. Shuttle services and/or temporary accommodation for essential employees 3. Vitamins and PPEs issued to employees 4. COVID financial assistance fund

		<p>5. Online sessions: "Taking care of our Mental Health during the Pandemic", "Taking Care of Our Physical Health During the Covid-19 Pandemic - Practical Tips and Home Remedies", chair yoga and "Kumustahan" for health and wellness, motivational videos</p> <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. This has been the 5th year of the Company's annual bloodletting event.</p> <p>133 Boxes of Vitamins were donated c/o Caritas Manila to the affected communities and survivors of the Taal Volcano eruption.</p>
	<p>#4 Quality Education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <p>4.3 By 2030, ensure equal access for all women and men to affordable and 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>To promote and support quality education opportunities for all, we support 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 2020, we provided scholarships to 2 youths, and since June 2017, we have had 8 beneficiaries.</p>
	<p>#5 Gender Equality: Achieve gender equality and empower all women and girls</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 majority of Senior Management/leadership of positions (62%) are women.</p>

	<p>#8 Decent Work and Economic Growth: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</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 P792.76 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. 15 is the average number of years of employment for our senior management employees, 12 for middle management and 7 for rank-and-file. We believe in a world without discrimination, and we make efforts to provide productive employment and decent work for all people.</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 & Safety standards, and as we recognize that our lifeblood 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"> 1. Creation of Occupational Safety & Health Committee 2. Emergency Procedure/ Guidelines 3. First Aid Training 4. Disaster Preparedness Training 5. PPE for selected personnel 6. Group Accident Insurance
	<p>#12 Responsible Consumption and Production: Ensure sustainable consumption and production patterns</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 second annual sustainability report aligned to GRI standards is part of a country-wide practice to adopt sustainable practices and integrate this information into our reporting and disclosures.</p>
	<p>#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</p>	<p>Our company participated in DICT's CybersafePH program, which paved the way for the formation of CyberGuardiansPH, a coalition of organizations and individuals driven and committed to co-create a cybersafe Philippines for online protection of children and the youth against sexual abuse and exploitation, cyberbullying and all forms of cyber threats. POSC spearheaded its creation and</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>currently is a member of the coalition's Council of Leaders.</p> <p>These activities were conducted by CybersafePH in 2020:</p> <p>'UNLEASH the Musical Genius' was launched in partnership with GAPB, Inc. to teach children how to play musical instruments as part of a healing program for the survivors of online sexual abuse and exploitation.</p> <p>A call-to-action music video on the plight of victims and survivors of online sexual abuse and exploitation was produced and created by POSC with CyberGuardiansPH volunteers and friends along with celebrity singers/advocates. This was aired on TV Maria last May 2020 and launched in the CyberGuardiansPH YouTube channel in July 2020.</p> <p>Season 1, 13 episodes of CyberChat aired on TV MARIA - Being aware that more adult predators inhabited cyberspace during the pandemic, the CyberGuardiansPH spearheaded by POSC launched Season 1 of CyberChat, a TV program which aired over TV Maria last June 2020 up to September 2020. CyberChat is an awareness campaign program focused on all forms of cyber threats such as online sexual abuse and exploitation of children, cyberbullying, digital and social media addiction and other cybercrimes against children and the youth. The show provided a platform to openly discuss with government, NGOs/people organizations and individuals involved in child protection, teachers, students, parents and the church how these problems can be holistically addressed.</p> <p>Furthermore, the Company contributed P50,000.00 in kind to Rancho ni Kristo for abused children residents of the Center.</p>
102-13	<p>MEMBERSHIP OF ASSOCIATIONS</p> <p>World Lottery Association People Management Association of the Philippines Employers' Confederation of the Philippines Philippine Society for Training and Development</p>	

<u>STRATEGY</u>	
102-14	<p>STATEMENT FROM SENIOR DECISION MAKER</p> <p>As the world faced and still continues to deal with the looming specter of COVID-19, Pacific Online recognizes the primacy of sustainability in its operations and corporate goals. We maintain our duty to help steward the nation, the environment, and the world, in conjunction with progressing towards our goals as a company. Our second annual Sustainability Report, prepared in accordance with Global Reporting Initiative (GRI) standards, carries on from last year's maiden report, and details the</p>

