



# GT2025<sup>∞</sup>

THE GREAT TRANSFORMATION BEGINS WITH YOU AND ME



# contents

<b>04</b>	About the Theme
<b>06</b>	About the Report
<b>10</b>	Our Businesses
<b>14</b>	Financial Highlights and Summary
<b>18</b>	Sustainability at a Glance
<b>20</b>	Chairmen's Message
<b>24</b>	CEO's Message
<b>32</b>	CFOs' Message
<b>40</b>	Shareholder Value
<b>42</b>	Power
<b>54</b>	Banking and Financial Services
<b>70</b>	Food
<b>80</b>	Infrastructure
<b>94</b>	Land
<b>108</b>	Corporate Social Responsibility
<b>124</b>	Data Science and Artificial Intelligence

<b>134</b>	Management Approach
<b>196</b>	Corporate Governance
<b>230</b>	Group Awards
<b>236</b>	AEV Board of Directors
<b>238</b>	AEV Corporate Officers
<b>240</b>	AEV Business Unit Heads
<b>241</b>	AEV Management Directory
<b>242</b>	AboitizPower Board of Directors
<b>244</b>	AboitizPower Corporate Officers
<b>246</b>	AboitizPower Business Unit Heads
<b>247</b>	Map of Operations
<b>248</b>	Management Directory
<b>250</b>	Aboitiz Foundation Board of Trustees
<b>252</b>	The Great Transformation 2025
<b>254</b>	Board Speak
<b>258</b>	Corporate Structure
<b>278</b>	Investor Information
<b>298</b>	GRI Content Index
<b>304</b>	Appendices

## ABOUT THE THEME

# Transitioning Pathways towards Sustainability

*“The Great Transformation begins with you and me – our mindset, attitude, and behavior. We are compelled to make these adjustments by things happening to the world we all share.”*

*Sabin M. Aboitiz, President and CEO, Aboitiz Group*

The Aboitiz Group has long been defined by its propensity to transform itself through innovation in the midst of adversity, and in constantly finding better ways of driving change for a better world by advancing business and communities.

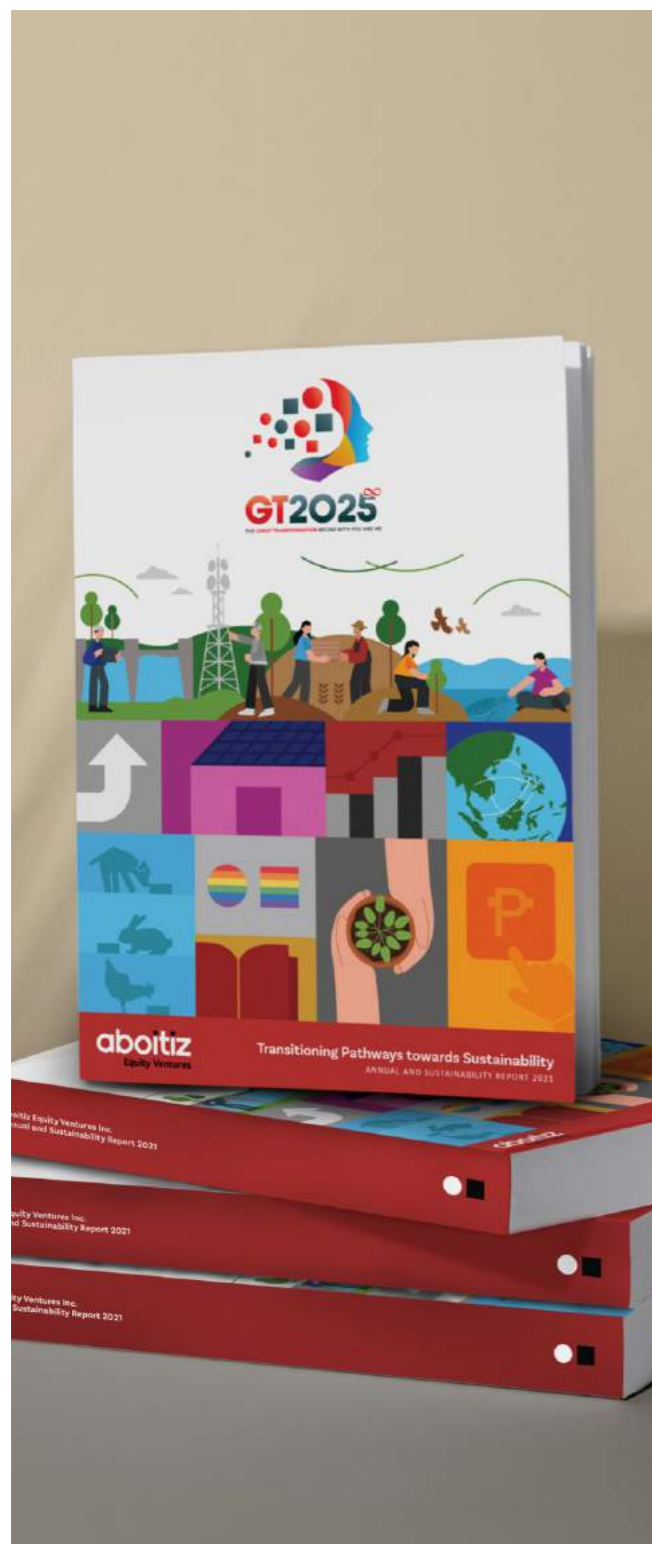
Against the backdrop of widespread disruption and upheaval caused by global crises such as the COVID-19 pandemic, we are reminded that business is almost never as usual. Now, more than ever, our focus is on uplifting all our stakeholders—making the welfare of our people top priority, innovating our processes to promote health and safety standards, and redesigning traditional work with digital tools—all while ensuring that the vital services we provide remain uninterrupted.

Understanding that the road to recovery will not be a return to normalcy as we knew it, we are channeling our energy into transitioning pathways towards a more sustainable future. We have resolved to create a shift in mindset, a Great Transformation grounded on our time-honored values—Integrity, Teamwork, Innovation, and Responsibility—to drive meaningful change across our organization and beyond.

Through this, we remain confident as ever in finding and building opportunities to continuously create value for our shareholders. We are optimistic about our business growth as we are with its impact on the communities we serve and the environment in which we coexist. We are steadfast in our commitment to building a sustainable future, transcending generations and borders to achieve inclusive growth for people and the planet.



# About the Report



We are pleased to present the 2021 Aboitiz Equity Ventures (AEV) Consolidated Annual and Sustainability Report. This Report provides information on financial, operational, governance, social, and environmental performance that are material to AEV’s business and stakeholders.

This Report contains a full-year’s data—from January 1 to December 31, 2021—and focuses on AEV’s strategic business units: Power, Banking and Financial Services, Food, Infrastructure, Land, and Data Science and Artificial Intelligence (DSAI). We gathered reports on their performance in the following focus areas: team member engagement and development, corporate social responsibility, customer focus, disaster resilience, carbon emissions reduction, resource efficiency, renewable energy, waste management, and financial growth and returns.

Monetary values in this Report are presented in Philippine Pesos (PHP), which is AEV’s functional currency. All information is disclosed to uphold the principles of ethics and transparency, and to communicate vital information to our stakeholders.

For additional information on our previous reports, please refer to the Annual Report Downloads link, which you may access either through this link or QR code:



## REPORTING STANDARDS

### GRI Standards

This report has been prepared in accordance with GRI Standards: Core option. We provide a summary of how we developed this report, as well as indexes to help readers locate specific information about our policies, programs, and performance.

### Taskforce on Climate Related Financial Disclosures

AEV is the first Philippine signatory to the Task Force on Climate-related Financial Disclosures (TCFD). We are committed to aligning our disclosures to its framework that will provide the company with better information and preparedness towards the impacts of climate-related business scenarios.

### UNGC Communication on Progress



Our Communication on Progress sets out key information including the following requirements:

1. Our CEO’s Message includes statements expressing our continued support for the UN Global Compact and renewing the AEV’s ongoing commitment to the initiative
2. AEV’s description of practical actions the company has taken or plans to take to implement the Ten Principles in each of the four areas (human rights, labor, environment, anti-corruption).

3. Outcomes that are measured based on the aligned key performance indicators with the United Nations Sustainable Development Goals (SDGs) and the 10 business principles of the United Nations Global Compact.

### SEC Compliance

This Report is in compliance with the Securities and Exchange Commission Memorandum Circular No. 4 Series of 2019: “Sustainability Reporting Guidelines for Publicly Listed Companies.”

## REPORTING PRINCIPLES

To define the content of this sustainability report, we follow these reporting principles:

- **Materiality:** identified economic, social, and environmental issues that impact our business growth and of utmost importance to our stakeholders
- **Stakeholder Inclusiveness:** identified stakeholders and response to their expectations
- **Sustainability Context:** identified performance measures in the wider context of sustainability
- **Completeness:** identified material topics that are covered within identified boundaries were ensured to provide sufficient information that reflects the significant economic, social and environmental within the reporting period

These report elements aim to provide a level of comfort among our stakeholders that our information is timely, accurate, reliable, and complete.

## REPORTING BOUNDARIES & SCOPE

We worked closely with our Environmental, Social, and Governance Technical Working Group and their respective sustainability stewards in business units across the region where we operate, using a standardized data collection and monitoring process. The business units covered in this report are:

### POWER

- Aboitiz Power Corporation
- AP Renewables, Inc.
- Balamban EnerZone Corporation
- Cebu Private Power Corporation
- Cotabato Light and Power Company
- Davao Light and Power Company Inc.
- East Asia Utilities Corporation
- Hedcor, Inc.
- Hedcor Sibulan, Inc.
- Hedcor Tudaya, Inc.
- Hedcor Sabangan, Inc.
- Hedcor Bukidnon, Inc.
- LIMA EnerZone Corporation
- Luzon Hydro Corporation
- Mactan EnerZone Corporation
- San Carlos Sun Power, Inc.
- SN Aboitiz Power Magat, Inc.
- SN Aboitiz Power Benguet, Inc.
- Subic EnerZone Corporation
- Therma Marine, Inc.
- Therma Mobile, Inc.
- Therma Power Visayas, Inc.
- Therma South, Inc.
- Therma Visayas, Inc.
- Visayan Electric Company, Inc.

### BANKING AND FINANCIAL SERVICES

- Union Bank of the Philippines
- City Savings Bank, Inc.
- PETNET, Inc.

### FOOD

- Pilmico Foods Corporation
- Pilmico Animal Nutrition Corporation
- Gold Coin Management Holdings Ltd.

## INFRASTRUCTURE

- Aboitiz InfraCapital, Inc.
- Apo Agua Infraestructura, Inc.
- Lima Water Corporation
- LIMA Land, Inc.
- Republic Cement and Building Materials, Inc.\*

### LAND

- Aboitiz Land, Inc.

## DATA SCIENCE AND ARTIFICIAL INTELLIGENCE

- Aboitiz Data Innovation

## CORPORATE SOCIAL RESPONSIBILITY

- Aboitiz Foundation, Inc.

## MATERIALITY ASSESSMENT PROCESS

Materiality, as defined by the GRI reporting framework, includes topics and disclosures that reflect the Group's significant economic, environmental, and social impacts, or those that would substantially influence the assessments and decisions of our stakeholders.

Our process involved an internal analysis of the importance of a broad list of sustainability issues related to our core businesses of power, banking and financial services, food, infrastructure, land, DSAI, and our corporate foundation. At the parent company level, we integrated the common material issues that are within the medium-term horizon of our reporting parameters.

We used our stakeholder dialogues and company-wide feedback channels to inform the selection of these material issues, which were discussed and approved by the Aboitiz Group Management Committee as part of the focus areas of our Aboitiz Sustainability Framework.

*\*The business unit is not included in the presentation of sustainability data*

## RESTATEMENTS AND IMPROVEMENTS

We gathered data for this report using the robust systems and tools currently in place among our participating business units. We remain focused on the continuous improvement of our data collection and analysis processes. Notes on the restatements of key performance indicators are found in the appendix section and in pages where they appear.

## OUR ABC STORIES

With our stories, you will learn more about how we are delivering on our brand promise of advancing business and communities (ABC). We will regularly report our performance through stories told by our stakeholders.

As part of enriching our ABC narrative, we invite you to share your feedback on this year's Consolidated Annual and Sustainability Report. We welcome your contributions and we thank you for your engagement in the sustainability of our enterprise. Inputs and feedback can be sent to [reputation.mgt@aboitiz.com](mailto:reputation.mgt@aboitiz.com).



# Our Businesses

## Aboitiz Equity Ventures

**Aboitiz Equity Ventures Inc. (PSE: AEV)** is the public holding company of the Aboitiz Group with major investments in power, banking and financial services, food, infrastructure, land, and data science and artificial intelligence (DSAI). Today, it is recognized as one of the best-managed companies in the Philippines and in the ASEAN region, consistently cited for its commitment to good corporate governance and corporate social responsibility. With five generations of Aboitiz Group business success behind it, AEV continues to drive change for a better world by advancing business and communities.



### Power

**Aboitiz Power Corporation (PSE: AP)** is a vertically integrated company engaged in power generation, power distribution, and retail electricity services. The company's Generation Business Group harnesses power from a right-mix portfolio of renewable (hydro, geothermal, and solar) and thermal (coal and oil) sources through 47 generation facilities across the Philippines. Its hydro business unit Hedcor is a pioneer in the development of small to medium hydroelectric power plants and has been an industry leader in renewable energy over the past 40 years.

AboitizPower's Distribution Business Group is currently composed of eight utilities, including the country's second and third largest, which supply electricity to high-growth areas in Luzon, Visayas, and Mindanao.

In September 2021, Japanese firm JERA, one of the world's biggest power producers and the largest single buyer of liquefied natural gas, acquired 27% of AboitizPower. This partnership with JERA will allow AboitizPower to achieve its 10-year growth ambition to exponentially increase its Cleanergy capacity to 4,600 MW, and attain a 50:50 balance between its renewable and thermal portfolios.



## Banking and Financial Services

**Union Bank of the Philippines (PSE: UBP)** is a publicly listed universal bank considered to be the leading digitally transformed bank in the country. It has always been among the pioneers in banking innovations to deliver superior banking experiences to its customers. Consistently recognized as one of Asia's leading companies, UnionBank ranks among the country's top universal banks in terms of profitability and efficiency. Through its "Tech Up Pilipinas" aspiration, it aims to power the future of banking to best serve the growing needs of Filipinos everywhere.

City Savings Bank, Inc. (CitySavings) is the thrift bank subsidiary of UnionBank serving the teacher-borrowers' market and other mass market segments through its various acquisitions: FAIRBank (2016) focuses on micro-, small-, and medium-sized enterprises (MSME) loans and microfinance; Philippine Resources (PR) Savings Bank (2018) taps the motorcycle loan market; PETNET, Inc. (2018) provides cash and payment-related solutions in its over-3,000 retail outlets, and Bangko Kabayan and Progressive Bank (2020) further serves the MSME segment.

UBX Philippines (UBX PH) is UnionBank's wholly owned innovation and technology company that began commercial operations in 2019. It focuses on innovation projects such as investing in financial and information technology companies and platforms, as well as providing technology services to clients. All these are geared towards embedding financial services into people's everyday experiences and connecting communities to promote financial inclusion in the country.

UnionDigital (UD) is UnionBank's wholly owned digital banking subsidiary. The only digital banking licensee (among the current 6) established by a private universal bank, UD will be launched in 2022.

### Food

Pilmico Foods Corporation, together with Gold Coin Management Holdings, Ltd., is the integrated agribusiness and food company of the Aboitiz Group. Pilmico, which has four divisions - Flour, Feeds, Farms, and Trading - enables the growth of its partners through consistent quality products and unparalleled support services.

Meanwhile, Gold Coin is a pioneer in animal nutrition and in manufacturing scientifically based animal feeds in Asia. With their combined strength, the Food Group represents one of the largest privately-owned agribusiness companies in the region, with over 2,900 partners in a multitude of production facilities across 11 Asian countries.



## Infrastructure

Aboitiz InfraCapital (AIC), the infrastructure arm of the Aboitiz Group, aims to build purpose-driven infrastructure and serve as one of the building blocks of the country's economy. AIC develops and operates economic estates, water facilities, digital infrastructure, and transport and mobility projects that enable businesses and uplift communities.

The AIC Economic Estates, namely LIMA Estate in Batangas, Mactan Economic Zone II Estate and West Cebu Estate in Cebu, account for over 1,000 hectares of land, anchored by industrial parks that are home to 192 locators and around 100,000 employees. These industrial parks are complemented by commercial, residential, and institutional components run by Aboitiz affiliates including AboitizLand, AboitizPower, and Aboitiz Construction.

Apo Agua Infraestructura, Inc. seeks to provide the Davao City Water District with 300 million liters of safe drinking water daily for over a million Davao City residents. LIMA Water Corporation provides end-to-end water and wastewater services for LIMA Estate. AIC also owns a minority stake in Balibago Waterworks System, Inc., a privately owned waterworks utility in Pampanga, that provides running water to over 235,000 households in its franchise area.

Unity Digital Infrastructure, AIC's joint venture with Swiss-based global markets firm Partners Group, builds and operates passive telecommunications tower infrastructure across the Philippines to boost the coverage and connectivity of local telecommunications operators.

Republic Cement, AEV's partnership with global building materials group CRH, operates six facilities nationwide, allowing the company to offer the widest supply footprint to serve the needs of a rapidly developing economy.



find Lima Technology Center, home of some of the world's most innovative companies and manufacturers, commercial components The Outlets at Lipa and LIMA Exchange, and residential development The Villages at Lipa.

From its first venture in Luzon, the land group continues to widen its foothold through several residential communities in the region. These include Seafront Residences in San Juan, Batangas, and Ajoya communities in Central Luzon, strategically located in Cabanatuan, Nueva Ecija, Capas, Tarlac, and Mexico, Pampanga.

AboitizLand continues its commitment to innovating ways to lead more families home by pursuing expansion efforts, acquiring more land to develop, and forging partnerships to maintain market leadership in Cebu while fortifying its presence across the country.

## Data Science and Artificial Intelligence (DSAI)

In 2021, Aboitiz launched Aboitiz Data Innovation (ADI), which will consolidate the DSAI operating model across the Group and promote a data-driven culture throughout the organization. Its primary objectives are to transform data into business outcomes, exploit information to make better decisions, reinvent business models, and develop high-value solutions to create new processes, products, and services. With professionals from various disciplines making up the team, ADI delivers innovative and sustainable products and solutions to respond to local and global challenges. It fosters a data-powered future that makes life easier, simpler, and better for all.



## Land

For over 25 years, Aboitiz Land, Inc. has been delivering its promise of creating better ways to live through innovative concepts translated into thriving residential communities. The company began its national expansion efforts in 2014 with the acquisition of LIMA Technology Center in Batangas. Since then, LIMA has been dubbed as The Next Big Thing in the South — a fully integrated township that will soon be home to the first master-planned central business district in Batangas. It is where you will



## Corporate Social Responsibility (CSR)

Aboitiz Foundation, Inc., the corporate foundation of the Aboitiz Group established in 1988, implements CSR projects focused on education, enterprise development, and the environment in communities where Aboitiz companies operate. Through its work, the foundation highlights the integration and working together of various Aboitiz business units and its partners nationwide in co-creating resilient, empowered, and sustainable communities.

# Financial Highlights

(in PHP millions)

## Revenues



## EBITDA



## Net Income to Equity Holders of the Parent



## Core Net Income



## Cash Dividend Paid to Common



## Cash and Cash Equivalents



## Total Assets



## Equity Attributable to Equity Holders of the Parent



## Market Capitalization



# Financial Summary

(in PHP millions)

## INCOME STATEMENT

	2019	2020	2021	% Change (2021 vs. 2020)
Revenues	201,157	186,726	223,929	20%
Operating costs & expenses	(168,502)	(155,252)	(190,828)	
Operating profit	32,655	31,474	33,101	5%
Equity in net earnings of associates	11,502	9,019	17,246	91%
Net interest expense	(15,474)	(16,910)	(16,511)	
Other income	5,518	4,809	3,142	-35%
Income before income tax	34,201	28,392	36,978	30%
Provision for income tax	(4,759)	(7,583)	(2,808)	
Net Income before non-controlling interests	29,442	20,809	34,170	64%
Non-controlling interests	(7,406)	(5,375)	(6,860)	
Net income attributable to equity holders of parent	22,036	15,434	27,310	77%

## EBITDA

	60,157	57,720	67,242	16%
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## FINANCIAL CONDITION

Total assets	588,386	609,156	733,607	20%
Total liabilities	371,191	385,556	405,840	5%
Non-controlling interests	40,714	40,538	83,088	105%
Equity attributable to equity holders of the parent	176,481	183,062	244,679	34%

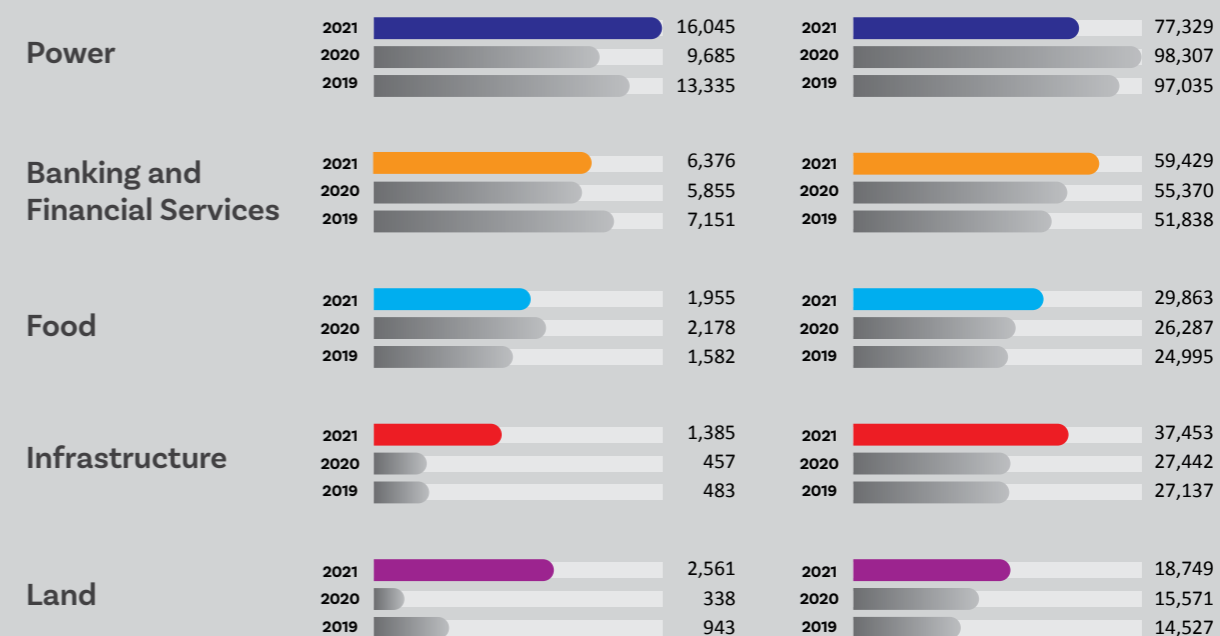
## RATIOS

Per Share (Pesos)	2019	2020	2021	% Change
Earnings	3.91	2.74	4.85	77%
Book Value	31.33	32.51	43.46	34%
Cash dividend to common	1.32	1.30	0.91	-30%
Return on equity	13.0%	9.0%	15.2%	
Current ratio	1.3	1.6	2.3	
Debt/Equity	1.7	1.7	1.2	
Net debt/Equity	1.2	1.1	0.6	

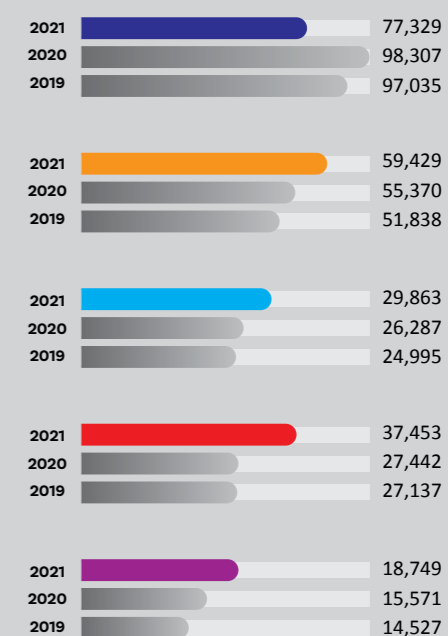
## Breakdown

Per Business Segment (in PHP millions)

### Income Contribution



### Equity Investment



# Financial Highlights

(in PHP millions)

## Revenues



## EBITDA



## Net Income to Equity Holders of the Parent\*



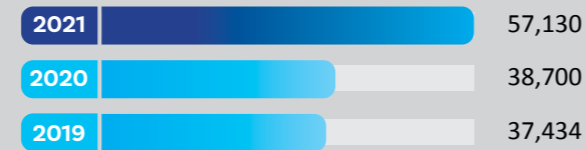
## Core Net Income



## Cash Dividend Paid to Common



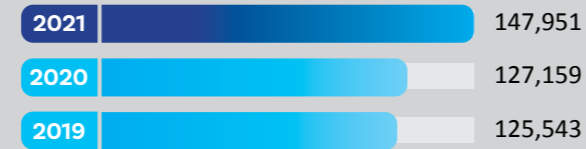
## Cash and Cash Equivalents



## Total Assets



## Equity Attributable to Equity Holders of the Parent



## Market Capitalization



# Financial Summary

(in PHP millions)

## INCOME STATEMENT

	2019	2020	2021	% Change (2021 vs. 2020)
Operating revenues	125,635	110,377	134,359	22%
Operating expenses	96,779	83,497	106,149	27%
Operating profit	28,856	26,880	28,210	5%
Share in net earnings of associates and joint ventures	3,814	2,675	9,480	254%
Other income (charges)	(9,273)	(8,672)	(13,034)	50%
Income before income tax	23,397	20,883	24,656	18%
Provision for income tax	3,215	6,062	2,111	-65%
Net income before non-controlling interests	20,182	14,821	22,545	52%
Net income attributable to non-controlling interests	2,859	2,244	1,708	-24%
Net income attributable to equity holders of the parent	17,323	12,578	20,837	66%

## EBITDA

## FINANCIAL CONDITION

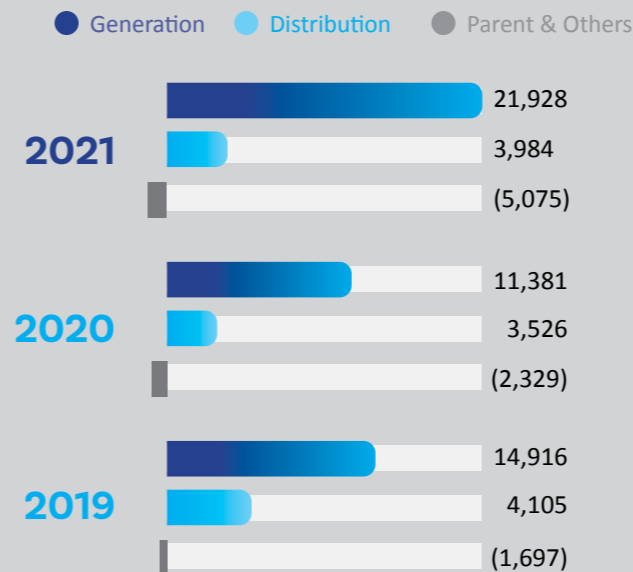
	2019	2020	2021	% Change
Total assets	410,469	397,925	427,416	7%
Total liabilities	276,826	263,340	271,835	3%
Non-controlling interests	8,100	7,426	7,630	3%
Equity attributable to equity holders of the parent	125,543	127,159	147,951	16%

## RATIOS

Per Share (Pesos)	2019	2020	2021
Earnings	2.35	1.71	2.83
Book Value	17.06	17.28	20.11
Cash dividend to common	1.47	1.18	0.85
Return on equity	14%	11%	17%
Current ratio	1.50	1.38	1.53
Debt/Equity	2.07	1.96	1.75
Net debt/Equity	1.40	1.37	1.11

## Income Contribution Breakdown

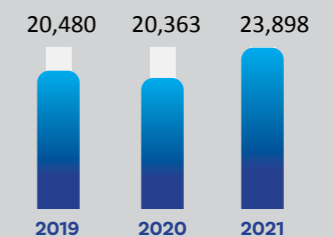
Per Business Segment (in PHP millions)



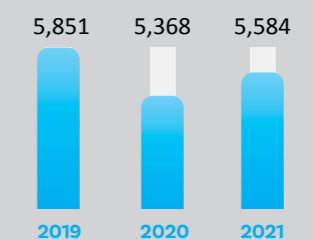
## Attributable Power Sales

(in GWh)

### Generation



### Distribution





# Sustainability at a Glance

## PEOPLE

Partner with our stakeholders to create shared value

**35,057**  
Number of Team Members

**28,756 hours**  
Number of Volunteered Hours

**998,634 projects**  
Number of Direct and Group Beneficiaries

**319,055 individuals**  
Number of Stakeholders Served

**PHP327 million**  
Amount of CSR Fund Allocation

**1,235 projects**  
Number of CSR Projects

## PLANET

Minimize our environmental impact

**12 million**  
Number of Trees Planted

**1,249 MW**  
Renewable Energy (Cleanergy) Net Sellable Capacity

**0.06**  
Carbon Productivity

**4,344 tons**  
Waste Recycled

## PROFIT

Grow Profitably

**PHP27.3 billion**  
Net Income After Tax (NIAT)

**18%**  
Total Return to Shareholder

**15%**  
Return of Equity (ROE)

**PHP67.1 billion**  
Earnings Before Interest, Taxes, Depreciation and Amortization

# Chairmen's Message



Chairman of the Board  
Aboitiz Equity Ventures Inc.

**Enrique M. Aboitiz**



Chairman of the Board  
Aboitiz Power Corporation

**Sabin M. Aboitiz**



**Under the leadership of our CEO, your Governance and Management Team is embarking on one of the most meaningful imperatives of the 200-year-old history of the Aboitiz as a family and firm: The Great Transformation 2025 towards becoming a tech conglomerate or "techglomerate".**



Dear Fellow Stakeholders,

We send our warmest greetings on behalf of the Boards of AEV and AboitizPower.

In 2021, COVID continued to remind us that we operate in a complex and complicated world of accelerating change — the complex being challenging to understand, and the complicated being of many moving parts. COVID also has tested us if we were prepared. And we were, albeit not as prepared as we could or should have been prepared. Still, we thrived because of our appreciation of the value of timely adaptation to change to thrive and the skills to achieve the same, which are openness, agility, and resilience driven by unity, pragmatism, and hard work.

Surely, we must recognize that the onslaught of accelerating change is going to destroy as it creates. We see it happening in all sectors and corners and it has neither sympathy or empathy for how hard we work and how much time we put in. Consider how Russia's invasion of Ukraine has thrown the world into a real-life Chutes and Ladders game with such a degree of volatility that threatens to wipe out any signs of economic recovery from COVID. War sets us back—there is so much to lose due to the economic interconnection of the world where everyone is buying from everyone.

Global trade also brings in tougher competition that is coming from more winds and yet more fields. No business will be left unconnected or unthreatened as technology facilitates innovation and creative destruction.

Your Boards are united in agreement that we need to ride the winds of accelerating change and not be waylaid in contrast as the forces that hold us from innovating and adapting may do more damage than ever. For this, we are quite possibly not prepared so how can we be wired for tomorrow?

Under the leadership of our CEO, your Governance and Management Team (GMT) is embarking on one of the most meaningful imperatives of the 200-year-old history of the Aboitiz as a family and firm: The Great Transformation 2025 towards becoming a tech conglomerate or "techglomerate".

Over these two centuries as an institution, we have honed our skills in adapting to change at more or less the right point of time. We now set out to transform our company into one that can harness the exponential advances of the next decade and onward.

Fortunately, we came out of COVID with a fortified balance sheet supported by strong cash flows. We are long-term thinkers who have

realized that value is created through the patient and purposeful look towards the longer term and, to do that, one must balance short-term cash flows for long-term value creation. We are in that position today.

COVID has put stress on ROP's (Republic of the Philippines) balance sheet, forcing our government to invest in our society's medical and social aspects, and rightly so. That means the private sector will have the opportunity to support our country's infrastructure.

We are ready.

The Transformation we speak of requires changes in how we see things, our mindset, and the demand on our level of continuous learning and education.

The techglomerate we aspire to become needs a GMT willing to take risks, accepts and harnesses failure, and is persistent — we will not give up easily. That GMT requires higher and higher levels of learning and educational upgrading.

The relationship between tight and challenging oversight and agile and effective execution is of critical importance. This is the partnership between our Boards and our management teams in a structure that supports the Great Transformation into a techglomerate to harvest the benefits of this exponential advance that we see today and into the future.


It is our hope that the Ukraine situation will ease when you read this message. We sympathize with all who have been hurt and displaced. The pressure on both supply and price of energy and wheat, in particular, are of concern to our company and our economy. We are watchful as we are hopeful that the situation is settled sooner rather than later.


We need everyone Alert & Engaged 24 x 60 x 60 997 — all of the time, everywhere, and by all as much of this path is yet unclear.

Our imperative is as exciting as it is challenging.

May the forces of evolution be with us.

#OneAboitiz!

  
**Enrique M. Aboitiz**  
Chairman of the Board  
Aboitiz Equity Ventures Inc.

  
**Sabin M. Aboitiz**  
Chairman of the Board  
Aboitiz Power Corporation



**Over these two centuries as an institution, we have honed our skills in adapting to change at more or less the right point of time. We now set out to transform our company into one that can harness the exponential advances of the next decade and onward.**



From financial assistance, community pantries, vaccination drives, contact-tracing initiatives, and re-energizing communities, the Aboitiz Group was all hands on deck in its efforts in supporting its stakeholders amid the crisis.

# President and CEO's Message



President and CEO  
Aboitiz Equity Ventures Inc.

# Sabin M. Aboitiz



More than anything, it was our open-minded willingness to innovate and transform that carried us through the past century, and it will be these same values that will carry us through the next one and beyond.



## Dear Fellow Stakeholders,

Two years into the pandemic and after riding out multiple case surges, the Philippines is now reopening borders, easing restrictions, and stepping boldly into “the better normal” on the path to economic recovery. Through it all, the Aboitiz Group has worked closely with the government, civic organizations, and our partners in the private sector to help strengthen programs under the national pandemic response. As we move forward into a future forever changed by COVID, we remain firmly committed to our responsibilities.

This unprecedented moment in history found us devoting unprecedented amounts of time, resources, and energy to addressing the needs of our stakeholders, while never losing sight of our own goals and keeping operations going through the disruption of lockdowns. Our team members never missed an opportunity to keep our promise to advance business and communities, and never forgot for a moment that one in five Filipinos depend on our services. It may be too soon to celebrate full economic recovery from the pandemic, but never too soon to celebrate and thank our A-People for the sacrifices they made and the hard work they put in, even as they faced challenges of their own. The safety and wellbeing of our people remain our top priority.

### 2021 Financial Performance

For the full-year 2021, Aboitiz Equity Ventures posted net income of PHP27.3 billion, a 77% increase from PHP15.4 billion in 2020. Power accounted for 57% of the total income contributions from AEV's Strategic Business Units (SBU), followed

by Banking and Financial Services at 23%. Income contributions from Real Estate, Food, and Infrastructure SBUs were at 9%, 7%, and 5%, respectively.

- AboitizPower's income contribution to AEV for 2021 amounted to PHP16.0 billion, 66% higher than the PHP9.7 billion recorded in 2020.
- UnionBank's income contribution to AEV in 2021 amounted to PHP6.4 billion, 9% higher than the PHP5.9 billion recorded in 2020.
- One Food Group's income contribution to AEV amounted to PHP2.0 billion in 2021, 10% lower than the PHP2.2 billion recorded in 2020.
- For the Infrastructure group, Republic Cement's income contribution to AEV in 2021 amounted to PHP1.6 billion, 164% higher than the PHP590 million recorded in 2020.

- AboitizLand and its subsidiaries reported a consolidated net income of PHP2.6 billion in 2021, 658% higher than the PHP338 million recorded in 2020, and contributed PHP5.3 billion in revenues for 2021, 47% higher than revenue contributions in 2020.

As of December 31, 2021, the Company's consolidated assets totaled PHP733.6 billion, a 20% increase from end-2020's PHP609.2 billion. Cash and cash equivalents stood at PHP147.5 billion, 124% higher than the PHP66.0 billion as of end-2020. Consolidated liabilities totaled PHP405.8 billion, a 5% increase from the year-end 2020 level of PHP385.6 billion, while equity attributable to equity holders of the parent increased by 34% to PHP244.7 billion. AEV's current ratio as of December, 31 2021 stood at 2.3x while its net debt-to-equity ratio was 0.6x.



### The Great Transformation For Sustainability

We are optimistic about steady recovery just as we continue to focus on being an evergreen, sustainable organization, firm in our belief that at the very heart of sustainability is adaptability. Any entity with any desire to sustain itself for eternity can only ever do so by continually course-correcting towards the right direction, adapting to the constantly changing and challenging demands of our environments, and keeping a clear-as-possible, long-term view of what the world will look like decades from now, so that we have a fighting chance of not just being in that world, but leading in it.

And at the very heart of Adaptability, of course, is Change. We've used many words for this – adapt, agile, pivot, innovate, better ways, evolution, revolution, and the list goes on – but the word I've been using most is Transformation, as this seems to capture it quite succinctly.

The fact that Aboitiz recently celebrated its 100th birthday is a testament to how well we've been able to survive, thrive, and evolve through all the major headwinds and economic cycles of history – and the main reason for this is our openness to change and understanding of its critical implications on our future. More than anything, it was our open-minded willingness to innovate and transform that carried us through the past century, and it will be these same values that will carry us through the next one and beyond. As time goes by, the fundamental need to continually transform will always apply.

This is why one of the foundational cornerstones of our Sustainability is what we call the Great Transformation, which is our latest major attempt at course-correction that covers every single facet of the organization from the way each and every one of us thinks and acts as individuals in both work and life, to the way the entire Aboitiz Group thinks and acts as a



2021 saw the Group make significant strides in renewables as it entered a strategic partnership with JERA and paved the way for the formation of Aboitiz Renewables, Inc. (ARI).

## SacaSun

San Carlos Sun Power Inc. (SacaSun), AboitizPower's first solar power plant venture in San Carlos City, Negros Occidental.



**Sustainability and ESG will continue to develop this year with significant strides towards the UN’s sustainable development goals.**



conglomerate, from nuanced behavioral tweaks that can make a world of positive difference and influence, to organizational restructuring that will make us exponentially more agile, productive, and efficient, to ambitious new business goals anchored on hyper-innovation, expanded ecosystems, and knowing that our future depends on the planet’s.

To deny the necessity for the Great Transformation would mean nothing less than being disconnected from the reality we face and the context of a world defined by technology,

data, and science. The pandemic intensified this reality and accelerated the need to transform at a rate of speed we did not expect but were fortunately capable of dealing with precisely because of the constantly evolving future-ready mindset we’ve always inculcated.

The urgency for this Transformation has literally become this year’s first order of business when it was introduced in broad theoretical strokes in my New Year’s Message, that it was all about opening a Great door to a wide open space of new opportunities and possibilities for all of us.



In February 2022, Aboitiz Group President and CEO Sabin Aboitiz, co-chair of the APEC Business Advisory Council’s Regional Economic Integration Working Group on Strengthening Services Trade and Investment, participated in the group’s multilateral meetings where he underlined the need for closer cooperation between the private and public sectors in the development of an innovation ecosystem in the Asia-Pacific.



That message and the ones that succeeded were designed and delivered with the objective of accomplishing the first crucial step of any Great Transformation, which is to unlock our minds so that it allows illumination to flood in, to help us understand and realize the common sense behind the decision to make big, sweeping changes in our lives and in the organization.

We will continue to outline the finer edges of the Transformation and add more brush strokes to paint a clearer picture of it. This will be further clarified, implemented, and measured down the line with a specific roadmap, milestones, and performance assessment tools. All these are intended to show that our GT2025 is doable, desirable, digestible, and most of all, necessary for a truly sustainable future.

The GT has already begun in each of our SBUs. UnionBank acquired the consumer and retail

banking assets of Citigroup Philippines, which will accelerate its growth to become a Bank of Enduring Greatness. With its successful digital transformation and the upcoming Union Digital Bank, UnionBank will be more relevant than ever to the communities it serves.

AboitizPower will continue to provide reliable, affordable, and more sustainable power while delivering substantial value to the Group. Our 2030 target of achieving a balanced 50:50 portfolio between thermal and renewable energy is a leading indicator of the GT.

The Food Group’s transformation into a fully integrated regional agribusiness and food company with a mission to feed humanity will be achieved through its plans anchored on a balanced business portfolio, innovation and optimization of operations, and development of new business in other sectors.



Aboitiz InfraCap launched a new brand identity that captures their transformative ambition to be the country’s first choice for infrastructure. Their 10-year plan continues to revolve around growth through proactive participation in project opportunities in the economic estates, water, digital infrastructure, and mobility and transport sectors.

Republic Cement is already seeing positive results after they began their transformation to a data science-driven operation resulting in a more efficient process of manufacturing better quality cement.

Introduced to support the GT by adopting and operationalizing data and AI technologies, Aboitiz Data Innovation will work closely with the other BUs to accelerate its own transformational journey towards becoming a conduit for growing ecosystems with limitless possibilities.

It was also a transformational year for AboitizLand, marked by its highest sales in its 26-year history. Their agile and innovative mindset will continue to foster pioneering services like Contactless Homebuying, and the continuing digitization of their operations, organizational transformation, and strategic partnerships will propel them forward and ensure a future-ready workforce.

Sustainability and ESG will continue to develop this year with significant strides towards the UN’s sustainable development goals. These strides include our new Sustainability microsite, leadership among Philippine peers in ESG performance, being in the upper quartile among global peers, continued support for the United Nations Global Compact’s initiatives and principles, and more renewable energy projects in our development pipeline.



**To deny the necessity for the Great Transformation would mean nothing less than being disconnected from the reality we face and the context of a world defined by technology, data, and science...our GT2025 is doable, desirable, digestible, and most of all, necessary for a truly sustainable future.**



**Message Of Thanks**

As we slowly and steadily emerge from the pandemic that has grappled us these past two years, I thank all our shareholders who continue to believe in and share our mission to create long-term value for all our stakeholders in the better normal.

To close, I want to be clear that whatever actions or decisions we pursue to succeed in the Great Transformation must be placed in the hands of a capable and dedicated team.

Daghang salamat to all my fellow team members for your commitment to our purpose and promise to drive change for a better world by advancing business and communities whatever the tides bring us. I am inspired every day to learn and grow as your Chief Engagement Officer and work side by side with you in laying the foundations of the future we hope to create.

**#OneAboitiz!**

Sabin M. Aboitiz  
President & CEO  
Aboitiz Group



# CFOs' Message



Aboitiz Equity Ventures Inc.

**Manuel Lozano**



Aboitiz Power Corporation

**Liza Luy Montelibano**



**Our lives in Aboitiz have all been about transforming oneself to adapt to change. Or perish. But survival is not the prize; rather, it is the ability to thrive and create long-term value for all our stakeholders, not just our shareholders.**



Dear Fellow Stakeholders,

As we write this letter to you today, our teams are, once again, in the middle of a great transformation. As we all learn to live with COVID, and the pandemic becomes endemic, and when we are all reminded to be grateful just to be alive and healthy, some may think that a Return to Work Playbook is in order.

The ironies of it all are that, firstly, we never really stopped working. On the contrary, time spent on the road, in traffic, had been freed up for re-allocation towards other ends, including work. Secondly, we can never really “Return to Work”, at least not in the pre-pandemic sense. Unless you haven’t noticed, we have all changed. Our waists have changed. How we get things done and relate to each other have changed. And to some of us who have lost someone dearly due to COVID, our values in life have changed.

For over a hundred years (or two — depending on what perspective our stories are told), our lives in Aboitiz have all been about transforming oneself to adapt to change. Or perish. But survival is not the prize; rather, it is the ability to thrive and create long-term value for all our stakeholders, not just our shareholders.