	<p>Company's performance on economic, social, environmental, and governance issues.</p> <p>No one was spared from the pandemic which dealt a blow to our country and company alike, so Pacific Online made it a priority to protect and safeguard its employees – the people at the center of our mission. Our first priority was to make sure our workers were safe and secure, both financially and medically. During the months-long Enhanced Community Quarantine (ECQ), when lottery operations were temporarily suspended, payroll was still released, flexible work arrangements and shuttle services were scheduled, financial and medical assistance and loan applications were extended. Before office locations were allowed to reopen, health and safety protocols were formed and strictly enforced to ensure the continued safety of our staff.</p> <p>In these challenging times, we reaffirmed our partnership with PCSO and commitment to keeping the Philippine online gaming sector running to provide hope to the public who need it. Despite the temporary suspension of lottery games, we kept our central servers operating so that when the suspension was eventually lifted, the online gaming system could run again seamlessly. Pacific Online remains wholeheartedly committed to full transparency, efficiency, and accountability in remitting the proper dues and revenues to PCSO and its charity fund.</p> <p>Our efforts did not stop there. The Company's awareness campaign, in partnership with DICT, Cybersafe Philippines, which aims to protect children against online sexual abused and exploitation, has expanded its reach and impact in the past year. Multimedia campaigns such as a call-to-action music video and the CyberChat TV program were launched to help bolster awareness amongst the public on these issues. Coordination was also successfully done with government officials – a comprehensive anti-cyberbullying bill was committed to through our efforts. Cybersafe continues to initiate and foster open dialogue on these issues and problems, to promote action, policy development and awareness.</p> <p>We believe in being a responsible part of the country and community, remitting proper taxes to the government, as its partner in promoting responsible gaming. The cornerstone for a sustainable and legitimate program for the government's charity works still lies in the country's vibrant online gaming sector.</p>
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<u>ETHICS AND INTEGRITY</u>	
102-16	<p>VALUES, PRINCIPLES, STANDARDS, AND NORMS OF BEHAVIOR</p> <p>Mission Create Hope. Live Life.</p> <p>Vision To Be the Gaming Partner of Choice.</p> <p>Core Values 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>Quality Policy and Objectives 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"> • To be fully responsive to the requirements of stakeholders. • To maintain and continuously develop a competent workforce. • To maintain and continuously improve financial, operational and administrative control systems to achieve the company's goals and objectives. • To comply with statutory and regulatory requirements. <p>Information Security Policy and Objectives 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"> • To comply with statutory and regulatory requirements. • 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.
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<u>GOVERNANCE</u>																																
102-18	<p>GOVERNANCE STRUCTURE</p> <p>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.</p> <p>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.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">DIRECTOR'S NAME</th> <th style="text-align: left;">DESIGNATION</th> <th style="text-align: left;">DIRECTORSHIP</th> </tr> </thead> <tbody> <tr> <td>Willy N. Ocier</td> <td>Chairman</td> <td>Executive Director</td> </tr> <tr> <td>Armin Antonio B. Raquel Santos</td> <td>Member</td> <td>Non-Executive Director</td> </tr> <tr> <td>Ma. Virginia V. Abo-Hamda</td> <td>Member</td> <td>Executive Director</td> </tr> <tr> <td>Tarcisio M. Medalla</td> <td>Member</td> <td>Non-Executive Director</td> </tr> <tr> <td>Henry N. Ocier</td> <td>Member</td> <td>Non-Executive Director</td> </tr> <tr> <td>Regina O. Reyes</td> <td>Member</td> <td>Non-Executive Director</td> </tr> <tr> <td>Jerry C. Tiu</td> <td>Independent</td> <td>Lead Independent Director</td> </tr> <tr> <td>Laurito E. Serrano</td> <td>Independent</td> <td>Independent Director</td> </tr> <tr> <td>Joseph C. Tan</td> <td>Independent</td> <td>Independent Director</td> </tr> </tbody> </table>		DIRECTOR'S NAME	DESIGNATION	DIRECTORSHIP	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
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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
Joseph C. Tan	Independent 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
Joseph C. Tan	Independent 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
Related Party Transactions	
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