Two years have passed since the pandemic broke out and we have managed to sustain a safe and healthy work experience for most of our team members. As the Philippines relaxes its restrictions to Alert Level 1, the latest in our corporate evolution is our transition to a hybrid work model that not only gives teams the flexibility to choose where they will work, but also in what, how and when the work gets done. Will this remixed experience allow us to address stakeholder interests, promote employee well-being, and achieve business

results? Maybe. We can be wrong. At this point, what we know is that a transformed mindset will enable our teams to have the openness and agility to self-correct and redirect our paths.

### Pathways Towards Recovery

The year 2021 saw a world that took precarious steps to achieve herd immunity while supporting economic recovery. To keep the global economy from collapsing, an expansionary monetary policy was adopted by most central banks. Interest rates were kept low to almost zero to stimulate recoveries in demand. The low interest environment incentivized private corporations to refinance their existing debt or even issue additional debt to fund future projects.

To take advantage of this economic stimulus, Aboitiz completed a number of major financing and refinancing transactions, including three bond issuances. As a result of our financial planning, our balance sheets continued to be healthy, and our capacity to raise money through the debt markets, strong. In March, Aboitiz Power Corporation (AboitizPower) issued PHP8.0 billion worth of bonds at a coupon of 3.8224%, representing the first tranche of its newly established PHP30.0 billion shelf registration. The proceeds were used to refinance maturing debt and prepay existing higher-cost debt, which was an ongoing theme for the year.

In August, Aboitiz Equity Ventures (AEV) raised PHP8.5 billion of proceeds which were then also partially used to prepay another higher cost financing, extending its maturity by an additional 4.5 years, while achieving a lower average coupon. And in December, AboitizPower's bond issuance was the tightest priced 4-Year and 7-Year offering in the domestic market in 2021, the PHP12 billion of proceeds of which will be used to refinance AboitizPower's maturities in 2022 and finance renewable energy projects.

In the area of project finance, notable transactions included refinancing activities for Hedcor, Therma South, and AP Renewables that resulted in rate reductions, cost savings, and extended tenors.

At year end 2021, AboitizPower's consolidated net debt-to-equity ratio was at 1.1x, compared to the previous year's ratio of 1.4x while AEV's consolidated net debt-to-equity was at 0.6x, compared to the previous year's ratio of 1.2x. Our overall consolidated debt maturity profile remained within the parameters set by the companies to mitigate liquidity and refinancing risk. Regarding the potential impact of the Russia-Ukraine war on the company's interest rate and foreign currency exposures, the outstanding loans of the Group are largely on a fixed-rate basis, and (at least for now) insulated from increasing rates. As mentioned, we had been able to take advantage of last year's low interest rate environment as we stretched out maturing or soon-to-mature bonds and loans. We prepaid a number of bonds and loans, refinancing with lower cost, and, most importantly, longer tenor.

Similarly, the Group has a conservative foreign exchange risk management policy, where exposures are actively hedged to mitigate the impact of a weaker peso.

### Financial Performance

Reopening the global economy has not been a walk in the park. Elevated levels of inflation have been felt on a global scale brought about by major supply chain disruptions from COVID and pent-up consumer demand from the reopening of the world's economies. Global market prices for commodities like coal and wheat, which are vital inputs to the Aboitiz Group's businesses, reached record highs. Aboitiz had to constantly recalibrate (and communicate) its hedging strategies and innovate in order to navigate through this inflationary environment.

As a result, AEV and AboitizPower were able to sustain its double-digit EBITDA and NIAT growth throughout the year, in spite of the challenging environment for input cost, and even before other income and provisioning.

In 2021, AEV's consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) increased by 16% year-on-year (YoY) to PHP67.1 billion. This was driven by the increase in contributions from its power strategic business unit (SBU) from additional revenues from its new coal unit, higher sales, and the improved availability of its coal facilities. Also the Group's land SBU had a strong performance. Beneficial EBITDA, which represents AEV's proportional share of the EBITDAs of the companies it has investments in, was at PHP58.3 billion, which was 18% higher than the previous year. Accounting for interest, tax and depreciation expenses, consolidated core net income amounted to PHP26.8 billion, 68% higher than last year. This core income resulted in an earnings per share of PHP4.76.

During the year, AEV recognized non-recurring gains, which brought net income to PHP27.3 billion, or 77% higher YoY. This resulted in a return on shareholders' equity (ROE) of 15%, which was a significant improvement over last year's ROE of 9%.

Power continued to account for the largest share in earnings contributions to AEV at 57%. The financial services and real estate SBUs contributed 23% and 9%, respectively, while contributions from the food and infrastructure SBUs stood at 7% and 5%, respectively.

Upon the conclusion of 2021, AEV's consolidated cash balance stood at PHP147.5 billion. This provides the organization more financial muscle as it starts its journey to pursue its 10-year growth ambitions.

In March 2022, the AEV Board approved a cash dividend of PHP1.62 per share. This accounted for 33% of 2021's consolidated net income and resulted in a dividend yield of 2.6%.

Meanwhile, AboitizPower's recorded consolidated EBITDA amounted to PHP50.7 billion, 13% higher YoY. As discussed above, this can be attributed to the additional revenues from its new coal unit, higher sales and the improved availability of its coal units. Beneficial EBITDA was also 16% higher than last year at PHP50.4 billion. Taking into account interest, tax, and depreciation expenses, the consolidated core net income amounted to PHP21.1 billion, or 68% higher than the previous year. This core income translated to an earnings per share of PHP2.86.



**By the end of the decade, we hope to achieve a fully diversified business portfolio and more balanced energy mix with a larger international impact.**



In the same year, AboitizPower recognized non-recurring losses from the impairment losses partially offset by net foreign exchange gains on the revaluation of its dollar denominated liabilities. It recorded a net income of PHP20.8 billion, 66% higher than the previous year. This resulted in an ROE of 17%, which was also a significant improvement over the previous year's ROE of 11%.

In March 2022, the AboitizPower Board approved a cash dividend of PHP1.45 per share. This was 50% of the company's 2021 consolidated net income and resulted in a dividend yield of 4.2%.

### Stakeholder Commitments

We like looking at sustainability from an ESG perspective because it allows us to break sustainability down into measurable components and prioritize material issues of our stakeholders.

To optimize the benefits of our corporate sustainability assessments, we have shortlisted agencies that we actively engage with. We are proud to say that in our recent S&P Corporate Sustainability Assessment, AEV's percentile ranking improved from 66th percentile to 82nd percentile in our global peer set.

AboitizPower also improved its percentile ranking among its global peer set, from 54th percentile to 67th percentile.

UnionBank improved its percentile ranking among its global peer set as well from 56th percentile to 62nd percentile.

Improvements in our percentile rankings will get even harder and harder each year as incremental improvements are instituted by our peers all over the world.

Even then, this is very good news because it means that ESG advances are happening everywhere, including in our global peer set. But the big idea is to be able to uncover gaps in practice and address risks in over 20 ESG dimensions, and find profitable ways to help solve some of our country's — and the world's — most pressing problems.

One major ESG dimension is innovation management. That is why our ESG strategy includes transforming our portfolio, using digital and AI.

Recently, Aboitiz Data Innovation (ADI) was incorporated to support our transformation by adopting and operationalizing data and AI technologies. ADI has been working closely with the other BUs to accelerate its own transformational journey towards becoming a conduit for growing ecosystems with limitless possibilities. Among others, predictive analytics has helped us with our power and cement plant operations.

In the past year, we have also made significant inroads in climate strategy, another ESG dimension. In the adoption of the recommendations of the Task Force on Climate-related Financial Disclosures or TCFD, for example, we now require all SBUs to quantify the impact of climate scenarios on all new investments as part of the investment approval process. But most importantly, we continued to execute and communicate developments on our energy transition plan, which includes our plan to achieve a 50:50 thermal:renewable mix by the end of the decade. Towards this end, we announced our plan to spend PHP190 billion to add 3,700MW of RE capacity to double our net attributable sellable capacity to 9,200 MW by 2030. As a result, AboitizPower was described as an "ESG Trailblazer" by one of the country's top brokers, in reference to companies actively aligning efforts with global

frameworks ahead of regulation (e.g., TCFD, SASB). In 2021, AboitizPower was recognized as the best ESG stock for the power generation sector by Maybank Investment Banking Group. It was assessed as having the "lowest ESG risk rating given its highly comprehensive ESG reporting, strong environment, safety and asset management systems, holistic CSR programs and a large renewables-backed pipeline".

### Risk Finance

AEV and AboitizPower continued to experience rising insurance premium costs, challenges in full policy placement and restrictions or downgrading of insurance coverage. This was still largely driven by the hard insurance market. The Group continued to explore alternative solutions and structures in order to lessen the impact on premium increases. We leveraged on the Group's ESG framework and roadmap, experience on parametric programs, and maximization of captive capacity. Though the insurance premiums of the Group have increased, the Total Cost of Insurance Risks or TCOIR reduced from 1.25% in 2020 to 1.13% in 2021. This was due to lower retained losses and higher revenue, on a year on year comparison. Typhoon Odette, which caused damages within the Central Visayas region, including one of

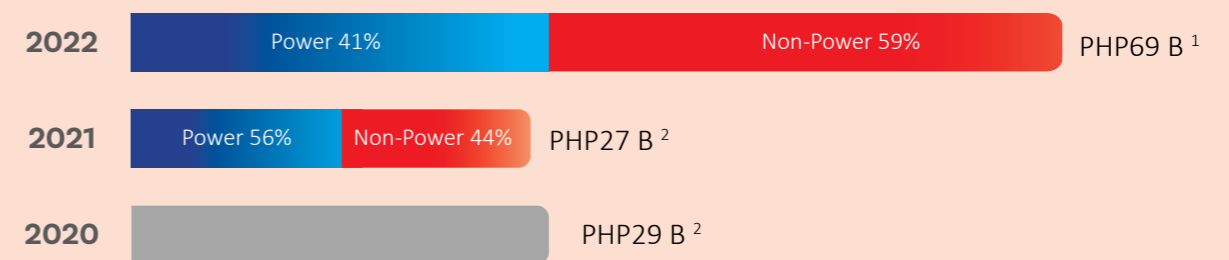
AboitizPower's distribution utilities, Visayan Electric, tested the first parametric program issued in the Philippines. Procured by the Group for Visayan Electric and Davao Light, the program delivered on its promise to provide immediate pay-out as soon as the policy triggers were confirmed, and settled within 7 days of confirmation.

The Group will continue to explore optimizing captive insurance, complementing traditional structures with parametric programs, leveraging renewable power project pipelines, and aligning ESG initiatives with insurers. Our end goal is that of providing and transforming long-term sustainable risk transfer solutions across the different Aboitiz business units.

### Capital Expenditure & Funding Plan for 2022

By the end of the decade, we hope to achieve a fully diversified business portfolio and a more balanced energy mix with a larger international impact. Towards this end, AEV, together with our partners, has allocated PHP69 billion in capital expenditures (CAPEX) for 2022, 152% higher than the PHP27 billion used in 2021. From this, PHP29 billion was set aside by our Infrastructure arm for land acquisition and new site development for Economic Estates, expansion of telco tower

## Capital Expenditures (with partners)



Includes 100% of Subsidiaries and Affiliates

1 - Budgeted Figure

2 - Actual Figure

business and other digital infrastructure projects and the completion of Apo Agua. The rest of the budget will be for AIC's other projects and Republic Cement's major maintenance and safety related capital expenditures. What we find interesting about this plan is, for the first time in years, our largest capital investment, or 42% of the total CAPEX budget for the year, is allocated to a non-power strategic business unit (infrastructure), and directed to boost the growth of its newest business segments (i.e., commercial operations of its bulk water project, scale-up of common towers).

Meanwhile, our Power SBU appropriated most of its PHP28 billion budget for the development and construction of various solar power, hydro power, and battery energy storage systems, and the continuous improvement of the reliability of baseload plants. Our Power SBU also allocated a budget to ensure availability of sufficient baseload this coming election period.

Our Food business is expecting to invest PHP6 billion mainly for feedmill expansions.

Our Banking business has allocated almost PHP4 billion to sustain its investment efforts in the continued enhancement of its digital channels.

And finally, our Real Estate business has allocated a capital expenditure of PHP2 billion for the completion of its residential projects.

We hope to fund these capital expenditures through an optimal mix of debt and equity, which includes cash generated from our recently completed deal with JERA.

In terms of capital raising, the group started 2022 strong. In March, AboitizPower issued PHP10.0 billion worth of bonds, representing the final tranche of its PHP30.0 billion shelf registration. The proceeds will be used to partially fund future renewable energy projects, refinance maturing debt, and prepay existing

higher-cost debt. AEV and AboitizPower are exploring potentially returning to the bond markets in the second half of the year for more refinancing activities.

In the area of project finance, AboitizPower is focused on funding its new projects in the renewables space.

For food, we are raising capital to fund various domestic and overseas expansion activities to address food security in the region. With regard to our infrastructure business, we are engaging with potential partners to explore and develop bespoke financing for our towers and airports initiatives. Finally, for our real estate arm, we have termed out some of our existing loans, and are looking to fund new projects.

As we had done actively in the past year, we will continue to actively study trends in sustainable finance as well as energy transition mechanisms in close collaboration with potential partners. This will increase the organization's optionalities and agility, to manage ESG risks and take advantage of opportunities, should circumstances make them economically acceptable for the organization.

### Season Three and Beyond

If we were living out a Netflix series, the plot twist of our third year into the pandemic (i.e., "season three") will surely keep the heroes and heroines of the Aboitiz team glued to their work screens.

We are consciously and very acutely aware that there are headwinds coming because of the ongoing Russia-Ukraine war. While we are actively looking at risk management for this, we know that not all of this is easy for us to anticipate. But through various contracting mechanisms, hedging, cost control and productivity improvements, we hope to minimize the conflict's impact on our commodity

prices, as both countries are significant suppliers of oil, coal, wheat, and corn to the rest of the world.

Amidst the spectre of an escalating geopolitical conflict, therefore, we approach the coming year with cautious optimism. With Philippine national elections taking place in 2022, we also look forward to working closely with the new administration to keep our country on the steady path of economic development, as our new strategic partnership with JERA kicks into full gear. And as we complete our Citibank acquisition, we expect quite a lot of exciting new developments over the next few years. These provide us with increased optionalities and more financial muscle to pursue our growth ambitions, led by more investments in digitization and innovation, to ultimately transform and modernize our business throughout this decade.

With your steadfast support, we know that our teams will be able to move with agility, to adapt and thrive, as we turn the page into another chapter in our company's history.

Sincerely yours,



**Manuel R. Lozano**  
Senior Vice President  
Chief Financial Officer  
Aboitiz Equity Ventures Inc.



**Liza Luv T. Montelibano**  
Senior Vice President  
Chief Financial Officer  
Aboitiz Power Corporation



### S&P Global Ratings

In 2021, AEV continued to be recognized as a constituent company in the S&P Global Corporate Sustainability Assessment. The CSA Score improved by 29% compared to last year's rating with a positive 17 points increase in percentile ranking placed us in 82nd percentile (1st quartile) from previous year's 66th percentile rank (2nd quartile) among the industrial conglomerates global peer group.

The Company maintained its BBB rating in the MSCI ESG Rating and Sustainalytics ESG Risk Rating 38.5 with an average ESG Risk management score of 40.6. AEV also looked into the CDP reporting framework by including it in the Company assessments of its ESG initiatives. The company completed the three assessments on Climate Change, Water Security and Forest. The group maintained its Disclosure Level while increasing the Forest assessment to Awareness Level making the company at par with the Global average on Soy Use Performance which is measured for our Food Group business.



AboitizPower's 2021 ESG performance rating S&P Global Corporate Sustainability Assessment rose to 67th percentile from 54th percentile in 2020. Since 2018, it has remained a constituent company in the FTSE4Good Index Series, improving its performance on its ESG practices. Also in 2021, AboitizPower retained its BB rating from MSCI's ESG Ratings assessment and gained a Sustainalytics ESG risk rating of 33.4 as result of lowered risk exposure by 3.5 point momentum.

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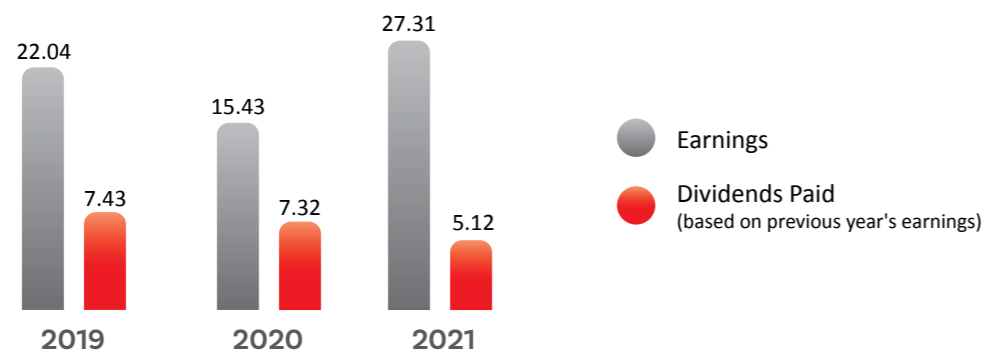
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# Shareholder Values

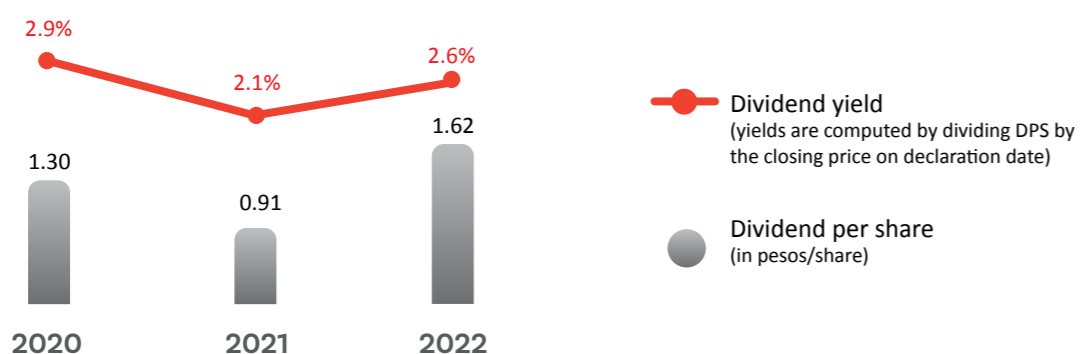
Aboitiz Equity Ventures Inc.

## Earnings and Dividends

(in PHP billions)



## Dividend Per Share (DPS) and Dividend Yield



Share Price (Peso/Share)		
YEAR	HIGH	LOW
2021	59.05	34.00
2020	54.00	29.10
2019	67.90	46.70

Share Price Performance	
YEAR	2021
AEV	17%
PSEi	-1%

### Total Return to Shareholder (TRS)\*

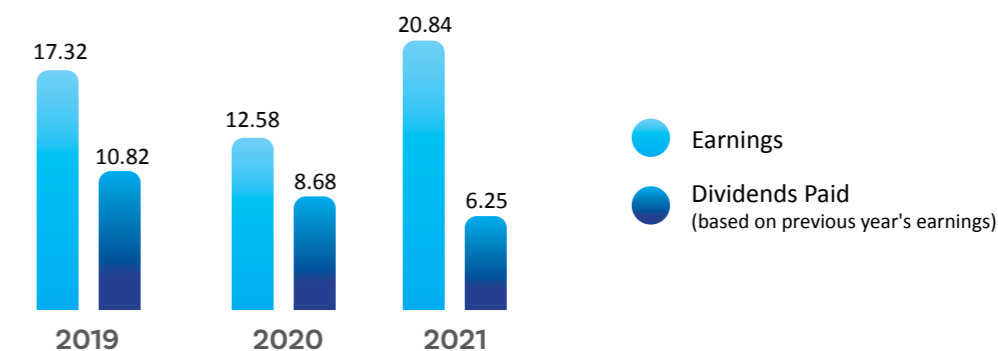


\*TRS is computed by combining share price appreciation and dividends paid to show TRS expressed as a compounded annual growth rate (CAGR). Data compiled by Bloomberg.

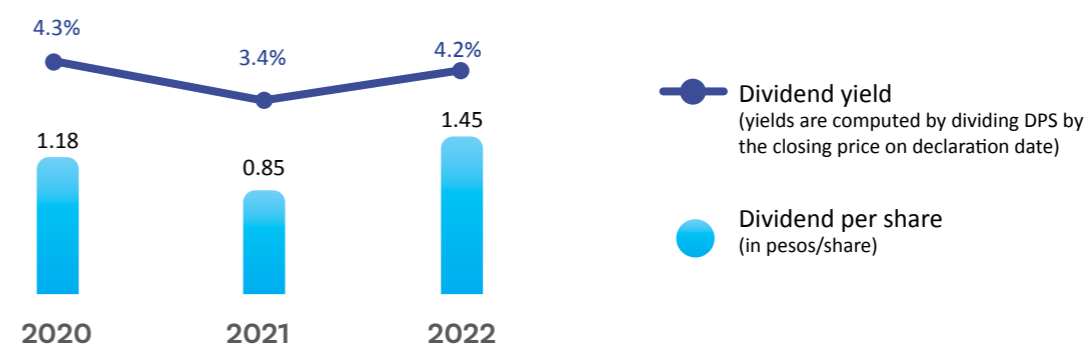
Aboitiz Power Corporation

## Earnings and Dividends

(in PHP billions)



## Dividend Per Share (DPS) and Dividend Yield



Share Price (Peso/Share)		
YEAR	HIGH	LOW
2021	34.20	20.50
2020	35.00	23.45
2019	40.40	33.00

Share Price Performance	
YEAR	2021
AP	10%
PSEi	-1%

### Total Return to Shareholder (TRS)\*



\*TRS is computed by combining share price appreciation and dividends paid to show TRS expressed as a compounded annual growth rate (CAGR). Data compiled by Bloomberg.



POWER

**Providing  
energy supply  
that is reliable,  
affordable, and  
sustainable**

# Results of Operations



## Emmanuel V. Rubio

President and CEO,  
AboitizPower

“2021 was a year of resiliency and recovery for AboitizPower. Our efforts to keep the lights on and spread positive energy amid the pandemic resulted not only in a stellar performance, but also in remarkable operational improvements across our businesses. I’m incredibly proud of our 1AP team and I’m confident that we can do more and better together to drive the Aboitiz Great Transformation.”

### A STRONG START TO THE NEW DECADE

A pivotal year for AboitizPower, 2021 set the course and kicked off our 10-year growth ambition. We turned the corner and made remarkable progress with our strategic direction towards our energy transition journey over the next 10 years.

It is our ambition to grow our Cleanergy attributable capacity threefold to 4,600 megawatts (MW), aiming for a 50:50 balance between our renewable and thermal portfolios by 2030. As one of the largest power producers that energizes one in every five homes across the Philippines, we believe that our growth strategy is critical to ensuring that our country’s energy system remains reliable and cost-efficient while we gradually pursue environmental sustainability and decarbonization. In our aspiration to become

truly sustainable, we endeavor to not just be a profitable organization, but one that drives positive economic, social, and environmental impact over the long term.

We believe that our strong performance in 2021 was greatly influenced by our efforts towards continuous improvement in everything we do. Driven by our strong culture of quality, we have further strengthened our strategy, operational efficiency, and organizational capability through the integration of technology and innovation into our business processes.

All these efforts are geared towards transforming AboitizPower into an agile and more resilient organization aspiring to drive progress and power lives for many generations to come.

## Metrics that Matter



Income contribution to AEV  
**PHP16 billion**



Attributable Net Sellable Capacity  
**3,962 MW**



DU Customers  
**1,000,000+**



AP Corp re-certification for  
**Quality Management System**  
**Strong ESG standards and practices**

### AP DU Systems Loss:

Distribution Unit	2021	2020	2019
Visayan Electric	6.73%	6.84%	6.00%
Davao Light	8.30%	7.88%	7.32%
Cotabato Light	7.98%	8.88%	8.08%
Subic EnerZone	3.84%	3.20%	2.96%
Mactan EnerZone	1.06%	0.93%	0.96%
Balamban EnerZone	0.40%	0.47%	0.42%
LIMA EnerZone	4.51%	5.37%	5.24%
SFELAPCO	4.86%	4.86%	4.86%

Government-mandated Cap on Feeder Loss in 2021: 5.50%

## A TRAILBLAZER FOR DIGITAL TRANSFORMATION IN THE ENERGY SECTOR

We institutionalized our 1AP Digital Strategy or DigitaLeap to build a strong culture of working in a digital ecosystem across AboitizPower.

Even before the pandemic, we had already invested in technologies to improve the availability and reliability of our generation assets. We have also put in place initiatives to beef up our digital tools and platforms. While our digital strategy has greatly helped us in adapting to the new normal, we have also recognized that continuous improvement is necessary to remain relevant and competitive in a constantly evolving business environment.

DigitaLeap, which integrates our assets, our people, and our customers, focuses on four key areas. First, we will digitalize our critical core systems towards more intelligent operations. Second, we will solidify our cybersecurity vigilance and protection. Third, we will execute smart forecasting and planning through advanced analytics and machine-learning techniques. And fourth, we will establish a robust and well-planned smart infrastructure to deploy our digital strategy efficiently and effectively.

Guided by our “digital first, but digital where it matters” mindset, we envision AboitizPower to be a benchmark of digitalization in delivering reliable, cost-efficient, and sustainable energy supply and solutions to our customers and communities.

## A RESILIENT AND FUTURE-READY ORGANIZATION

In step with strengthening our digital infrastructure is building the capability of our 1AP team. In 2021, a key driver of our improved operational availability and reliability was our organizational response to continuously



reinforcing our technical bench. Our hiring decisions were made more strategic and targeted, resulting in the placement of a strong and seasoned team of experts in Asset Management, Project Development and Execution, Overhaul, Repair Services and Project Management, Operational Excellence, Systems and Strategy, and Reliability and Performance Management across our various business units.

We also continued to build on the progress of our talent agenda, which is designed to power the future of our team members by keeping them connected, engaged, and motivated to constantly deliver on our commitments to our stakeholders. We have put in place various programs that allow for meaningful conversations and collaborations across our businesses throughout the country. Ultimately, we nurture a working environment that not only enables our team members to add value to the organization, but in doing so, leverage opportunities for holistic growth.

We are committed to sustaining these efforts to further strengthen what has always been our competitive advantage, our 1AP team,

so we can be better together in driving a more sustainable future for our stakeholders.

## A PARTNER FOR SUSTAINABLE ENERGY TRANSITION AND ECONOMIC PROGRESS

Sustainability for AboitizPower is a journey of continuously increasing shareholder and stakeholder value. We have always been guided by the Aboitiz Group’s core principle of balancing the interests of people, planet, and profit.

In recent years, we have taken huge strides to synthesize our operations, processes, and programs to ensure alignment with the Aboitiz sustainability framework, which has been the backbone of our strong environmental, social, and governance (ESG) standards and practices. Cognizant of our current and future risks that may have an impact on our business and our stakeholders, we continue to take deliberate efforts to address these risks through a well-calculated approach to balance energy transition with economic progress.

In 2021, we achieved significant improvements in our ESG performance. For the fourth consecutive year, AboitizPower was recognized as a constituent company in the FTSE4Good Index Series and we were able to get a higher overall rating of 3.1 from the previous year’s rating of 2.5. The increase in the overall rating was driven by the improvements in our scores

for biodiversity, climate change, health and safety, labor standards, anti-corruption, and risk management. We also improved our Sustainability rating, highlighting a better management of our risk exposure. Our recent Corporate Sustainability Assessment (CSA) by S&P Global likewise showed marked improvements in our ESG performance compared to the previous year. Our absolute score improved by 74%, while our percentile ranking in our global peer group improved from 25th percentile to 54th percentile.

In 2021, we established Aboitiz Renewables, Inc. (ARI), a key driver of our renewable energy growth in the next 10 years. It was created to support and deliver the growth ambitions of the Aboitiz Group in renewable energy. That same year, ARI developed a mature pipeline of over 3 gigawatts (GW) of renewable energy projects comprising solar, wind, hydro, and geothermal and battery energy storage systems (BESS). The growth of the ARI portfolio and the increasing amount of clean energy it produces will play an important role in the decarbonization of the Philippine energy system.

Electricity powers lives every day and as a leading power company, we at AboitizPower make deliberate efforts to keep the lights on for our customers and communities. Our 10-year growth strategy has been carefully designed to ensure that we are able to serve the needs of our stakeholders today while building pathways towards a progressive and thriving future.



As the country’s economy grows, so does the need for power. AboitizPower’s Therma Marine facility in Maco, Davao de Oro is the site of the company’s latest BESS project.

# Milestones

- Posted an income contribution to AEV of PHP16 billion, up by 66% year-on-year from PHP9.7 billion in 2020
- Forged a partnership with JERA in line with AboitizPower's 10-year renewable energy expansion journey
- Turned over PHP714 million in ER 1-94 funds as of 2021 for COVID-19 response and relief to 130 host beneficiaries
- Smoothly sustained the Work-From-Home (WFH) and 14-day Facility Quarantine (FQ) set-up without any COVID 19-related business interruption
- Achieved Quality Management System (QMS) recertification for holding company Aboitiz Power Corporation
- Vaccinated 93% of team members



AboitizPower team members plant a narra tree sapling on-site in Pangasinan where the company's 94-MW peak solar power plant will soon rise.

## Generation Business Group

### Thermal

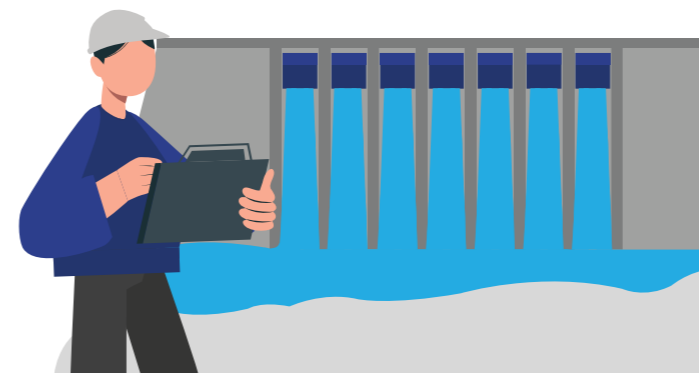
- Achieved Therma Visayas, Inc. (TVI) and Therma South, Inc. (TSI) availability and reliability targets
- Completed 8 INYOvation projects for Coal business unit (BU)



- Validated 100% of Risk Treatment Plans and achieved 0 total recordable incident rate (TRIR) for Coal BU
- Upgraded Therma Mobile, Inc. (TMO) capacity from 145MW to 185MW and secured Ancillary Services (AS) certification
- Achieved 1 million safe manhours and received a safety seal from the Department of Labor and Employment (DOLE) for Therma Marine, Inc. (TMI)-M1
- Completed the Digital Generator Synchronizer and Load Controller Project for TMI-M1

### Renewables

- Established a pipeline of over 3GW of renewable energy projects in development, including new service contracts secured for 300-MW solar power projects, and 50-MW onshore wind power projects
- Completed the Therma Marine, Inc. (TMI) battery energy storage system (BESS) barge with a capacity of 48MW or 24 megawatt-hours (MWh)



- Awarded and issued a Notice to Proceed to JGC Philippines for the 94-megawatt peak (MWp) Cayanga Solar project
- Installed 5 met masts for the development of onshore wind power projects with a total potential capacity of 248MW
- Completed the cooling tower upgrades at Tiwi Geothermal Power Plant to withstand 320kph wind speeds including fanstacks, flooring, and flooring support
- Modified the steampath turbine of Unit 1 at MakBan Geothermal Power Plant for efficiency improvement
- Completed the high head penstock repairs at Manolo Fortich (MF) Hydro Power Plant and the return to service of MF 1 and 2 with a total capacity of 66.8MW

## Distribution Business Group

- Received safety seal certificates for all distribution utilities
- Improved year-end Customer Satisfaction Index to 96%, a 4% increase from the target rating
- Increased the number of MobileAP users by 300% and of cashless transactions by 79% versus the previous year
- Energized Davao Light's first fully digital substation
- Established additional online bills payment platforms for Cotabato Light (BDO online banking) and Visayan Electric (UnionBank prepaid vending)
- Launched eBillTxt for Visayan Electric, Davao Light, and Cotabato Light

- Completed the Retail Competition and Open Access (RCOA) Annual Market Assessment Report (AMAR), a collaborative project between OT Network and Security, Visayan Electric Engineering and CSG, and IT teams
- Energized Visayan Electric's Paknaan Substation and Davao Light's Ponciano Substation
- Completed Davao Light's underground cabling activities at C.M. Recto and set up a new 69kV line to improve reliability in the southern part of Davao City
- Developed Visayan Electric's Oil Impregnated Paper Bushing Preservation System
- Completed Phase 3 of Visayan Electric's Underground Distribution System (UDS)
- Completed and energized Lima EnerZone's (LEZ) 27km 69kV Line 2 with a capacity of 100MW
- Achieved above-target Elevated Metering Center (EMC) installations resulting in a lower system loss for Cotabato Light
- Energized the Sinsuat 33MVA Substation and Malagapas 15MVA Transformer 2, and completed the Salimbao 12-MVA back-up power transformer for Cotabato Light
- Achieved above target year-end performance for Cotabato Light's Emergency Response and Restoration
- Passed the ISO Environmental Management System (EMS) 14000 Re-Certification Audit and Quality Management System (QMS) Surveillance Audit for Visayan Electric and Davao Light, and the QMS Re-Certification Audit and EMS Surveillance Audit for Cotabato Light and EnerZones



# Outlook



## Commercial Operations Group

- Participate in the Green Energy Auction Program (GEAP), Competitive Selection Process (CSP) for Ancillary Services (AS), and CSPs for distribution utilities (DUs) and electric cooperative (EC) energy requirements
- Secure long-term offtakers for new renewable energy projects
- Develop capability to sell to lower threshold retail market
- Build a competitive supply portfolio for the retail business

## Generation Business Group

### Thermal

- Commission, secure the AS certification, and commence commercial operations of the 49-MW TMI hybrid battery energy storage system (BESS) in Maco, Compostela Valley to boost TMI's capability to support the Mindanao grid
- Upgrade TMO capacity from 185MW to 210MW and secure AS certification
- Secure AS certifications for East Asia Utilities Corporation (EAUC) and Cebu Private Power Corporation (CPPC)

- Target for the initial synchronization of GNPower Dinginin Unit 2 by the second quarter of 2022
- Secure Ancillary Services Procurement Agreement (ASPA) contracts for TVI, TSI, and Therma Luzon
- Achieve certification for an Integrated Management System (IMS) covering QMS (ISO 9001:2015), EMS (ISO 14001:2015), Occupational Health and Safety Management System (OHSMS) (ISO 45001:2018), Business Continuity Management System (BCMS ISO 22301:2019), and Asset Management System (AMSISO 55001,2018) for the Coal BU
- Optimize data analytics and data science for predictive maintenance in TSI and TVI



## Renewables

- Partner with International Finance Corporation (IFC) to study the viability of generating baseload power from different renewable energy sources in the Philippines, as AboitizPower continues to find solutions for a well-managed energy transition and decarbonization
- Implement wide-scale digitalization initiatives at Hedcor to include a centralized National Operations Control Center (NOCC) that will integrate the Sacasun and Cayanga solar power plants, Regional Operations Control Center, plant connectivity upgrades as part of the resiliency program and implementation of robotics process automation to improve efficiency
- Target commercial operations of the AP Renewables, Inc. (APRI) Tiwi binary plant by the third quarter of 2023
- Convert the APRI MakBan U1 gas removal system to hybrid steam gas ejector to increase steam turbine capacity by up to 2MW
- Commence the construction of the SN Aboitiz Power-(SNAP) Magat BESS project with the notice to proceed (NTP) expected in the first half of 2022 and the project is targeted for commercial operation date (COD) in the first half of 2024
- Participate in the AS CSP through SNAP and support the creation of the co-optimized market for AS and energy
- Complete and commercially operate the 94-MWp Cayanga solar project in Bugallon, Pangasinan by the fourth quarter of 2022
- Secure a notice to proceed for the 160-MWp Laoag solar project in Aguilar, Pangasinan, with target completion by the third quarter of 2023



## Distribution Business Group

- Achieve ISO55001 Asset Management Certification for Davao Light, Visayan Electric, Subic EnerZone, and Cotabato Light
- Implement Davao Light T&D Smart Inspection using drone with IR Cam/ LiDar Cam and software platform with AI functionalities
- Develop Asset Performance Management System for power transformers
- Use geographic information system (GIS) with Utility Network Modeler
- Continue with the rural electrification project of Davao Light for 2022
- Develop a UDS at the South Road Properties (SRP) for Visayan Electric, and along San Pedro St. and Magsaysay Ave. for Davao Light
- Put up an 150MVA additional 138KV transformer S/S (ERA) for Davao Light
- Continue the rollout of smart meters and network smart devices
- Improve the functionality of MobileAP



ABC STORY

# Powering stories of hope on the road toward recovery



Over the years, we at AboitizPower have witnessed hope in action, be it in the lives of scholars making it through college despite the odds or team members navigating their way to success through hard work and dedication. In 2021, it was no different.

At the core of what we do is our drive to look for ways to ensure that both our business and the communities where we are present grow together. Nobody is left behind.

Through our subsidiaries across the country, we walked beside our host communities as the Philippines faced challenges brought about by the pandemic in 2020. To this day, we continue to power their stories of hope on their road toward recovery.

In the mountains of Bokod, Benguet, a young Ibaloi woman took a step closer to her dream of becoming a psychologist through SN Aboitiz Power's (SNAP) tertiary education scholarship program.

A beneficiary for three years of SNAP-Benguet's Bridging Gaps in Higher Education through Tertiary Scholarships (BRIGHTS) initiative, 20-year-old Laisa Marie Berato graduated with a degree in psychology from the University of Cordillera in August.

"BRIGHTS played a significant part in my college life. The scholarship helped me improve my academic performance and become a more active member of society. At the same time, my family was able to

significantly reduce my educational expenses, thanks to the grant I received," she shared.

Drawing strength and inspiration from her family, she said she was able to overcome many challenges during the pandemic. These included having to attend classes virtually and experiencing mental breakdowns, overburdened as she was with activities.

Since the program's inception in 2018, 38 college scholars from Benguet have received funding for tuition, school fees, and living or study expenses while six scholars have already received their college diplomas.

With the government allowing more schools to conduct face-to-face classes, Cebu-based Visayan Electric helped create safe and brighter learning environments through its electrical systems rewiring project in 2021.

As of the fourth quarter of the year, the utility finished rewiring a total of 217 classrooms in 11 public schools within its franchise area under a PHP5.2-million program.

Dr. Jomar Rubio, representing Talisay City Mayor Gerald Anthony Gullas during the turnover ceremony at Vicenta Manreal Elementary School in Pooc, Talisay City in October, thanked Visayan Electric for helping the local government in maintaining the city's public schools.

"This project has saved the city and the Department of Education millions and we are thankful that Visayan Electric is here to help us. It is now the duty of the school



administration to ensure the proper and safe use of electricity," he said.

Since 2010, Visayan Electric has rewired a total of 5,054 classrooms in partnership with the Aboitiz Foundation and recently, with Vivant Foundation.

In Mindanao, two enterprise groups primarily made up of Bagobo-Tagabawa women continue to press on and thrive, thanks to the help they received from AboitizPower subsidiaries Therma South and Hedcor.

In partnership with the Aboitiz Foundation, the two firms turned over in June multipurpose coffee grinding and coffee roasting machines to the Tibolo Coffee Farmers Association, as well as egg machines and a year's supply of chicken feed for hens to the Tibolo Tribal Women's Association.

"Most things we do by hand, from growing to drying to selecting the beans. We used to grind and roast the beans manually and had to decline some orders in the past because we couldn't keep up. This assistance will greatly help us in both speeding up our production and ensuring consistent quality," said Marje Eufan, president of the Tibolo Coffee Farmers Association, during the turnover ceremony at the Bagobo-Tagabawa Cultural Village, Barangay Tibolo in Sta. Cruz, Davao del Sur.

In the mid-December 2021, Visayas and Mindanao were ravaged by super typhoon Odette (international name Rai), leaving some of our host communities without electricity, and others even without homes.

Visayan Electric, Cebu's major electric power distributor, immediately deployed its teams to check on the typhoon's damage and to re-energize its franchise area in the quickest and safest way possible. Personnel from its sister companies Davao Light, Cotabato Light, and the EnerZones also traveled to Cebu to help restore power there. This prompted a wave of assistance from non-Aboitiz utilities and electric cooperatives as well.

AboitizPower's generation subsidiaries also mobilized relief operations within their respective communities, including the distribution of food packs, water filter buckets, and bottles of drinking water, among others. They also provided free charging stations for gadgets and even electric tricycles.

Various Aboitiz Group business units also made sure their Cebu-based team members were taken care of by providing calamity assistance, offering calamity loans, and releasing salaries early to help them cope during the crisis.

Indeed, this is the true spirit of *bayanihan*.

"When a natural disaster like Typhoon Odette strikes with severity that no single corporation can handle, collaboration really is the way to go," said AboitizPower Distribution Utilities Chief Operating Officer Anton Mari G. Perdices.

Following a rocky 2020 and a bittersweet end to 2021, AboitizPower still sees the light at the end of the tunnel. Although the global health situation is still far from ideal, we are optimistic things will get better beyond 2021 — both for our business and the communities we serve.

"The past two years have been quite challenging, but nothing we couldn't handle. During these times, we continue to hold on to hope while working towards our targets amid recovery. We are committed to fulfilling our mandate of providing reliable, cost-efficient, and sustainable power while also instilling hope in our communities with our presence," said AboitizPower President and Chief Executive Officer Emmanuel V. Rubio.

Even before the pandemic, AboitizPower was a catalyst in driving positive change in the life of every Filipino and will continue to do so in better-normal times. As we drive progress by balancing the interests of people, planet, and profit, we also aspire to sustain this growth far into the future.



**SDG 4 Quality Education:** Target 4.3 ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university; Target 4.a Build and upgrade inclusive safe schools.

**SDG 5 Gender Equality:** Target 5.a Providing equal rights for women to economic resources, property ownership and financial services;



BANKING AND  
FINANCIAL SERVICES

**Power the future  
of banking by  
co-creating  
innovations for  
a better world**

# Results of Operations



## Edwin R. Bautista

President and CEO,  
Union Bank of the Philippines

“We ended 2021 on a high note with strong financial results and success in our strategic plans, including getting our digital bank license and the groundbreaking deal for Citigroup’s consumer business. With the market validating our digital and growth plans, we enter 2022 with much optimism. We are geared up to unleash the synergies across the UnionBank Group and accelerate our goal to become a Great Retail Bank!”

2021 was a pivotal year for UnionBank. Apart from achieving strong financial results, we achieved key strategic milestones in our digital transformation strategy. These included our acquisition of Citi’s consumer portfolio that accelerates our ‘Great Retail Bank’ aspiration. With our increasing relevance to the communities we serve, we remain steadfast in delivering superior banking experiences to more customers and sustaining our growth momentum, marking 2022 as our Great Leap Forward!

We exceeded our target earnings with a net income of PHP12.6 billion, 9% higher than in 2020. This translated to a return on beginning equity of 12.0%, way above the banking industry average of 9.2%, as of this writing.

Our revenues reached an all-time high of PHP45.1 billion for the second year in a row. Notwithstanding the subdued lending environment, we sustained the growth of our net

interest margins to 4.6%. The record-high growth of CASA deposits for the second straight year due to our strong cash management solutions, supported this margin increase. Higher fees and service charges, higher foreign exchange income, as well as trading income boosted our topline revenues.

Despite the ongoing pandemic, we were able to manage credit risk and improved our NPL ratio to 5.0% vs. 5.1% in 2020. Our NPL coverage ratio also increased to 71% vs. 58% in the last year.