<u>STAKEHOLDER ENGAGEMENT</u>							
102-40	LIST OF STAKEHOLDER GROUPS <ul style="list-style-type: none"> • Investors / Shareholders • Board of Directors & Management • Employees • External Providers • Customer – PCSO • Indirect Customers – Lottery Agents & Lottery Players • Government Bodies / Regulators 						
102-41	COLLECTIVE BARGAINING AGREEMENTS Not applicable.						
102-42	IDENTIFYING AND SELECTING STAKEHOLDERS 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”.						
102-43	APPROACH TO STAKEHOLDER ENGAGEMENT <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</td> <td>Annual stockholders' meetings, one-on-one dialogues, website, investors /</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	Annual stockholders' meetings, one-on-one dialogues, website, investors /
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Investors/ Shareholders	Financial backers and sources of vital funding who allow POSC to achieve intended	Annual stockholders' meetings, one-on-one dialogues, website, investors /					

		results, substantial returns, and shared value	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
	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"> - Economic Performance - Environmentally responsible business operations - Corporate Governance and Compliance 	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"> - Economic Performance - Environmentally responsible business operations - Corporate Governance and Compliance - Market Presence - Customer care and service - Quality Management 	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"> - Human Resource Development and Welfare - Economic Performance - Market Presence 	Empowerment and respectful treatment of our employees across all levels and fulfillment of their career aspirations

	External Providers	<ul style="list-style-type: none"> - Economic Performance - Customer care and service - Corporate Governance and Compliance 	Maintenance of good governance, transparency and accountability
	Customer – PCSO	<ul style="list-style-type: none"> - Customer care and service - Corporate Governance and Compliance - Economic Performance - Quality Management - Information Security Management 	Providing the best quality service and ensuring the safety and security of the 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"> - Quality Management - Information Security Management - Economic Performance 	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"> - Corporate Governance and Compliance - Environmentally responsible business operations - Human Resource Development and Welfare - Information Security Management 	Working efficiently, harmoniously and in an aboveboard manner towards the achievement of shared goals and mutual benefits

<u>REPORTING PRACTICE</u>					
102-45	ENTITIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS				
	Pacific Online Systems Corporation and subsidiaries (Refer to 102-5)				
102-46	DEFINING REPORT CONTENT AND TOPIC BOUNDARIES				
		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	Based on Material Issues,	Affirmation of reported

			and risk assessment	created templates for data gathering	disclosures
	GRI Reporting Principle Applied	Stakeholder Inclusiveness and Sustainability Context	Materiality, Sustainability Context, Stakeholder Inclusiveness and Completeness	Stakeholder Inclusiveness and Completeness	Stakeholder Inclusiveness and Completeness
	Details on topic boundaries to be listed below in 102-47				
102-47	LIST OF MATERIAL TOPICS <ul style="list-style-type: none"> - Economic Performance - Market Presence - Environmentally responsible business operations <ul style="list-style-type: none"> o Energy o Effluence and Waste - Human resource development & welfare <ul style="list-style-type: none"> o Employment o Occupational Health and Safety o Training & Education - Customer care & service - Corporate governance and compliance - Quality Management - Information Security Management 				
102-48	RESTATEMENTS OF INFORMATION None to report.				
102-49	CHANGES IN REPORTING None to report.				
102-50	REPORTING PERIOD This is Pacific Online Systems Corporation's Sustainability Report outlining the Company's economic, environmental, social and governance performance from January to December 2020. 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	DATE OF MOST RECENT REPORT Annex 1 of 17-A Report of Pacific Online Systems Corporation for the period Jan-Dec 31, 2019, submitted to SEC Feb. 27, 2020. A portion of the Sustainability Report information was also included in the latest 2019 Annual Report seen on the Corporate website. (See https://www.loto.com.ph/sustainability)				