Most notable of all was that the market rewarded us with impressive capital appreciation in 2021 that increased shareholder returns. Total shareholder value reached 78% in 2021 alone, coming from the 73% appreciation of our share prices and the 5% yield from our cash dividends. We attribute this value creation to our stakeholders’ greater appreciation of our growth and digital plans, particularly the establishment

## Metrics that Matter



Contributed **PHP6.2 billion** to AEV and sustained above-industry return on equity of **12%**



Posted the highest total shareholder return in the banking industry at **78%** in 2021 alone from its stock price appreciation and cash dividend yield



Customers who registered across digital channels doubled to **4.1 million**, while fully-digital accounts opened tripled to **1.3 million** year-on-year (YoY)



Signed up close to **200,000 MSMEs** across UBX platforms with recurring transactions breaching the one-million mark in a single month



of our own digital bank, and the acquisition of Citi's consumer portfolio.

Alongside this, our continued resilience and growth amid the pandemic is proof that our digital initiatives are indeed meaningful and relevant. We were fortunate that the pandemic fast tracked the digital behavior, but our successes would not have been possible if we did not have the right infrastructure, culture, and people to deliver the superior banking experiences that customers expect of us.

As they say, "luck favors the prepared". But more rightfully so, "fortune favors the bold" as the accomplishments we have today would not have been realized if we did not take the first step to digitally transform in 2015.

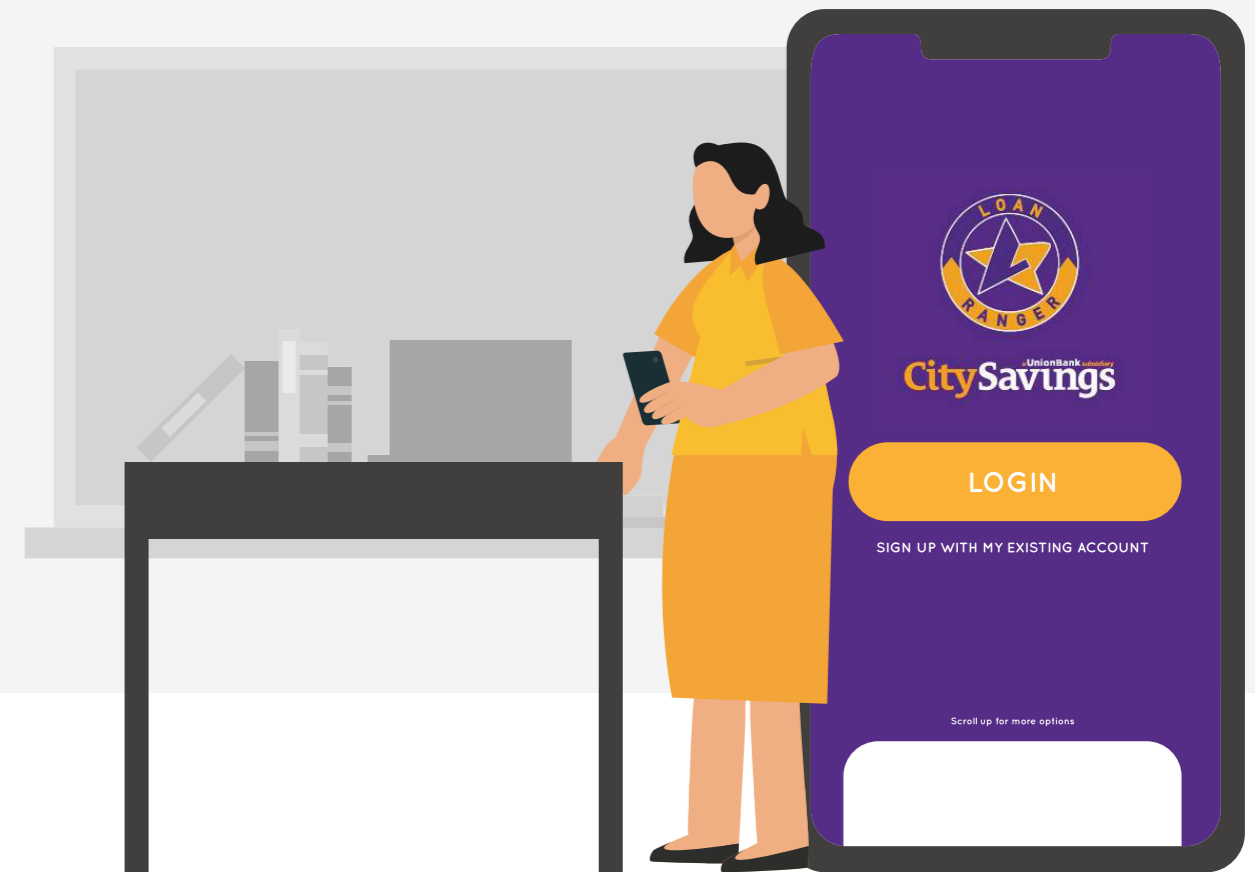
### DIGITAL STRATEGY IN THE SPOTLIGHT

We realized the importance and benefits of going digital when the pandemic hit in 2020. More than an opportunity, the crisis heightened our responsibility to continue serving our stakeholders with superior experiences, prompting us to go full throttle with our digital initiatives in 2021.

Customer acquisition ramped up during the year. We onboarded around 2.5 million new accounts in 2021 – a new record high. Aided by our strong digital marketing campaigns, a third of our new customers were acquired via a digital account opening (DAO) in our UnionBank Online App. The expansion of our customer communities (e.g., Pag-IBIG, payroll, SSS, supply chains ) also contributed to this growth as we continue to serve their financial needs.

Likewise, digital transactions grew remarkably with customers preferring to transact via online channels. In 2021, online transactions doubled from the previous year, further widening the gap from physical branch and ATM transactions. We also remained as among the top 3 sender banks for PESONet and InstaPay fund transfer transactions, outperforming the bigger banks.

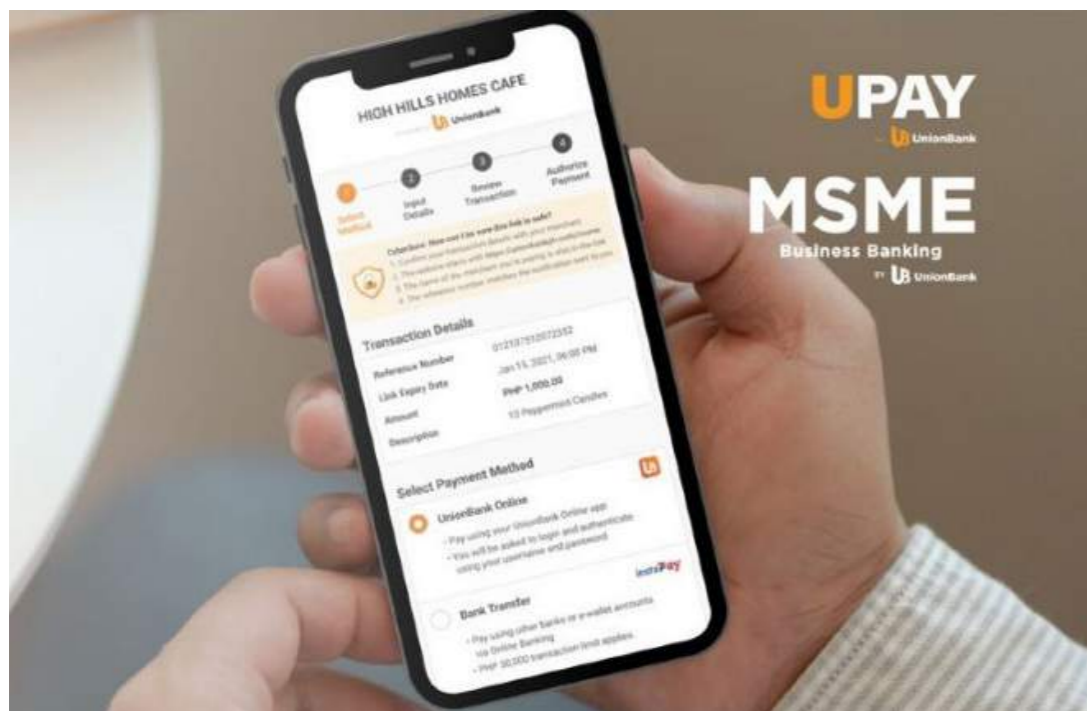
Our relentless pursuit to deliver superior customer experiences pushes us to improve our product and service offerings. In 2021, we launched new features in the UnionBank Online app to include the Insurance Marketplace (that aims to present a wide and affordable selection of insurance products best suited for customers' needs), InstaPay 2.0 (facilitates ease in sending funds using either email or mobile number), and cash in functionality via Western Union (expands our reach to thousands of locations nationwide).



We also completed our suite of customer touchpoints, now catering to the MSMEs, through our MSME Business Banking App. The app recognizes the hybrid banking needs of MSMEs; it is more sophisticated than a personal app but less complicated than corporate platforms. To-date, more than 25,000 MSMEs are enjoying the app's services such as digital account opening, mobile check deposit, as well as UPay, which allows MSMEs to collect customer payments via over-the-counter channels and e-wallets.

In 2021, we also unveiled our vision for a cloud-only IT infrastructure. It involves the migration of hundreds of virtual machines to VMware Cloud on AWS, enabling us to support a massive scale of transactions in a cost-efficient manner. To date, we have over 200 workloads now migrated and running on the cloud, and we are on track to complete in 2022 the migration of mission critical systems, including our core banking system. This also goes hand-in-hand with our implementation of DevSecOps geared towards further accelerating the development, testing, and deployment of new innovations.

CitySavings was also on full throttle in fulfilling the banking needs of the various communities we serve. Despite the on-and-off lockdowns, as well as the onslaught of Typhoon Odette in Visayas and Mindanao, we continued to serve our teacher-customers by opening branches to the extent we can and enabling sales officers book applications offsite through our Loan Ranger App. The commercial launch of CitySavings' Reloan App for teachers is also expected to bring more customer convenience through real-time and self-service functionalities.



UPay for MSMEs. An all-in-one fully integrated payment acceptance hub that allows collection of customer payments through online or OTC channels.

Further diversifying the CitySavings portfolio are the two other legs of lending – motorcycle and pension loans – both of which posted notable growths in 2021. Motorcycle loan releases peaked at 7,000 units sold in a single month, while year-to-date pension and other loan releases have doubled year-on-year (YoY). We continue to introduce innovations across our processes to beef up productivity, sustain growth, and ultimately, serve our customers seamlessly.

UBX, on the other hand, is reaping the benefits of serving its MSME communities, along with the growth of E-Commerce. Total MSME sign-ups in 2021 grew by 28% vs. the previous year, while monthly transactions from UBX’s platforms breached the one million mark in December alone, up by 40x YoY. We expect to sustain this moving forward and bring in the expected recurring revenues.

With our ventures gaining traction, UBX is now gearing up for its next strategic phase, which is to lead in the open finance regime. UBX’s platforms, which are essentially a payment platform (BUX), a loans engine (SeekCap), an agency banking platform (i2i), as well as the technology services

rendered by QLab, are the key services essential to various open banking participants. Along with its API-ready infrastructure, UBX shall aggregate these services and serve as the platform that will enable fintechs, businesses, governments, and their respective communities.

A major addition to our digital strategy is the setup of our Digital Bank, UnionDigital, poised to launch in mid-2022. We are pleased to be the only private universal bank (among 6 licensees) granted by the Bangko Sentral ng Pilipinas (BSP) with a digital banking license. Supported by an agile IT infrastructure, a start-up culture, and the right people, UnionDigital shall be the challenger bank that will unlock the formula to serve the country’s larger untapped retail segment in a cost-effective and sustainable way.

### 2022: A TRANSFORMATIVE YEAR FOR OUR GREAT LEAP FORWARD

We ended 2021 with the historic announcement of our successful deal with Citigroup for the acquisition of its consumer banking business in the country. The transaction is one of the largest and was one of the most anticipated in the

banking industry, and we are more than ecstatic that UnionBank was the chosen bidder.

The transaction includes Citi’s credit cards, personal loans, retail deposits, a 100% share of Citicorp Financial Services and Insurance Brokerage Philippines, Inc., and real estate properties such as branches, wealth centers, and Citibank Square in Eastwood. Moreover, approximately 1,750 employees are expected to join UnionBank.

This acquisition further cements our position as a leading bank in the Philippines, as well as fast-tracks our growth aspirations in the retail banking segment. This will boost UnionBank’s credit card business to become Top 3 with Citi having the third largest credit card franchise in the country. UnionBank’s consumer loans to total loans will grow to 50% from 40% and thus, improve our margins and recurring revenues. The transaction is also expected to add close to one million credit card and wealth management customers to our base, and double the volume of our assets under management.

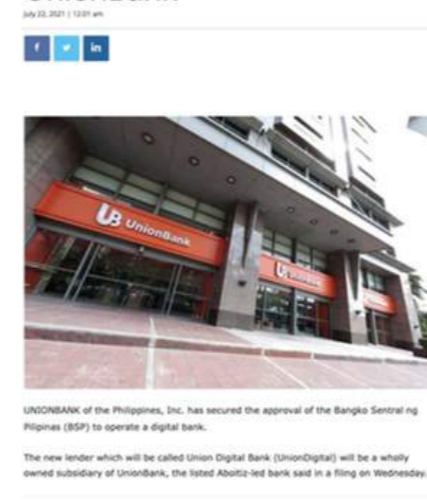
We enter 2022 focused on completing the regulatory approvals by the second half of the year, achieving a smooth transition for the employees, and migration for the customers. We have already started the various workstreams,

including engaging consultants who will work hand-in-hand with us during the transition. We are embarking on this journey guided by our commitment to retain all of Citi’s key talents and to continue the superior customer experience that Citi has delivered to its customers over the years.

The cogs of the Parent Bank & CitySavings (Plan A), UBX (Plan B), Citibank’s Consumer Business (Plan C), and UnionDigital (Plan D) are already moving. Each is fulfilling the needs of their own target customers. But essential to our growth are the collaborations happening across our ABCD strategy, all geared towards enhancing customer engagement and lifetime value. The Parent Bank, for instance, is able to offer banking products to the platform customers of UBX, while the cross-sell of UnionBank products to Citi’s customers is a key value driver of the acquisition. Thus, building and harnessing existing customer ecosystems while at the same time, acquiring and penetrating potential ecosystem partners (Plan E) is key to our strategy.

With our key strategic elements in place, we are looking forward to unleashing the synergies and value coming from our various initiatives, and leap forward towards our goal of becoming a Great Retail Bank!

### BSP grants digital banking license to UnionBank



UnionBank is the only private universal bank granted with BSP’s digital bank license. Deal signing with Citi and UBP’s key officers for the acquisition of Citi’s consumer business in PH



# Milestones

- Posted 78% total shareholder return from stock price appreciation and cash dividend yield in 2021 alone
- Registered 4.1 million digital users across UnionBank Online App, MSME Business Banking App, and The Portal platform, a 7.5x increase vs. pre-pandemic
- Posted 53x increase in Digital Accounts Opened via the app reaching 1.3 million vs. pre-pandemic
- Posted a record-high CASA growth of 32% due to increased adoption of cash management services
- Grew retail customer base by about 2.5 million in 2021 driven by digital accounts and carded communities (PAG-IBIG, payroll, etc.)
- Enhanced UnionBank Online App features to include Insurance Marketplace, InstaPay 2.0 which allows fund transfers via mobile number and email, and Cash in via Western Union outlets
- Among the first banks to participate in the industry pilot testing of InstaPay P2M (person-to-merchant) and InstaPay P2B (person-to-biller) capability
- Launched MSME UPay in the MSME Business Banking App enabling MSMEs to collect payments through various channels such as bank transfers via InstaPay, e-wallets (GCash and GrabPay), over-the-counter (Cebuana Lhuillier, ECPay partner outlets, and Palawan Pawnshop), and debit/credit cards (VISA/Mastercard).
- Rebranded 150 out of 198 UnionBank branches into Arks enabled with Digital Transaction Portals for paperless transactions



- Enabled LGUs with digital capabilities to continue transactions with their constituents and businesses amid the lockdowns (such as Valenzuela City and Navotas City for their tax and business fee collections, and a multi-purpose card with an EON digital wallet for the communities of Narvacan, Ilocos Sur, Parañaque, and Imus City, Cavite
- Partnered with the Supreme Court of the Philippines to develop the Judiciary ePayment Solution which gives courts the option to receive fees and payments digitally from litigants, their counsels, and representatives anytime and anywhere



- Launched the Bank's first social bond, in partnership with IFC, which aims to finance loans to help MSMEs recover amid COVID-19
- Secured from the BSP a digital bank license, the only private universal bank in the country to be granted said license
- Chosen as the preferred bidder for the acquisition of Citigroup's consumer banking business in the Philippines.
- Awarded Digital Bank of the Year (The Asset Triple A) for the 4th consecutive year; Best Bank Transformation in Southeast Asia (Global Banking and Finance Review); Most Recommended Retail Bank in the Philippines and in Asia Pacific (The Asian Banker); and Best Bank in the Philippines (The European Magazine), among many others



## City Savings Bank

- Received the Philippines Technology Excellence Award for Digital – Banking in the Asian Technology Excellence Awards 2021
- Achieved record highs in monthly motorcycle loan disbursements, exceeding 7,000 units sold
- Expanded salary loans network to over 1,200 non-DepEd institutions from 475 in 2020



- Petnet posted a net income growth of 3.5x in 2021 to PHP120 million from successfully growing its two other revenue streams – loans and forex (trading and cross-border payments)
- Petnet carried 13 additional remittance brands in 2021, bringing its total brands to 23
- Petnet launched the PERA HUB Remittance Platform to grow digital agents and serve their respective communities



UBX recorded remarkable growth in 2021 with revenues ballooning by 5x, a momentum that the fintech innovator aims to ride on in 2022.

### UBX

- MSME sign-ups across UBX Platforms (i2i, BUX, SeekCap, and Sentro) grew 11x vs. pre pandemic
- UBX transactions grew to 1 million in the month of December 2021 alone, up 40x vs. December 2020
- Seekcap disbursed loans amounting to PHP500 million, 7x higher vs. 2020

## Outlook

- Launched ADA stacking pool with PHP68 million assets under management within 2 months of operations and no marketing
- Recognitions include: Fastest Growing Fintech Company in Southeast Asia (by Global Banking Finance Awards); Best SME Loan/Financing Product for SeekCap (The Asian Banker); and Best E-Commerce Financial Technology for Sentro (The Asian Business Review)



- Ride the wave of economic recovery to push loan growth and improve credit quality
- Further boost retail customer acquisition and engagement via digital marketing and tapping ecosystem communities
- Continue to diversify CitySavings' portfolio through the robust growth of DepEd, motorcycle, and pension/other loan businesses
- Accelerate MSME onboarding and improve active user base across UBX's open finance platforms
- Launch UnionDigital Digital Bank to expand reach to underserved Filipino communities
- Ensure smooth transition and migration of employees and customers from the acquired consumer business of Citibank



ABC STORY

# UnionBank leads the way towards a more sustainable future

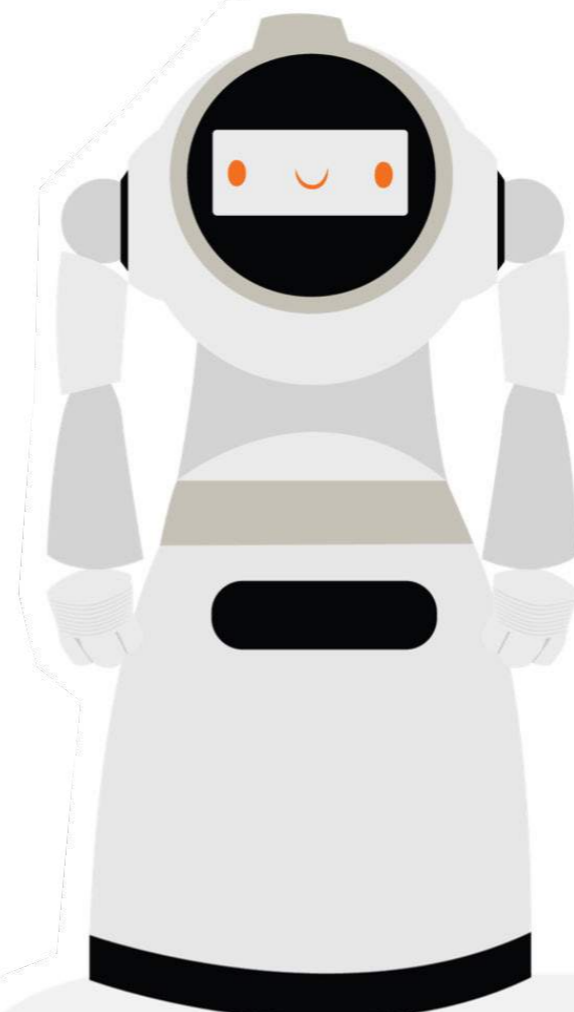
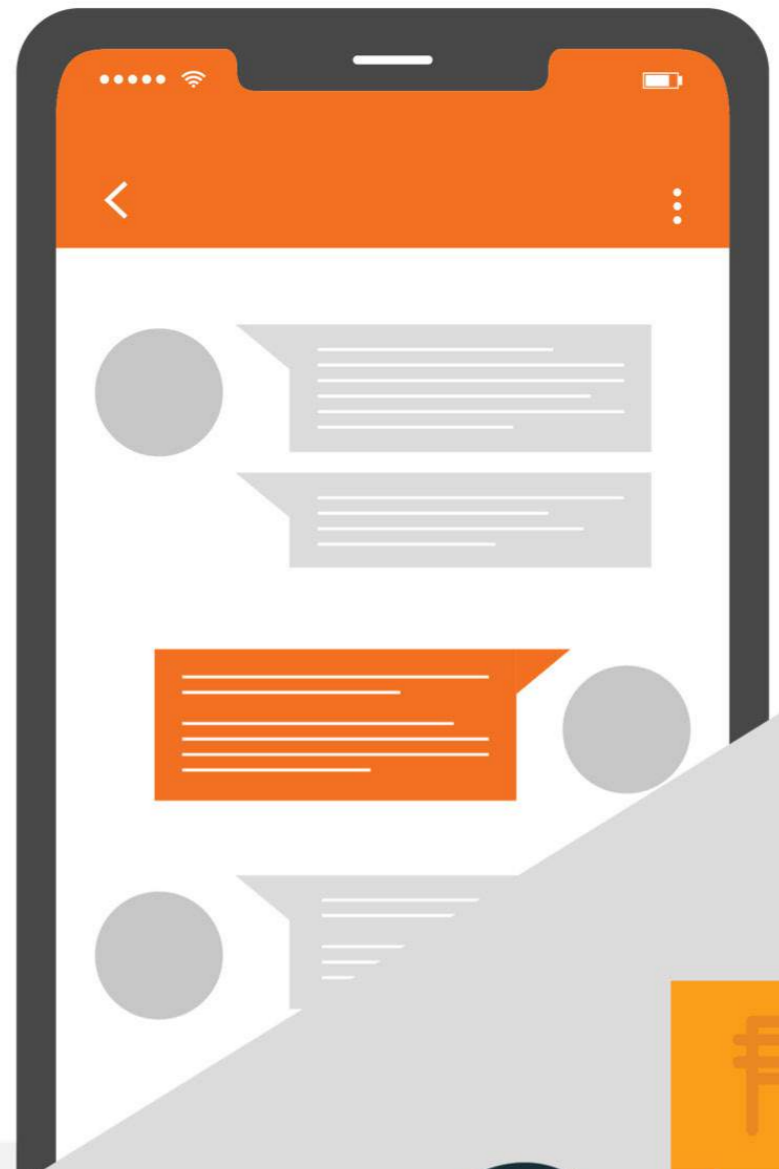
What role can banks play in the transition to a sustainable future? As governments around the world grapple with the best way to achieve their targets under the Paris Agreement to curb carbon emissions by 2050, banking sectors across the globe are recognizing the unique role that the financial institutions will play in supporting the transition to a more sustainable future.

For UnionBank, sustainability is embedded in its digital transformation strategy with focus on innovation and co-creating solutions that will ultimately benefit the planet. The digital transformation strategy coupled with the Tech Up Pilipinas sustainability mission is UnionBank’s action to the clarion call of Aboitiz Group’s ‘advancing business and communities’ battlecry.

Today, UnionBank has beefed up its sustainability policy with clear goals built around digital transformation, sustainable finance, and inclusive prosperity. This paved the way for the Sustainable Finance Framework that led to the issuance of the bank’s first ever USD 150-million social bond. Proceeds from the bond are expected to finance over 2,000 loans to micro, small and medium-sized enterprises (MSMEs), which have been disproportionately impacted by COVID-19.

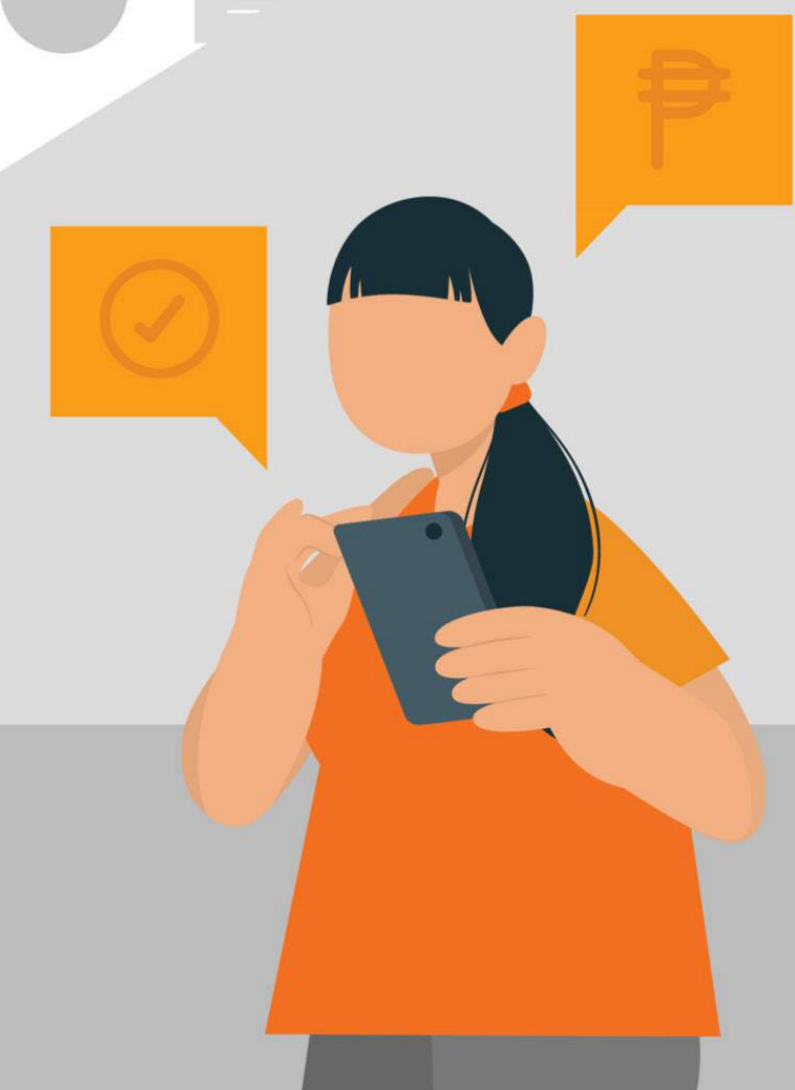
In 2021, the Bank continued to maintain leading scores in the S&P ESG ratings improving overall score from 38 the previous year to 42, inching higher into the second quartile of high performing banks globally. This score is an indicator of UnionBank’s efforts in developing its own sustainable finance framework that is supportive of the Philippine national development agenda, Ambisyon Natin 2040.

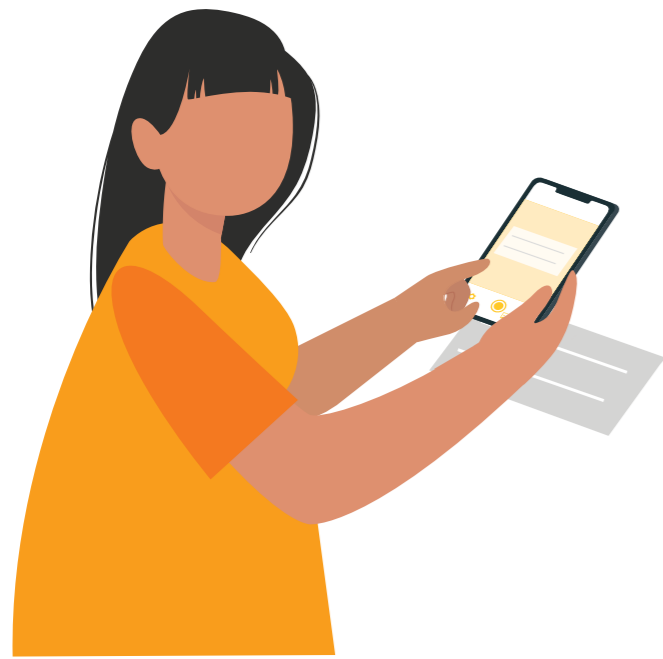
The Bank’s sustainable finance mechanism is strengthened with the approval of the Board of the ESG Risk Monitoring System (ESRMS), which is the main feature of the mandate of Bangko Sentral ng Pilipinas (BSP). The ESRMS policy will enable UnionBank to make informed decisions and provide guidance to borrowers and clients on good practices as they transition towards sustainable operations. More importantly, the policy is aligned with the local context of national development agenda vis-à-vis the international agenda on sustainability.



**SDG 8 Decent Work and Economic Growth:** Target 8.1 Support sustainable economic growth; Target 8.10 Increase access to banking, insurance and financial services.

**SDG 9 Industry, Innovation and Infrastructure:** Target 9.3 increase access to financial services and markets; Target 9.2 promote inclusive and sustainable industrialization.





In addition, UnionBank’s continuing efforts in advancing MSMEs have not gone unnoticed as it garnered international recognition from Asian Banking & Finance, as well as from Asiamoney with the Best Bank for SMEs award citing that by helping bring these companies into the financial system, the Bank is making an admirable contribution not just to its own bottom-line but to the future of its country. Prior to the pandemic, UnionBank has already laid the groundwork to address these challenges by introducing an MSME Business Hub to address the different needs of the MSMEs. The first to-market UnionBank MSME Business Banking app came at the perfect time in 2020 to cater to the shifting needs of the MSMEs by offering the widest range of digital options and functionalities in managing their financial transactions such as: first bank to introduce mobile check deposits and first bank in the country to introduce Digital Account Opening for MSMEs.

**Fatima Isler, a Lazada seller, commented, “My experience in applying for UnionBank business account was really simple and easy. I just needed to submit my business documents online to create an account. The process was fast and without a hassle! I don’t need to go out to a branch anymore during the pandemic which kept my family safe.”**

The app includes UPAY for MSMEs, a payment gateway beneficial for MSME owners in creating a

unified payment solution for easy collection. With a simple link, customers may pay through channels such as UnionBank Online, Instapay, over the counter and digital wallets, among many. “The request payment feature assisted me in collecting payments easily. We’ve been using this feature for quite some time now and it’s also convenient for my customers,” noted Engr. Justin Padilla, owner of a construction company.

The UnionBank GlobalLinker, a digital platform dedicated to MSMEs free of cost, transforms the way the Bank serves and supports MSMEs. It allows MSMEs to expand networking reach, increase learning capabilities, and improve their digital presence by creating fully digital stores. UnionBank has conducted over 150 webinars to utilize the platform and expand MSMEs’ learning opportunities. It has reached a total of 62,000 MSMEs on the platform, enabling affinity partners with the help and promotions of key organizations such as the Department of Trade (DTI).

To address the needs for more access to credit, UnionBank Business Loan is offered in the SeekCap Marketplace which offers a convenient and straight-through digital application process, allowing MSMEs to get a credit decision within the same day. This is possible with the aid of APIs which pull data in real-time and feed into our credit scoring algorithm which is continuously enhanced through machine learning. SeekCap is a proprietary solution offered by the Bank’s fintech spinoff, UBX.

Other solutions offered by UnionBank’s UBX that have benefited MSMEs in the past year include: Sentro, which allows MSMEs to easily create their very own e-commerce site in minutes and has helped more than 35,000 merchants signed up; and Bux, which provides access to a wide range of payment gateways, now with over 105,000 MSMEs registered on the platform to date.

True to its commitment that “No one gets left behind”, UnionBank and its subsidiaries organized various efforts to provide aid to the victims of Super Typhoon Odette, which flattened six Philippine regions in December 2021. The Bank was able to serve the people of Visayas and Mindanao and provided much-needed access to ATMs as other banks continue to be affected by the power and network outages caused by the super typhoon.

UnionBank also deployed its “Bank on Wheels” (BOW) mobile banking facility in one of the most devastated areas, Cebu, providing banking customers in the disaster-stricken province with easy access to much needed basic financial services.

BOW is UnionBank’s 5G-capable mobile banking kiosk in a van, designed to bring the Bank’s trailblazing technology and innovation directly to its customers. BOW was created to be a mobile version of its first-in-industry fully digital banking branch, The ARK, allowing customers to experience the features of the said branch potentially anywhere in the country.

Among the offers of BOW that has helped residents in Typhoon Odette-affected Cebu is a fully featured automatic teller machine (ATM) inside the kiosk that enables UnionBank cardholders to access basic ATM services such as balance inquiry, withdrawal, funds transfer, and bills payment transactions. Non-UnionBank cardholders can also do balance inquiry and withdrawal transactions. The mobile kiosk has roved in typhoon-affected areas to make its features accessible to as many banking customers as possible.

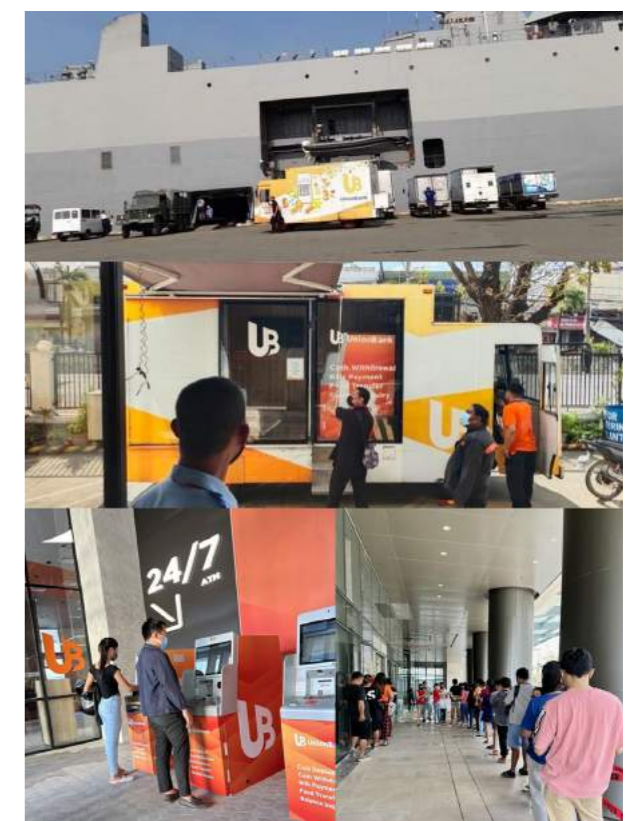
Immediately after the typhoon hit, UnionBank’s ATM availability in disaster-stricken areas was cut to

only 21 percent. But through the Bank’s agility and superior digital banking capabilities, it was able to push the availability of its ATMs up to 64 percent after just one day. As of writing, 100% of the Bank’s ATMs in the disaster-stricken areas are operational.

“In line with our goal of ‘Tech Up Pilipinas’, UnionBank will go the extra mile to serve the needs of our kababayans especially in times like these,” said Edwin R. Bautista, UnionBank President and CEO.

“The COVID-19 pandemic and calamities like Odette, emphasize that all of us must have a higher purpose than just ‘profit’. For us at UnionBank, this greater-purpose is to extend banking and financial services to the mass market and the unbanked, via best-in-class digital and physical channels, so that they can be ‘digitally transformed’ and future-ready, especially when they need it the most. We will continue to support our kababayans so they can be globally competitive in this new digital age as we continue our efforts to ‘Tech Up Pilipinas’ while pioneering innovations for a better world,” said UnionBank President and CEO Edwin R. Bautista.

UnionBank’s Sustainable Finance Framework. MSME Business Banking App. BOW (Bank on Wheels) and customers lining up for ATMs in Cebu Arthaland Exchange branch post-Typhoon Odette.





FOOD

**Feeding humanity  
by maintaining  
our place at the  
beginning of the  
food value chain  
in the Asia pacific**

# Results of Operations



## Tristan C. Aboitiz

President and CEO,  
One Food Group

**“As we go about our business in the Food Group, we recognize the importance of ensuring the success of the stakeholders that we work with. That is why in every project we complete, and every product or service that we offer across the region, we emphasize the mindset of being partners for growth to those we work with, as part of our greater vision to become a leading integrated food and agribusiness.”**

2021 continued to be a unique and challenging time for the Food Group. The continued repercussions of the COVID-19 pandemic and African Swine Fever (ASF), and the volatile increases in the prices of raw materials significantly impacted the food and agribusiness industry. While Group-wide demand for our feed and flour products grew modestly compared to 2020, our principal challenge was limiting the impact of margin compression due to the sharp rise in our raw material cost base.

In this challenging situation, it is important for us to optimize those operating levers that we have control over and ensure that we do not lose sight of the longer-term objectives of the organization. We worked to ensure that our teams were refining formulas and recipes to incorporate lower-cost ingredients. Our operations teams found ways to optimize our mills, and we brought up selling prices as best we could, keeping the livelihoods of our end-users in mind.

We will look back to 2021 as the year we took important steps towards our goal of transforming into an integrated food and agribusiness company over the next 10 years.

## BALANCING ACROSS GEOGRAPHIES AND PRODUCT CATEGORIES

Part of our vision for the company is to ensure that we make it less susceptible to surges in the prices of raw materials like what happened in 2021. Our strategy to counter our business vulnerability to this risk is to pursue growth in the markets of higher-value feeds such as aqua and pet food, among others.

We made additions to our production capacity in these spaces last year — the completion of fish feed lines in China and Malaysia, along with the construction of a feed mill in Vietnam that is capable of producing volume to serve both the aqua market, as well as the regional market for cat and dog food. These new mills have opened up new opportunities for our pet food and aqua feed to be exported across Southeast Asia and to bring down our production cost for these stock keeping units (SKUs).

We also made an effort to maximize our existing capacity by shifting to higher-margin products across the region. Pigeon feed in China, rabbit feed in the Philippines, and shrimp feed in

## Metrics that Matter



Recorded a net income of **PHP2 billion** in 2021



Extensive geographical presence with **29** production facilities across **8** countries.



Growing presence of The Good Meat in both online and offline channels, including **200** supermarkets and over **60** concessionaire stores with butchers.



Fourth largest SEA animal feeds player with a total capacity of **4 Million Metric Tons (MT)**

Thailand, Malaysia, and Indonesia are among these products, and should ensure that we benefit greatly from any potential future drop in raw material costs. Other contributors to balancing our portfolio include our Specialty Nutrition Division, and our commodity trading team in the Philippines, who were able to increase sales and boost our bottom line. Lastly, we saw a strong recovery of our Farms division in the Philippines, which highlighted the value of being present across the value chain.

Along with these efforts to achieve greater balance in our revenue base, as mentioned earlier, it remains vital that we continue to optimize our operations to be among the lowest-cost producers in the region.

### OPTIMIZING THE BASICS

In 2021, we implemented several initiatives to optimize the way we deliver value to our stakeholders. We focused on leveraging better research and development across our feed and flour operations, and driving operational excellence, including the automation of various areas of operation in our mills across the region to maximize efficiency.

One key accomplishment in 2021 was the establishment of our Research and Technology Department to ensure the production of cost-



efficient and high-quality products across the Food Group. The department's role is to centralize the research done on raw materials and make recommendations on how we can standardize their use across our Group. This will allow us to become more agile and proactive about switching between the alternatives available to us when raw material prices are volatile. By standardizing the use across various countries, we should be able to get better pricing due to volume discounts. One of the department's key initiatives is developing a nutrient database that can calculate the least cost in the formulation of raw materials, which will be accessible to our feed nutritionists across the region.

### DEVELOPING INROADS TO OUR TARGET MARKETS

Along with balancing our current portfolio, it is crucial that we continue to develop a more integrated, consumer-focused business and organization. We began this with the creation of The Good Meat in the Philippines some years ago, and when we launched our pet food brands in 2020. In 2021, the Food Group was presented with better opportunities to push the growth of these categories, as restrictions related to COVID-19 began to loosen up as the year progressed.

The Good Meat, our retail meats brand, achieved significant growth in 2021 as we expanded across various platforms and substantially increased our footprint by the end of the year. Our products are now available on our website, thegoodmeat.ph, and via e-commerce platforms such as Lazada, Shopee, MetroMart, and Grab, among others. We also supply basic pork cuts to over 50 supermarkets as their concessionaires, while our value-added meat products are available in over 200 supermarkets across Metro Manila and Greater Luzon. This foundation sets us up well for 2022.

Our pet food retail brands Maxime and Woofy continued their growth momentum carried over from their 2020 launch. What started as a business focused on dogs is now also catering to our feline friends. Our products can be found online and in your neighborhood pet shops across the

The Food Group targets to add more The Good Meat stores throughout the year.



Philippines, Vietnam, and Malaysia. New products such as premium pet food, wet food, and treats for dogs and cats are either in the pipeline or ready to be launched in 2022.

For 2022 and beyond, we are eager to capitalize on the foundations we have built over the past year for our retail brands. The opportunities in this space are vast, and we are excited about how this side of the business will progress in the years to come.

### SETTING THE FOUNDATIONS FOR THE FUTURE

Over the next 10 years, we aspire to build an industry-leading, integrated regional agribusiness and food company that provides nourishment to customers across the region. We will focus on building dominant market positions in core countries, continue to pursue downstream integration, and accelerate our development in high-margin segments of the value chain.

To fully realize our growth plans, we recognize the need for more focus across key areas of the organization and speed in implementation. To obtain this result, we have restructured the Food Group into two major business units: Agribusiness, and Food & Nutrition. The Agribusiness unit comprises all of our regional animal nutrition operations, and the Food & Nutrition unit currently consists of our flour, farms, meat, and trading divisions in the Philippines.

With this restructuring, each business unit will have dedicated support teams that will be specialized to suit different needs. We expect this

will optimize the work across teams and enable us to execute our growth plans more effectively through a more focused and streamlined organization.

### A MORE DYNAMIC FOOD GROUP FOR 2022 AND BEYOND

Though the developments made in 2021 have not yet shown up in our annual net income, we believe they will be essential to achieving our ambitions for the Food Group. The foundations laid last year will enable our team to keep this drive and momentum going in 2022 and beyond, as we navigate through the ever-more complex markets and global volatility.

Our accomplishments would not have been possible without our strong and values-driven team members. They help ensure we provide quality products and services that help to advance the business and communities that we work with day in and day out. We remain committed to investing in them and providing ways to level up the way they work and deliver value to the organization.

The future of our industry is bright, and we believe we can play a significant role in helping to shape it for the better. Achieving our vision to turn our company into a leading, regional integrated food and agribusiness will require us to continue to be a low-cost producer that continues to develop and entrench ourselves further along the value chain. We have the team and the organization in place to do this, and we are looking forward to the challenge.

# Milestones

- Swine Farm PH:** Began the construction of the third breeder farm facility in Nueva Ecija and ended 2021 with a 35% completion rate; it is expected to be completely finished by June 2022. The new facility will give an additional capacity of 2,500-sow level, which will help to mitigate pork supply shortage in the Philippines. With our improved biosecurity protocols and methodology, we are confident about expanding our capacity amid the spread of ASF in the country
- Feeds Indonesia:** Warehouse expansion in Medan, North Indonesia. Originally expected to be completed in the fourth quarter of 2021; however due to a design change, it was moved to the first quarter of 2022 and is currently at the 46% completion rate. Once completed, the facility can store up to 3,000 MT and is intended to improve efficiency and stability of production, and reduce external warehouse dependencies
- Meats Business PH:** Began the development of the business-to-consumer channels for the meats business, with 60 concessionaire stores (with butchers) at yearend. Presence in 200 stores with just a freezer selling value-added meats



The completion of fish feed lines in China and Asia will produce volume to serve the aqua market.