102-52	<p>REPORTING CYCLE</p> <p>Annual.</p>
102-53	<p>CONTACT POINT FOR QUESTIONS REGARDING THE REPORT</p> <p>For inquiries on Sustainability: Mischel O. Mendoza Corporate Planning Department Head Email: momendoza@pacificonline.com.ph</p>
102-54	<p>CLAIMS OF REPORTING IN ACCORDANCE WITH THE GRI STANDARDS</p> <p>This report has been prepared in accordance with the GRI Standards: Core option.</p>
102-55	<p>GRI CONTENT INDEX</p> <p>See attached GRI Content Index at the end of the report.</p>
102-56	<p>EXTERNAL ASSURANCE</p> <p>Not applicable.</p>

Item 2. MATERIAL TOPICS

<u>MANAGEMENT APPROACH</u>			
103-1	EXPLANATION OF THE MATERIAL TOPIC AND ITS BOUNDARY		
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 gaming partner	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.

	of choice	Quality management		How the Company maintains efficiency in the aspects of its work 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

THE MANAGEMENT APPROACH AND ITS COMPONENTS

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.

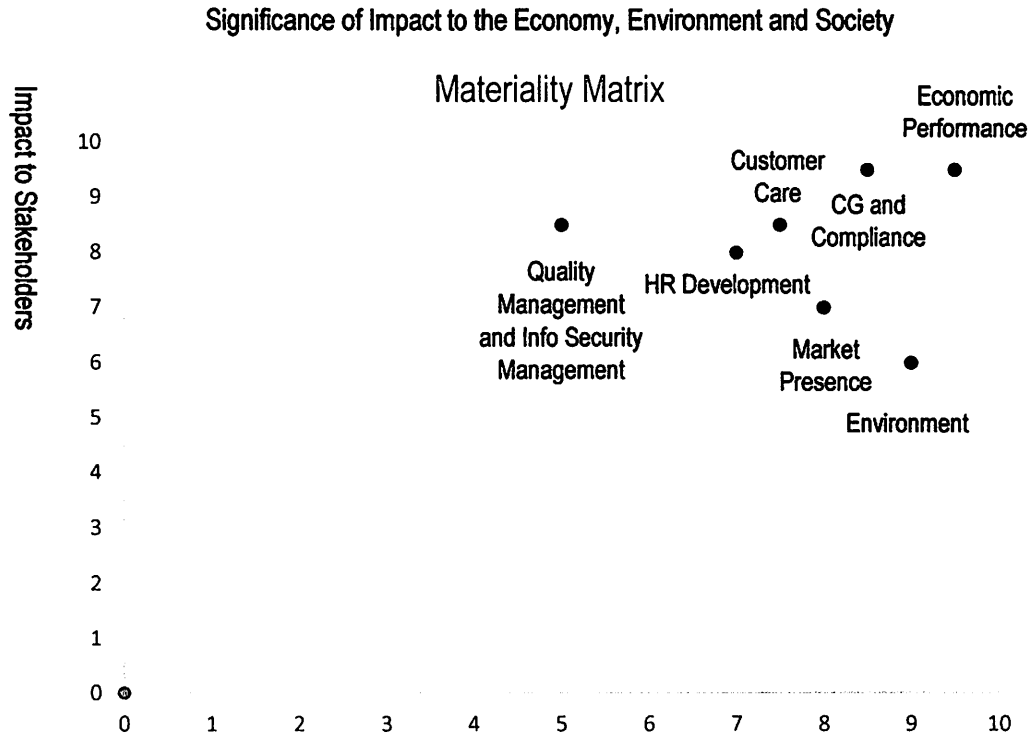
POSC'S SUSTAINABILITY FRAMEWORK

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
 - Sustainable operating models
 - Business continuity planning and disaster recovery protocols
 - Re-use of equipment and parts to maximize machines and minimize waste
 - Implementation of electronic systems to reduce paper consumption
- 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

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	TOTAL
Economic Value Generated	298.53
Economic Value Distributed	679.92
Operating Costs	540.12
Employee wages and benefits	129.51
Payments to the government	10.29
Economic value retained (lost)	(381.39)

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
TOTAL	0	0	0	170	0%

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	%
TOTAL	13	9	4	0	13	100%

ENERGY

302-1 **Energy consumption within the organization**

Fuel Consumption

	Diesel, in L	Gasoline, in L
YE 2020	23,509	11,663
YE 2019	1,297,294	39,759

Over-all, the company has decreased its consumption of diesel mainly due to the temporary suspension of lottery operations due to the pandemic and the divestment from LCC.