- Feeds Ha Nam Vietnam:** Completion of the +5TPH fish feedmill in the first quarter of 2021, with added capability to produce pet food that will be exported across Southeast Asia
- Feeds West Port, Malaysia:** Completion of the +5TPH fish feed line in the first quarter of 2021 that will cater to the growing demand for fish feeds in the region
- Feeds Dongguan China:** Completion of the pea cleaning and pigeon feed mixing system in the first quarter of the year, which enables the automated mixing of cleaned peas and pelleted pigeon feeds
- Enterprise Resource Planning (Pilmico PH):** Started the construction of the ERP that will enable us to maximize our team members' ability to focus on more value-adding work. We anticipate this will enable us to rationalize headcount in certain areas

# Outlook



- Meats Business PH:** Continue the development of channels; increase stores by an additional 50 in 2022 for a total of 110 concessionaire stores; target to add 9 The Good Meat physical stores by yearend
- Enterprise Resource Planning (Pilmico PH):** Continue the infrastructure development with completion targeted for the first quarter of 2023
- Feeds Long An Vietnam:** Expand the animal feed mill with an additional 30TPH in Long An, Vietnam by 2023 to capture the growing animal feeds market in South Vietnam



Pilmico optimized its R&D processes across its flour operations.

ABC STORY

# Pilmico investing to secure the future of the livestock industry

*Increases sow capacity, efficiencies in pork supply chain*



Pilmico Foods Corporation continues to invest in its swine raising business, supporting the hog raising industry with initiatives such as increasing sow capacity, heightened biosecurity, farm zoning, and introducing efficiencies in the pork supply chain.

These initiatives aim to encourage long-term growth and help secure the future of the livestock industry, in collaboration with key stakeholders.

“Pilmico’s long-term business success is anchored on our ability to help our stakeholders – build partnerships, support them in their entrepreneurial endeavors, and see to it that they grow their businesses over the long term. We are also committed to working with the government, the Department of Agriculture,

Bureau of Animal Industry (BAI), and our fellow meat producers to ensure the longstanding success of the agribusiness sector in the Philippines,” said Pilmico Food Group President and CEO Tristan Aboitiz.

The food company continues to expand its swine herd in the wake of ASF and is looking to further modernize the processing of pork with its operation of Tarlac Meatmasters, Pilmico’s triple-A slaughter and meat cutting facility in Bamban, Tarlac that aims to process and serve quality meat to consumers in Luzon.

“As a robust support system to the pork supply chain, the facility brings world-class processes, innovative technology and solutions, and the highest standards of food safety and traceability to produce

uncompromised quality pork meat cuts. We are looking forward to working with other raisers in the industry and give them access to a facility that will help maximize their recovery and profit,” Aboitiz shared.

With a daily slaughtering capacity of 1,500 heads of hogs, the facility is equipped with the newest state-of-the-art technology, which includes a meats management system that gives performance information and traceability of the pigs from “farm to fork.”

Aside from the strict enforcement of biosecurity protocols in all Pilmico facilities, all of the company’s meat pass through the National Meat Inspection Services-accredited meat processing facilities, while transported live pigs have the required permits from BAI and Provincial Veterinary Offices.

In addition to Tarlac Meatmasters, Pilmico has implemented its #M3Time campaign, which focuses on disease prevention and health accountability, underlining the importance of biosecurity in the food industry and streamlining it into three points: Maglinis, Magtanong, Manigurado. This raises awareness among local backyard farmers to help protect their livelihood.



**SDG 2 Zero hunger:** Target 2.1 Universal access to safe and nutritious food; Target 2.4 Sustainable food production and resilient agricultural practices;

Local farmers receive the #M3Time checklist, which is a 10-step guide to ensure the strict implementation of biosecurity in backyard farms. Pilmico technical experts, veterinarians, and specialists guide the farmers through the checklist by giving advice and helping them complete the steps.

These include limiting movement of people across sites; establishing decontamination areas for people, materials, and vehicles; setting up centralized transfer stations for hogs to limit exposure; and prohibiting entry of cooked or uncooked pork products in the facilities, among others.



Pilmico strengthens biosecurity measures in facilities to ensure safe and quality meat production.





## INFRASTRUCTURE

**Enabling  
businesses  
and uplifting  
communities  
through  
purpose-driven  
infrastructure**

# Results of Operations



## Cosette Canilao

President and CEO,  
Aboitiz InfraCapital

**“The COVID-19 pandemic continued to present challenges in 2021, but Aboitiz InfraCapital continued to show resilience by seizing opportunities and delivering a solid performance. As #OneAboitiz, we remain steadfast in our commitment to work with our partners and the government to accelerate sustainable infrastructure development in the Philippines, thereby enabling businesses and uplifting communities. Despite the uncertainties and continuing challenges, we welcome 2022 with excitement.”**

At the start of the year, we at Aboitiz InfraCapital set out to #Seize2021 and actively pursued strategic opportunities to grow our business. We earmarked PHP13 billion in total consolidated capital expenditures with our partners, demonstrating our commitment to invest in projects that bolster economic activity and growth. While the COVID-19 pandemic continued to present challenges to the economy and the business, our team members proved to be strong and adaptive. As a result, we successfully achieved what we sought out to do. We established a new business that supports the government’s aggressive drive to rollout 50,000 telecommunication towers by 2030 and help Mobile Network Operators (MNOs) enhance their connectivity and services.

We also refined our long-term strategy, revamped our brand, scaled up our organization, and achieved numerous milestones in our operating units. Indeed amid uncertainties and mobility restrictions, we stayed true to our mission of

developing projects and operating businesses that spur economic growth and improve lives.

### ADVANCING INDUSTRIES AND LIFE

It was another busy year at our Economic Estates, formerly called Integrated Economic Centers. As the leader in industrial-anchored estates, our existing footprints in Batangas and Cebu serve as platforms for smart and sustainable developments, primarily serviced by the Aboitiz Group’s various business units.

Our Economic Estates continued to keep the country’s economic engine running by remaining fully operational throughout the pandemic. The efforts of our team and our locators helped ensure that close to 100,000 Filipinos continue to have a livelihood during this challenging time.

To further strengthen our leadership in this category, we continued to expand our footprints, and diversify our business into relevant and

## Metrics that Matter



Income contribution to AEV **PHP1.38 billion**



**100,000** employees at the Economic Estates



**192** locators across all Estates



**17MW** solar panel capacity inside the development (including locators)



**PHP3 billion** new investment (including locators)



**5,300** peak manpower deployed for the construction of Apo Agua’s Davao City Bulk Water Supply Project



**60,000 meters** of pipes laid for DCBWSP



**33,000 cubic meters** in concrete poured for DCBWSP



**7.4 million liters** of water per day (MLD) supplied by LIMA Water



**3.5%** of Non-Revenue Water by LIMA Water, well below acceptable level

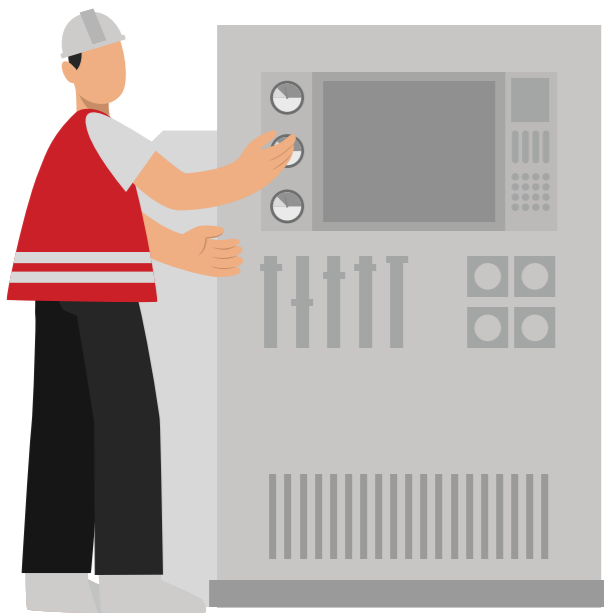


**350** small cell sites in Cebu, Davao, and Subic



**16,947,663** total man hours for Republic Cement





forward-looking products and services. In April, LIMA Estate launched the next phase of its commercial zone transformation with the introduction of new commercial lots in the LIMA Central Business District. These lots will elevate the quality of development in Batangas and further boost economic activity within and around the Estate, contributing to the province's recovery from the pandemic.

The commercial lots also present a unique opportunity for investors who wish to locate in Batangas, a fast-growing economic hub in the Calabarzon region. They are ideal for BPO companies, offices, dormitories, condominiums, schools, hospitals, hotels, civic centers, and other commercial uses that will complement existing commercial components in the zone. Within this area, we also plan to construct LIMA Tower One, the first of a seven-building office park. Planning for LIMA Tower One has been completed and construction has started in January 2022. Apart from being PEZA-registered, LIMA Tower One will also be BERDE certified by the Philippine Green Building Council (PGBC).

Once completed, we envision the LIMA Central Business District to open up a new wave of opportunities in the area and bring a higher standard of development to provincial locations.

In parallel, LIMA Land continues to strengthen its industrial portfolio, with 88% of its current available inventory already reserved, and with a healthy pipeline of prospective locators. Acquisition, planning, and design developments for its expansion have progressed well and Phase 1 expansion at Block 9 finished 2021 nearly complete and sold out.

The Phase 2 expansion at Block 9 started construction in January 2022, and will add 48 hectares of inventory. This will further cater to the increasing demand for industrial lots in Batangas from both local and international enterprises. Together, the two phases of expansion are projected to generate 40,000 new jobs and will add to LIMA's existing population of 62,000.

In addition to LIMA Tower One, LIMA Estate is part of a pilot program with the PGBC to be the first industrial estate in the country to receive a BERDE district certification.

Meanwhile, Cebu Industrial Park Developers, Inc. (CIPDI) recently broke ground West Cebu Estate's expansion area, with completion expected in 18 months. The 39-hectare expansion will bring in PHP2.5 billion worth of inventory and increase the Estate's working population to 28,000.

With the limited availability of Philippine Economic Zone Authority-proclaimed land in Cebu, this expansion project addresses the demand by both new and expanding locators in medium to heavy industries. CIPDI also plans to develop a four-hectare commercial complex in 2024 for F&B, essentials, banks, and other non-food tenants, complemented by communal parks, a central terminal, and an events center.

We believe the strong demand for our estates will be further bolstered by the new fiscal incentives from the Corporate Recovery and Tax Incentives for Enterprises Law (CREATE). In addition, there will be new opportunities from a broader market as domestic enterprises will now

be able to benefit from CREATE incentives. Under CREATE, the locations of our Estates in Lipa-Malvar, Batangas and Balamban, Cebu provide new and expanding locators with additional incentives, such as Income Tax Holidays, Special Corporate Income Tax, and Enhanced Deductions. These incentives and our compelling product offerings will put our developments at the top of the list when locators decide to invest in the Philippines.

Foot traffic and tenant sales at our malls began to pick up in 2021 compared to other commercial centers. This is largely due to our unique open-air format at The Outlets at Lipa and Pueblo Verde. We also support tenant sales by giving rental relief, providing alternative purchasing channels, facilitating live selling, allowing free use of alfresco areas, and offering safe events for the community, such as outdoor movies, drive-thru markets, and a drive-in mass. We are optimistic that commercial activity will keep up its momentum in 2022.

### PROVIDING SUSTAINABLE AND "SMART" WATER

Thanks to the Big Bold Moves program of our team in Davao City, Apo Agua is on track to begin operations in 2022 in spite of COVID. Testing and preparations for operations are underway, and close to 5,000 manpower are working on-site on extended hours and doing simultaneous work across disciplines. Through close collaboration with the Davao City Water District (DCWD) and its engineering, procurement, and construction contractor J.V. Angeles Construction Corporation (JVACC), Apo Agua has achieved significant progress in the raw water facility's intake weir, treated water pipeline, and water treatment plant. To further mitigate COVID's impact on our construction activities, Apo Agua and JVACC are implementing strict health protocols, testing, and vaccination initiatives in the worksites. Once operational, the project will deliver over 300 million liters of sustainably sourced water per day to DCWD for the benefit of more than

one million Davaoeños. We are fully focused on ensuring the launch of its commercial operations this year.

Meanwhile, unhampered operations at LIMA Estate led to LIMA Water's average water demand in 2021 to increase to 7.4 million liters of water per day (MLD).

To increase efficiency and achieve our financial goals, our team at LIMA Water launched various innovation initiatives, including the Pump and Motor Matching Program. The team enhanced the design in sizing pumps and motors, allowing us to save about 15% on energy consumption. In addition, through programs such as Supply and Pressure Management, Active Leakage Control Detection, and Formation of District Metered Areas, LIMA Water maintained non-revenue water (NRW) below 4%, which is well below PEZA's acceptable level of 20%.

The end-to-end water services provider also continued adopting a smart water network, where water facilities turn into interconnected and intelligent systems. Once fully integrated, this network is projected to result in even better operational efficiency and savings in terms of deep well operation, auto adjustment of transfer pumps, and NRW management.



Supporting our quality and compliance objectives, LIMA Water operates a dedicated laboratory, which was accredited by the Department of Environment and Natural Resources (DENR) in 2020. It is the first and only water service provider for an industrial park to earn this accreditation. Our laboratory passed the DENR reassessment conducted in April 2021, and in 2022, we aim to expand our accreditation scope to cover additional parameters.

LIMA Water also serves as the operational standard for our other Estate Water businesses in MEZ2 Estate and WCE. We aim to further develop and expand our end-to-end water services that support business growth, uplift communities, and protect the environment.

Lastly, our minority stake of 16% in Balibago Waterworks Systems, Inc. (BWSI) allows us to further participate in serving the water needs of over 235,000 households in 11 regions.

**ENABLING CONNECTIVITY WITH ROBUST DIGITAL INFRASTRUCTURE**

In April 2021, we officially established Unity Digital Infrastructure, our common tower venture with Swiss-based global private markets firm Partners Group. Through Unity, we build and operate telecommunication towers and supporting infrastructure across the country for MNOs.

As a tower company, we are leveraging the Aboitiz Group’s strong nationwide presence and proven track record for project development, execution, and asset management. We are also drawing on the Partners Group’s extensive international experience in successfully building infrastructure platforms to co-create a leading telecommunications asset that will contribute to improving communications reliability in the Philippines. The newly formed Unity team includes seasoned professionals from tower companies across the world, including the co-founder of successful tower companies

Protelindo in Indonesia and Pan Asia Majestic Eagle Limited (PAMEL) in Myanmar.

With a number of completed sites nationwide for MNOs and more on the way, Unity is well-positioned to become a major player in the local common tower industry.

At the same time, our Small Cells Sites Business has expanded to Subic, a new market added to Cebu and Davao. Small cells play a key role in the deployment of 5G, which requires antenna density to deliver larger quantities of data at higher speeds. To date, we have deployed over 350 sites for Globe Telecom and DITO Telecommunity. We also continue to empower underserved communities through our KonekTayo partnership with Globe.



Aboitiz InfraCapital launched Unity Digital Infrastructure with Partners Group and achieved significant construction progress on the Davao City Bulk Water Supply Project of Apo Agua in 2021



**AIC: BREAKING THROUGH 2022 AND BEYOND**

Just before 2021 ended, we launched our new brand identity that reflects our forward ambition to be the country’s top of mind in infrastructure solutions. Our 10-year goal continues to revolve around growing our business by proactively participating in project opportunities in the economic estates, water, digital infrastructure, and mobility and transport sectors.

More than just filling in the gaps in the country’s infrastructure, we want to emphasize in our new branding that we look beyond the singular impact of a project. We want to highlight that we think long-term, we think in ecosystems, and we give serious thought to the needs of the community. We believe that this strategy will allow us to accelerate our business growth to new and exciting heights.

Overall, 2021 was a year where we established the foundation for a future-ready AIC — decided on where we want to play and how we are going to do it, and we strengthened our organizational capabilities. 2022 will be a breakthrough year for us as we get into the thick of our execution. We have been preparing well for this and we are ready for 2022 and beyond.

**CAUTIOUS OPTIMISM FROM STRONGER CEMENT MARKET DEMAND**

Cement market demand in 2021 is viewed stronger than 2020, which was heavily impacted by COVID-19 lockdowns. Demand was also slightly better than 2019, with recovery in market demand driven by the residential and infrastructure segments.

The outlook for the remainder of the year and for next year is cautiously optimistic. The government has allotted a significant proportion of the 2022 national budget on infrastructure. However, election-related bans may impact the infrastructure demand. In addition, slow economic recovery might also lead to slow recovery in residential and non-residential segments.

Republic Cement remains committed in serving its key markets throughout the country with high-quality products, while improving efficiencies and reducing costs. Two newly commissioned mills provide an additional 2.3 million tonnes per annum (MTPA) capacity to serve market needs.

Republic will also continue to staunchly support the Philippine government’s Build Build Build projects and Go Lokal and Buy Lokal programs, as an industry leader and proud manufacturer of the country’s best quality cement used in building a safer, greener, and stronger Republic.

# Milestones

- Apo Agua exceeded 6 million safe man hours, as it ramped up construction of the Davao City Bulk Water Supply Project (DCBWSP)
- LIMA Land began the 104 hectare-expansion of LIMA Estate for additional industrial lot inventory and the transformation of its 30-hectare commercial business district
- LIMA Land launched 4 hectares of new Commercial Lot inventory at LIMA Estate, ideal for commercial uses which will complement the existing LIMA Central Business District
- AIC teamed up with Partners Group to launch UnityDigital Infrastructure, a telecommunications infrastructure platform that will help boost local operators' coverage and connectivity



Unity tower in LIMA Estate.

- LIMA Water achieved 15% savings on energy consumption through its Pump and Motor Matching Program
- LIMA Water continued to build foundations for its Smart Water Network System, which is projected to lead to better operational efficiency and savings
- LIMA Land announced plans to build a seven-tower office park in LIMA Central Business District with first tower - LIMA Tower One - starting construction in January 2022
- Cebu Industrial Park Developers, Inc. geared up for the expansion of West Cebu Estate, which will see the development of 39 hectares for industrial locators
- Apo Agua made significant progress to its construction of DCBWSP: 1) The intake weir in the Raw Water Facility is complete and the Tamugan River now overflows through the weir; 2) Treated Pipelines: JVACC has commenced road

restoration on critical areas where treated water pipelines were built in; 3) Major civil works in the Water Treatment Plant have been completed with mechanical and electrical works underway

- Unity completed tower sites in Luzon and Visayas for telcos and set up its Network Operations Center
- AIC expanded its small cells footprint to 350 with new market Subic in addition to Cebu and Davao
- Started operations of MEZ2's Water Sewage Treatment Plant in line with the New Effluent Regulations (DAO 2016-08 & DAO 2021-19)
- AIC and its business units unveiled a fresh brand identity that reflects the group's forward ambition to be top-of-mind in infrastructure
- Bagged Best Industrial Developer (Asia) Award and Best Industrial Development (Philippines) Award for LIMA Estate at the 16th PropertyGuru Asia Property Awards as well as four awards at the 9th PropertyGuru Asia Property Awards

# Outlook



- Secure Building for Ecologically Responsive Design Excellence (BERDE) Green District and Development Certifications for LIMA Estate, LIMA Tower One, and The Outlets at Lipa
- Commence construction of LIMA Tower One
- Commence construction of West Cebu Estate's expansion
- Engage Surbana Jurong to support LIMA Estate's vision of becoming a future-ready and eco-friendly industrial estate by providing the framework, integrating smart-centric layer to the masterplan, and identifying key skills needed to support the digital growth of the park
- Complete testing and commissioning of Apo Agua's whole system prior to commercial operations
- Fully operate the country's first water-energy nexus system utilizing renewable energy to power the water treatment process train through Apo Agua
- Become one of the largest operating Bulk Water supply projects in the country through Apo Agua
- Achieve water demand target of 7.8 MLD through LIMA Water
- Complete integration of LIMA Water's Smart Water Network System
- Operate LIMA Water and West Cebu Estate's Sewage Treatment Plant in line with the New Effluent Regulations (DAO 2016-08 & DAO 2021-19)
- Secure additional scope of recognition from Department of Environment and Natural Resources for LIMA Water's Laboratory Unit
- Complete 1,000 tower and small cell sites by end of 2022 through Unity to help boost internet connectivity nationwide
- Secure government approvals for regional airport proposals



Apo Agua reached peak manpower deployment in 2021.

ABC STORY

# AIC Economic Estates safeguards the livelihoods of industrial zone workers



The unprecedented challenges brought about by COVID-19 have been overwhelming to many economies and businesses around the world. And it's no different for international and local enterprises based in the Philippines, particularly the locators of the Aboitiz InfraCapital Economic Estates. But thanks in big part to the bravery and dedication of their Team Members and their partnerships with the various government agencies, all of the estates sustained operations for locators throughout the pandemic, helping to ensure the economy is kept running, and that the 100,000 Filipinos employed within the estates could continue to work and provide livelihood for their families.

For MEZ2 Estate Operations Manager Ginalyn Casinillo, knowing she and her team stayed true to their mission to advance industries and life by providing steadfast service to their locators amid the difficulties during the pandemic gives her satisfaction.

*"I feel fulfilled to be able to not only sustain the operations in MEZ2 for the benefit of the Company, but also because I have indirectly helped locators provide employment to so many people. And that fulfillment fuels my commitment and dedication to do better," she said.*



LIMA Estate's expansion is set to yield up to 40,000 new jobs for the community

Today, expansion plans for LIMA Estate and West Cebu Estate (WCE) are underway – expansions which will further support the localities' economic recovery through job generation and triggering of business activity.

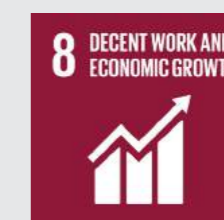
For almost 30 years, the estates have been key for economic growth in their localities through the attraction of new investment that lead to new jobs for locals. Balamban in particular, the location of WCE, is proof of how Aboitiz' presence can truly help uplift a community.

In 1992, Balamban, Cebu was a simple coastal town which transformed into a first-class municipality when CIPDI began operations in the area to develop WCE, which was then known as West Cebu Industrial Park. The initial success of WCIP enabled the estate to grow from 202 to 540 hectares with more than 14,000 skilled workers currently being employed by its industrial and commercial locators. The expansion hopes to continue WCE's growth story and turn Balamban into a vibrant city.

In Batangas, LIMA Estate has also been driving growth and raising the community's quality of life.

"Nung dumating ang LIMA, naging progressive ang Malvar at ngayon ay pang-apat na pinakamayaman na munisipyo na sa buong Batangas," shared Mayor Cristeta Reyes of Malvar, Batangas.

This is the true essence of Aboitiz Group's brand promise of Advancing Business and Communities – growing and thriving together despite adversity.



**SDG 8 Decent Work and Economic Growth:**  
Target 8.1 Sustainable Economic Growth; Target 8.5 promote job creation and entrepreneurship

ABC STORY

# Apo Agua champions education amid pandemic



Apo Agua is highly anticipated to supply over 300 million liters of sustainable treated water to over 1 million Davaoños. And as the construction of this pioneering mega project is in full gear to reach its completion, Apo Agua has also been simultaneously implementing numerous Corporate Social Responsibility programs that ingrain progress and development to their host communities.

Apo Agua has always been a great supporter and mover for the educational sector. Since 2016, Apo Agua has continuously donated much-needed school supplies and equipment worth PHP800,000 to five elementary schools of the host barangays near the project site.

In 2019, Apo Agua started its College Scholarship Grant Program and High School Financial Aid in partnership with the host barangay councils. Every year, five deserving college students, both indigenous and non-indigenous, are granted full scholarships that will enable them to complete their college education and earn their degree. Apo Agua aims to increase the number of beneficiaries, therefore cultivating its host communities' economic development. Apo Agua also provides one-time cash assistance to ten students annually through its High School Financial Aid Program. In 2021, the group extended this help to 20 students.

“Receiving the news of becoming a scholar was a big blessing to me. I can now continue my studies without worrying about the tuition fee as my family is struggling financially. This opportunity is a big help to my mother, who is working alone as a farmer, and my father, a dialysis patient. Thank you very much to Apo Agua for this educational assistance, and thank you for giving educational privilege to less fortunate students,” said Gee Ann Dela Cruz, Apo Agua 2021 College Scholar.

These projects reinforce Apo Agua’s commitment to ensuring a promising future for the community by providing students the chance to reach their dreams through quality education. Supporting the education of intelligent and passionate students undoubtedly produces better working professionals and stewards of the environment. These students are Aboitiz’s walking legacies- the next bright leaders to help propel the advancement of the community.

4

QUALITY EDUCATION

SDG 4 Quality Education:

Target 4.3 ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

“This rich lineup of educational initiatives in partnership with our host barangays reinforces Apo Agua’s vision of uplifting the lives of the community by providing less fortunate students with proper education and a brighter future. Once they finish their college education, all of these beneficiaries are set to become productive members of society,” said Shake Aboitiz Tuason, Operations Head of Apo Agua.

To date, Apo Agua has helped 40 high school students and granted scholarships to 15 college students. Through deep collaboration with its host communities’ educational sector and listening intently to their specific needs, Apo Agua aims to take the educational initiatives further in the years to come.

Apo Agua held a virtual recognition program last October to recognize the 15 scholars from 2019 to 2021. Third District Councilor Antoinette Principe-Castrodes, Apo Agua Scholars, and Apo Agua Representatives attended the event.





LAND

**Creating better ways to live through innovative concepts translated into thriving residential communities**

# Results of Operations



## David L. Rafael

President and CEO,  
AboitizLand

“AboitizLand’s deeply embedded value of agility and innovation pushes our organization forward especially in times of disruption.”

The gains and the lessons we learned in 2021 will serve as our solid foundation as we position ourselves for exponential transformation in 2022 and beyond.”

In 2021, as with all businesses around the world, AboitizLand suffered unprecedented challenges and setbacks as the COVID-19 pandemic continued to unfold. Mobility restrictions, operational limitations, natural calamities and dipping market confidence all took their toll on our business.

Our story in 2021 is all about how we began our journey towards transformation: how operational agility allowed us to effectively deal with disruptions and how, with our time-tested values of innovation, integrity, responsibility and teamwork, we were able to lay the groundwork to become a future-ready organization.

Two years into the pandemic, as the government continues its rollout of the national vaccination program, and with the easing of community quarantines, one thing has become clear: favorable opportunities abound in the real estate industry.

## SHIFTING MARKET NEEDS RESHAPE THE REAL ESTATE LANDSCAPE

With the effects of the COVID-19 pandemic still evident, property seekers continue to show preference for better and larger living spaces, without compromising convenience and accessibility. House and lots and land-only projects in next-wave cities outside of the metro have captured great interest as mobile modes of work, study and business have lessened the need to live in close proximity to central business districts.

This shift in consumer preference emphasizes the qualities that make AboitizLand communities stand out. Our communities have abundant open spaces including parks and greenbelts, quality amenities for our vecinos’ enjoyment, safety and security features, and designer homes.

## Metrics that Matter



Contributed revenues of **PHP3.2 billion** from the residential business to AEV



Posted a net operating income of **PHP655 million**



Expanded our gross margins by **7%** versus target



Achieved its **PHP4.7 billion** and **PHP3.8 billion** in reserved and booked sales, respectively, capping AboitizLand’s strongest sales performance in its history



Generated **PHP938 million** in sales from optimized digital marketing operations



Achieved a reservation-to-booked sales conversion rate of **86%**, from 78% in 2020



Reached **2.3x** equity collections versus budget due to better payment terms on new sales



Sold more while spending less, achieving a cost-to-sales ratio (CSR) of **2.5% vs 3.5%** budget



Turned over **221** houses and lots and residential lots to new vecinos, from 160 units in 2020, despite operational limitations due to the COVID-19 pandemic



Increased the average HEQ monthly productivity by **145%**



Achieved growth while reducing overhead-to-revenue ratio down to 11%, indicators of efficient performance by a highly engaged organization



Achieved a historical high of **87%** average external customer satisfaction score

Even before the pandemic, we had placed great importance on wellness and quality of life that each development offers to future dwellers.

Certain houses are deliberately designed with abundant ventilation that allows proper air circulation, a crucial factor in today's COVID-19 situation. Porches and greenbelts are key features in all AboitizLand developments such as The Villages in Lipa, Batangas, Amoa in Compostela, Cebu, and the Ajoya communities in Nueva Ecija, Tarlac, and Pampanga. These features support social interaction with neighbors while allowing physical distancing.

The government's infrastructure and modernization projects including Build, Build, Build and decentralization of metros open opportunities to create new city centers, provide job opportunities, and decongest megacities. These trends and developments highlighted AboitizLand's projects in Central Luzon, South Luzon, and Cebu, as it was now possible to live in new progressive cities outside of the metros without compromising comfort and convenience. By providing quality residential communities, we elevate the living experience for Filipinos.

The pandemic saw shifts in the property market, including an increased preference for developments offering larger living spaces that offer a respite from crowded city living. AboitizLand's Amoa in Cebu has 49% of its total area devoted to open spaces, plus abundant amenities.



## OPERATIONAL AGILITY

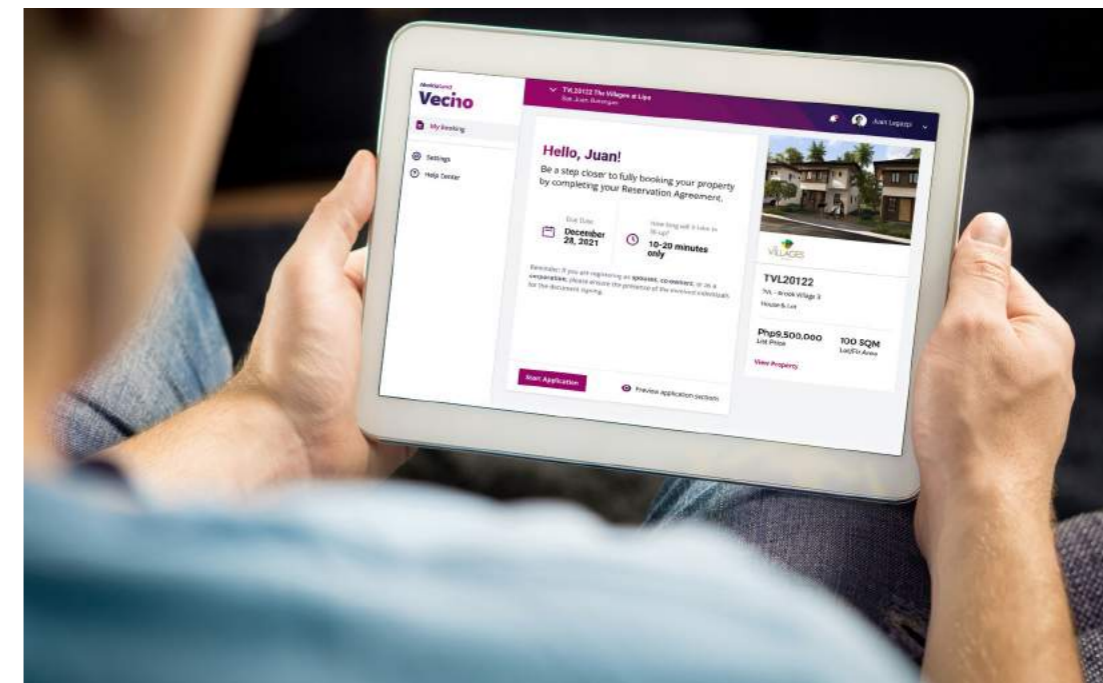
We seized opportunities that presented themselves amidst the many operational challenges brought about by the pandemic.

We leveraged on hybrid sales and marketing approaches, making our presence stronger using both online and on-ground activations, and adjusting quickly to ever-changing government guidelines.

Seeing that the demand for residential lots outside of the metros had risen, we launched a campaign that aimed to push residential lots by capitalizing on our locations outside of metros and AboitizLand's stellar track record in enhancing land values.

We made sure we listened closely to the market, as AboitizLand's competitive pricing and flexible payment terms played a vital role to maintain our increasing sales while addressing our customers' financial pain points during the pandemic.

Additionally, the Aboitiz time-tested value of innovation continued to be our driving force.



AboitizLand pioneered contactless homebuying with its propriety app, AboitizLand Vecino, offering digital services covering transactions from purchase to house turnover.

## PIONEERING END-TO-END DIGITAL HOMEBUYING

In early 2020, just a month after the COVID-19 lockdown, we managed to quickly and completely pivot to digital selling. We launched our Contactless Home Buying service which allowed investors and aspiring buyers to acquire property in a more convenient, safer, and worry-free process.

In 2021, we cemented our position as pioneers in digital home buying by expanding digitized services not only during the purchase, but ensuring digital solutions are offered in each step of the home buying experience – from property search to virtual site visits, online reservation and payments, digitized customer services, and all the way to virtual turnovers.

We invested in a proprietary mobile application called the AboitizLand Vecino app, the backbone of our digitalized home-buying service. Through the app, vecinos are now able to track monthly payments and download Statement of Accounts (SOAs) and receipts in a more timely manner, follow construction progress, make online payments, apply for a housing loan, schedule

acceptance and turnovers, as well as reach out to customer service.

We continue to develop various features to make our systems more timely and relevant across all aspects of the business. We have added new features such as digitized documentation and digital home loan applications.

## DIGITIZING THE OPERATIONAL BACKBONE

We have also invested in innovating our design and construction management systems with a platform that aims to provide an end-to-end digitization of project management, procurement, and the vendor and document management of both construction and non-construction processes.

With this new system, we will directly address all the operational constraints that have been plaguing construction management, and mitigate delays that ultimately become the main cause of revenue and collection shortfalls. The system also offers data visibility and accurate reporting from the sites, which will allow us to serve our customers better with timely and correct information.

## VENTURING INTO STRATEGIC ALLIANCES WITH INNOVATIVE PARTNERS

We have also ventured into strategic alliances with digital corporations to streamline back-end operations and provide clients with more flexible options.

We inked a deal with Nook, the first and only mortgage broker in the Philippines, to assist aspiring home buyers in processing their bank loans. Nook's fully digital and proprietary technology helps match buyers with the right home loan programs in minutes.

We also signed a partnership deal with Connovate Philippines, Inc. to supply the renowned Danish precast technology that uses high-strength concrete for sandwich panels for facades, roofs, partitions, and walls. This sustainable construction technology will be piloted in Seafront Residences, AboitizLand's premium beachside community in San Juan, Batangas.

## REAPING THE RESULTS

With all of our efforts, we were able to reap favorable results. AboitizLand posted a positive

net income of PHP655 million at the end of 2021 and managed to expand margins by 7% vs target.

2021 was a banner year for AboitizLand sales, capping the company's strongest sales performance in our 26-year history, posting PHP4.7 billion and PHP3.8 billion targets in reservation and booked sales, respectively.

We also became increasingly efficient in converting our reservation sales to booked sales, achieving a conversion rate of 86%, up from 78% in 2020. Our investments in digital marketing have been reaping results since we accelerated our efforts in 2019, posting an 182% growth rate lead generation.

Our increasing sales performance is coupled by increasingly efficient sales and marketing operations, where we are selling more while progressively cutting down our sales and marketing expense to 2.5% of sales, an 83% improvement from 2019.

We have kept our sales forfeitures to a steady minimum of 17%, improving significantly from a high of 46% in 2019.

In construction, one can see our progress in terms of house equivalent (HEQ), achieving



Seafront Residences, AboitizLand's seaside community in San Juan, Batangas is named Best Housing Development in the Philippines at the Property Guru Asia Property Awards.

a historical high of 579 HEQ. We are building more and more houses, at a faster rate, which in turn leads to faster revenue recognition and collection.

We have also quadrupled the size of our contractor pool, an indicator of our increased production capacity and ability to deploy to different geographical locations where our developments are.

In collections, we were able to post a high of PHP2.05 billion in collections in 2021 despite the financial challenges of a pandemic year.

We were also able to steadily improve our satisfaction rating among our vecinos, achieving an all-time high score of 87 by the end of 2021.

These numbers, through metrics that truly matter, tell the story of AboitizLand's transformation into a high-performing organization.

## RESIDENTIAL DEVELOPMENTS GAIN INDUSTRY RECOGNITION

Our residential brands were recognized in the recent PropertyGuru Philippines Property Awards, a Singapore-based award-giving body and the region's most exclusive and prestigious real estate awards program.

Seafront Residences was hailed as the Best Housing Development in the Philippines for its new urbanism-inspired masterplan with its walkable diamond parks, town center, accessible public spaces, designer houses, and amenities.

Amoa was named as the Best Affordable Housing Development in the Visayas, and The Villages at Lipa was highly commended as the Best Housing Development in Southern Luzon.



## A BULLISH OUTLOOK FOR 2022 AND BEYOND

AboitizLand remains committed to innovate ways to lead more families home in 2022 and the years to come.

We will leverage on the foundations that we have strongly built in 2021, a year of accelerated improvements that we will see all through 2022 and with all our various innovations gaining traction. AboitizLand will be poised for exponential transformation in 2023 and beyond.

We will harness the results of our investments in innovation and digitization. In construction management, we will be tapping into digital solutions for procurement, inventory management and construction. These will lead to a reduction in process time and increased visibility of data from the sites which will allow us to make better and faster decisions. We will be adopting 3D modeling to reduce inefficiencies that have been plaguing us in planning, design and construction. We will leverage on more strategic partnerships involving precast panel technology to be able to build faster and deliver more durable homes to our *vecinos*.

Buoyed by our pioneering advances in contactless home buying, we will launch new features in the AboitizLand vecino app to continue to provide our vecinos an enjoyable and end-to-end digital home buying experience. We expect these updates to result in increases in customer acquisition and satisfaction, and faster conversion.

We remain bullish about the property sector as residential property trends point towards a stronger and continuing preference for our horizontal developments in emerging cities out



In response to strong market reception, AboitizLand launches new phases in Foressa Mountain Town, The Villages at Lipa and Amoa in 2022.

of the metro. The infrastructure boom improving connectivity towards these next-wave locations is also seen to further propel growth in our property values.

Because of strong market reception, investors and aspiring home buyers can expect new inventory as AboitizLand's developments will be launching new phases in 2022.

In the first quarter, we will launch Foressa Mountain Town's newest phase, Light B, with 117 residential lots. Located in Balamban, Cebu, this mountain development is the next property investment hotspot as property seekers look outside of the cramped spaces of the cities and towards second home sanctuaries like Foressa Mountain Town. Part of the integrated economic center of West Cebu Estate (WCE), Foressa is further primed for value escalation as WCE executes its expansion plans that include commercial developments.

The Villages at Lipa, the residential enclave of the LIMA Estate, another Aboitiz integrated economic center, will launch its third village, Meadow, in the third quarter of 2022 following enthusiastic market response to its first two villages, Sierra and Brook. It will have more than 350 units across 12 hectares of prime real estate in Lipa, Batangas.

Our de-risking approach was proven effective in 2021 and we plan to continue this strategy in the coming years. We will continuously revisit our inventory mix and ensure that it remains attuned to market demand, making sure that our portfolio remains diverse and responsive to the ever-changing needs of the market. We will continue to deliver on our mission of innovating ways to lead more families home by offering well-planned communities and harnessing digital technology to discover a sustainable way into the future.

# Milestones

- Contributed revenues of PHP3.2 billion from the residential business to AEV
- Achieved PHP4.7 billion and PHP3.8 billion target in reserved and booked sales, capping AboitizLand's strongest sales performance in its history
- Achieved a reservation-to-booked sales conversion rate of 86%, from 78% in 2020
- Generated PHP938 million in sales from optimized digital marketing operations
- Sold more inventories while spending less as result of operational excellence and innovation with cost-to-sale ratio of 2.5% vs 3.5% budget
- Turned over 221 houses and lots and residential lots to new vecinos, from 160 units in 2020 despite operational restrictions due to the COVID-19 pandemic
- Officially welcomed Foressa Mountain Town's first batch of vecinos
- Successfully launched the Model Village in The Villages at Lipa



Vecinos strolling in the streets of Amoa in Compostela, Cebu.

- Accelerated the organization's digital transformation by launching new digital systems in major aspects of operations – sales and marketing, construction, and collection
- Earned industry recognition for some of our residential developments, with Seafront Residences named as the Country Winner for Best Housing Development in Asia at the PropertyGuru's Philippine Property Awards; Amoa hailed as the Best Affordable Housing in Cebu, and The Villages at Lipa named as Highly Commended for the Best Housing Development in South Luzon category



# Outlook



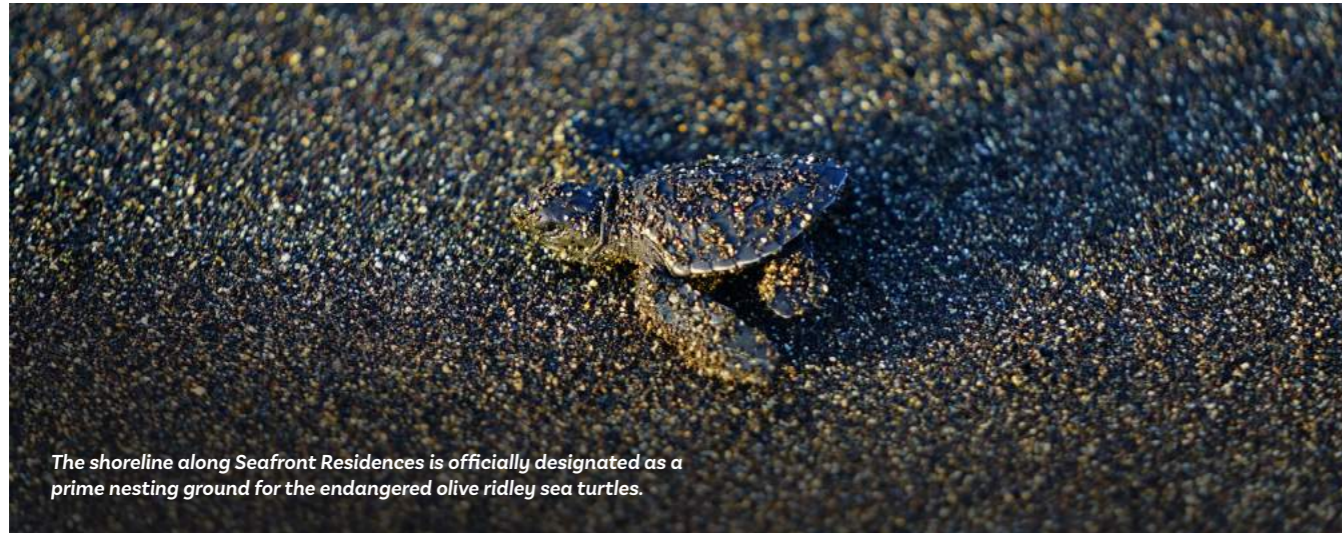
- Solidify our position as an innovation-forward developer by enhancing our pioneering contactless home-buying experience, digitizing our operational backbone, forging partnerships with other innovative companies and leveraging on the group's expertise in data science and artificial intelligence
- Leverage on sustained market preference for horizontal developments outside of mega cities, supported by the infrastructure boom which makes our developments more accessible and convenient
- Launch new phases in key projects such as The Villages at Lipa, Foressa Mountain Town, and Amoa as an indication of sustained market interest
- Expand our customer base in Central Luzon with the turnover of lots and houses to vecinos in Ajoya Cabanatuan and Ajoya Capas, and Ajoya Pampanga ushering in vibrant communities
- Continue efforts in de-risking the business by revisiting our inventory mix to ensure it remains attuned to market demand



Foressa Mountain Town offers idyllic mountain living with access to conveniences in Balamban, Cebu.

ABC STORY

# Eco-Tourism Project



The shoreline along Seafrost Residences is officially designated as a prime nesting ground for the endangered olive ridley sea turtles.

AboitizLand’s commitment to creating better ways to live extends to propagating marine treasures and its inhabitants.

AboitizLand, through the help of Aboitiz Foundation, Department of Environment and Natural Resources (DENR), and our implementing partner Diliman Science Research Foundation, Inc. of the University of the Philippines, launched the five-year Pawikan Conservation Project (PCP) at Seafrost Residences in San Juan, Batangas.

Among the objectives of PCP is to help protect the endangered species, particularly the olive ridley turtles (*lepidochelys olivacea*), by educating the local community, providing a hatchery, and allowing vecinos and volunteers to assist in releasing the baby turtles back to the sea.