Electricity Consumption By Region

in kWh	Luzon	Visayas	Mindanao	Total
YE 2020	97,995	442,589	3,834	544,418
YE 2019	1,250,732	562,090	2,500	1,815,322

Total Water Consumption

	Total, in cu. m.
YE 2020	1,988
YE 2019	75,198

EFFLUENTS AND WASTE

306-2 **Waste by type and disposal method**

Total volume of hazardous wastes (old terminals, e-wastes) hauled by DENR-accredited hauler/charitable institutions

	Total, in kgs
YE 2020	3,458
YE 2019	9,977

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. Approx. 52% of waste was for plastic and metal casing and defective cables of equipment, while 48% was e-waste.

EMPLOYMENT

401-1 **New employee hires and employee turnover**

NEW HIRES

TOTAL NEW HIRES	4	
BY GENDER		
MALE	2	50%
FEMALE	2	50%
BY AGE GROUP		
BELOW 30 YRS OLD	2	50%
30 - 50	2	50%
OVER 50	0	0%

BY REGION		
NCR	4	100%
LUZON	0	0%
VISAYAS	0	0%
MINDANAO	0	0%

HIRING RATE

POSC	2%
TGTI	1%
ENTIRE GROUP	2%

EMPLOYEE SEPARATIONS

EMPLOYEE SEPARATIONS	29	
BY GENDER		
MALE	23	79%
FEMALE	6	21%
BY AGE GROUP		
BELOW 30 YRS OLD	13	45%
30 - 50	14	48%
OVER 50	2	7%
BY REGION		
NCR	19	66%
LUZON	1	3%
VISAYAS	7	24%
MINDANAO	2	7%

TURNOVER RATE

POSC	10%
TGTI	15%
ENTIRE GROUP	12%

401-2

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

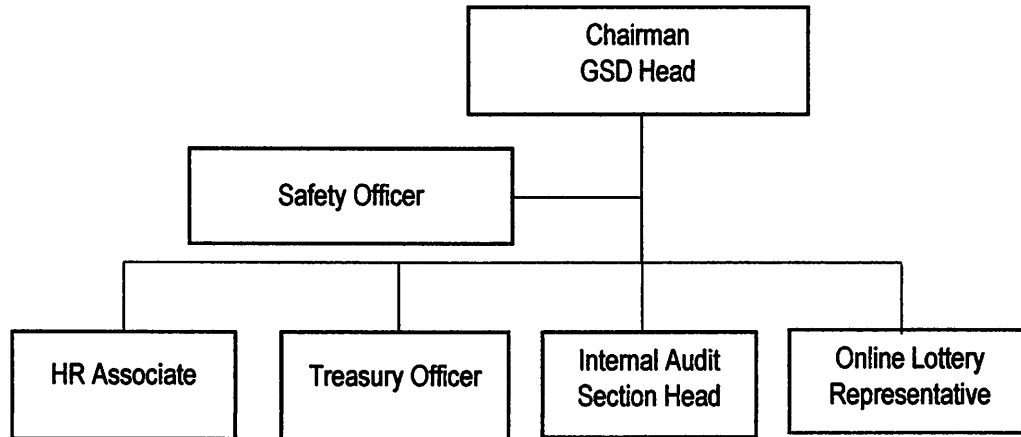
1. Full HMO coverage (room & board and maximum benefit limit based on rank) of all employees upon hiring and extended to 2 dependents upon regularization. Benefit package includes preventive healthcare, out-patient care and hospitalization, emergency care, dental care, and financial assistance.
2. Life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

	<p>manager rank personnel were provided PPE (face masks and face shields) and vitamins C</p> <p>5. Uniform Allowance for all regular employees</p>																						
401-3	<p>Parental leave</p> <p>1. Breakdown of Availment of Maternity and Paternity Leaves</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Employees who took Parental Leave in 2019</th> </tr> <tr> <th>Male</th> <th>Female</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Employee Headcount</td> <td>14</td> <td>4</td> <td>18</td> </tr> </tbody> </table> <p>2. Total Number of Employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">Among the employees who took Parental Leave in 2019, how many are still employed in 2020?</th> </tr> <tr> <th>Male</th> <th>Female</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Employee Headcount</td> <td>14</td> <td>4</td> <td>18</td> </tr> </tbody> </table>		Employees who took Parental Leave in 2019			Male	Female	Total	Employee Headcount	14	4	18		Among the employees who took Parental Leave in 2019, how many are still employed in 2020?			Male	Female	Total	Employee Headcount	14	4	18
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<u>OCCUPATIONAL HEALTH & SAFETY</u>	
403-1	<p>Occupational health and safety management system</p> <p>OCCUPATIONAL HEALTH AND SAFETY POLICY</p> <p>Statement of Policy</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>Details of Policy</p> <p>At POSC, we intend:</p> <ul style="list-style-type: none"> To maintain safe and healthy working conditions; To provide and maintain safe office equipment; To prevent accidents and cases of work-related illnesses; To provide information, instruction and supervision for employees; To ensure all employees are competent to do their tasks and to give them adequate training; To consult our employees on matters affecting their health and safety; To provide adequate control of the health and safety risk arising from our work activities; To review and revise the policy as necessary regular intervals.

Structure and Functions of OSH Committee

Overall and final responsibility for health and safety is that of the General Services Department Head.
Ensuring that this policy is put into practice and this task is delegated to the Safety Officer.



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.

This year, risks were updated to reflect possible effects of the COVID-19 pandemic on the Company's operations.

403-5

Worker training on occupational health and safety

OCCUPATIONAL HEALTH AND SAFETY		2020
Safe man-hours recorded, in man-hours		369,576
No. of work-related injuries reported		0
No. of work-related fatalities reported		0
No. of work-related ill-health		0
No. of safety drills conducted		0

	<p>POSC SEMINARS/TRAININGS:</p> <ol style="list-style-type: none"> 1. "Taking care of our Mental Health during the Pandemic" (Online session) Conducted to help employees cope with the COVID-19 pandemic and the 'new normal', mentally adjusting to all the new and unfamiliar factors while keeping their minds healthy and happy despite external factors. 2. "Taking Care of Our Physical Health During the Covid-19 Pandemic - Practical Tips and Home Remedies" (Online session) Conducted to help employees cope with the pandemic by teaching and reminding them things to do to prevent, avoid, and deal with the virus.
403-6	<p>Promotion of worker health</p> <p>POSC</p> <ol style="list-style-type: none"> 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. Annual Physical Exam / Executive Check-Up – this is being scheduled annually to check the employees' health condition and suitability to perform their job. 3. Various health and wellness activities are being conducted to help employees improve further their health and well-being.

<u>TRAINING AND EDUCATION</u>					
404-1	<p>Average hours of training per year per employee</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>				
		By Gender			
		Male	Female	Total	
	Total No. of Training Hours Recorded	537	309	845	
	No. of Employees Trained	129	98	227	
	Average Training Hours	4	3	4	
		By Employee Category/Rank			
		Rank & File	Middle Mgt.	Senior Mgt.	Total
	Total No. of Training Hours Recorded	366	284	195	845
	No. of Employees Trained	94	81	52	227
	Average Training Hours	4	4	4	4