In coordination with the local government and non-government units, the Pawikan Conservation and Management Plan was developed for the area. It covers research, setting up appropriate facilities, environmental impact monitoring, conservation operations, and providing capacity building and IEC (information, education, and communication) activities. All of these aspects will contribute to ensuring the proper management and conservation of the pawikan in Barangay Calubcub II as well as spillover adjacent vicinities.



**SDG 14 Life Below Water:**  
Target 14.2 - Manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans





CORPORATE  
SOCIAL RESPONSIBILITY

**Co-creating  
resilient,  
empowered,  
and sustainable  
communities**



# Results of Operations



## Maribeth Marasigan

President and COO,  
Aboitiz Foundation

“It is exciting to imagine a future where the communities we serve are thriving from the benefits of investments we are making today. But in our continuing mission to co-create resilient, empowered, and sustainable communities, we find ourselves asking these questions: How do we make future success possible? Are we creating pathways that will lead us toward creating long-term impact?”

While the last two years have changed the way we deliver our important work, it also compelled us to think beyond the short cycles and the familiar. On the heels of a lingering pandemic, we are challenged more than ever to create enduring solutions that will help fill the current socio-economic gaps, and over time, fuel a more inclusive progress for the people we serve and the planet we love. Even when we face obstacles in the road ahead, we will choose to remain steadfast in our pursuit to help build a nation where Filipinos of today and tomorrow are able to not just dream, but also thrive.”

### BUT FIRST, THANK YOU.

A year ago, we shared a very unusual report on how COVID-19 forced us to rethink our strategy and the way we do our work across the Aboitiz Group. During such a challenging time, we all stepped up, along with countless individuals and organizations locally and around the world, to help deal with this global health crisis. **We went above and beyond in the most extraordinary of ways.** Even amid the threat of COVID variants pulling us back, we adapted, innovated, and created solutions to continue our mission. For this, I extend my sincere gratitude to all of our tireless advocates, team members, and partners. We are grateful to have joined forces with you in this enduring fight.

**“The future is always beginning now.”**

- Mark Strand

As a century-strong organization, the Aboitiz Group understands that sustainability is essential

to thriving in the next 100 years. We believe that what we do today directly impacts how the future generation of Filipinos will be able to meet their needs and face the challenges of their time. While this may be a distant concept to grasp, the practical question is: what kind of a world are we building for the children we are raising today?

This is why our growth strategy is aligned with the United Nations’ Sustainable Development Goals (SDGs) in creating a future that safeguards “peace and prosperity for people and the planet.” Around the world, member nations like the Philippines agreed to adopt 17 SDGs that form a collective blueprint to help address the biggest problems humanity faces today: global hunger, inequality, and environmental destruction.

We know this is a colossal task to achieve, yet our passion and optimism will not wane. With our established competencies and trusted

## Metrics that Matter

### PEOPLE



Number of Beneficiaries  
**319,055**



Number of Direct and Group Beneficiaries  
**998,634**



Amount of CSR Fund Allocation  
**PHP263,117,632**

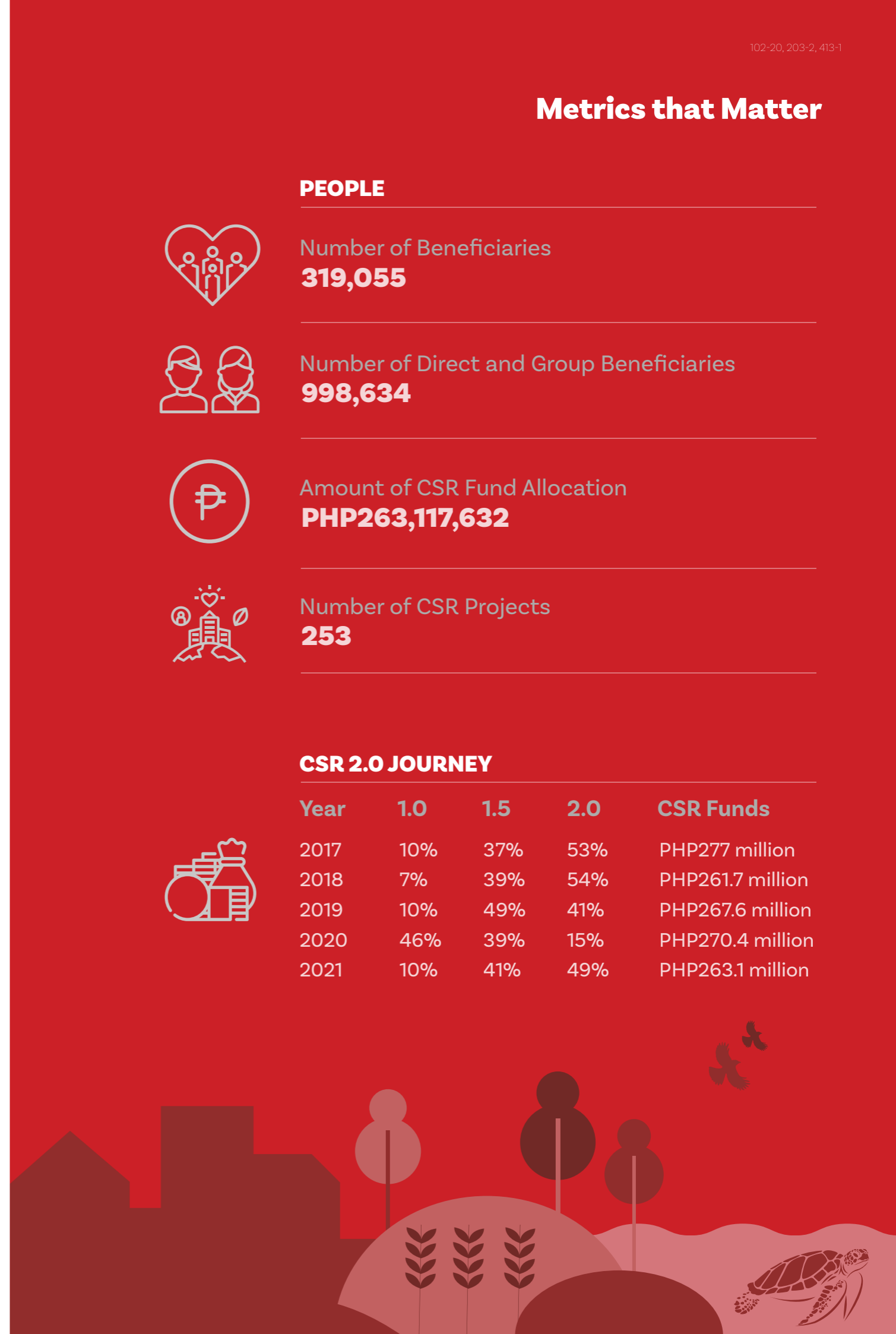


Number of CSR Projects  
**253**


### CSR 2.0 JOURNEY





Year	1.0	1.5	2.0	CSR Funds
2017	10%	37%	53%	PHP277 million
2018	7%	39%	54%	PHP261.7 million
2019	10%	49%	41%	PHP267.6 million
2020	46%	39%	15%	PHP270.4 million
2021	10%	41%	49%	PHP263.1 million



## Metrics that Matter


	WASH IN SCHOOLS PROGRAM	
	Number of Schools	<b>8</b>
	Number of BU Participated	<b>8</b>

	PROJECT AGILE	
	Volunteer Trainers	<b>20</b>
	Number of BUs Participating	<b>5</b>
	Number of Schools	<b>1</b>
	Number of Beneficiaries (Teachers)	<b>19</b>


	BRIDGING EDUCATION TO EMPLOYMENT (2014-2021)					
		Scholars	Graduates	Employed by Others	Employed by Aboitiz	Employment Rate
	College	649	505	311	48	<b>71.09%</b>
	TecVoc	1400	1274	702		<b>55.10%</b>

	BYAHENG DIGISKARTE	
	Number of COOPS / MSMEs Trained	<b>21</b>
	Number of Individual Attended the webinar	<b>184</b>
	Number of Coop Members Benefited	<b>7800</b>

	INCLUSIVE BUSINESS PROJECT	
	Number of COOPS received Farm Equipment	<b>2</b>
	Number of Farmers Benefited	<b>350</b>

	RESTART PROJECT	
	Number of COOPS Received Restarter Kit	<b>21</b>
	Number of coop members benefited	<b>3840</b>

	DRR 101 & PSCP	
	Number of Teachers Trained	<b>1200</b>
	Number of Trainings Conducted	<b>7</b>
	Number of Schools	<b>560</b>

	DRR 101 & BCP	
	Number of Coops Trained	<b>4</b>
	Number of Plans Drafted	<b>4</b>
	Number of Individuals Trained	<b>18</b>

	EMPLOYEE ENGAGEMENT	
	Number of Volunteers	<b>221</b>

partnerships on both local and national levels, we will forge ahead with shared programs that will help address these issues one step at a time.

**SOLVING NATIONAL CHALLENGES AND LOOKING BEYOND**

Home is where our heart is – and where we lay our groundwork for the future. Over the years, the Aboitiz Group has built an inclusive business that continues to create opportunities to uplift lives from remote barangays to bustling cities. To this day, we remain committed to nation-building by aligning to the Philippines’ *Ambisyon Natin 2040* goal, a long-term vision that aims to provide a secure and stable life for Filipino families.

Anchoring our agenda on this vision and the UN SDGs, our foundation’s strategic focus is to channel our resources and expertise into programs that will help co-create communities that are *Resilient, Empowered, and Sustainable*. To do this, our work will continue to revolve

around a cohesive set of endeavors with measurable goals and key success indicators that will improve community access to critical resources, education, technology, and economic opportunities. We will also continue to foster new partnerships and make creative investments that will deliver the best outcomes.

**Resilient to withstand.** As an archipelago that sits on the trail of destructive weather systems, we want to see more communities – and the businesses that drive growth for these communities – be prepared to overcome the crippling impact of natural disasters. No catastrophe should ever be strong enough to stop the significant strides we are making toward progress.

**Empowered to transform.** We will use technology to reduce the digital divide and help communities extract more value and efficiencies out of our programs in education, livelihood, and enterprise development.

**Sustainable for the people and the planet.** We live in a beautiful and bountiful country yet one that is beset with challenges in waste management and environmental abuse. This is why we will continue to invest in shared programs that will help restore and rehabilitate our natural resources while educating more Filipinos to become responsible stewards of the environment. After all, what we use and preserve today is what we will pass down to future generations.

Creating inclusive growth stems from a genuine desire to enable others to succeed – and this is the reason behind what we do. Even before our foundation’s establishment in 1988, the Aboitiz Group’s commitment to “malasakit” traces its roots to over a century ago. This legacy of looking after the welfare of others has been passed on by our founders throughout the course of our organization’s history.

Guided by this enduring principle, we will



Members of “Samahan ng may Iba’t-ibang Kakayahan sa Dabaw” (SAKADAB) in Davao receives the bakery starter package from the Aboitiz Group.

continue to do our business with transparency and fairness, with programs designed to help reduce inequalities, and increase the growth potential of the businesses and communities we work with.

**INVESTING IN THE POWERFUL SMALL**

Micro-, small-, and medium-sized enterprises (MSMEs) are the essential backbone of our economy, yet they remain the most vulnerable to crises such as COVID. In the aftermath of the pandemic’s devastation, recovery is still far too uneven between those based in rural and urban areas, and businesses that have limited or no access to funding.

The Philippine Statistics Authority (PSA) recorded in 2020 a total of 957,620 business enterprises operating in the country. Of these, 952,969 or 99.51% were MSMEs and 4,651 or 0.49% were large enterprises. In the initial study made by

the Asian Development Bank (Shinozaki and Rao 2021), more than 70% of the MSMEs surveyed had to close their businesses between March to April 2020 when the lockdown started, and for those that remained open, revenue decreased by more than 30% from the previous month. For an emerging market like the Philippines, it is an understatement to say that these MSMEs play a crucial role in creating jobs and driving economic prosperity at the local level. This is why more has to be done to support them.

Enterprise Development continues to be a key focus area of our foundation. We have launched various small and large-scale programs to help MSMEs restart their operations and recover from post-pandemic losses. Providing access to funding, opening up doors for supply chain and market linkages, using technology to drive efficiencies and reach new markets, and skills development are among the many initiatives that we were able to deliver in 2021.



**Restart Program:** Working alongside community cooperatives, we distributed “re-starter” kits to our partner cooperatives in various sectors. We gave out farming essentials, bakery kits, handicraft tools, sewing kits, food processing equipment, and egg-laying machines that helped farmers and small business entrepreneurs reopen their operations, without incurring much of the cost to do so.

**Byaheng Digiskarte:** Without strong business acumen, our supported cooperatives may not be able to scale up and succeed over time. This is why we partnered with the right organizations to conduct over 51 webinars and training sessions for small business owners and cooperatives on effectively managing their people, operations, and cash flow. We also partnered with the Department of Agriculture, Cooperative Development Authority, and DTI-Bureau of Small and Medium Enterprise Development to share best practices on resiliency, and how MSMEs can withstand crises that may upend their growth in the future by using digital platforms.

**Community Marketplace:** To support our partner cooperatives and MSMEs in gaining wider market reach, we opened a one-stop shop for Aboitiz team members and their families to purchase products and services of our supported communities nationwide.

**INVESTING IN THE LEADERS OF TOMORROW**

“Education is the passport to the future, for tomorrow belongs to those who prepare for it today.” – Malcolm X

Every year, we are proud to recognize our young scholars graduating from college and send them off on a journey towards achieving bigger dreams for themselves and for their families. It is a privilege to make such a lasting impact on the lives of these individuals whom we believe will become leaders in their own communities and places of work.

In 2021, the Aboitiz businesses collectively supported indigent yet brilliant students nationwide: 236 scholars in high school, 141 in

college, and 118 in vocational schools. Since the inception of our scholarship program, 618 college and 4,541 techvoc scholars have graduated.

While the pandemic laid bare the systemic problems and widening gaps in our education system, it also unleashed the creativity and resiliency of our learners, teachers, and partner enablers in the education sector.

Capability building enabled by technology. In line with the Learning Continuity Plan (LCP) of the Department of Education, we conducted Project AGILE, a program that helped teachers across the country deliver online learning more effectively. Creating a safe and conducive learning environment. We also partnered with the League of Corporate Foundations and the Manila Water Foundation to support the WASH in Schools (WinS) Program of the Department of Education. WinS introduces interventions that help promote the habit of proper hand washing at home, and eventually facilitate the safe return of students, teachers, and staff upon the resumption of face-to-face classes.

The tangible results of our investments in education may not be measured in exact numbers. Yet we believe that by looking after our youth, we are enriching human capital that will benefit the nation in the years to come. Education is a gift that will keep on giving to anyone who harnesses it.

**RESILIENCY AS A PREREQUISITE TO SUSTAINABILITY**

In our report last year, we highlighted resiliency as the ability to not just remain optimistic when things get hard, but to recover quickly from setbacks and disruptions. This ability to withstand, innovate, and grow is critical to the foundation of a sustainable society. In practical terms, when we are able to bounce

back from a health crisis such as COVID or a catastrophic event, we are creating the playbook for future generations to do the same.

When a typhoon wreaks havoc, a volcano erupts, or a nationwide lockdown takes effect, the Aboitiz Group is one of the many first responders to extend help where it is needed. But beyond the immediate solutions, we also invest in training local leaders, schools, MSMEs, and other community enablers in disaster preparedness, and service continuity planning and delivery.

**COVID-19 Response.** We supported the vaccination drive of Davao City to help protect the vulnerable. There were a total of 54,428 jabs from October to December, while 28,000 doses of AstraZeneca vaccines were donated to 15 LGUs.

**Disaster Risk Reduction & Public Service Continuity Plan.** In the aftermath of Typhoon



Lamut Multipurpose Cooperative in La Trinidad, Benguet received farm-inputs from Aboitiz Foundation and Hedcor Inc. that help sustain their farm needs.



Odette, we served 45,987 families with food and essential needs. Maximizing the PHP16 million worth of donations we received, we also focused our efforts on recovery programs for the affected communities.

**Adopt a City to Transform Lives.** We believe that good governance is possible in our local government units (LGUs). By sharing proven business practices anchored on integrity, transparency, and fairness, we aim to strengthen the leadership and governance capabilities of LGUs to yield positive impact over time. This collaborative effort with the Aboitiz Foundation, AP Renewables, the National Resilience Council, and our adopted municipality also explores a science-based approach to disaster and climate change management.

**PLANTING TOMORROW'S HARVEST TODAY**

Last year, we ended our 2020 report with a hopeful enthusiasm for vaccination to begin.

Shortly a month after, the first clinically approved vaccine was made and released in record time – a breakthrough scientific miracle indeed. But the truth is, the COVID-19 vaccine was not made in less than a year. It was built on decades of scientific research, knowledge sharing, clinical tests and trials carried out by a diverse group of people with a shared objective: to solve existing and emerging global diseases.

In the same manner, sustainability is a foundation that we are collectively building today. In this mission, we stand alongside our colleagues across the Aboitiz Group businesses, our partners in the public and private sectors, and global organizations.

Like the *abaca* farmer who patiently waits for his harvest, we know that the impact of our programs in co-creating resilient, empowered, and sustainable communities will take time, but we will remain steadfast on this path.

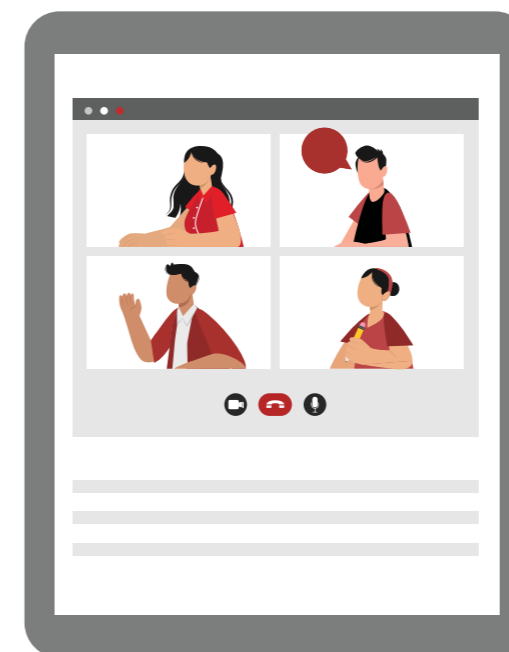
# Milestones

- Built eight (8) wash facilities in 8 schools through the program LCF WinS (WASH in Schools) in partnership with the League of Corporate Foundations (LCF), Manila Water Foundation and the Aboitiz Business Units to ensure a clean and safe learning environment as we prepare for the resumption of physical classes across the country
- Partnered with City Savings Bank and Aboitiz volunteers for the implementation of PROJECT AGILE, a 3-day learning series that aims to build the capability of educators to teach online in support of the Learning Continuity Plan (LCP) of the Department of Education



A handwashing facility installed in one of the adopted schools.

- Conducted the Aboitiz Beyond Classrooms, a virtual learning series for Aboitiz Scholars in partnership with Aboitiz A-Clubs. This year's topic includes time management for college students and mental health



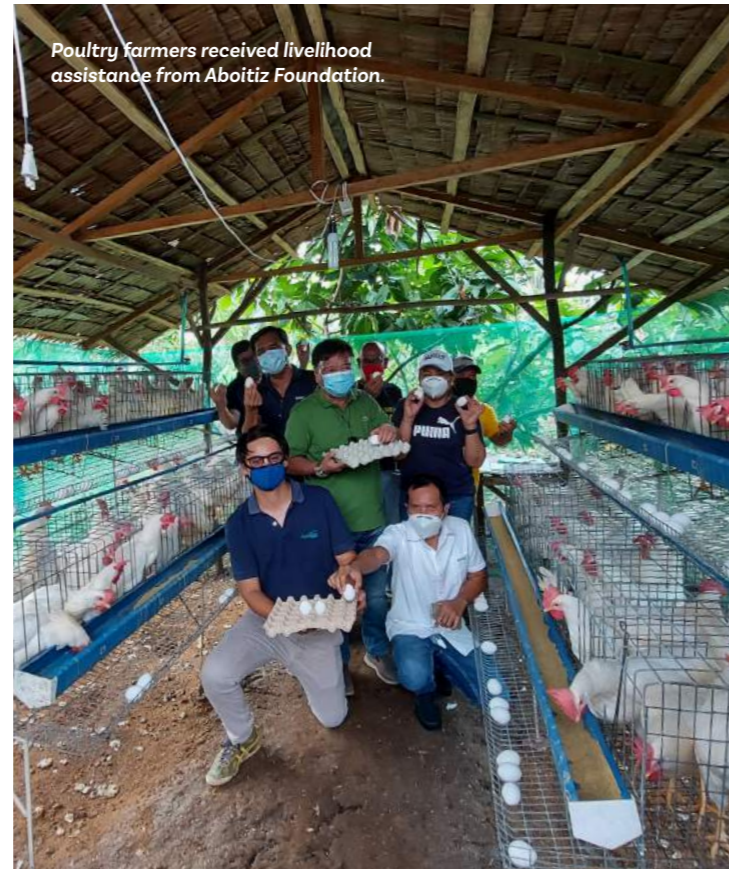
- Implemented the Kinder EGC Year 2, a project that promotes a KINDER Christmas by encouraging the spirit of giving through KINDER Gift Certificates. The platform was migrated to Zoho for ease of use. The project reached PHP197,200 which benefited 8 partner organizations

- Bridge education to employment by continuing our scholarship programs which supported 236 senior high school, 118 technical-vocational and 141 college scholars nationwide

- Donated 21 restarter kits in 21 cooperatives nationwide in partnership with Aboitiz Business Units. This is to support our partner cooperatives and MSMEs nationwide to restart their operation and recover from the economic loss and failure brought about by the pandemic



- Launched Byaheng Digiskarte Project in partnership with Department of Agriculture, Department of Trade and Industry and Cooperative Development Authority to educate more agri and non-agri MSMEs and Cooperatives on using digital platforms to further boost their earning
- Launched a donation campaign in partnership with Mayani and Save the Children Philippines, that would aid in alleviating hunger among children while creating a sustainable livelihood for farmers. The donation campaign is centered on ‘nutritional boxes’ containing various fresh produce sourced from the farmers of Sinacbat Farmers Association in Bakun, Benguet
- Launched “Aboitiz SMART Cooperatives” provided the 19 beneficiaries with a ‘Digiskarte Package’ which includes a starter kit from Smart composed of sim cards, pocket wifi, LTE handsets, retailer kit with load wallet, customized store signage, ICT training, and other freebies supplemented by a mentoring program. The initiative is part of the ‘Byaheng Digiskarte,’ the mentoring program of Aboitiz Foundation which encourages and educates more MSME and cooperatives on using digital platforms to market their products and services to boost their earnings
- Partnered with DigiCoop and trained nine (9) cooperatives, 27 coop officers and members on cooperative digital business processes



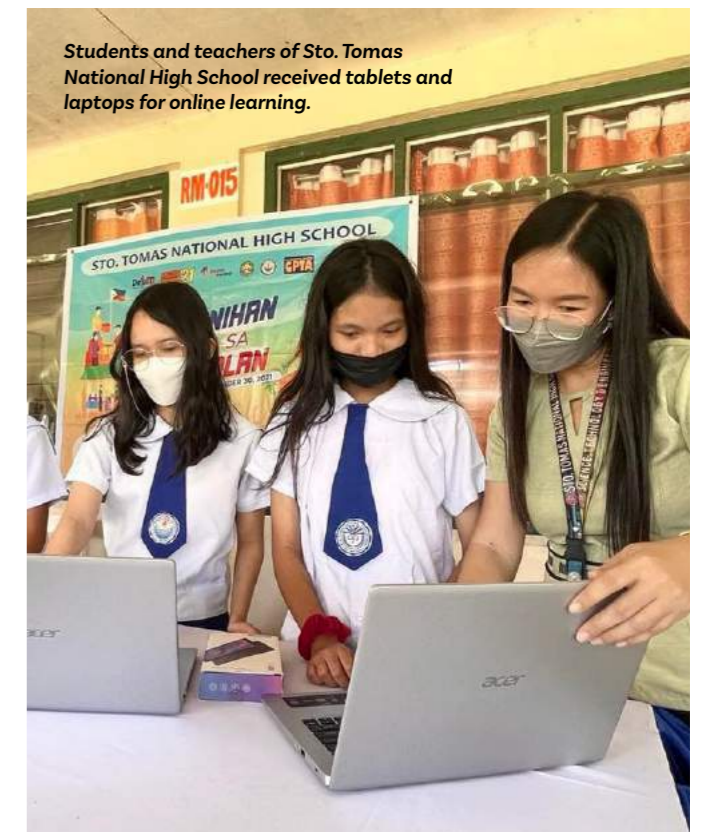
Poultry farmers received livelihood assistance from Aboitiz Foundation.

- Partnered with Department of Agriculture Region II and Philippine Disaster Resilience Foundation in training four (4) cooperatives on Business Continuity Planning
- Launched the Adopt-A-City Program through a Signing of a Memorandum of Agreement among National Resilience Council, AP Renewables, Inc. Tiwi and the Local Government Unit of Tiwi, Albay. The program aims to promote disaster resilience via resource-sharing, to properly equip the city in times of emergencies and disasters, and to prepare it in terms of immediate recovery
- Established Aboitiz CSR Academy, the learning and training resources hub that showcases various fields in CSR. It offers online courses and modules curated from various sources

# Outlook



- Continuation of the scholarship programs and expand the support by providing opportunities for scholars’ development through the internship program
- Explore Education projects that will focus on digital transformation
- Participation in the Youth Voters Education Series, a joint initiative of the League of Corporate Foundations (LCF) and the Youth Leadership for Democracy (YouthLedPH) for student scholars, former scholars, and young professionals from the member companies of LCF which aims to empower this young generation of leaders to vote responsibly and encourage others to do the same
- Adoption of Byaheng Digiskarte as the flagship project of the Enterprise Development Program
- Expansion of Byaheng Digiskarte through partnerships with Go Negosyo, Session Groceries and Cropital
- Continuation of Disaster Risk Reduction and Public Service Continuity Plan (PSCP) training to the Department of Education (DepEd) and Beyond DepEd
- Continuation of Business Continuity Plan (BCP) training and enrollment of MSMEs under the BCP mentoring program
- Expansion of Adopt-A-City Program in Iligan City through Pilmico



Students and teachers of Sto. Tomas National High School received tablets and laptops for online learning.

ABC STORY

#BangonVisMin mobilized

# Aboitiz gets relief to Odette-hit areas despite logistical challenges



Despite logistical challenges, the Aboitiz Group, through its social development arm Aboitiz Foundation, mobilized its various business units all over the country to send aid to victims of Typhoon Odette in the Visayas and Mindanao.

The Foundation was able to raise close to PHP20 million, over PHP700,000 of which were donated through its crowdfunding platform Kinder By Aboitiz for the distribution of relief goods, including food packs, rice, and water, and other in-kind donations to the affected communities in Cebu, Bohol, Leyte, Misamis Oriental, Surigao del Norte and Surigao del Sur, Agusan, and Bukidnon. The amount also covers the deployment of over 48 linemen, initially to Cebu to help restore power in the area.

**“Providing immediate needs to the communities has been our priority in our relief efforts through our #BangonVisMin initiative. As #OneAboitiz, the Foundation will continue to provide relief and support rebuilding efforts true to our promise of advancing business and communities, said Maribeth L. Marasigan, Aboitiz Foundation President, and COO.**

Close to 40,000 relief goods, hygiene kits, and water filters were sent for immediate distribution to the said areas. Meanwhile, more than 300 linemen from Visayan Electric and 200 more from volunteer distribution units including Davao Light, Cotabato Light,

and Subic EnerZone were deployed and worked 24 hours a day to swiftly restore power in Cebu.

In Bukidnon, close to 800 families in Barangays Guihean, Guilang-guilang, Santiago, Maluko, Dalirig, and Lingion from the Municipalities of Impasugung and Manolo Fortich received food packs.

With the assistance of members of the Army Reserve Command (ARESCOM), Army Reserve CARAGA 15th RCDG and Hinatuan Surigao Sur Reservists, 3,000 food packs and drinking water reached typhoon victims in the municipalities of Dinagat, San Jose, Claver, Siargao, and Surigao in Surigao del Sur. Members from the 402nd Army Brigade, 4th Field Artillery Battalion and 2nd Scout Rangers Brigade also helped during 2-day relief operations.

Meanwhile, Pilmico organized a feeding program for at least 300 children in Bohol while 6,000

**SDG 13 Climate Action:**  
Target 13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.

relief packs and bread donations were dispatched to six other VisMin areas.

The Aboitiz Group also extended assistance to its team members who were affected by the typhoon through relief goods, medicine packs, water, calamity assistance, and financial aid.

One thousand food packs were flown into Cebu from Manila through the help of the Philippine Air Force Civil-Military Operations Group for immediate distribution.



Troops from Philippine Navy, Marines, and Philippine Army assist in the relief repacking and relief distribution of the food packs.





DATA SCIENCE AND  
ARTIFICIAL INTELLIGENCE

**Data-driven  
innovation for  
a better world**

# Results of Operations



## Dr. David R. Hardoon

Managing Director,  
Aboitiz Data Innovation

**“At Aboitiz Data Innovation, we believe that business goals and societal progress should go hand-in-hand. Our efforts so far show that AI can bring about lasting improvements for businesses and communities – by offering new ways to assess a situation, raise efficiency, mitigate risks and promote sustainability. This is just the beginning, and as the world inevitably becomes more interconnected, we see vast potential to use data science and AI to add clarity and create new opportunities for people while promoting sustainable business practices.”**

In advancing the over 100-year-old company’s digital transformation journey by operationalizing AI across all business units, Aboitiz Data Innovation (ADI) is enabling the use of technology and Data Science and Artificial Intelligence (DSAI) across the group. ADI’s frameworks and solutions cascade to power, banking and financial services, food, infrastructure, and land industries to create a data-powered future that makes life easier, simpler and better for all. ADI is helping to advance more technology- and data-driven thinking across the organization and is helping its various business units discover new ways of tackling their business challenges while also advancing a number of sustainability and ESG goals in the process.

The Aboitiz Group has played a pivotal role in the economic development of the Philippines.

With roots in the wider Group, ADI puts social good at the core of all its initiatives. By merging profit and purpose, ADI is paving the way for the Group to deploy innovative and sustainable DSAI products and solutions to respond to hyper-dynamic market trends, diverse consumer behavior, and interdependent challenges.

ADI has also been able to facilitate more data-driven thinking across the organization, opening up new possibilities and ways of approaching innovation that have driven positive outcomes for businesses, communities, and the environment. By working with the different business units to apply DSAI to tackling real world challenges, it has made the Group see the value in having this disruptive technology as part of its arsenal. ADI has been able to facilitate greater collaboration across the Group in new

## Metrics that Matter



Increase in MSME loans approval rate by **218%** and maintained low delinquency of **15%** through the enhanced AI-powered Alternative Credit Scoring and Risk Models



**138%** increase in total bancassurance bookings with the use of Bancassurance Cross-sell Model compared to non-model approach



**187%** (telesales) and **237%** (EDM) increase in average monthly conversion rate in credit cards through the use of Credit Cards Cross-sell Model



**178%** (EDM) increase in average monthly conversion rate in auto loans through the use of Auto Loans Cross-sell Model



More than doubled detection rates in credit card fraud through the credit card fraud AI



Decreased collection efforts for mortgage loans through AI with a **35%** annual savings in operational cost with the use of AI-driven call-out strategy



Reduction of **35,000 tCO2** annual emissions through the Republic Cement 28-day predictive strength model



**35%** decrease in the amount of limestone consumed per megawatt-hour of electricity produced in one of AboitizPower’s power plants, Therma South Inc.



ways, like developing AI-powered alternative credit-scoring and risk models to provide Filipinos with access to much-needed financial support in a timely manner during the pandemic and beyond.

Businesses and leaders often talk about data and its value, but they encounter big challenges when it comes to actual implementation in the real world. ADI is putting data into practice and giving A-People the opportunity to explore DSAI by upskilling and promoting a data-first culture to put data models into action. In a data-driven culture, team members can work more efficiently and quickly by making informed decisions, communicating clearly with stakeholders, mitigating risks, and tracking progress. By making data a more relatable subject matter for businesses and communities, ADI is piquing the interest of future-ready talent to enter the field of DSAI. Simultaneously, through sharing tried and tested use cases, ADI is breaking down barriers to operationalize DSAI and opening up more opportunities to test and implement DSAI to reveal new insights, value and possibilities.

### USE CASES

ADI is in a unique position to collaborate with Aboitiz Group's businesses in operationalizing DSAI across various projects. Some examples are promoting financial inclusion, and reducing CO2 emissions in the cement production process and SOx emissions in power generation. All these use cases advance societal progress and environmental sustainability that contribute to the company's ESG goals. ADI's mission is to work with the Group's business units to accelerate operational efficiency and excellence, risk management, financial inclusion, and sustainability by operationalizing DSAI.

### Banking and Financial Services

As part of Union Bank of the Philippines (UnionBank)'s ongoing digital transformation efforts, ADI has taken a new approach to using DSAI to enable and accelerate more inclusive financing. ADI developed enhanced AI-powered alternative credit-scoring and risk models, setting out to help the unbanked and underbanked

in the Philippines by rethinking what data can be used to assess their eligibility and provide greater access to financial support and services. These models made it possible to offer loans and credit to a broader range of individuals and small businesses who may have not qualified under traditional scoring methods. The initiative effectively doubled the bank's loan approval rate. Traditionally, loan applications use a hard-coded rules-based approach when assessing and determining applicants based on a set of preset rules. This relies heavily on traditional credit scores and often does not take into full account the holistic profile of its customers, leading to the rejection of applications and long loan approval periods.

Through the work with UnionBank, ADI was able to use alternative credit scoring and risk models, and alternative data like the use of utility bills and payment history to rethink the way credit loans were granted. The AI model looked at different dimensions of customer behavior data such as attrition, minimal data submission and alternative data sources like open government macro and socio-economic data sourced from the Philippine Statistic Office. This created a more holistic, comprehensive profile of loan applicants with insights into customer behavior and needs

that enable UnionBank to manage risk better and offer loans and lines of credit to a wider customer base.

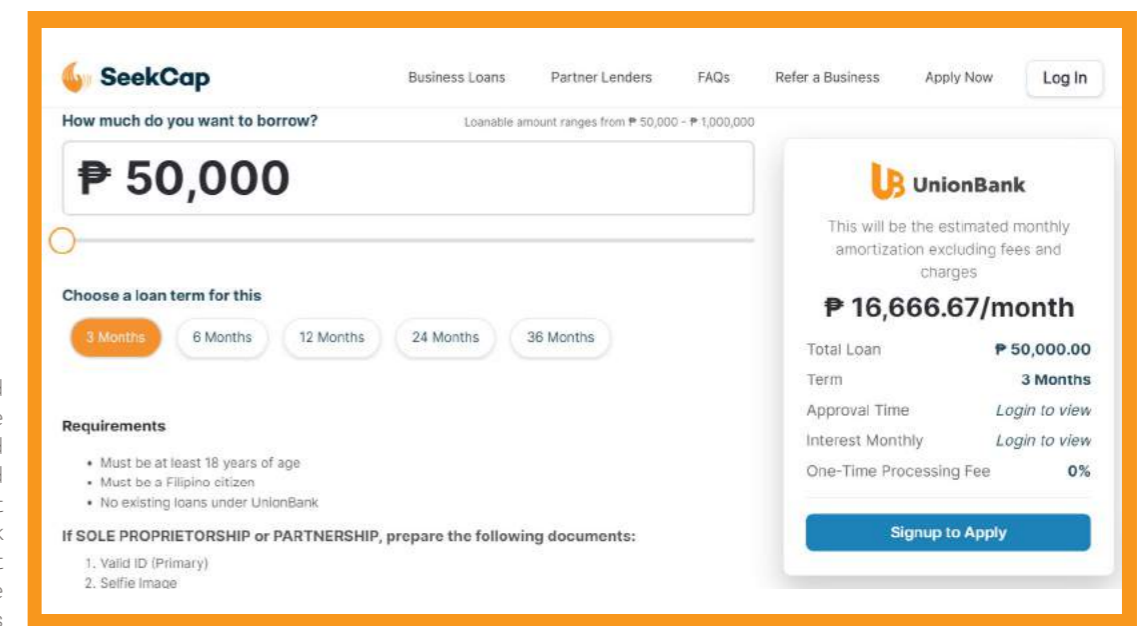
ADI and UnionBank also used data modeling and natural language processing for consumer banking, operational efficiency and risk management, which resulted in an increase in bancassurance bookings and credit card sales conversion rate, decreased collection efforts and operational costs, and higher fraud detection rates.

### Manufacturing

ADI worked with Republic Cement to completely revolutionize the cement industry in the Philippines. With the vision of merging purpose and profit through DSAI-driven solutions, ADI used a DSAI model to optimize Republic Cement's manufacturing process and promote environmental sustainability.

Normally it would take 28 days to measure the compressive strength of cement, which is a crucial step to the acceptance of the product for concrete mixes used in constructing vertical structures. ADI simplified the method and used a predictive model, which includes data

SeekCap and UnionBank use the enhanced AI-powered Alternative Credit Scoring and Risk Management Models to evaluate loan applications



transformation, modeling and deployment, to create an AI-powered solution for Republic Cement that was able to do the same thing almost instantaneously.

AI was used to predict cement quality based on historical data to help operators and quality managers optimize concentrations of raw materials and save time. Not only did this result in saved time, better resource management and operational efficiency, it also improved the consistency of cement products. The application of data science in what is considered a traditional industry in the Philippines also led to reduced CO2 emissions, contributing to achieve the Group's ESG goals in the process.

## Power

In collaboration with ADI, AboitizPower was able to adopt a machine learning model to help reduce the use of limestone, thereby controlling its SOx emissions better.

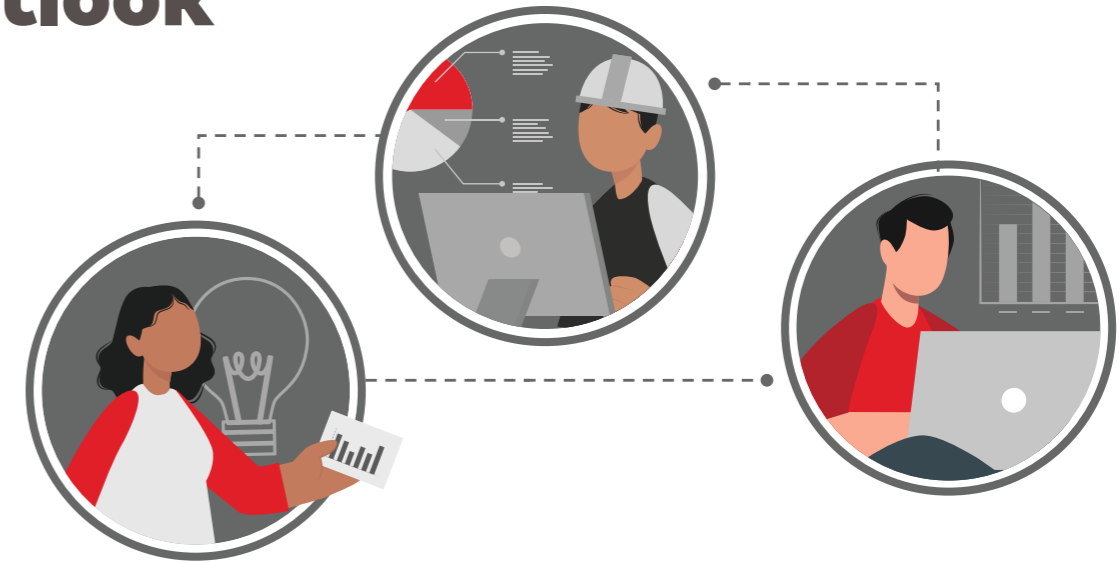
Harnessing the power of predictive analytics, AI and ML algorithms could sift through volumes of data, analyze historical as well as current facts and events, to suggest fit-to-purpose solutions in power plant operations. Having AI-driven technologies will help deliver maximum value and ensure that power plants are operating efficiently while reducing environmental impact.

“According to the third part of the Intergovernmental Panel on Climate Change Sixth Assessment Report, Climate Change 2022: Mitigation of Climate Change, one of our key challenges in ASEAN is the transition out of coal to help achieve sustainability goals. We see the application of Data Science and Learning Algorithms working to find ways to reduce emissions in power plants, enable carbon capture technologies, reduce outages and facilitate hybrid systems to help evolve power industries towards that goal while maintaining power reliability and economic affordability. Aboitiz Data Innovation's collaboration with AboitizPower in the past year has helped improve operational efficiency at Therma South while reducing environmental impact. We are continuously experimenting and revolutionizing the way AboitizPower can create energy products and solutions to suit our customers' needs and ultimately secure a better future for people and planet through Data Science and AI.

Luis Gonzales, General Manager - Power Industry, Aboitiz Data Innovation



## Outlook



- As we enter an age where interconnected economies make business susceptible to global disruptions, DSAI strategies will be crucial for building agile businesses that can foresee problems and react faster
- In light of this, another focus will be to prepare the wider Group's business units for these uncertainties, enabling and accelerating the Group's transformation by using data and AI to continue enhancing its abilities to be data-driven, agile and operationally efficient
- While 2021 was about breaking ground to demonstrate what is possible and show what can be done when DSAI is operationalized across the business, our focus in 2022 will be on amplifying our efforts through upskilling of more team members, wider cascade of projects to more BUs, exploration of more models for hyper personalization across industries and greater collaboration through the upcoming launch of our data exchange platform, Parlay
- Parlay is a data exchange where BUs can share their data and gain unparalleled access to data from across industries and visualize a myriad of possibilities in a way that was never this easy before. It aims to inspire connections and partnerships through patterns in data never been seen before
- By creating opportunities through its data and AI projects, ADI is creating a sense of possibility for talent curious to enter the world of DSAI while building future-ready skills within its internal teams and promoting a data-driven and innovative mindset within the organization



ABC STORIES

# Accelerating Pathways towards Sustainability through Data Science and AI



True to the Aboitiz Group’s purpose—to drive change for a better world by advancing business and communities towards a sustainable future for generations to come—Aboitiz Data Innovation (ADI) is steering progress in the areas such as financial inclusion and emissions reduction by operationalizing Data Science and AI (DSAI).

**Social sustainability: Promoting financial inclusion through AI-powered credit scoring and risk models**

Ensuring that we use data and AI for good, the DSAI team developed AI-powered alternative credit scoring and risk models to increase

financial inclusion and improve risk management in loans application. These models make it possible for UnionBank and its tech arm UBX to provide loan offerings to an expanded universe of applicants through fair access to credit and financing opportunities while protecting their interests.

**Environmental sustainability: Reducing carbon footprint through machine learning and predictive models**

ADI develops solutions that directly or indirectly addresses climate change and sustainability. Game-changing innovations developed by ADI

in the manufacturing and power industries contribute to minimize the impact of our business to the environment.

ADI and Republic Cement employed the 28-Day Predictive Strength Model which effectively improved product quality through consistency of cement products. It also optimized cement recipes and raw materials mix. Meanwhile, ADI and AboitizPower’s machine learning model reduced the consumption of limestone and paved the way to explore new areas for operational excellence. While initially developed to increase productivity and operational efficiency, both DSAI models resulted in sustainability impacts such as reduced CO2 emissions in cement production and better control of SOx emissions in power generation.

**DSAI to ABC in years to come**

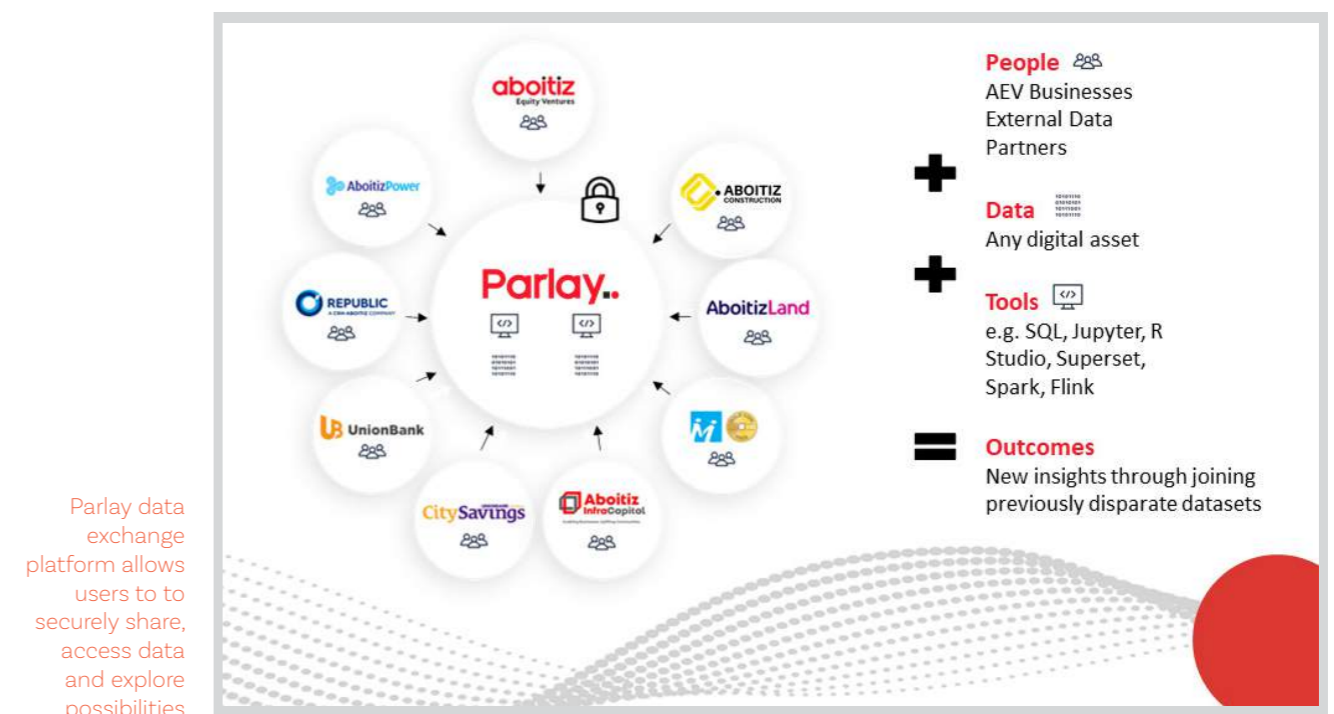
DSAI allows us to discover infinite possibilities that accelerate pathways towards sustainability. ADI will continue to unlock the potential of the data ecosystem and champion



**SDG 9 Industry Innovation and Infrastructure:** Target 9.4 Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes in accordance with the organization’s capabilities

cross-industry and cross-sector collaborations to increase financial inclusion for the millions of unbanked and underbanked Filipinos, reduce environment-profit trade-offs in areas where we have presence, and enable renewable energy options in the country and in the region.

As innovation and digital transformation remain as the Group’s strategic growth drivers towards sustainability, ADI will continue to develop data-driven innovations for a better world.



MANAGEMENT APPROACH

# Transitioning Pathways towards Sustainability

*In this section, we share with you our ESG approach to business and how our Group Purpose and Brand Promise drive the why and how we do things in Aboitiz. Other details are available in the AEV Annual Report 2021 Form 20-IS filed with the Philippines' Securities & Exchange Commission.*



In 2021, the Group's resilience was tested in the midst of the continuing impact of the COVID-19 pandemic and compounded by natural calamities such as Typhoon Odette which wreaked havoc in Visayas and Mindanao as the year came to a close. Guided by our time-honored values of integrity, teamwork, innovation, and responsibility, we mobilized sound risk management systems and timely response to crisis situations.

Despite the challenges, the company remains confident in capturing growth opportunities and continuously strategizes on our transition pathways towards the Great Transformation which includes focused and deliberate actions towards ESG.

**TRANSFORMING SUSTAINABILITY LEADERSHIP**

Our culture and values are the intrinsic factors that have connected our past and present in transitioning pathways to become a more

sustainable organization. Our leadership continuously transformed to have a keen focus on our sustainability journey, guided by strong leadership that promotes the continuous improvement of our environmental, social, and governance (ESG) performance.

Our commitment to sustainability is demonstrated through our brand promise of advancing business and communities. As our business grows, our stakeholder communities should equally gain. We define sustainable development as inclusive growth that is reflected in the dimensions of ESG:

**Environment** - The Aboitiz Group minimizes competition for limited resources in the communities we operate and ensures that these can be replenished for future generations.

**Social** - The Aboitiz Group understands the basic premise that no business shall succeed in failing communities. As such,

we implement sound labor practices in the workforce and responsible operations in our host communities.

**Governance** - The Aboitiz Group operates and manages the interest of its stakeholders, including checks and balances, that enable

the Board of Directors to exercise appropriate control and oversight responsibilities on the environmental and social aspects of the business.

We follow this simple equation:



In order to deliver our ESG strategies, we continuously redefine our leadership functions and responsibilities to strengthen the Aboitiz Group's ESG work plans and performance targets.



**Business Units and Corporate Service Units:** implements and addresses ESG operational programs; manages data gathering and monitoring

**ESG Technical Working Group:** ensures that material issues are discussed, addressed, and reported to the Aboitiz Group Management Committee

**Aboitiz Group Management Committee:** responsible for monitoring ESG integration in the company's principles and policies

**Environment, Social, and Corporate Governance Board Committee:** provides direct oversight on sustainability and the ESG framework, ensuring that ESG direction is integrated into the Aboitiz Strategic pillars.

**THE ABOITIZ GROUP SUSTAINABILITY POLICY AND FRAMEWORK**

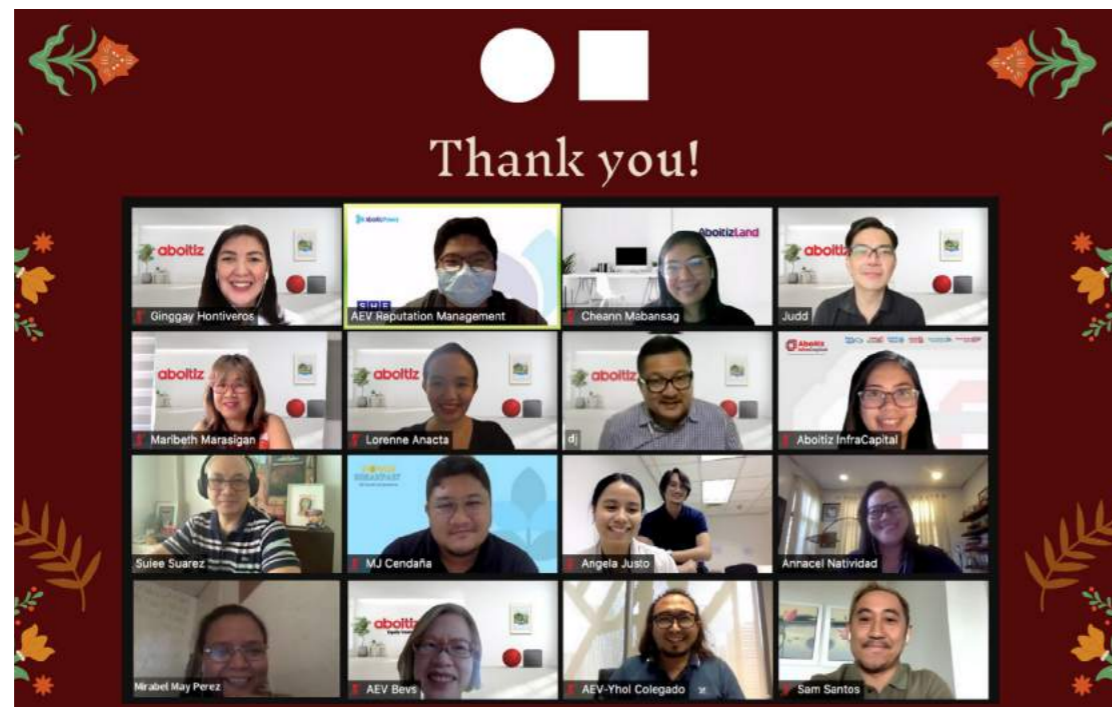
Sustainability is an integral part of our business strategy and we view it not as a cost of but as a way of doing good business. We believe that we can do well by doing good by always making the right long-term decisions that balance the interests of people, planet, and profit. This triple bottom line approach covers the three key areas where the ESG dimensions are present. Using this framework, we set targets, improve performance, and extend the scope of our value

creation efforts. Our ESG performance targets are included in each functional group's accountability and responsibility. In 2021, we have also added a portion for ESG compliance and delivery in Aboitiz team members' performance appraisals.

We communicate our Sustainability Policy and Framework to our shareholders, employees, vendors, and customers through our various communication platforms. For more information on our Sustainability Policy and Framework, you may visit: <https://sustainability.aboitiz.com/our-approach/>



The ESG technical working group is represented by team members from across different business units to ensure that key sustainability issues are tackled on a holistic and group-wide level.



**THE ABOITIZ WAY**

For over a century, we have been building the Group’s legacy of core values, behavior, and beliefs that shape The Aboitiz Way, our unique culture nurtured and strengthened over generations.

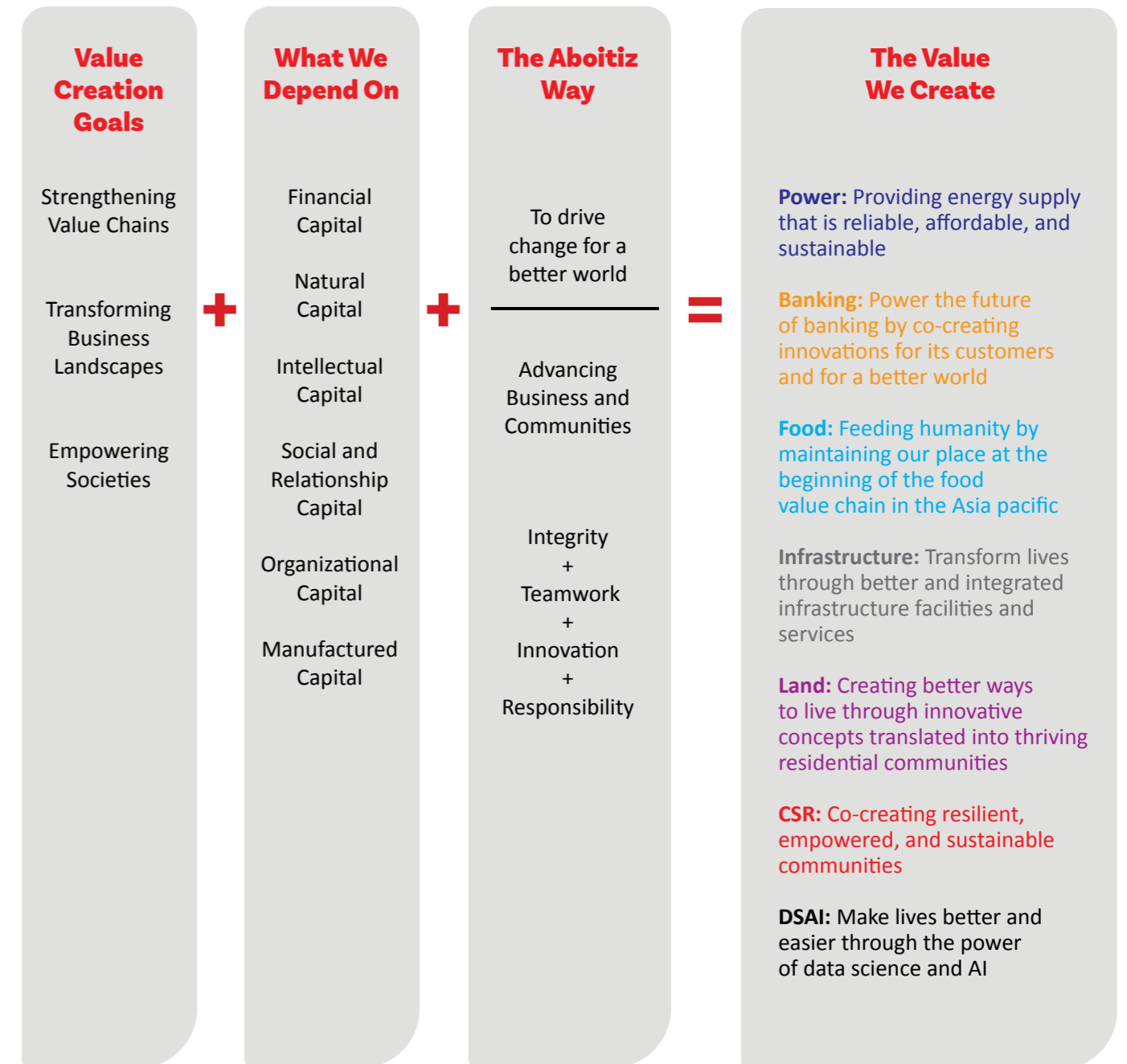
Every action and decision we make is anchored on our time-honored values of integrity, teamwork, innovation, and responsibility. These values live through the distinct behavior and traditions in our various business units to form the Aboitiz culture.

Our values and culture keep us firmly focused on fulfilling our purpose and brand promise: to drive change for a better world by advancing business and communities.



**OUR VALUE CREATION BUSINESS MODEL**

We believe that we are able to create the most value for our stakeholders by strengthening our value chains, transforming the business landscape through innovation, and empowering societies — all in adherence to equitable business practices. These, in turn, translate to positive economic value that improves quality of life.



### OUR GROUP STRATEGIC PILLARS

All Aboitiz SBUs operate in pursuit of the Group’s strategic pillars, namely: Grow the Business, Stakeholder Engagement, Build Human Capital, and Execution Excellence.

In growing the business, we find investments that make sense to us, cover our cost of capital, work within our risk parameters, and create added value.

It is fundamental that both our shareholders and stakeholders benefit from our value creation

efforts. We continuously engage with all our stakeholders so they may also progress as our businesses grow.

Attracting, optimizing, and retaining top-caliber professionals, who help us manage our business and upgrade the Group’s capabilities and skills, are crucial to our success.

We execute our plans in a timely and effective manner, employing best-in-class systems and processes to sharpen our competitive edge.

#### Purpose and Brand Promise

To drive change for a better world by advancing business and communities

#### Strategic Pillars



Grow the Business



Stakeholder Engagement



Build Human Capital



Execution Excellence

#### Core Values



Integrity



Teamwork



Innovation



Responsibility

### Strengthening our Commitment to the goals of Aboitiz Great Transformation

We in the Aboitiz Group commit to a sustainable future and ensure that the organization will continue to thrive in the next 100 years. We have established our participation and commitments to the United Nations Global Compact (UNGC) and the Ten Business Principles. Our 2021 Annual and Sustainability Report serves as our Communication of Progress: expressing the Group’s commitments of continued support to UNGC and its principles; aligning disclosures of our relevant policies, procedures, and activities to address issues on Environment, Labor, Human Rights and Anti-Corruption; and measuring our outcomes through the qualitative and quantitative measurements presented herein.

In our 2nd year of participation, we continue our progress on our alignment with the Ten Principles of the UN Global Compact.

- We are committed to continuously improving our policies, business processes, and initiatives, putting at the forefront our commitment to have an environmentally sound business strategy and relevant processes.
- We uphold human rights by continuously conducting human rights assessment in the different value chain processes of the company.
- We create a safe, engaged, and inclusive labor environment for A-People.
- We operate with high ethical standards of corporate governance and citizenship.

#### UNGC 10 Principles and Business Alignments

	Human Rights	Labor	Environment	Anti-Corruption
Principles	1. Businesses should support and respect the protection of internationally proclaimed human rights. 2. Businesses must make sure that they are not complicit in human rights abuses.	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. 4. Businesses must ensure the elimination of all forms of forced and compulsory labor. 5. Businesses must support the effective abolition of child labor. 6. Businesses must eliminate discrimination in respect of employment and occupation.	7. Businesses should support a precautionary approach to environmental challenges. 8. Businesses must undertake initiatives to promote greater environmental responsibility. 9. Businesses must encourage the development and diffusion of environmentally friendly technologies.	10. Businesses should work against corruption in all its forms, including extortion and bribery.

UNGC 10 Principles and Business Alignments				
	Human Rights	Labor	Environment	Anti-Corruption
Policies/ Commitment	<ol style="list-style-type: none"> <li>Code of Ethics Suppliers/</li> <li>Contractors Fair</li> <li>Dealing and Selection Policy</li> <li>HR Policies</li> </ol>	<ol style="list-style-type: none"> <li>Policy and</li> <li>Disclosure of Collective Bargaining Agreement Disclosures of Diversity in the Workplace (Age, Gender, Locations, etc)</li> <li>HR Policies</li> </ol>	<ol style="list-style-type: none"> <li>Support for Task Force Climate-related Financial Disclosures</li> <li>AboitizPower Commitment to a Balanced Energy Portfolio 50:50 by 2030</li> <li>Environmental Management Systems</li> <li>Conduct of Environment Programs in our communities</li> </ol>	<ol style="list-style-type: none"> <li>Anti-corruption Policy</li> <li>Whistleblowing Policy</li> </ol>
Progress	<ol style="list-style-type: none"> <li>Conduct of discussions on Human Rights and review of Sustainability Reporting Standards and Principles of Human Rights</li> <li>Initially mapped stakeholder expectations using ESG Ratings assessment requirements on the topic</li> <li>Inclusion in the Social Workstream Agenda of the ESG Technical Working Group</li> </ol>	<ol style="list-style-type: none"> <li>Continuous monitoring of percentage covered by Collective Bargaining Agreement</li> <li>HR monitoring and supply chain monitoring practices (for contracted services) to ensure the elimination of all forms of forced/ compulsory and child labor</li> <li>Continuous monitoring and review of labor practices to eliminate forms of anti-discriminatory practices</li> <li>Strengthening our Diversity, Equity and Inclusion Programs and joining alliances such as Philippine Business Coalition for Women that promote private sector action on Workplace Gender Equality</li> </ol>	<ol style="list-style-type: none"> <li>Continuous improvement of our disclosures on our Governance, Strategies, Risk Management, Metrics and Targets on Climate Change- Related Financial Information</li> <li>Planned developments to increase our renewable energy portfolio to balance with our thermal capacities to contribute to the Philippines' energy requirements for economic development; transitions that would benefit the environment and society</li> <li>Applying precautionary approaches to product/ project development in the Group by using risk identification and analysis of potential environmental impacts in accordance with the country's environmental compliance guidelines</li> <li>Continuous improvement of Environmental Management Systems of our different strategic business units, and the implementation of various Corporate Social Responsibility programs on the Environment</li> </ol>	<ol style="list-style-type: none"> <li>Constant review of our policies vis a vis its implementation to avoid potential corruption issues and safeguard the business by resolving issues that arise from our whistleblowing reporting mechanisms.</li> </ol>

### Transitioning Pathways towards Resiliency through Robust Climate Strategy

Aboitiz Equity Ventures (AEV) is the first Philippine signatory to the Task Force on Climate-related Financial Disclosures (TCFD).

We are committed to aligning our disclosures to its framework that will provide the company with better information and preparedness towards the impacts of climate-related business scenarios.



### OUR APPROACH TO CLIMATE CHANGE CONCERNS

In AEV, we recognize that our stakeholders are starting to look into climate change actions and policies aligned with the Paris Agreement. This prompted us to revisit our existing risks that were more focused on the Power unit, and expand our context to a Group-wide perspective. With this context, we are able to 1) provide more focus on the underlying reason behind the negative action against coal, which is climate change, and 2) understand that if this risk materializes, it will not just affect the Power Group but also other units that contribute in terms of Scope 1 to 3 emission.

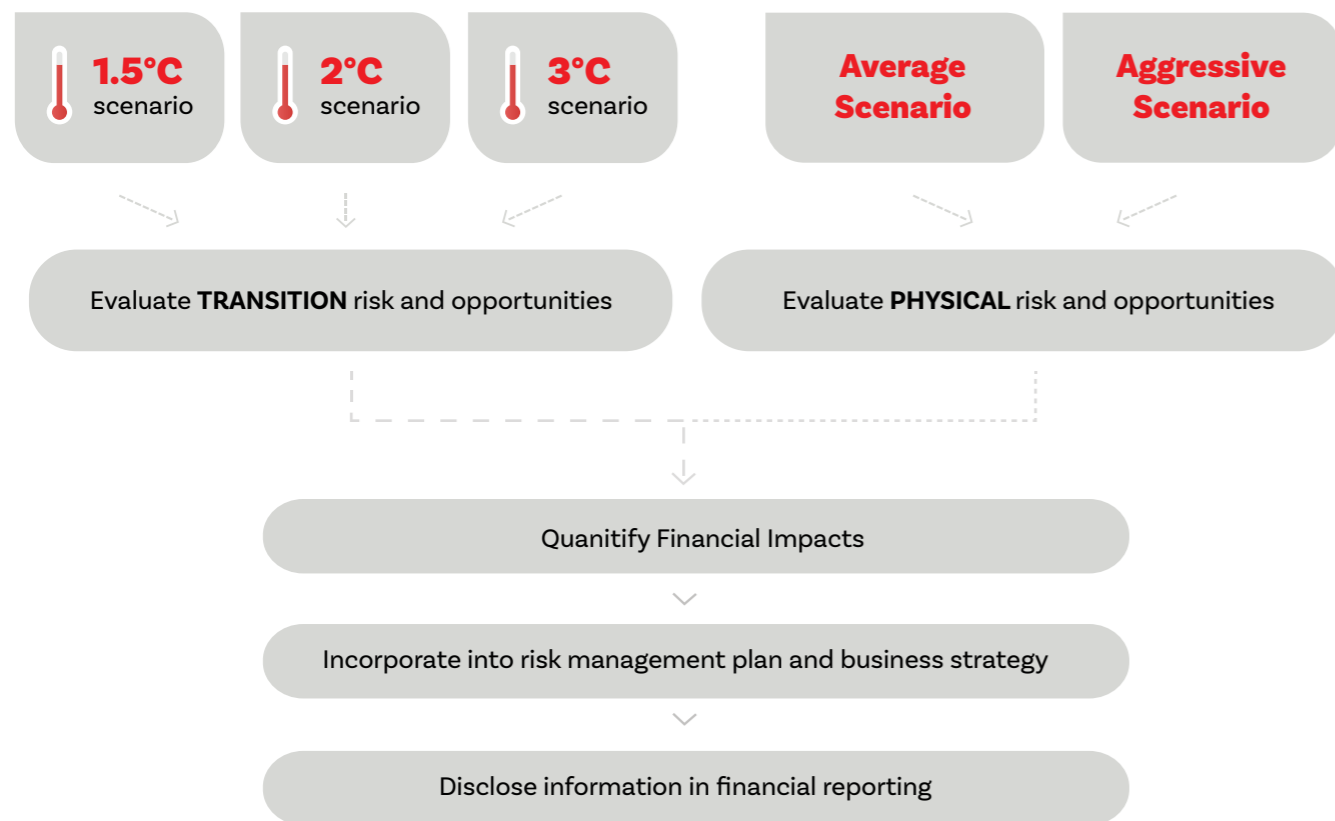
Though results of this initiative were initially rolled out to the other subsidiaries this year, we recognize that it is a journey that would require a better understanding based on the dynamic context of our operating and regulatory environment.

Ultimately, this risk, if it materializes, may not only impact our operations but also the future

of the organization in the long run. As such, it is critical that we start to identify proper mitigation plans early and continue our progress in transitioning towards a better climate scenario.

To assess how various climate risk drivers may impact the company and our value chains, we utilized TCFD’s categorization of transition and physical climate risks. Transition risks are those that arise from actions associated with a transition to a low-carbon economy, such as the introduction of new climate policies or low-carbon technologies, climate reputational risks, and changes in market sentiments. Physical risks are those that arise from the physical impacts of climate change; these can be chronic (such as changes to temperature and precipitation patterns or sea level rise) or acute (such as extreme weather events like storms/super typhoons).

### OUR CLIMATE SCENARIO ANALYSIS PROCESS



### OUR PROGRESS ON TCFD IMPLEMENTATION

	Existing Achievements	Current Priorities	Future Actions
Principles	Established alignment of governance on climate-related risks and opportunities starting with the inclusion of responsibilities in the Environment, Social, and Corporate Governance Board Committee to provide oversight and guidance to the Group’s policies and activities.	Enhance cross-functional collaboration on climate issues and greater climate risk training across teams	Expand oversight and governance in line with increasing climate regulatory requirements
Strategy	Established Methodology for scenario analysis  Assessed potential impacts of physical and transition risks, and opportunities on three scenarios (1.5, 2, and 3 degree scenarios) on the organization’s business strategy and financial planning	Continue to evaluate and assess our current portfolio structure, and to integrate risk assessed in the investment sensitivity analysis	Continue to evolve our strategy through a combination of strengthening climate risk assessment requirements, considering climate risk in portfolio structure, pursuing climate transition opportunities, and evaluating sector exposures to reduce portfolio emissions over time Adjust our strategy based on lessons learned from past performance
Risk Management	AEV Strategy, Reputation and Risk Management Teams spearheaded an initiative to understand further the exposure of the Group if the government decides to issue policies/ regulations to support the country’s commitment to NDCs.	Integrate climate-related risks and opportunities in our Enterprise Risk Management System through risk assessments and operational risk management planning	Further improve and redefine assessment tools and methodologies, and integrate them into operational risk assessment processes
Metrics and Targets	Disclosure of Scope 1 and Scope 2 emissions consolidated from its strategic business unit  Environmental management systems already include emissions management and compliance monitoring aligned with the country’s environment regulatory requirements and guidelines	Review and assess GHG inventory emission methodology for calculation  Review and assess Scope 3 significant emissions in the Group  Measure and disclose climate risk metrics to establish baseline for evaluating portfolio decarbonization pathways towards a 2 degree or below scenario	Report on decarbonization measures and progress towards latest COP 26 agreements. Align disclosures with the commitments and regulatory requirements of the country where the business operates

In 2020, AEV and its subsidiaries have initially identified climate related actions and programs that would help us manage the risk by having a data-driven approach in setting our transition pathways, partnerships and engagement for climate action, operational and resource efficiency and improved climate disclosures:



50:50 Clenergy & Thermal Portfolio of AboitizPower

AboitizPower’s 10-year energy transition strategy will help us achieve our portfolio mix to 50:50 Cleanenergy and Thermal capacities by 2030, and will contribute to addressing our country’s energy trilemma of energy security, energy equity, and environmental sustainability.



Improvements in our GHG Accounting and Reporting

With the inclusion of Climate Risks and engagement with MSCI for the Climate Value at Risk, this prompted us to widen our data coverage to include most of the company’s assets, including international footprint, thus having a more accurate and sound GHG emission computation for accounting and reporting.



Carbon Sink Program: “A-Park”

Currently, the Group has planted 12 million trees in partnership with the tree-growing project of Ramon Aboitiz Foundation, Inc., Philippine Business for Social Progress, and the carbon sink program of Therma South, Inc. and Therma Visayas Inc. Collectively, this is the Group’s contribution to help mitigate climate change, making PHP487 million in total investments.



Resource efficiency measures through “Race to Reduce” and “Wealth out of Waste Framework”

The Race to Reduce (R2R) programs at our strategic business units have paved the way for addressing concerns on operational resource efficiency. We constantly strive to optimize resource use and reduce material wastes that can contribute to lesser carbon footprint and alleviating natural resource scarcity risks in the process.

Our unified waste management framework called Wealth Out of Waste (WOW) encourages a more circular flow of materials within the Group, functioning on the premise that more than 90% of waste from company operations may be totally recyclable or reusable. As such, we are able to maximize resources past their expected lifecycle, utilize alternative materials through recycled and upcycled waste products, and open opportunities to generate additional revenue streams, cost saving, as well as improved regulatory compliance.



Development of Proof of Concepts for Electric Vehicles for Public Transportation

In partnership with the City Government of Davao, the Aboitiz Group through Davao Light & Power Company (Davao Light) and Aboitiz Foundation, GET Philippines, and QEV Technologies launched the BEST Bus project – the first fully electric, free shuttle service in Mindanao. Likewise, Davao City holds the distinction of being among the project’s first pilot locations.

BEST stands for Business for Environmentally Sustainable Transformation and is an initiative advocating to “be green, be digital, and be kind” for the betterment of the community. In significantly reducing harmful emissions, maximizing available new technologies, and encouraging inclusive benefits for all, the BEST Bus project aims to leave a lasting impact on environmental sustainability. A total of seven new fully air-conditioned electric buses that feature an electric ramp and reserved space for PWDs have been made available to the public. The BEST Bus operates daily on two downtown routes that pass through Davao City’s major activity centers and with bus stops every 400 meters along the way.

**“Best” Sustainable Transportation with Zero Emissions:**

<b>1</b> year of operations	<b>258,401</b> kms traveled
<b>7</b> buses	<b>166,925</b> passengers shuttled
<b>14</b> hours of service per day	<b>14,098</b> trips completed

In partnership with Davao Light, Aboitiz Foundation, Davao City Government, Global Electric Transportation (GET) Philippines, and SMART



**Community engagements and partnerships for Climate Action**

We enhanced our engagements and partnerships for Climate Action through our participation in United Nations Global Compact Local Network Philippines, as a member of its Board. The company is also part of the Climate Ambition Accelerator Program which is launched through the UNGC Academy. This is a six-month accelerator learning programme designed to equip companies with the knowledge

and skills they need to accelerate progress towards setting science-based emissions reduction targets aligned with the 1.5° pathway, setting them on a path towards net-zero emissions by 2050.

We also engage with the government through the Climate Change Commission as their partner for the Local Climate Change Action Planning that would help local communities identify plans to mitigate and adapt to the impacts of climate risks.




**OUR CLIMATE TRANSITION JOURNEY**

<p><b>2008 2009</b></p> <p><b>Groupwide Tree Planting Initiative Launched the Cleanergy Brand</b></p>	<p><b>2010</b></p> <p><b>Reforestation Commitment to UN Billion Tree Campaign 3M million trees by 2015</b></p> <p><b>Race to Reduce</b></p>	<p><b>2015</b></p> <p><b>Climate education through Weather Philippines</b></p> <p><b>Commitment to Climate-resilient Philippines 2015 Manila Declaration</b></p> <p><b>Exceeded reforestation commitment of 3 million trees</b></p>	<p><b>2019</b></p> <p><b>Redefining ESG Governance: Creating of ESG TWG</b></p> <p><b>Reaffirming our support to Expanded National Greening Program of DENR</b></p>	<p><b>2020</b></p> <p><b>Redefining Aboitiz ESG Strategy #OneAboitiz Sustainability Framework</b></p> <p><b>Strengthening Commitment and Partnerships for Climate Change</b></p> <p><b>Planted a total of 11.73 M trees</b></p>	<p><b>2030</b></p> <p><b>Balancing the Energy Trilemma: Security, Equity and Sustainability</b></p>
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Detailing Climate Strategies and Transition Pathways

## OUR SUSTAINABILITY FOCUS AREAS AND METRICS

To drive sustainability throughout our businesses, Aboitiz focuses on three key areas based on the triple bottom line approach—people, planet, and profit. We set out performance metrics in different focus areas to improve our practices and extend the scope of the value we can make for the Group and all our stakeholders.

PEOPLE	FOCUS AREA	OBJECTIVE	MEASURE	2020 RESULTS	2021 RESULTS	
 	Team Member and Engagement	Attract Optimize and retain team members	Number of TMs employed	37,188 TMs	35,057 TMs	
			TM satisfaction rating	-	51%	In 2021, AEV and AboitizPower conducted Employee Engagement Survey using Gallup framework -- resulting score is 51% engaged out of 2,962 respondents.
			Average training hours per TM	17 hours	18 hours	
			Volunteerism	10,547 hours	28,756 hours	
			Retention rate (100% less turnover rate)	86%	86%	
	Corporate Social Responsibility	Partner with communities to promote inclusive growth	Number of beneficiaries	445,697	998,634	
			CSR Fund Allocation	PHP423 million	PHP327 million	Decline in number of projects due to concentrated efforts in pandemic response and typhoon relief.
			CSR Projects	1,519 Projects	1,235 projects	
	Disaster Resilience	Increase the capability of local government and the public in disaster preparedness	Number of individual from different stakeholder groups that benefited from capability building and disaster relief and recovery efforts	145,982 individuals served	319,055 individuals served	
	Occupational Safety Programs	Provide good and effective occupational health and safety (OHS) programmes to employees and contractors	Lost Time Injury Frequency Rate (LTIFR) - Employees	0.18	0.08	
			Lost Time Injury Frequency Rate (LTIFR) - Contractors	0.41	0.41	
			Total Recordable Injury Rate (TRIR) - Employees	0.08	0.02	
			Total Recordable Injury Rate (TRIR) - Contractors	0.15	0.08	
	Customer Focus	Provide Commercially sustainable customer experience	Customer Satisfaction Rating	91%	88%	
			Number of customers served	9,644,126 customers	13,651,405 customers	
<b>PLANET</b>						
	Carbon Emissions Reduction	Reduce Greenhouse Gas (GHG) emissions across our facilities	Carbon Productivity	0.06		
			Cumulative number of trees planted	11.7 million trees	12 million trees	
	Resource Efficiency	Mange Resources Efficiently	Water consumption	2,708,040 m <sup>3</sup>	4,209,473 m <sup>3</sup>	Increase in water consumption is due to additional coverage in the reporting scope.
			Energy consumption	990,946 MWh	15,824,632 MWh	Increase in electricity consumption is due to additional coverage in the reporting scope.
	Waste Management	Reuse and Recycle	Weight of waste materials recycled	2,476 tons	4,344 tons	Increase in waste is due to additional coverage in the reporting scope.
	Renewable Energy	Tap our RE sources and strengthen our RE portfolio with the development of more hydropower and geothermal capacity	RE source net sellable capacity	1,248 MW	1,249 MW	
RE generating net selleble capacity			27% RE, 73% NRE	27% RE, 73% NRE		
<b>PROFIT</b>						
	Financial Return	Grow Profitably	Total Return to Shareholders	5%	18%	
			Return on Equity	9%	15%	
	Financial Growth	Grow Profitably	Net Income After Tax	PHP15.4 billion	PHP27.3 billion	
			Earnings before Interest, Taxes, Depreciation, and Amortization (EBITDA)	PHP57.7 billion	PHP67.1 billion	

OUR SUSTAINABILITY JOURNEY TOWARDS ADVANCING BUSINESS AND COMMUNITIES

	Embedding Sustainability Environment, Social and Governance (ESG)	Fostering Inclusive Growth and Shared Value Aligning Sustainability and ABC 2020	Redefining our ESG Strategy Thought Leadership in Sustainability 2020-2030
 <p><b>Governance</b></p> <p>Goal: Conduct business based on transparency, accountability, responsibility and fairness</p>	<ul style="list-style-type: none"> <li>Developed our Group purpose and refreshed our brand promise</li> <li>Developed our ABC roadmap</li> <li>Achieved GRI certification of our sustainability report</li> <li>Aligned programs with United Nations Sustainable Development Goals (UN SDG)</li> <li>Aligned BetterWorld with ABC campaign</li> </ul>	<ul style="list-style-type: none"> <li>Operationalized our culture, the Aboitiz Way</li> <li>Developed and implemented 2020 CSR Roadmap across the group through an integrated approach to projects that are innovative, measurable, scalable, and solution-focused</li> <li>Began preparatory work to align with the integrated reporting framework and participated in the integrated reporting of the country's UN SDG achievements</li> <li>Institutionalized a culture of information security awareness to further strengthen prevention, detection, and comprehensive response to growing cyber security threats</li> </ul>	<ul style="list-style-type: none"> <li>Board oversight on ESG material topics and on the management and re-assessment(s) of climate-related risks and opportunities</li> <li>Continuous materiality assessment to align with emerging needs based on the business expansions, sustainability key focus areas, metrics and targets</li> <li>Enhance our 10 year ESG Roadmap and sustainability maturity of our business units</li> <li>Advance our sustainability agenda by driving growth in industries and communities and continue to align with UN SDGs and our transitions on embedding on business strategies and risk identification</li> <li>Continue policy development on ESG material topics and probe on emerging regulatory requirements</li> <li>Active participation in UN Global Compact by implementing 10 principles based on Human Rights, Labour, Environment and Anti-corruption</li> </ul>
 <p><b>People</b></p> <p>Goal: Partner with our stakeholders to create shared value</p>	<ul style="list-style-type: none"> <li>Established strategic partnerships with both the government and private sector to create greater social impact</li> <li>Launched self-driven career management, and coaching and mentoring programs</li> <li>Transformed the way we work using digitized systems and processes:                             <ul style="list-style-type: none"> <li>Piloted an agile workplace for better collaboration and teamwork</li> <li>Launched Agora, our intranet portal, for better engagement among team members</li> <li>Introduced Always Learning, a self-driven learning platform</li> <li>Introduced digitalization of our business unit services i.e. UnionBank's The Ark, the first fully digital bank branch in the Philippines</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Expanded existing partnerships with government and private sectors to deepen our social impact</li> <li>Continued transforming our businesses through digital technology to enhance customer experience, improve operational processes, and create new business models</li> </ul> <p><b>People Experience</b></p> <ul style="list-style-type: none"> <li>Maintained Strategic Business Units operation systems that showed a dashboard of real-time operations, performance of plants and machines</li> <li>Improved Human Resource Information System, where multiple and repetitive processes were removed</li> </ul> <p><b>Customer Experience</b></p> <ul style="list-style-type: none"> <li>AboitizPower Distribution Group converted from manually responding on social media to generating automated responses on Hootsuite, improving response and resolution rates by 50%.</li> <li>UnionBank's mobile and online convergent banking improved ease of access through real-time online sign-ups and integration of multiple accounts.</li> <li>The establishment of Digital Relationship Managers (RM) enabled UnionBank's customers to have a 360-degree view (real-time data from core banking system and historical client data)</li> </ul>	<ul style="list-style-type: none"> <li>Foster inclusive growth by leveraging partnerships with government and private sectors to expand reach to more communities, and contribute to the country's development goals</li> <li>Unify the workforce by embedding and living the #ONEABOITIZ way in sharing knowledge and expertise, learning from all generations, resulting in engaged collaborations and streamlined processes within the group</li> <li>Explore ways to better harmonize and align benefits across the group to protect and promote the well-being of team members</li> <li>Continuously improve stakeholder engagements by enhancing channels to hear their ideas and address their concerns, and protect 'whistle-blowers'</li> <li>Continuously improve on aligning with applicable Human Rights Principles in the group including due diligences and risk assessment processes. Uplift people by implementing Diversity Equity and Inclusion programs in our workforce and communities</li> <li>Focus on transforming our A-people to become digitally enabled while pursuing digital solutions and operational efficiencies for our expanding customer base across the Group</li> </ul>
 <p><b>Planet</b></p> <p>Goal: Minimize our environmental impact</p>	<ul style="list-style-type: none"> <li>Had more active discussions about carbon management program at Group ManCom and Board levels</li> <li>Upgraded SHEQ standards across the SBUs</li> </ul>	<ul style="list-style-type: none"> <li>Implemented our carbon management program</li> <li>Completed our A-Park target of planting nine million trees by 2020</li> <li>Applied international safety, health, environment and quality (SHEQ) standards to our projects</li> <li>Adoption of Task Force on Climate Related Financial Disclosures Recommendations</li> </ul>	<ul style="list-style-type: none"> <li>Maintain our A-Park program by conducting reforestation, watershed management, mangrove and other natural carbon capture strategies that would address biodiversity and GHG offset</li> <li>Improve Environmental, Safety and Health programs across the group through data driven analysis and enhanced use of technologies in lowering environmental impacts such as GHG emission reductions and operational eco-efficiencies</li> <li>Guided by the Wealth Out of Waste Framework, implement programs to maximize recovery, reduction, recycling, reusing, repurpose of waste materials. Foster thinking about product lifecycle by considering refusal/avoidance of single use materials such as plastics</li> </ul>
 <p><b>Profit</b></p> <p>Goal: Grow profitably</p>	<p>Identified shared value initiatives of the Group:</p> <ul style="list-style-type: none"> <li>CitySavings' rural and microfinance banking through CitySaving's acquisition of FAIRBank &amp; PR Savings Bank</li> <li>UnionBank's Eureka forum, providing e-commerce education to MSMEs</li> <li>Pilmico's sustainable backyard farming through Mahalin Pagkaing Atin (MPA)</li> <li>Republic Cement's affordable housing initiative</li> <li>AboitizLand's environmentally sensitive residential design pioneered in the Seafront project</li> </ul>	<p>Harnessed existing shared value products and services, and created new shared value initiatives through our businesses:</p> <ul style="list-style-type: none"> <li>Weather Solutions, a social enterprise offering technology-based weather products and services</li> <li>AboitizPower Distributed Energy, Inc.'s (APX) solar rooftop business</li> <li>Apo Agua's bulk water supply project powered by a mini hydro</li> <li>Pilmico's inclusive corn sourcing program with local farmers</li> <li>UnionBank's Project i2i, a blockchain-based clearing and payment system for rural banks</li> </ul>	<ul style="list-style-type: none"> <li>Continue to look for opportunities in the value chain where we can foster inclusive growth and innovation</li> <li>Expand our generation portfolio of multi-fuel technology in our goal to drive down cost and improve efficiencies</li> <li>Continually explore both onshore and offshore acquisition opportunities where they make sense</li> <li>Continually explore both onshore and offshore acquisition opportunities where they make sense</li> <li>Support the continuous evolution of our banking business into a technology company that provides ease of service to its customers</li> <li>Build up recurring income by focusing on opportunities around infrastructure and real estate developments</li> <li>Further develop the Group's resiliency for economic uncertainties, enabling and accelerating the Group's transformation by using data and AI to continue enhancing its abilities to be data-driven, agile and operationally-efficient</li> </ul>

### ESG THOUGHT LEADERSHIP AND VALUE CREATION FOR STAKEHOLDERS

Guided by our core value of integrity, we aim to generate trust and sustain good relationships as we engage in meaningful value creation with our internal and external stakeholders – forging cooperation, partnerships, and common aspirations of a better future.

The Company also maximizes the potential of collaborations and partnerships to achieve a greater impact to address the SDGs. Active participation and leadership in both local and global organizations such as Philippine Business Coalition for Women Empowerment (PBCWE) and Pilipinas Kontra Gutom (PKG), country representation to the APEC Business Advisory Council (ABAC) thru Aboitiz Group President and CEO Sabin M. Aboitiz who is ABAC Regional Economic Integration Working Group’s (REIWG) Co-Chair for Services Trade & Investments, and most recently, signing the company’s commitment to the UN Women Empowerment Principles (UN WEP). The Company strongly believes that a successful sustainability agenda can be achieved through inclusive partnerships - at the global, regional, and local level- built upon shared values, vision and goals.

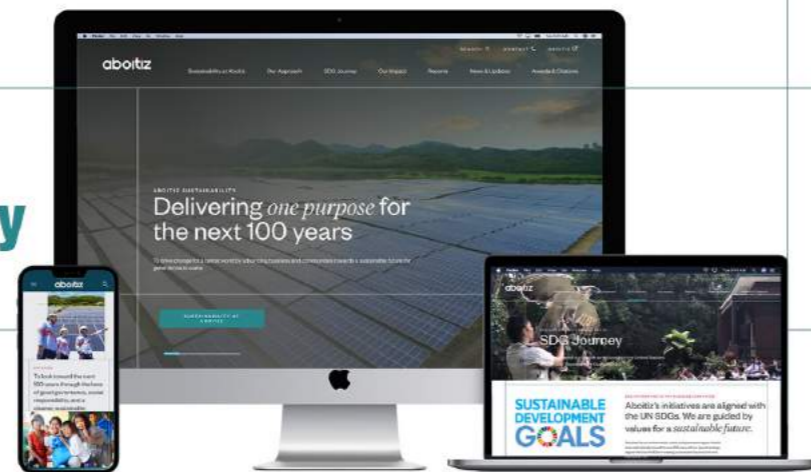
In 2021, the Group launched its #OneAboitiz Sustainability microsite (<https://sustainability.aboitiz.com>), a hub of information on the Group’s economic, environmental, social, and governance (EESG) programs, as well as an avenue to educate stakeholders on pertinent environmental and social issues related to the business.