404-2	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	1. Hands-On Training for Lottery Terminal Trouble-Shooting (1) 2. Cyber Safety & Data Privacy Compliance Forum (1) 3. 2020 Go Up Forum (Gov't Updates- BIR, DOLE, SSS, Philhealth, HDMF) (1) 4. Various Internal Audit Related Topics (50) 5. Return to Work Guide Ad Covid-19 Response Orientation (5) 6. Implementing Guidelines on The Resumption of the Regular Workweek (4) 7. Session with the OSH Committee and Emergency Marshals (1) 8. Orientation for New Employees (3) 9. IMS Requirements Workshop (2) 10. ISO Workshop 9001:2015 (1) 11. ISO Workshop 27001:2013 (1) 12. IMS Audit Training/Workshop (1) 13. Orientation Remote Audit Guidelines (1)	72	
Job-based/Professional Skills	1. 2030 SDG's Game Day 2. Business Communication, 3. Advanced Corporate Governance Training, 4. SM Sustainability Academy: Environment Series (Preparatory Course): Module 1 - Water, 5. Project Management	5	
Leadership	N/A		
Others, please specify	Health & Wellness: 1. Taking Care of Our Mental Health During Pandemic, 2. Taking Care of Our Physical Health During the COVID-19 Pandemic - Practical Tips and Home Remedies, 3. Chair Yoga 4. COVID-19 Response Session	4	
Amount spent on Training and Development			
<i>Unit: In Philippine pesos</i>		FY JAN-DEC 2020	
Total amount spent on training and development of employees		₱ 14,698.00	
404-3	Percentage of employees receiving regular performance and career development reviews		
No. of Employees Eligible for Performance Appraisal and Actual No. of Employees Appraised by Gender			
No. of Employees Eligible for Appraisal	Male 172	Female 72	Total 244
Actual No. of Employees Appraised	172	72	244
% employees appraised over total no. of employees eligible for appraisal	100%	100%	100%

No. of Employees Eligible for Performance Appraisal and Actual No. of Employees Appraised by Employee Category/Rank				
	Rank-and-File	Middle Mgt.	Senior Mgt.	Total
No. of Employees Eligible for Appraisal	184	45	15	244
Actual No. of Employees Appraised	184	45	15	244
% employees appraised over total no. of employees eligible for appraisal	100%	100%	100%	100%

<u>OTHER MATERIAL TOPICS</u>													
Customer Care & Service	<p>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 15-19, 2020.</p> <p>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)</p> <p>Overall rating given by 12 PCSO Branch managers was 3.50/5 41% gave an excellent to good rating 88% of respondents stated that the FSR set a schedule for repair or replacement of terminal 98% replied that FSRs properly advised or informed them about the terminal problem Overall rating given by lotto agents was 4.19, an increase of 0.45 points or 12% higher due to shift in excellent and good ratings.</p>												
Corporate Governance & Compliance	<p>Year on year from 2018 to 2019, the company has had a growth of 2.82% in its Corporate Governance Scorecard rating. We are looking at an increase in score for 2020 due to adjustments made in accordance with the good corporate governance principle/ guidelines that we adhere to.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>SCORE</td> <td>54.82</td> <td>67.82</td> <td>81.75</td> <td>87.67</td> <td>90.15</td> </tr> </tbody> </table>		2015	2016	2017	2018	2019	SCORE	54.82	67.82	81.75	87.67	90.15
	2015	2016	2017	2018	2019								
SCORE	54.82	67.82	81.75	87.67	90.15								
Quality Management & Information Security Management	<p>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:</p> <p>2020 was the first year that the SGS Surveillance Audit reported zero major and minor non-conformities, which could indicate that the company has also improved in its controls and systems. This audit was done remotely through a video conferencing application.</p>												

Item 3. GRI CONTENT INDEX (102-55)

GRI Standard	Disclosure	Page number(s), direct answer and/or URLs	Reason for Omission
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Organizational Profile		
	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	5
	102-13	Membership of associations	8
	Strategy		
	102-14	Statement from senior decision-maker	8
	Ethics and Integrity		
	102-16	Values, principles, standards, and norms of behavior	9
	Governance		
	102-18	Governance structure	10
	Stakeholder Engagement		
	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
	Reporting Practice		
	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	16	
102-53	Contact point for questions regarding the report	16	
102-54	Claims of reporting in accordance with the GRI Standards	16	
102-55	GRI Content Index	16, 28	
102-56	External assurance	16, Not applicable.	

MATERIAL TOPICS				
GRI Standard	Disclosure	Page number(s), direct answer and/or URLs	Reason for Omission	
Economic Performance				
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	20	
Market Presence				
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	
Energy				
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	
Effluents and Waste				
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	
Employment				
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	
Occupational Health and Safety				
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	
Training and Education				
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 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	26	
	404-3	Percentage of employees receiving regular performance and career development reviews	26	
Other Material Topics				
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 March 01, 2021 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