The microsite contains a comprehensive source of information on the company’s approach to sustainability, climate strategy, environmental practices and solutions, workforce development programs, and the unique Corporate Social Responsibility (CSR) initiatives of the Group towards inclusive growth to address UNSDGs.

Our stakeholder engagement process maximizes the many communication avenues currently available and encourages the sharing of best practices internally. Team members who work in customer- and community-facing functions undergo training to fully embody the principles and processes of stakeholder relationship management and communication.

The Aboitiz Group launched the #OneAboitiz Sustainability microsite, which acts as the hub of information on the Group’s economic, environmental, social, and governance (EESG) initiatives, as well as an avenue to educate stakeholders on pertinent social issues related to the business.

## #OneAboitiz Sustainability MICROSITE



### KEY DIALOGUE CHANNEL FOR STAKEHOLDERS

Stakeholder Group and Description	Channels of Engagement	Material Topics
<b>Team Members and Leaders</b> Partners in realizing our Group’s Purpose and Brand Promise	<ul style="list-style-type: none"> <li>Events and campaigns</li> <li>Digital communications channels and employer branding portals</li> <li>Various learning, development, and mentorship opportunities</li> <li>Engagement surveys and initiatives</li> <li>Awards and recognition programs</li> <li>Volunteer opportunities</li> <li>Wellness programs</li> </ul>	Talent Management: Attraction, retention, and optimization of A-People
<b>Customers</b> Patrons of our product and service offerings	<ul style="list-style-type: none"> <li>Various customer engagement initiatives</li> <li>Product campaigns, caravans, conventions, expos and exhibits</li> <li>Customer satisfaction surveys</li> </ul>	Transparency in: <ul style="list-style-type: none"> <li>Products and Services</li> <li>Client Information</li> <li>Security/Privacy</li> <li>Compliance to Regulatory Requirements</li> </ul>
<b>Suppliers and Partners</b> Partners in the supply chain that provides us with vital services	<ul style="list-style-type: none"> <li>Bidding and orientation process</li> <li>Digital channels for procurement and supply</li> <li>Engagement activities and fellowship events</li> </ul>	Sustainable supply chain
<b>Shareholders</b> Partners who provide the capital to fuel our growth aspirations	<ul style="list-style-type: none"> <li>Annual Stockholders’ Meeting</li> <li>Analyst and investor briefings</li> <li>Roadshows, one-on-one meetings, and conference calls</li> <li>Quarterly reports and disclosures</li> <li>E-newsletters</li> <li>ESG ratings and reports</li> </ul>	Corporate governance and economic performance
<b>Communities</b> Partners who share in our success	<ul style="list-style-type: none"> <li>CSR 2.0</li> <li>Training and capability building</li> <li>Expos and exhibits</li> <li>Outreach programs (livelihood and feeding programs)</li> <li>Partnerships and informal conversations</li> </ul>	Corporate social responsibility and disaster resilience
<b>Private Sector</b> Partners in realizing our growth aspirations	<ul style="list-style-type: none"> <li>Joint Ventures</li> <li>Board Meetings</li> <li>Private Sector Partnerships</li> </ul>	Corporate Governance
<b>Government and regulatory agencies</b> Partners in compliance and upholding the law	<ul style="list-style-type: none"> <li>Public private partnerships</li> <li>Formal dialogue and roundtable discussions</li> <li>Audit and compliance</li> </ul>	Compliance to regulatory requirements
<b>Academe</b> Partners in enhancing capacities	<ul style="list-style-type: none"> <li>Scholarship</li> <li>Joint research and development</li> <li>Funding and Grants</li> </ul>	Innovation Management Biodiversity Management
<b>Media</b> Partners in communicating our mission and purpose to the larger community	<ul style="list-style-type: none"> <li>Regular press briefings, conferences and roundtables</li> <li>Sponsorship Events</li> <li>Community and media tours</li> <li>Journalism workshop</li> <li>Various engagement activities</li> </ul>	Reputation management (communication on business performance and building market presence)

## SUPPLY CHAIN MANAGEMENT

Our investments in power, banking and financial services, food, infrastructure, and real estate enable us to make indirect economic impact through our supply chain. Our business units adapt best practices in supply chain management and provide opportunities to local suppliers whenever possible. Operational and management plans help us integrate resource efficiency into our supply chain to be more prudent in the

volume of materials used in our operations. Generally, our supply chain management processes look into product/service innovation, delivering excellent quality, and fulfilling the demands of our customers. ESG risks that are critical in the supply chain are being reviewed based on supplier compliance requirements that may vary depending on the industry sector where our strategic business units belong.



## Supply Chain Management Activities

<p><b>AboitizPower</b></p>	<p>At AboitizPower, we believe that our suppliers, one of the Company’s key stakeholders, have a significant role in achieving our mission to deliver reliable, reasonable, and responsible energy to our customers. We ensure that all of our suppliers uphold and share the same values and sustainability principles when doing business with the Company, and adhere to our compliance, social, and environmental standards and requirements.</p> <p>Our supply chain management process promotes a sustainable and ethical handling and flow of products and services. We have a supplier code of conduct which defines the non-negotiable minimum standards that we require our suppliers and their sub-tier suppliers or subcontractors, with the goal to strengthen our mutual understanding, respect, transparency, trust and partnership toward a more sustainable business.</p> <p><a href="https://abotizpower.com/wp-content/uploads/1AP-SCM-SSM-005-Policy-Supplier-Code-of-Conduct.pdf">https://abotizpower.com/wp-content/uploads/1AP-SCM-SSM-005-Policy-Supplier-Code-of-Conduct.pdf</a></p>
<p><b>UnionBank</b></p>	<p>UnionBank’s supply chain management supports local enterprises and local populations to honor the mutually beneficial relationship we have with our host community. Our branch network is designed to encourage banking locally. We also do our part by investing in the local market, through our suppliers, and through our championship of small and medium enterprises (SMEs).</p>
<p><b>One Food Group</b></p>	<p>At One Food Group, we believe that sourcing our raw materials is essential in achieving our sustainability goals. Our macro raw materials (Wheat, Maize, and Soybean Meal and Palm Oil) are reviewed and disclosed using CDP Forest Assessments</p> <p>These materials are obtained through accredited central purchaser across 1FG or through group buys with trade organizations (Philippines). Exceptions to this arrangement include the country’s regulatory guidance, pricing, or partnership arrangements to</p>

**FOOD**

source through local traders, suppliers and farmers. We promote partnerships with local farmers, suppliers and traders for our Meats business (Swine and poultry)

For BASCO, which carries Pilmico flour produced in Iligan, Philippines as well as other bakery ingredients, is under consignment agreement with partner-suppliers.

**INFRASTRUCTURE**

Aboitiz InfraCapital's value chain involves construction contracts and direct supplier requirements. Suppliers and contractors undergo due diligence processes, accreditation, audits and evaluation.

We have set out clear policies and guidelines for transactions. We also made sure that ESG material concerns are taken into account from the due diligence to evaluation particularly our material topic on occupational health and safety.

**LAND**

For AboitizLand, supply chain management practice starts from its development planning of residential communities. This involves risk assessments and strategy development. This is further activated through implementation of management processes such as purchase requisitions, vendor accreditation, bidding processes and delivery/ receiving processes.

Significant improvements and innovations in our supply chain

Our value for innovation serves as the key to overcome the ensuing challenges by the pandemic. Across our strategic business units supply chain process improvements are done to improve supplier transactions and making sure that the materials are available on time. Our One Aboitiz Sustainability Framework also helped us in accelerating transformations in dealing with suppliers making sure that they comply with applicable regulatory requirements on governance, environment and labor policies.

One of the notable innovation programs is the pilot process for our Food Group PH, to make accreditation and performance management processes online through the use of the Ivalua system, which might be expanded to other Food Group countries. For the Philippines, the process of Supplier Evaluation has been improved and this will eventually be rolled across the Food Group.



**ENTERPRISE ARCHITECTURE**

For the Aboitiz Group, being future-ready requires resilient people and agile systems that provide collaborative, efficient, integrated, and responsive services that consistently deliver added value to the business and its stakeholders.

In 2020, the company started the Phase 1 development of its Enterprise Architecture (EA) program which serves as the master plan to accelerate our business capabilities and innovate our products and services as part of the Aboitiz Group's continuing digital transformation journey.

The Phase 2 of the EA program kicked off in Q1 2021 and was completed by July 2021 for AEV and Aboitiz InfraCapital while AboitizPower is set to complete their technology roadmap by 2022. The goal under this phase is to develop the needed technology roadmaps per strategic business unit, which is set to be a multi-year program of work required to move the current technology landscape to a target state that supports the business strategy identified in

Phase 1. The end result is to transform numerous business capabilities and establish a more robust and agile enterprise across the organization.

Phase 3 began in October 2021 which was participated by AEV, AboitizPower, One Food Group, and Aboitiz InfraCapital and will commence by the end of the 2nd quarter of 2022. Under this phase, the objective is to further develop the needed governance to ensure the desired outcomes of the strategic business units is what drives the development, acquisition, and implementation of solutions. With help from external consultants, Fragile to Agile, we've established the EA Charter and identified the needed processes, team structure and roles to sustain the EA Program. EA Reference Architectures were also developed which serves to safeguard IT and Security standards even as our SBUs now have more freedom to initiate and implement solutions on their respective business units.

### INTEGRATED MANAGEMENT THROUGH BETTER PROCESSES AND SYSTEMS

We remain committed to growing our business in a manner that has the least adverse effect on the environment, people, and communities. Our subsidiaries and business units abide by extensive and increasingly stringent safety, health, and environmental laws and regulations. We have designated pollution control officers in our different business units to monitor compliance with these regulations. Upholding the well-being of our team members at all times, we adhere to strict standards and constantly improve the conduct of our operations to ensure a safe workplace.

In the midst of a global pandemic, our strict implementation of COVID-19 safety protocols are aligned with government-mandated minimum health standards. A Return-to-Work playbook has been put together by our COVID-19 Technical Working Group, which consolidates protocols and guidelines that need to be followed in order to protect all our team members across the Group. This playbook is consistently updated and communicated to all team members via existing digital communication platforms.

The Aboitiz Integrated Management System (AIMS) represents our commitment to implement our Information Security Management System (ISMS) and our Quality Management System

(QMS). The ISMS safeguards the confidentiality, integrity, and availability of company information, while the QMS makes certain that systems are always updated and improved across our corporate service units.

We, likewise, subscribe to the Department of Energy’s Energy Regulation 1-94 that requires power generation companies to allocate funds for their host communities to protect both the natural environment and the people living in the area.

UnionBank is keeping its promise to integrate environmental sustainability into its operations with 21 of its branches now LEED-certified. LEED, or Leadership in Energy and Environmental Design, is an internationally recognized standard for green buildings that promote healthy, durable, affordable, and environmental practices in building and construction.

For the Food Group, the Pilmico Integrated Management System (IMS) ensures that all team members are guided in their decisions and activities pertaining to quality, information security, halal assurance, as well as HACCP (Hazard Analysis Critical Control Points) food safety and good manufacturing practices.

### ABOITIZ SUSTAINABILITY PROGRAMS

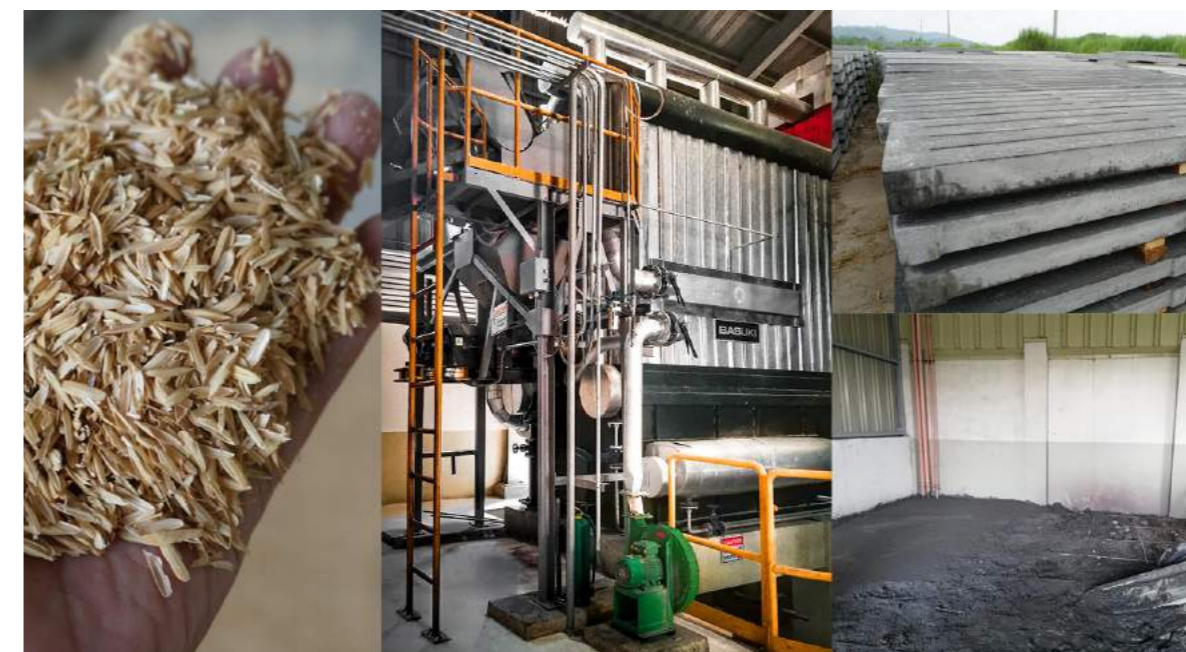
In the Aboitiz Group, we believe in taking serious action towards creating a sustainable future. By aligning with the UN Sustainable Development Goals, we implement and strengthen our sustainability programs that aim to minimize and address the impact of climate change on the environment and society.

#### Resource Efficiency: Energy, Water and Waste Management



Our Race to Reduce (R2R) program that we implement in our SBUs addresses our concerns on biodiversity, resource efficiency, and waste management.

#### Energy Management



In 2021, the Group carried out the vaccination of its team members and their families, fulfilling its commitment to prioritize their health and safety.

Energy fuels our capacity to deliver our services and products to the market. However, we recognize challenges such as climate change and the finite nature of resources. To achieve transformation, we need to rethink our processes and continuously find ways to be more efficient in our energy consumption and increase our use of renewable energy.

#### *Use of Renewable Energy*

We promote the use of renewable energy that will complement optimized operations processes in the Group. AboitizPower with its partners has the largest installed capacity of renewable energy in the country. Aside from our generation capacity for renewables, we maximize opportunities for renewable energy use in our operations.

Our One Food Group has also translated the Wealth Out of Waste framework into Pilmico's use of a biomass boiler in its feed production process since 2018. The by-products of rice husks are used as an alternative to bunker fuel in its feed manufacturing plant. The boiler uses rice husks and, at the same time, generates steam to cook and sanitize the feeds. With this process, Pilmico has been able to cut more than 60% of its bunker fuel use.

AboitizPower Distributed Energy, Inc. (APX) and Aboitiz InfraCapital's LIMA Estate have teamed up to install 1.5MWp solar panels on the roofs of The Outlets at Lipa, which can offset 31,000 tons of CO<sub>2</sub> annually; this is the estimated equivalent to planting 1.4 million trees every year.

#### **Water Management**



We recognize that water as a vital resource poses a business risk due to the impacts of climate change and water scarcity. Part of our ESCG Board responsibilities is the oversight on risks and concerns

of the business regarding our impacts to water. The Group has its value chain in the water utilities sector through Aboitiz Infracapital's Apo Agua and Lima Water. These companies have reviewed their material concerns on water and established their risk management plans to adapt or mitigate risks.

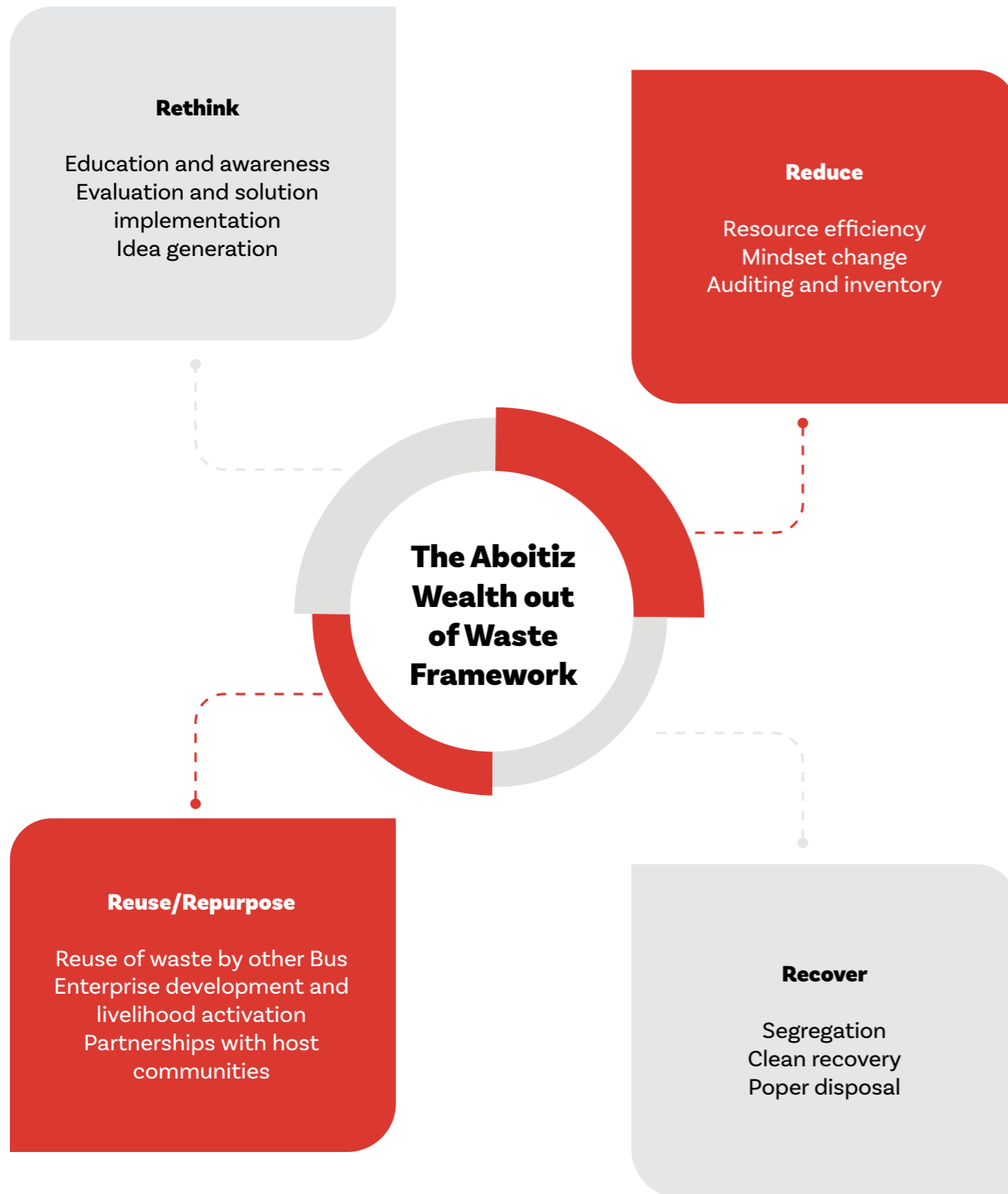
We also use water for energy generation. AboitizPower's hydropower facilities comprise 17% of our energy portfolio with 26 plant facilities across the country. Water supply is critical so it requires long-term risk management plans to ensure its viability for the future.

Across the Group, we are monitoring our water footprint and maximizing efforts to conserve and recycle water. We also contribute to preserving water cycles in our communities through watershed management programs and the rehabilitation of rivers and esteros.

#### **Waste Management**



Our unified waste management framework called Wealth Out of Waste (WOW) is designed to increase efficiency, engagement, and even revenue. In support of RA 9003 (Solid Waste Management Act) and RA 6969 (Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990), our SBUs identify waste management plans, develop policies, and implement and audit processes for the management of hazardous solid waste and effluent. Through WOW, we are able to identify gaps and consolidate our existing waste management efforts into a single direction that maximizes positive impact both internally and externally.



### ECOSYSTEM-BASED BIODIVERSITY MANAGEMENT

Led by its different strategic business units, the Aboitiz Group initiated programs to manage our impact on Life on Water (SDG 14) and Life on Land (SDG 15). Initial environmental impact assessments for business projects have led to management of different flora and fauna species in different ecosystems adjacent to where our business units operate.

	Programs	Success Metrics
Coastal Ecosystems	<p><b>Aboitiz Power Cleanergy Park</b></p> <p>A eight-hectare park along the An 8-hectare outdoor biodiversity park on the Davao City coast that is now home to different species of mangrove, botanic garden and for the propagation of 29 natives tree species, and 100 species of birds</p> <p><b>AboitizLand’s Seafont Calubcub 2: Pawikan Conservation</b></p> <p>A pawikan conservation program along the residential development project in San Juan, Batangas. It was launched to protect local biodiversity, lessen the environmental impact, and create a sustainable and eco-friendly seaside community. The partnership between AboitizLand and UP Diliman-Institute of Environmental Science and Meteorology paved the way towards achieving the company’s goals in conducting research, setting up standard facilities for the pawikan, and monitoring &amp; evaluation of environmental impact. It also espoused conservation operations, capacity building, and Information, Education and Communication (IEC) activities within the community of the vecinos, including the barangay.</p>	<p>As of December 31, 2021, it released more than 6,796 hawksbill turtle hatchlings, planted 13,992 mangroves, and rescued 16 pawikans (sea turtles)</p> <p>As of January 27, 2022, it recorded a total of 1,380 pawikan hatchlings released</p>
Wetlands and Rivers	<p><b>Balabag Wetland Park (Wetland 4)</b></p> <p>The Balabag Wetland Park is a three-year project that converts the one-hectare lagoon into a linear urban park. Its key features are a plaza and a boardwalk lined with trees and plants endemic to Boracay to help rebuild the area’s biodiversity.</p>	<ul style="list-style-type: none"> <li>• Improvement of water quality by placing (5) aerators</li> <li>• Placement of park signages</li> <li>• Placement of the activity area for Community events</li> <li>• Perimeter landscaping using native plant species; and pavers covering its entire surrounding</li> <li>• Provision of Parking area for proper loading and unloading of visitors</li> </ul>

	Programs	Success Metrics
Wetlands and Rivers	<p><b>Adopt a River/ Estero Program</b></p> <p>The Adopt-an-Estero / Water Body Program, a collaborative initiative among the Estero Community, Donor-Partner, LGUs, NGAs and the DENR. The objective is to clean the estero and mobilize estero communities in cleaning the estero and enlist their active participation in the actual clean up, and in implementing and preparing plans to sustain a clean estero in the future years</p> <p><b>San Juan River rehabilitation</b></p> <p>In 2019, Aboitiz and the DENR signed on for #WOWSanJuanRiver or the San Juan River (Manila Bay) Rehabilitation Project. The main objective is to restore the entire stretch of this 11-kilometer Pasig River tributary back to life. The partnership will maximize collaboration among stakeholders, sharing of talents and resources to help solve the various problems that are present in the river. The company shall contribute to the development and implementation of the San Juan Rehabilitation Plan.</p> <p><i>*Due to Covid-19 restrictions in Metro Manila, the program implementation needs to be reviewed and recalibrated for 2021 onwards.</i></p>	<ul style="list-style-type: none"> <li>• Development of a 3-year program</li> <li>• Implementation of agreed activities</li> </ul>

**SUSTAINABILITY EDUCATION AND ENVIRONMENTAL AWARENESS**

**Cleanergy Center**, AboitizPower’s first energy educational facility, is located in the Admin Compound of MakBan Geothermal Power Plant in Barangay Bitin in Bay, Laguna. The center features basic tools used in power generation, educational videos on the different types of energy sources, and a tour of a working geothermal power plant. It also has an interactive room where visitors can experience simulation activities like making their own wind turbine and charging phones by biking, among others.

Visitors learn how AboitizPower produces renewable energy and provides energy solutions that leave a lighter impact on our environment and host communities.

AboitizPower’s **Energy Education Center (EEC)** inside Therma South’s baseload power plant complex in Davao opened in 2016. It features interactive and informative displays on the Philippine energy sector and various power-generating technologies. Due to COVID-related restrictions, the center is temporarily closed.

**ESG 101: Towards a Sustainable Future**

In 2021, the ESG 101 “Towards a Sustainable Future” webinar was launched and cascaded to 16 Corporate Services Units (CSUs). Teams from AboitizFoundation, Corporate External Affairs, Corporate Strategy, Financial Accounting and Business Report, Group Internal Audit, Human Resources, Cybersecurity, Investments, Investor Relations, Legal, Reputation Management, Risk Management, Tax Advisory and Compliance Services, Treasury Services Group, ADI, and the Office of the CFO and CEO completed the program. The webinar aims to be a refresher course on the Group’s perspectives on sustainability. There were discussions on how to further operationalize it, and how team members at the functional group can contribute to the Group’s sustainability agenda. The course sheds light on the recent trends on sustainability in terms of ESG reporting, ESG investments, and how these impact the organization.

**AboitizPower kicks off ESG 101**

AboitizPower Corporation kicked off its first-ever Better Together Series last October 29, 2021, with the theme Better Together: Let’s Talk Sustainability. This series of conversations discusses different ESG challenges and what actions to take to become a more sustainable business.

“Sustainability is our actions that meet the needs of the present without compromising the

needs of future generations,” said AboitizPower President and CEO Emmanuel V. Rubio. He led the conversation on what sustainability means to 1AP and the different sustainability challenges the company faces.

The panel briefly discussed one of the material topics involving the power sector, GHG emissions and the road to Net-Zero. Mr. Rubio highlighted the importance of understanding the impact of transitioning from where we are today to where we want to be. “Sustainability is a quest, a journey. We need to make sure that what we are putting in place today won’t deliver the same consequences in the future. More than having an ambition, we have a plan: in the next 10 years, we will have a portfolio of 50% renewable energy and 50% thermal energy,” he said.

AboitizPower recognizes the impact of the power industry on our planet and is committed to leading sustainable operations and creating a positive impact on our communities. “The vision for sustainability in AboitizPower is a decarbonized portfolio. We are moving towards that; we have a plan up to 2030. We need to make a choice beyond 2030, and that is something we are doing at the moment,” Mr. Rubio shared. The Better Together Series will continue in 2022 as the company gears towards the great transformation by continuously learning and building capability to develop transition pathways towards a sustainable future.



Through initiatives such as **Better Together: Let’s talk sustainability**, AboitizPower has resolved to demystify and instill ESG to the culture of organization across all levels.



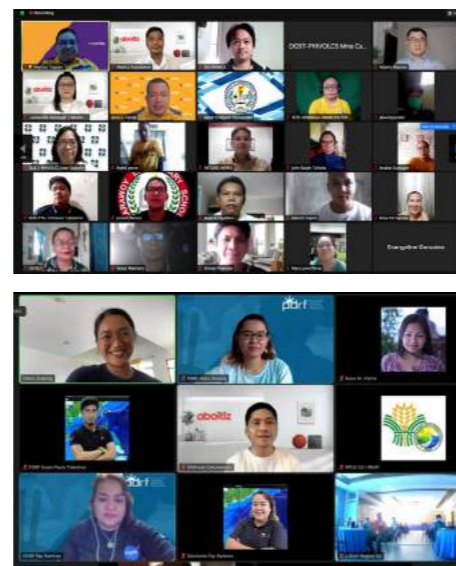
**DISASTER RESILIENCE**

The Community-Based Disaster Risk Reduction and Management program is a customized approach that promotes risk informed and resilience driven approach to reduce risk and vulnerabilities. MSMEs are the backbone of the economy and it boosts the quick recovery of the community if MSMEs recover quickly.

Through the Business Continuity Plan for micro, small and medium enterprises (MSMEs),

it strengthens community enterprise and reduces the impacts of unforeseen events, including major emergencies and disasters. From 2020-2021, Aboitiz Foundation conducted an online training to 80 technical staff for the Department of Agriculture-Philippine Rural Development Project and supported 19 MSMEs.

Aboitiz Foundation spearheads learning sessions for MSMEs with the aim of strengthening community enterprise and reducing the impacts of disasters.



**INNOVATION MANAGEMENT**

In 2021, the Aboitiz Innovation Working Group (IWG) was formed to ensure a more focused and holistic approach towards the implementation and sharing of best practices of innovation plans, programs, and activities across the Aboitiz Group with the goal of improving the innovation maturity of our businesses.

**AEV/IWG**

The IWG worked closely with various Innovation team members to develop the Innovation Maturity Framework, which aims to assess, analyze, and recommend areas for improvement in order to advance the innovation agenda in the Aboitiz Group.

**POWER**

As part of its long-term strategy to implement digitalization, AboitizPower initiated the DigitaLeap, which aims to define and implement the digital power plant of the future, the new digital workplace, and digitally-empowered customers. Being among the largest power generation companies in the Philippines, it has the responsibility to ensure that all its facilities — regardless of size, capacity, age, and location — adopt the latest technologies to deliver maximum value in terms of plant availability and operating efficiency.

AboitizPower’s Open Innovation program serves as a gateway to working with digital and energy startups and partnering with important stakeholders. Its aim is to create a global innovation ecosystem that allows extended education, innovation culture building, and greater access to experimentation.

**2021 milestones:**

- Launched Innovation DNA 1AP’s Innovation Summit
- Signed partnerships with ExO Works and Plug and Play
- Pilot rollout of AboitizPower’s Innovation Platform, S.P.A.R.K., in Oil BU and AP Corporate
- Robotic Process Automation (RPA) Bootcamp for non-IT team members: 25 participants with an estimated 25 RPA use cases to be deployed in June 2022
- Established Data Science and AI cookbook, which currently has a total of 52 use cases across AboitizPower and supporting functions

**BANKING AND FINANCIAL SERVICES**

In 2021, in line with its digital transformation strategy, UnionBank continued to launch innovative products and solutions geared towards delivering superior banking experiences to customers. Some of these include:

- Continuous enhancement of its digital channels with the introduction of new features such as Insurance Marketplace, InstaPay 2.0 that allows fund transfers via mobile number and email, and Cash in via Western Union outlets

## BANKING AND FINANCIAL SERVICES

- Launched the MSME Business Banking App
- Transformed 100 more bank branches into Arks, bringing the total number of Arks to 150 out of 198 branches
- Partnered with the Supreme Court of the Philippines to develop the Judiciary ePayment Solution, which gives courts the option to receive fees and payments digitally from litigants, their counsels, and representatives
- Enabled LGUs of Valenzuela City and Navotas City with capabilities for the digital tax and business fees collection
- Provided EON digital wallets and a multi-purpose card for the cash assistance of residents of Narvacan, Ilocos Sur, Parañaque City, and Imus City, Cavite
- Kicked off the Cloud Migration process in its bid to be the first major bank in the country to be fully hosted in the cloud; to date, UnionBank has migrated over 100 solutions delivery workloads that now run on the cloud
- Issued UnionBank's first social bond in partnership with the International Finance Corporation (IFC), which aims to finance loans for micro-, small-, and medium-sized enterprises (MSMEs) to help in their recovery amid COVID-19 and also marked the second social bond of its kind in the Philippines
- Powered typhoon-affected ATMs via wireless Internet and dispatched Bank On Wheels, the country's first 5G mobile banking kiosk, to Cebu to address large transaction needs of customers
- CitySavings launched the Reloan functionality in its Loan Ranger Mobile App, allowing teacher borrowers to quickly and conveniently apply for a reloan without visiting a branch
- UBX partnered with Cardano to launch their own stake pool that allows holders to delegate their stakes in Cardano's cryptocurrency, ADA, and earn rewards for securing the Cardano blockchain
- Utilized data modeling and natural language processing for consumer banking, operational efficiency, and risk management, which resulted in increased bancassurance bookings and credit card sales conversion rates, decreased collection efforts and operational costs, and higher fraud detection rates
- Enhanced AI-powered alternative credit scoring and risk models enabled UnionBank to increase financial inclusion and improve risk management by making it possible to offer loans and credit to a broader range of individuals and small businesses that may otherwise not qualify under traditional scoring methods — effectively doubling the bank's loan approval rate
- Collaborated with the academe towards reducing discrimination and strengthening financial inclusion with AI, resulting in a peer-reviewed publication accepted for a scientific journal

## FOOD

The Innovation Program has been extensively initiated in Food Group Philippines. In 2021 alone, its implementation was expanded across One Food Group (1FG) countries such as China, Malaysia, Brunei, Indonesia, Sri Lanka, Thailand, and Vietnam and introduced five (5) Innovation Channels, namely: Process, Product, Digital & AI, Disruptive, and Open Innovation.

Several innovation projects were shared across 1FG through AHAgile Pitch Con Sessions:

- There were 1,162 innovation ideas initiated across 1FG, 633 of which have already been implemented with the remaining to be implemented in 2022 onwards
- FG Philippines developed and launched a complete line of rabbit feed to support efficient rabbit production for meat purposes, which is now gaining a significant following among rabbit farmers. FG China pioneered a new pigeon feed to cater to the needs of pigeon farmers, which has resulted in increased volume and sales

## FOOD

- Sharing nutrition expertise within 1FG has led to the use of alternative raw materials, which helped manage costs and maintain excellent production performance and quality of products; FG Philippines uses barley as an alternative raw material and FG Indonesia uses a locally sourced by-product as an alternative energy source
- For Digital & AI Innovation, we have seen a marked improvement in our business processes by utilizing data science and analytics
- Disruptive Innovation was formally launched in 2021 and 1FG embraced the disruptive mindset, becoming highly cognizant of potential areas of disruption in the food space

## INFRASTRUCTURE

- Aboitiz InfraCapital (AIC) completed the design of its digital roadmap as part of its digital transformation journey in the next few years, in support of its long-term strategy
- AIC rolled out its InnoBox platform that empowers team members to send project ideas and suggestions on improving company practices as well as to participate in their implementation; through InnoBox, the InfraHub one-stop-shop team member microsite was launched as well as Project Ayuda that gives team members clear guidelines on benefits and claiming process
- AIC's HR and Admin (HRAD) Team introduced 360 Degree Feedback via the MyTX platform to foster holistic performance appraisals as well as the Amber chatbot to monitor engagement; HRAD also significantly improved benefits and compensation services with the launch of FlexBen and new payroll and timekeeping systems
- LIMA Water Corporation, a subsidiary of AIC, completed its pilot automation program resulting in savings in repair and maintenance expenses of 30%, reduced fuel consumption by 20%, and maintained a high average facility uptime of 99.6%, laying the foundation for a Smart Water Network

## LAND

AboitizLand strengthened its position as an innovation-forward property developer by investing in a proprietary mobile application called AboitizLand Vecino. It is the backbone of the company's digitalized home-buying service that delivers a more efficient, more convenient experience for customers. Vecinos are now able to track monthly payments and download their Statements of Account (SOAs) and receipts in a more timely manner. Monthly payments using credit or debit cards, housing loan applications, scheduling of acceptance and turnovers, and communicating with Customer Service are now made possible through the app.

AboitizLand has also invested in innovating its design and construction management systems such as:

- Utilizing 3D modeling for better decision making, upfront costs, better designs and better quality houses, optimizing overall costs, change management, and improved work productivity
- Initiating Project NOAH, a new system that will tap into digital solutions for procurement, inventory management, and construction; it is designed to directly address operational constraints that plague construction management such as delays in construction that, ultimately, become the main cause of revenue and collection shortfalls

**LAND**

AboitizLand has also ventured into strategic alliances with innovative companies to streamline backend operations and provide clients with more flexible options:

- Nook, the Philippines’ first mortgage broker, offers a fully digital platform that matches aspiring home buyers with the right home loan programs in minutes and at no extra cost
- Partnered with Connovate on the supply of the renowned Danish precast technology that uses high-strength concrete for sandwich panels, which are more durable, slim and compact, and has premium thermal insulation that makes the panels fire and earthquake-resistant

**RCBM**

Republic 360, RCBM’s Customer Portal and Truck Management System, empowers customers with timely information for faster action and decision making. Predictive cement strength powered by artificial intelligence optimizes raw material concentration, resulting in better resource management and increased operational efficiency. Moreover, the company has set up the foundation for seamless inventory integration through master data governance, more sensor equipment, and process automation.

**CONSTRUCTION**

Aboitiz Construction launched its Big Shift Innovation Portal, a repository of innovation ideas from team members, allowing them to serve as “Idea Engineers” who contribute to a steady stream of process innovation and system improvements.

**CERTIFICATIONS**

<b>POWER</b>		
ISO 22301	Business Continuity Management	Luzon Hydro Corp.; Hedcor Sibulan, Inc.; Hedcor Tudaya, Inc.
ISO 27001	Information Security Management	Hedcor, Inc.; Hedcor Sibulan, Inc.; Hedcor Tudaya, Inc.; Luzon Hydro Corp.; Hedcor Sabangan, Inc.; Hedcor Bukidnon, Inc.
ISO 9001	Quality Management	<b>Generation:</b> MakBan Geothermal Power Plant; Tiwi Geothermal Power Plant; NAC Corporate Office; San Carlos Sun Power Inc.; Hedcor, Inc.; Hedcor Sibulan, Inc.; Hedcor Tudaya, Inc.; Luzon Hydro Corp.; Hedcor Sabangan, Inc.; Hedcor Bukidnon, Inc.; SNAP Magat; SNAP Benguet; Therma Mobile Inc, Cebu Private Power Corporation; East Asia Utilities Corporation; Therma Marine, Inc.
ISO 45001/ BS 18001	Occupational Health and Safety	<b>Distribution:</b> Visayan Electric Company, Inc.; Davao Light and Power Company, Inc.; Cotabato Light and Power Company; Subic Enerzone Corporation; Balamban Enerzone Corporation; Mactan Enerzone Corporation; Lima Enerzone Corporation
ISO 14000	Environmental Management	
ISO 55001	Asset Management	MakBan Geothermal Power Plant; Tiwi Geothermal Power Plant; Hedcor, Inc.; Hedcor Sibulan, Inc.; Hedcor Tudaya, Inc.; Luzon Hydro Corp.; Hedcor Sabangan, Inc.; SNAP Magat; SNAP Benguet
<b>BANKING AND FINANCIAL SERVICES</b>		
ISO 9001	Quality Management	PETNET
<b>FOOD</b>		
ISO 9001	Quality Management	Iligan Flour Plant; Iligan Feeds Plant; Tarlac Feedmill
HAS 23000 (IDCP, MUI, HDIP)	HALAL	Iligan Flour Plant
HACCP	Hazard Analysis and Critical Control Points and Good Manufacturing Practices	Iligan Flour and Feeds, Tarlac Feeds, Tarlac Egg Grading
ISPS Code compliant	For port facility: Needed for international Vessel	Pilmico Iligan Port

## RISK MANAGEMENT'S ROLE IN THE GREAT ABOITIZ TRANSFORMATION JOURNEY

In 2021, the Aboitiz Group, like all companies, took a proactive stance in addressing changes brought about by global events, new climate realities (including more catastrophic typhoons), and the COVID-19 pandemic. These are times when we rely on our well-established Enterprise Risk Management (ERM) program, with its Level 4 Risk Maturity rating, to back the Group's resilience.

As we embark on the Great Transformation, we acknowledge that we will be facing more known and unknown events that could pose a threat or an opportunity to our business. The Aboitiz Group Risk Management Teams will continue to support the organization in this to ensure maximization of opportunities, adaptation and resilience to changes. We are committed to building a sustainable future, transcending generations and borders in achieving inclusive growth for our people and planet.



### MANAGING TOP RISKS

To ensure that we are managing risks that are relevant to our business goals, we regularly review the Risk Management Plans of all Aboitiz Group business units and discuss these with senior management and the Board. Some of the top risks that we continuously monitor are:

#### Climate Transition Risk

AEV recognizes that some stakeholders (e.g., lenders, insurers, suppliers) are starting to impose policies aligned with international treaties on emissions reduction. This led us to revisit our existing risk which is more focused on the Power strategic business unit and expand its context to a Groupwide perspective. In doing so, the company is able to: 1) provide more focus on the underlying reason behind the negative

action against coal, which is climate change; and 2) understand that if this risk materializes, it will not merely affect the Power Group but also other units that contribute in terms of Scope 1 to 3 greenhouse gas (GHG) emissions. Ultimately, this risk, if it materializes, may not only impact our operations but also the future of the organization in the long run. As such, it is critical that the company starts to identify proper and reasonable mitigation plans early.

We acknowledge that managing this risk will require collective effort from all business units and, therefore, we as a Group must continue to identify, implement, and improve our climate-related actions and programs.

#### Project Risk

Project Risk remains to be one of the Group's top risks. The pandemic posed both a risk and opportunity for the Group in that while it slightly impaired the timing of the operationalization of some of our projects, it also allowed us to explore automation-related initiatives that could improve operational efficiency.

Risk management is an embedded concept in project management to ensure project stability and success. Each significant and potential project is evaluated to gain a more rigorous understanding of the risks involved and if these are still within the capacity and the appetite of the organization.

Sessions on lessons learned continue to be part of our process for each major project milestone. This exercise not only allows management and the project team to celebrate quick wins, but also learn from past and current challenges, and seize emerging opportunities from the project. It also enhances our ability to capture opportunities that help in the continuous development and growth of the organization.

#### Regulatory Risk

Each type of industry the Aboitiz Group is engaged in has specific regulatory risks, with a regulatory landscape that is continuously challenging and changing. We have to keep pace with the need for regulatory compliance both locally and globally as failing to understand and align with changes in these will have negative consequences on the Group's operations, net income, and reputation.

Regulatory Risk is one of two risks that have the most number of interconnections. Consequently, our organization's exposure to other risks may increase once this risk materializes. Thus, it is important for us to ensure this risk is being proactively managed. We, together with AEV's Corporate External

Relations and Legal Teams, continue to monitor any changes in laws and regulations. We participate in consultative processes to have more public discussions on the necessity or propriety of specific regulations, or their relevance to current business practices. We also monitor technology changes that could lead to the development of new regulations and policies that will be beneficial to the Group and the various businesses we operate.

In 2021, the Enterprise Compliance function was transferred back to the Legal Team. This move aims to align the Compliance Management Program with the Global Compliance Program efforts, and to ensure that the Chief Compliance Officer has a holistic view of all functional compliance areas. Data Privacy remains with the Risk Management Team as part of the Group's continued commitment to manage privacy risks and ensure compliance with privacy laws.

#### Cyber and Information Security Risk

The increasing number of information security breach events happening globally for both Information Technology (IT) and Operations Technology (OT) continues to propel cyber and information security risk to being one of the Group's top risks. Having transitioned to a hybrid workforce set-up, our organization's potential exposure to this risk is being further aggravated by the current work-from-home set-up and the increasing number of hours that we spend online.

So far, the Aboitiz Group has been able to protect itself from these potential breaches that may have catastrophic implications on the organization's bottom line and reputation. To address this risk, we have been continuously strengthening and improving our Group's security posture by implementing the Information Security Management System (including awareness campaigns and communications), and constantly enhancing our monitoring and protection capabilities

The Group continues to take steps to reduce cyber risks and ensure security in the IT and OT space.



### OT CYBERSECURITY PROJECTS

NIST CYBERSECURITY FRAMEWORK	OT STRATEGY
IDENTIFY	<ul style="list-style-type: none"> <li>Asset Inventory</li> <li>System Architecture</li> <li>Communication Flow</li> </ul>
PROTECT	<ul style="list-style-type: none"> <li>Firewalls</li> <li>Data Portal</li> <li>Managed Switches</li> <li>Access Control</li> <li>Endpoint Protection</li> <li>Operating Environment Assessment</li> </ul>
DETECT	<ul style="list-style-type: none"> <li>Log Management</li> <li>Vulnerabilities Monitoring</li> <li>Continuous Threat Detection</li> </ul>
RESPOND	<ul style="list-style-type: none"> <li>Incident Response Playbook</li> </ul>
RECOVER	<ul style="list-style-type: none"> <li>Backup and Recovery</li> <li>BCP and DRP</li> </ul>

in both IT and OT environments. These and other activities/initiatives are part of Level 4 of our Cyber Security Maturity roadmap, which was jointly built by the different IT and OT Teams across the Group and is geared towards strengthening our technology, people, and processes.

Though the Philippines has ramped up its vaccination program, a possible surge in cases due to COVID-19 variants that may result in the reimposition of community quarantine measures and travel restrictions/bans, remains probable and may still pose a threat to the company's ability to operate efficiently.

In 2021, the Information Security Management and IT Security Teams were placed under the Office of the Chief Information Security Officer (CISO). This move ensures the alignment between people, processes, and technology, as we take a whole-of-organization approach to managing our cyber and information security risk.

To manage these risks, we have put in place different treatment plans and controls such as (but not limited to) the following:

- Continuous review and update of plans and processes (i.e. business continuity plans, guidelines, and protocols) to align with the changing environment and requirements
- Dissemination of awareness campaigns
- Maximization of digital platforms
- Strict enforcement of health and safety protocols in sites and facilities
- Launch of health and wellness initiatives to protect the psychological and mental health of our team members
- Groupwide vaccination and booster program for team members and subcontractors

#### Pandemic Risk

Public health epidemics or outbreaks of diseases for both humans and animals could have an unfavorable effect on economic activity in the Philippines, and could materially and adversely affect AEV's business, financial condition, and results of operations.

Apart from the risks enumerated above, we recognize the following (but not limited to) opportunities that emerged from the pandemic:

- Accelerated the shift to a hybrid workplace, which was already practiced by some business units pre-COVID
- Enabled to test the effectiveness of our IT capabilities, which we had started to develop and roll out before the COVID-19 outbreak
- Accelerated the planning and implementation of fast-to-execute initiatives with minimal or no investment required
- Re-channeled the Group's resources to align with helping medical communities and local governments in their response efforts

in the accomplishment of our long-term strategies as well as the sustainability of our future organization. We also acknowledge that transitioning to a hybrid workforce as our new normal also poses a threat to the mental, physical, and psychological well-being of our team members.

The inability to prepare and minimize the impact of this risk will entail a potential delay in the execution of various initiatives that could eventually lead to missed business opportunities. Also, its negative implication on our team members' health and well-being will affect the overall productivity of the company.

To mitigate this risk, we have embedded the Strategic Workforce Planning into our Business Strategic Plan. We aim to proactively identify the current and future needs of the organization and serve as inputs for attraction, learning/organization development, and succession. Engagement programs across our different business units were enhanced to consider the current needs of all our team members and

#### Disaster Risk

Over the past year, several natural disasters hit the Philippines. With rising global surface temperatures due to climate change, droughts and catastrophic typhoons will continue to pose a threat not just in the country but around the world.

To ensure that the Group will be able to withstand and recover from these and other natural/man-made disasters, we will continuously improve our Business Continuity Management (BCM) Program. Existing business interruption scenarios and continuity plans for each of these scenarios are reviewed regularly, evaluated, and updated through Business Continuity plan exercises and "lessons learned" sessions. These practices and plans remain relevant with the current business conditions. In addition, our teams are prepared for emergencies through mandatory training and drills, while ongoing testing and improving procedures are conducted.

#### Talent Risk

We recognize that having talents with the right capabilities at the right time is critical



leaders. Regular performance evaluations are being conducted to identify areas for the improvement and further development of team members. Also, plans of digital learning and development have been accelerated to ensure that the current situation will not impede the development of all our team members and leaders.

**Emerging Risks**

The current risk environment is rapidly shifting as a result of national and global events that many times are not within the company’s control. These emerging risks, which cannot yet be fully assessed in terms of likelihood and impact due to high uncertainty, could have a major impact on an organization in the future. To ensure these risks are discussed, we and subject matter experts (SMEs) work together to identify and monitor emerging risks especially in the following areas: political, economic, social, technology, environment, and legal and compliance (PESTEL). Our outputs are then shared regularly with the different sub-units for their own analysis and monitoring. These risks are also part of our regular discussions with the Risk Management Council and the Board Risk and Reputation Management Committee.

Risk Management in the Aboitiz Group will continue to identify and monitor such risks, and adopt a holistic approach by integrating it with other business functions to drive a more robust response to these risks.

**ENTERPRISE RISK MANAGEMENT (ERM)**

In 2021, the AEV Strategy, Reputation, and Risk Management Teams initially rolled out to their sub-units the results of the MSCI Climate Value at Risk (VaR) activity that started in 2020. This initiative aims to further understand the exposure of the Group in terms of Climate Transition Risk, specifically on the potential issuance of government policies/regulations to support the country’s commitment to

Nationally Determined Contributions (NDCs). Apart from this, we implemented improvements in identifying, monitoring, consolidating, and reporting of emerging and Groupwide top risks. For 2022, aside from our ERM operational activities, we will continue to improve our Risk Management Governance and Process by:

- Collaborating and integrating with subject matter experts (SMEs) such as the Strategy, Reputation, and Physical Security Teams
- Reviewing risk appetite (financial, reputation, investments, core business, and area) and risk tolerance
- Expanding articulation on supply chain risks in the current Supply Chain Risk Management Framework to include accountabilities from 3rd parties, not only limited to a cyber threat scenario but also geopolitical, climate change-related, and others.

**TRANSFORMING RISK FINANCE SOLUTIONS**

2021 proved to be a continuation of 2020 as far as the insurance industry was concerned and this was reflected as well in the Group’s insurance requirement management. Risk transfers costs continued to increase, however with the noted difference that the increases have stabilized for those loss-free programs. The Group’s risk transfer solutions focusing on risk profile improvement helped in minimizing the impact of these increases. Exploring other alternative risk transfer options, increasing risk retention at both the business unit level and Group level, have mitigated the challenges we are currently facing within the traditional insurance market.

As the insurance industry continues to be a challenge this 2022, we will continue to focus our efforts in reviewing risk exposures and ensure that risk transfers solutions are aligned. Pursuing non-traditional programs will be an important ingredient in managing the Group’s risk transfer requirements. Moreover, as part of the Aboitiz great transformation journey, insurance portfolio management will transition into a federated

approach to promote increased ownership of risk owners. In this set-up, our business units will have more autonomy in managing their risk finance requirements while continuing to align with the Group’s governance policies.

**BUSINESS CONTINUITY MANAGEMENT (BCM)**

2021 was characterized by a series of natural disasters and disruptions, among them, Super Typhoon Odette and its widespread destruction in Visayas and Mindanao in December; Typhoon Fabian in mid-July causing widespread heavy rainfall and flooding across Metro Manila, Central and Southern Luzon; and the COVID-19 case surge driven by its Delta variant. Once again, these incidents tested our mettle and we were able to prove that we are now a more agile and resilient organization. Our Business Continuity Plans, which were already in place, were activated and critical actors were quick to respond.

In 2021, we also initiated the development of an integrated Loss of Technology Plan together with AboitizPower and One Food Group, which is in the process of completion. Odette’s series of landfalls in the Visayas had resulted in massive power outages in provinces along the typhoon’s path and also affected our data center in Cebu. The AEV IT Infrastructure Team triggered the Incident Management Plan to ensure systems were backed up and ready should our standby power fail.

As the pandemic went into its second year in 2021, the Risk Team worked closely with the Physical Security, HR, External Relations, and Admin Teams to ensure that our COVID-19 playbooks were implemented and aligned with evolving government guidelines. The COVID-19 Technical Working Group has also initiated return-to-office preparations.

For 2022, our priority is to beef up our BCM capabilities through the creation of an endemic risk management framework and response plan



in preparation for the time when COVID-19 will no longer be categorized as a pandemic. In discussing the next possible disruption, we have strengthened our resolve to revisit our procedures for the West Valley Fault Earthquake that may affect Metro Manila and nearby cities. This will also prepare the Group should earthquakes of similar magnitudes be felt in other regions.

### OCCUPATIONAL SAFETY AND HEALTH

Protecting our most important asset – our Team Members – is one of the Aboitiz Group’s top priorities. Guided by the occupational safety and health (OSH) standards of the Department of Labor and Employment (DOLE), we comply with their requirements that cover both organic and contracted employees working in our offices and facilities. While contractors may have no employer-employee relationship they are nonetheless covered by the company’s “prevailing influence”. This refers to contracted employees being required to adhere to the company’s safety rules and regulations or to use its methods, processes, or other techniques. Compliance with DOLE requirements are being spearheaded by both the Human Resources Team as well as the Safety and Health Committee of each of the Group’s facilities and sites. Among the committee’s objectives are: ensure that the OSH program in the workplace is enforced; create avenues to discuss OSH operational guidelines;

promote and maintain open and harmonious discussions on safety issues to prevent and control accidents, injuries, and hazards; conduct OSH trainings, drill exercises, and monthly office/facility safety inspections.

The Group employs a process of hazard aspect identification, risk assessment, and determining controls (HAIRADC) through the different Safety and Health, Environment, and Security Teams across the organization. The results of this process are then evaluated and included in our Operational Risk Management Plans.

As the country continues to cope with the COVID-19 pandemic, the Group continuously adapts to and complies with new guidelines, memorandums, and directives of government agencies such as the Department of Health and DOLE, and of local government units where our businesses operate.

The Group’s corporate centers in Manila and Cebu, as well as most of our sites and facilities have been issued the Safety Seal Certification. A voluntary certification scheme, it affirms that an establishment is compliant with the minimum public health standards of the government, and uses a contact tracing system.



The Group has adopted a hybrid workplace arrangement in order for our team members to be protected from exposure to COVID. Those who are required to work on-site are provided with shuttle services. Teleconsultation services, including for mental health concerns, are available.

As we continue to leverage on technology for remote learning, we will increase OSH awareness with the development of the Office Safety Guidelines eLearning modules available in Aboitiz Academy’s Moodle platform. There are modules on General Safety Rules, Ergonomics, Basic Hygiene, Electrical and Fire Safety, First Aid, Safety Signage and Safety Programs.

Fire Safety and Bomb Threat Awareness webinars were conducted via Zoom where team members across the Group learned from subject matter experts such as members of the Bureau of Fire Protection and the Bomb Squad of the Philippine National Police.

To provide team members with important developments on COVID-19, regular advisories are sent out while information and education webinars are conducted by our healthcare partner AC Health.



Aboitiz team members, whether working in the office or from home, also participated in the Quarterly National Simultaneous Earthquake Drills by the National Disaster and Risk Management.



Aboitiz regularly holds drills and learning sessions to strengthen the organization’s disaster preparedness and resilience.

## INTERNAL AUDIT

The events that are shaping our world, our personal lives and the way we do business today are unprecedented. Today, it is not about auditors being just objective but being objective with a sense of purpose. It is not about auditors being just independent but being interdependent and finding the best synergies in working with stakeholders. It is living the depth of this role that we play in Aboitiz that translates to helping society. After all, we have to model and live our sustainability mindset of doing well by doing good.

[Aboitiz Annual and Sustainability Report 2020, p.155]

...sustainability in audit processes requires a commitment to deliver exceptional service in the face of rapidly evolving risks and compliance requirements, both by drawing upon best practices and strengthening existing monitoring controls. Sustainable audit processes require auditors to have an expanded and more diversified skill set that welcomes thought diversity, good communication, and the use of data analytics for increased simplicity, efficiency, and effectiveness. [Aboitiz Annual and Sustainability Report 2019, p.153]

In October 1987, the United Nations through the Oxford University Press published Our Common Future, otherwise known as the Brundtland Report. It encapsulates the results of a 900-day global exercise led by the then-UN World Commission on Environment and Development, now known as the Brundtland Commission. The overarching goal of the commission is to unite countries in pursuit of sustainable development — “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

That was 35 years ago. Today, sustainability is not merely a business buzzword. It is a journey to transformation, a progression towards making sure that people are future-ready. Sustainability, like the Japanese philosophy kaizen — change for the better or continuous improvement — is a gradual, methodical process that eliminates waste and redundancies. It is a daily process that goes beyond just being a productivity improvement. Sustainability is a way of life — environmental, social, and economic. It is about people, planet, and profit.

In the audit function, the challenge of sustainability is every audit leader’s lookout. The interplay of audit behavior and actions take on a vital role in the sustainability of our work. Defining the quality of an audit is not easy, as auditor competence and team dynamics influence it. As auditors, we are accountable to our stakeholders, particularly the Board Audit Committee, in giving insightful evidence to areas being reviewed. This involves the need to strike a very delicate balance but a non-negotiable solid line between independence and objectivity, on one hand, and collaboration and multi-stakeholder partnerships, on the other hand.

Despite the disruptive impact of the pandemic, the global standards in the practice of the internal audit profession remain as consistent as ever. The four principles of the Code of Ethics governing the rules of conduct for auditors — integrity, objectivity, confidentiality and competency — still hold firm and true. The changes are happening in the audit process and how we deliver our output without compromising quality.



We in the Audit Team had to adapt our process to the new challenges brought about by the work-from-home situation. We found opportunities to perform our reviews by maximizing the tools available to the organization and digitalizing the audit processes.

The completion of the Paperless Audit 2.0, an audit management system developed in-house, was our key innovation project in 2021. The system is due for full implementation in 2022.

The successful run of the Aboitiz Group Audit Forum in June 2021 was a good learning opportunity not only for the auditors but also for other participants, to gain new knowledge on the latest developments in the profession. With the theme, “Taking on ABNormal: Auditing Beyond Normal”, the forum featured six talks from professional experts — in-house, local and international — in various areas. The topics

were titled: 1) A New World in Internal Audit, 2) UnionBank’s Digital Transformation and Partnering with Audit, 3) Mitigating Fraud in a Disruptive Time, 4) FrAuditing and the Pandemic, 5) The Three Lines Model: Then and Now, and (6) The Three Lines in Cybersecurity.

Oftentimes, when the word “audit” is appended in any phrase, report, or topic of conversation, it instantly becomes uninteresting except when there is fraud, a major breach, or when the offender-violator is someone important or influential. The internal audit career path is not always the nicest job and is almost always referred to as being a boring and stressful profession. However, auditing offers a diversity of opportunities for continued learning and development. It allows exposure to all the different aspects of the business including finance, operations, information systems and technology, risk management, governance and

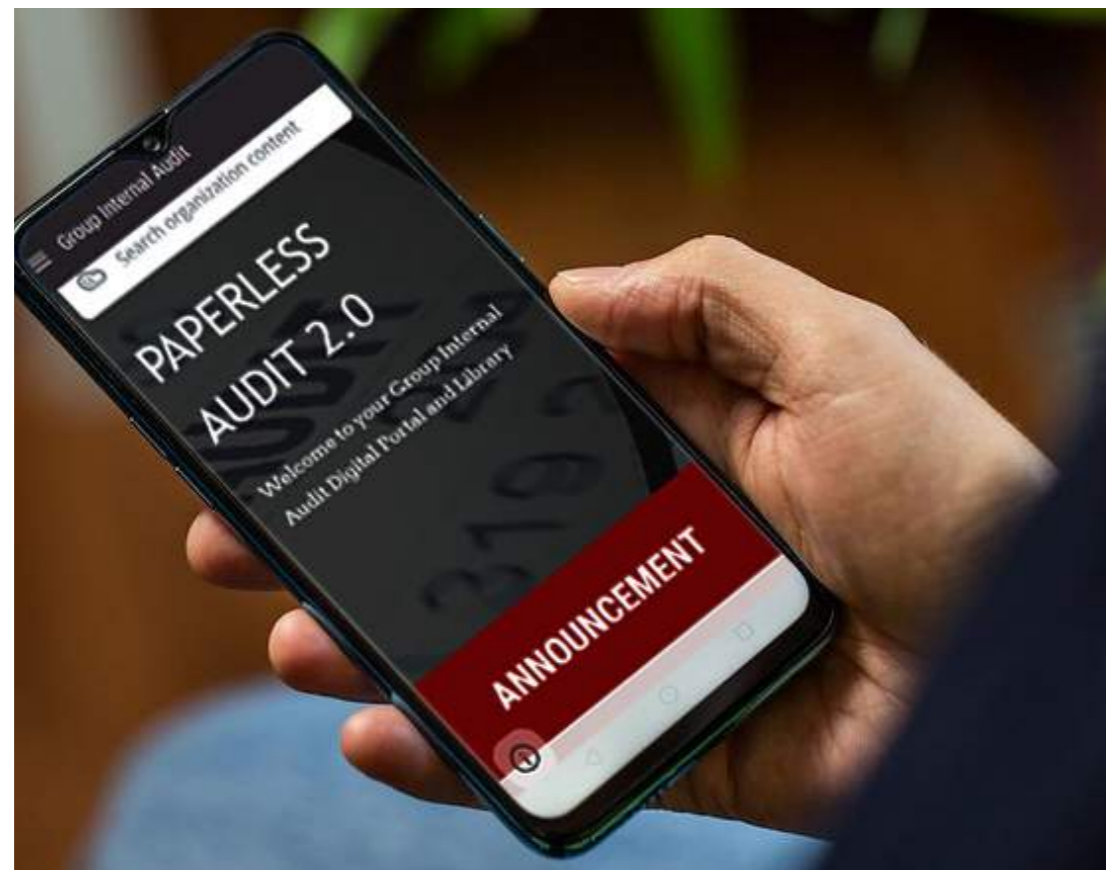
compliance. The profession also opens doors for auditors to interface with people from all levels of the organization, from grassroots-level employees up to the board of directors.

Today, more than ever, the speed of change on how businesses work and adjust to clients' needs calls for resiliency, transformation, and sustainability. Resiliency is the ability to recover and bounce back from difficulties. Transformation is the ability to morph — to change. Sustainability is the ability to renew and adapt. All three call for a Think-future-Act-now attitude because in the words of Louis Pasteur, "Chance favors the prepared and opportunity favors the bold".

The management and balancing of resiliency, transformation, and sustainability, along with Brundtland's three pillars of sustainability — environmental, social and economic — is complex. In audit, this not only includes the work that audit teams need to consider in performing reviews, but even more so, the interplay between

their work and producing reports of sustainable audit quality. The challenge to incorporate all these concepts has led to a need for audit teams to understand resiliency, transformation, and sustainability not only for their job but for their personal lives as well.

Audit and sustainability in the Aboitiz Group will remain and will hold true in the coming years. We, the Internal Audit Team, will ensure to prioritize the environment, social, and governance (ESG) factors in key areas of our organization. We will continue to guard against misleading information, including greenwashing practices, while recommending control improvements that help accelerate ESG-friendly and sustainable business practices. While auditors are not the doers nor those who carry out recommendations, we will always be vocal advocates playing a significant role in the sustainability of the business, the economy, and society.



The Paperless Audit 2.0 will be fully implemented as part of the audit process in 2022.

## TALENT MANAGEMENT IN THE ABOITIZ GROUP



One of the Aboitiz Group's strategic pillars is Building Human Capital, which highlights how our people are an indispensable component in the execution of our strategies. We continue to attract, optimize, and retain the right talent by investing in resources that meet our team members' constantly evolving needs, and by delivering an engaging talent experience through relevant programs and a seamless end-to-end HR service delivery.

We have refocused our talent management framework and strategy on building organizational resiliency and capability to support the Group's long-term strategy through resilient people and agile systems. This has brought forth changes and improvements in our

work landscape in terms of work arrangements, learning, benefits, systems, and other areas where timely and effective execution is needed. In 2021, our core values of integrity, teamwork, innovation, and responsibility further shaped the Aboitiz environment and culture in navigating the ongoing impact of the COVID-19 pandemic. The past year has been a compelling time that reflected how the Group makes A-People its priority in more ways than one.

### TALENT ATTRACTION

#### Employer Brand

A-People stories of our Employer Value Propositions (EVPs) continued to gain traction



in our various social media platforms that showcase the Group and our culture experiences to external talents through the following key messages: Aboitiz is here for the long haul, providing ample opportunity for personal growth, shaping a better future through its people, doing good to win with integrity, and finding better ways every day to advance business and communities. We also conducted virtual engagements with academic institutions such as the Asian Institute of Management (AIM) and with professional affiliations like the Institute of Integrated Electrical Engineers of the Philippines (IIEE) to heighten brand awareness, consideration, and advocacy.

Our Group Talent Attraction teams continued to utilize MyTX, AEV HR's information system launched in 2019, to mine talent information and segment the members of the talent community to match them with open positions while providing better opportunities for the self-driven development of Aboitiz team members groupwide.

Employer brand breakthroughs in 2021 included our first foray into Facebook Live events on the Aboitiz Careers page, which served as platforms to engage with graduating college students and members of the talent community. These FB Lives

have reached a total of 327 unique views, with 311 participants signing up for the Aboitiz Talent Community.

The year also saw Aboitiz receiving a number of industry honors for employer brand and engagement including the Stevie Awards for Great Employers, HR Asia Awards, Universum Ideal Employers, and LinkedIn Talent Awards. In addition, the company made it to the prestigious Forbes list of World's Best Employers in 2021, a most coveted feat accomplished only by two other Philippine companies and an honor Aboitiz first achieved in 2017.

## TALENT OPTIMIZATION

### Digital Learning & Development

Learning was still predominantly digital in 2021 given the pandemic situation and with most team members in work-from-home and hybrid arrangements. However, the continued physical limitations did not deter us from a positive trajectory in terms of learning and development.

The Group's LinkedIn Learning users jumped from 305 in 2020 to 1,801 in 2021 and with a 97% activation rate. A total of 1,595 repeat learners accessed useful resources penned by global experts on the online educational platform. Aboitiz Academy recorded a total of 25,800 viewing hours by team members on topics like leadership, creativity, technology, and self-management, among many others. Our high utilization of the platform earned us a spot in the LinkedIn Talent Awards Finals, under the category Best Culture of Learning. With the launch of the Aboitiz Academy Microsite in 2021, team members have a centralized platform for their learning needs and an easier way to sign-up for learning and mentoring programs. It also makes resources such as recorded learning sessions, mandatory e-learning courses, recommended readings, and other tools easily accessible.

Learning and development initiatives such as Learning Lunes, Community Learning Sessions, and Leaders Connect continued virtually to provide more avenues for upskilling and personal growth.

### Upskilling

Our core and elective course offerings support an evolving organization of resilient people and agile systems. With our strategically curated learning programs, we continue to support the reskilling and upskilling of our workforce to ensure they develop relevant capabilities in the Future of Work.

One of the highlights of competency development in 2021 was the Strategic Thinking and Innovation Course of the Aboitiz Academy Leadership Development Program. It is the first of three pillars of our Transformational Leadership Program offered to the Group's executives. For this program, we partnered with Complete Coherence, a global leadership development and coaching institution that works with leaders, teams, and organizations to transform performance. Aboitiz senior leaders who shape the future of the organization participated in the program and completed peer coaching sessions, comprehensive course work, and virtual learning sessions facilitated by Dr. Alan Watkins, a recognized global thought leader on human performance, complexity, and well-being. The program aimed for leaders to acquire a strategic mindset that will drive critical business decisions and breakthrough innovation. The other courses under the Transformational Leadership Program are on Leading Change and Building Resilience.

We also started building and sustaining data science capabilities of our SBUs in 2021 by upskilling our team members in data science and artificial intelligence (DSAI) and promoting a data-driven culture across the organization. A noteworthy initiative under this is Aboitiz Construction's partnership with UnionBank to

train 1,000 team members and boost their digital and emerging technologies capabilities under the bank's Xcellerator Program. The program aims to not only revolutionize the virtual learning environment, but also to improve processes and systems, and find solutions towards execution excellence.

### Succession Management

In 2021, our succession management processes took on an especially forward-looking approach, anchored on the Group's strategic direction toward growth, expansion, and diversification into other business opportunities and markets.

Our strategic workforce planning remains focused on critical talents through a developed set of criteria that maps talents and identifies high potentials and high performers across the Group. We have also taken strides in making sure that we are proactive in attracting external talents and building skills and capabilities that will help operationalize the Group's strategy.

We maintain a relatively strong succession pipeline based on external standards. To ensure that we have a healthy succession plan and





The SuperDuperCon serves as a platform for team members of all levels to engage directly with Aboitiz Group President & CEO Sabin Aboitiz.

leadership pipeline, the following metrics are in place and continually reviewed: (1) Overall Sourcing Ratio refers to the number of positions that we fill internally versus positions that are filled by external sources; and (2) Succession Readiness, which is the number of “Ready Now” successors versus the number of positions with identified successors. Using a benchmark of 75% internal vs. 25% external sourcing ratio, we are currently at 63% internal vs. 37% external, which is a satisfactory level.

**TALENT RETENTION**

**Employee Engagement**

At the core of our business is and will always be our people. In 2021, we remained steadfast in making sure that the growth of our business came hand in hand with the growth of our people’s engagement.

The 2020 pivot from in-person to online engagement activities continued in 2021, and Aboitiz Group President and CEO Sabin Aboitiz was relentless in leading many of these virtual employee engagement activities. Through his

monthly Groupwide virtual SuperDuperCon, he reinforces our culture of values through open discussions in a regular communication channel with people at all levels in the organization. SuperDuperCon’s 12 episodes in 2021 drew a total of 33,792 views from local and international team members. The Welcome Aboard meetings with newly hired team members and UpClose meetings with a mixed group of team members allow Sabin to build strong connections with A-People while also positively influencing top leaders across the Group to nurture our culture of engagement.

Our other initiatives included first-of-its-kind virtual contests, regular pulse checks, engagement surveys, recognition programs, and Groupwide celebrations of international and local holidays. These aim to build a positive employee experience, renewed commitment, and productivity.

**The REMIX Initiative**

In preparing for the Future of Work, innovation becomes increasingly imperative to growth, more so that the pandemic has galvanized organizations worldwide to be adaptable and future-ready in order to keep up with the times.

REMIX, based on the book *The Remix: How to Lead and Succeed in the Multigenerational Workplace* by Lindsay Pollak, is a positive approach to organizational change that takes practices or habits embraced by a previous generation (Traditionalists, Baby Boomers, and/ or Generation Xers) and adds to, removes from, or alters them in some way to better appeal to Millennials, Gen Zs, and future generations to come, so we can all succeed together. The result is a workplace that mixes, matches, and blends the best of each generation’s ideas and practices to design a smarter, better, and more inclusive experience of work for everyone.

Aboitiz team members who are 50 years old and above make up 10% of our workforce while 63% are millennials and Gen Z. In 10 years, the Baby Boomers would have all retired and Millennials and Gen Zs will make up 90% of our workforce. The REMIX initiatives help prepare our Group for the organization of the future by understanding our people more deeply and influencing each other to drive workplace ‘Remix’.

The REMIX initiative has driven the implementation of 169 initiatives across the Group centering on process improvement, diversity and inclusion, and positive employee experience. Another 100 or so proposals are awaiting approval for launch.

**Group Team Awards**

The Aboitiz Way Group Team Awards continue to elevate the practice of our core values of Integrity, Teamwork, Innovation, and Responsibility. In 2021, we recognized the hard work and contribution of our teams and team members from our diverse business units not only in the Philippines but also in our operations overseas.

A record-high total of 54 teams from across the Group submitted projects that exemplified our core values and applied our purpose and promise of driving change for a better world by advancing business and communities into practice.

**Integrity**  
DENR Accreditation of LIMA Water Laboratory Project by Lima Water Corporation

**Teamwork**  
Big Bold Moves Project by Apo Agua Infraestructura

**Innovation - Breakthrough**  
Oil Impregnated Paper (OIP) Bushing Preservation System Project by Visayan Electric Company

**Innovation - Improvements**  
Talent Xperience Digital Onboarding by AP COAL Business Unit

**Responsibility**  
Ecoloop Plastic Neutrality and Zero-Waste to Landfill Program by Republic Cement and Building Materials

## Health, Wellness, and Group Vaccination

The health, wellness, and overall well-being of team members remained Group HR's priority in 2021, particularly, in response to the ongoing COVID-19 pandemic. Focusing on mental health also involved paying attention to challenges faced by team members including feelings of isolation with remote work and anxiety from the rising number of cases.

Mental health and wellness programs were implemented Groupwide such as:

- Regular pulse surveys and check-ins with team members
- Team member communications at different levels and venues (i.e. teleconsultations, counseling sessions, 24/7 chat lines) for their concerns to be heard and addressed
- Medical benefits covering mental health and wellness
- Health-related learning sessions through LinkedIn Learning, invited speakers, and other learning materials and newsletters
- Virtual fitness activities such as exercise classes and yoga
- Continuous review and updates on company guidelines and processes for work-from-home and hybrid work arrangements, and team member benefits
- C-Focused Fridays to give team members a specific, uniform time block during the week to enhance employee experience and support well-being and development; and Power-Down hour from noon to 1 p.m. to make sure team members get their daily break

Led by Aboitiz Group President and CEO Sabin Aboitiz, we supported the country's nationwide vaccination goal by launching our own vaccination program in collaboration with AC Health and Reliance. As of this writing, the Group vaccination rate is at 92% since the initial round of vaccinations in July 2021.



Multiple vaccination hubs were set up in key cities and provinces so team members can get vaccinated at venues closest to them, thereby reducing their risk of exposure from long commutes. The end-to-end process was efficient and smooth for team members.

The way the COVID management team prioritized effective and timely communication also played an important role in our vaccination program and in our pandemic response as a whole. Vaccine campaigns, webinars, and information resources helped to raise awareness by making credible information accessible while increasing vaccine confidence in the organization.

We are now gearing up to provide a similarly seamless process for the administration of booster shots to our team members in 2022. Booster shots have also been offered to dependents of our team members so their households, too, will be fully protected and help our country achieve herd immunity. With the surge of the Omicron variant in the country, we have accelerated our efforts in providing COVID care kits to team members in need. The kits include medicine, vitamins, personal protective equipment, monitoring equipment, and hygiene supplies.

## Leveraging Digitalization, Automation, and Data Analytics in HR Service Delivery

Improving talent experience also entails seamless end-to-end HR service delivery. In 2021, databases and chatbots housing Aboitiz Academy and COVID-19 resources were beta-deployed to give our team members immediate and easy access to information they need. This allowed the availability of HR support at the team members' convenience, even beyond traditional office hours, especially given the continued remote and hybrid work setup.

In AEV and Aboitiz InfraCapital, the MyTX platform contributes to a positive talent experience through the automation of benefits administration, recruitment, onboarding, talent relations management, and, now, even strategic HR processes such as performance

management, succession management, learning and development, workforce compensation, and people analytics. Other Aboitiz SBUs have also adopted automated and digital tools to improve employee experience and drive process efficiencies, as aligned to their respective HR technology roadmaps.

The Flexible Benefits (Flexben) Program was also fully implemented in 2021, providing team members the flexibility to fully optimize and tailor-fit their employee benefits for the year according to their specific needs. With the Group actively promoting a data-driven culture moving forward, the digitization of HR end-to-end processes and a data lake of people records across the Group are being developed. This will provide us with valuable insights that will be helpful in improving talent experience for all generations in the Future of Work.



Despite logistical challenges, the Aboitiz Group, through its social development arm Aboitiz Foundation, Inc., mobilized its various business units all over the country to send aid to victims of Typhoon Odette in Visayas and Mindanao.



**#OneAboitiz After Odette**

After areas in the Visayas and Mindanao were badly hit by Typhoon Odette in December 2021, the Aboitiz Group immediately responded to calls for aid and mobilized relief operations in partnership with our business units.

Aboitiz Foundation launched an online call for donations for Odette-affected communities through its crowdfunding platform Kinder and, as of writing, the Group has raised a combined total of close to PHP16 million from the Kinder platform as well as from online and bank donations. The funds were used to distribute relief goods, including food packs, rice, water, hygiene kits, shelter-repair kits, and other in-kind donations to affected communities. The amount also covered the deployment of over 500 linemen from different AboitizPower business units nationwide who worked round the clock to help quickly restore power in the affected areas. Our Group’s relief operations reached more areas with the assistance of members of

the Army Reserve Command (ARESCOM), Army Reserve Caraga 15th RCDG, and Hinatuan Surigao Sur Reservists. In addition, Pilmico organized a feeding program for affected households in Bohol.

The Aboitiz corporate office located in Banilad, Cebu City opened its doors to team members who needed power, water, Internet connection, and a workspace. UnionBank ensured that essential customer services continued amid the widespread disruption with over 40 automated teller machines (ATM) up and running across Visayas and Mindanao in the aftermath of Odette.

The Group also released calamity assistance, offered emergency loans and calamity leaves for team members. End-of-year salaries were also credited in advance to provide timely financial support.



**The Great Aboitiz Transformation will be a paradigm shift from the traditional legacy business of the last 100 years, to a more modernized, inclusive, and technology-driven one. It is a major part of the evolution of our brand promise, which changes over time and moves with the demands of our stakeholders. We must adapt and change as well, and exceed their expectations consistently in order to stay ahead of the game.**



*Sabin Aboitiz, President and CEO, Aboitiz Group*

**Moving Forward**

The Aboitiz Group has always been defined by transformation through innovation and in finding better ways of advancing business and communities. With the tremendous changes that our nature of work has undergone due to COVID in the last two years, we stand at the precipice of a truly transformational year. Moving forward,

OneAboitiz Group HR will continue to partner with different units in playing a significant role in shaping and executing the Great Aboitiz Transformation. We will stay well-positioned to pull together effective and resilient leaders, resources for growth opportunities and agile systems, and instill a culture and environment that will serve as a conduit for engagement, productivity, and positive transformation.

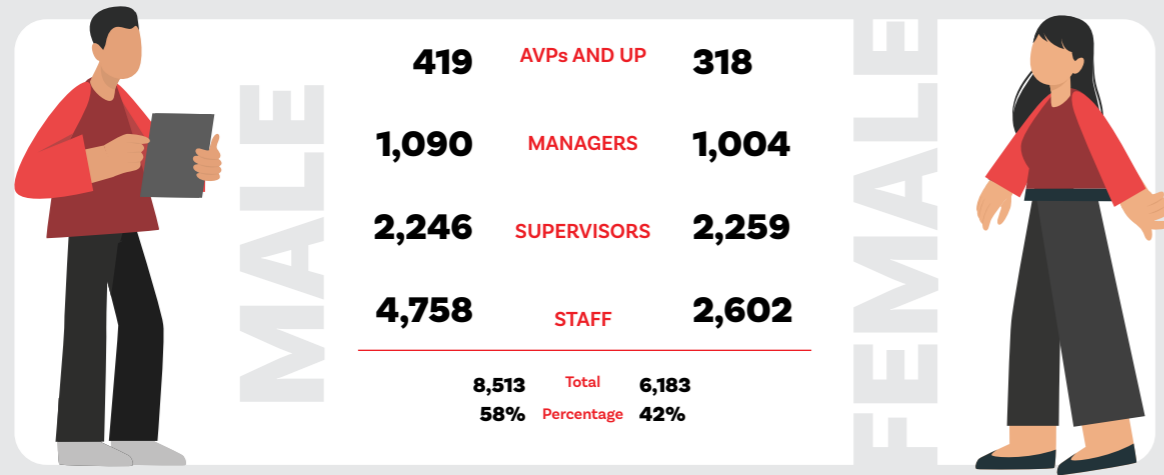


The Aboitiz Leaders Conference 2022 kicked off discussions on the Great Transformation which will take the Aboitiz Group from a 100-year-old legacy business, to an inclusive, future-ready organization with sustainability and innovation at its core.

# 2021 Talent Analytics

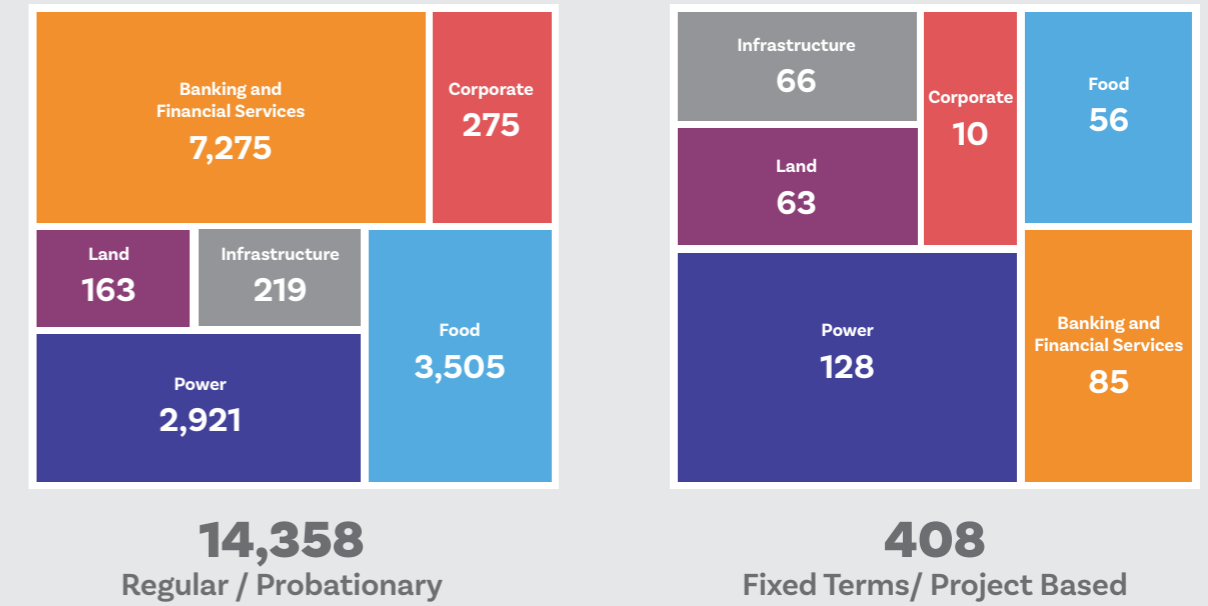
## Gender vs. Level

TOTAL NUMBER OF TMS IN ABOITIZ GROUP

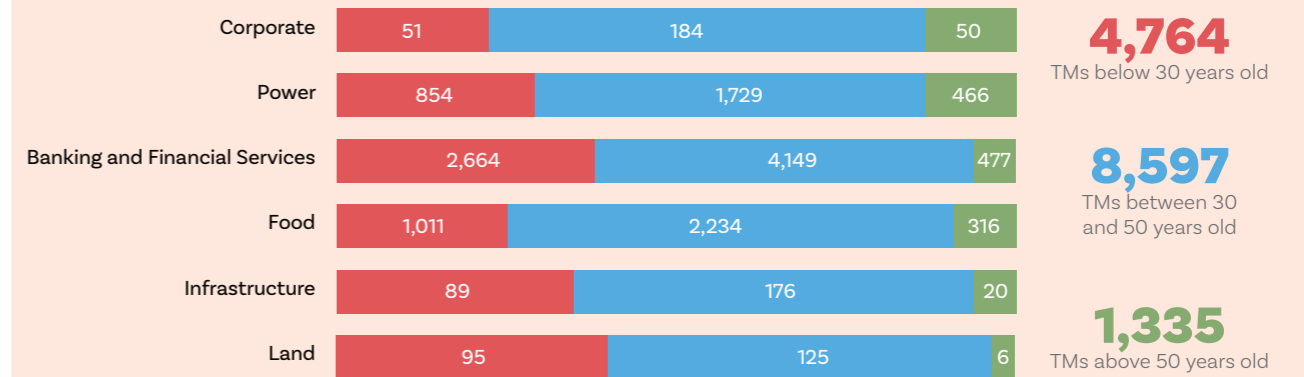


	Corporate		Power		Banking and Financial Services		Food		Infrastructure		Land	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
AVPs & up	26	33	121	58	188	176	68	33	13	12	3	6
Manager	38	39	207	95	626	746	173	84	30	26	16	14
Supervisor	28	26	492	169	1,137	1,672	499	281	46	45	44	66
Staff	50	45	1,344	563	1,313	1,432	1,969	454	60	53	22	55
<b>Total</b>	<b>142</b>	<b>143</b>	<b>2,164</b>	<b>885</b>	<b>3,264</b>	<b>4,026</b>	<b>2,709</b>	<b>852</b>	<b>149</b>	<b>136</b>	<b>85</b>	<b>141</b>

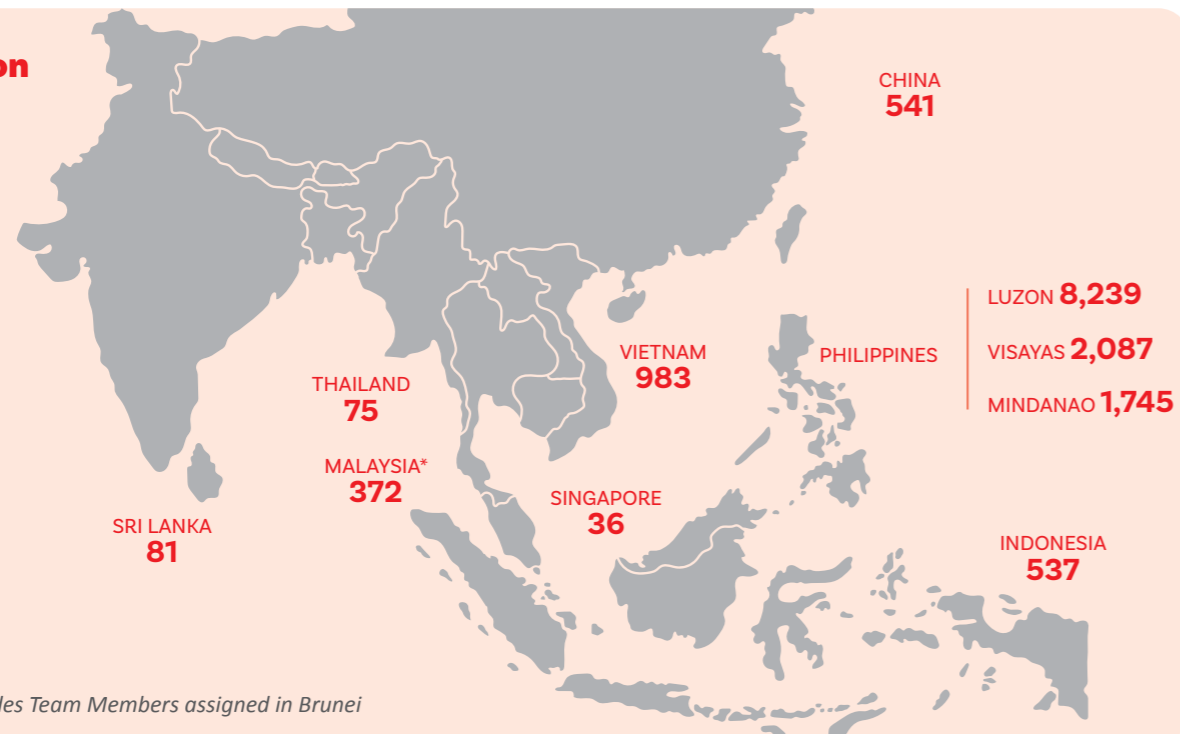
## Employment Type



## Age



## Region



## Years of Tenure

Years of Service	Corporate	Power	Banking and Financial Services	Food	Infrastructure	Land	Total
<1	34	351	1,207	480	123	76	2,271
1-5	103	1,110	2,791	1,426	122	103	5,655
6-10	68	639	1,397	800	21	32	2,957
11-15	35	525	1,025	452	9	11	2,057
16-20	23	160	384	146	5	3	721
21-25	7	91	246	151	5	1	501
>25	15	173	240	106	0	0	534
<b>Total</b>	<b>285</b>	<b>3,049</b>	<b>7,290</b>	<b>3,561</b>	<b>285</b>	<b>226</b>	<b>14,696</b>

# 2021 Corporate Governance Report

## Leading the Path to the Great Transformation

In 2021, the Aboitiz Group began writing the next chapter in its centennial history to continue to drive change for a better world by advancing business and communities in the next 100 years. We have taken deliberate steps to transform our organization into an enterprise that not only endures but thrives in the new and dynamic business landscape. Our transformation is anchored on the strong foundation of growth and expansion nurtured by more than five generations of leaders with their unwavering commitment to the highest standards of corporate governance.

At the helm of our story of transformation are the Board of Directors who firmly believe that a sound framework of corporate governance creates a path towards achieving the Group's strategic goals and growth aspirations.

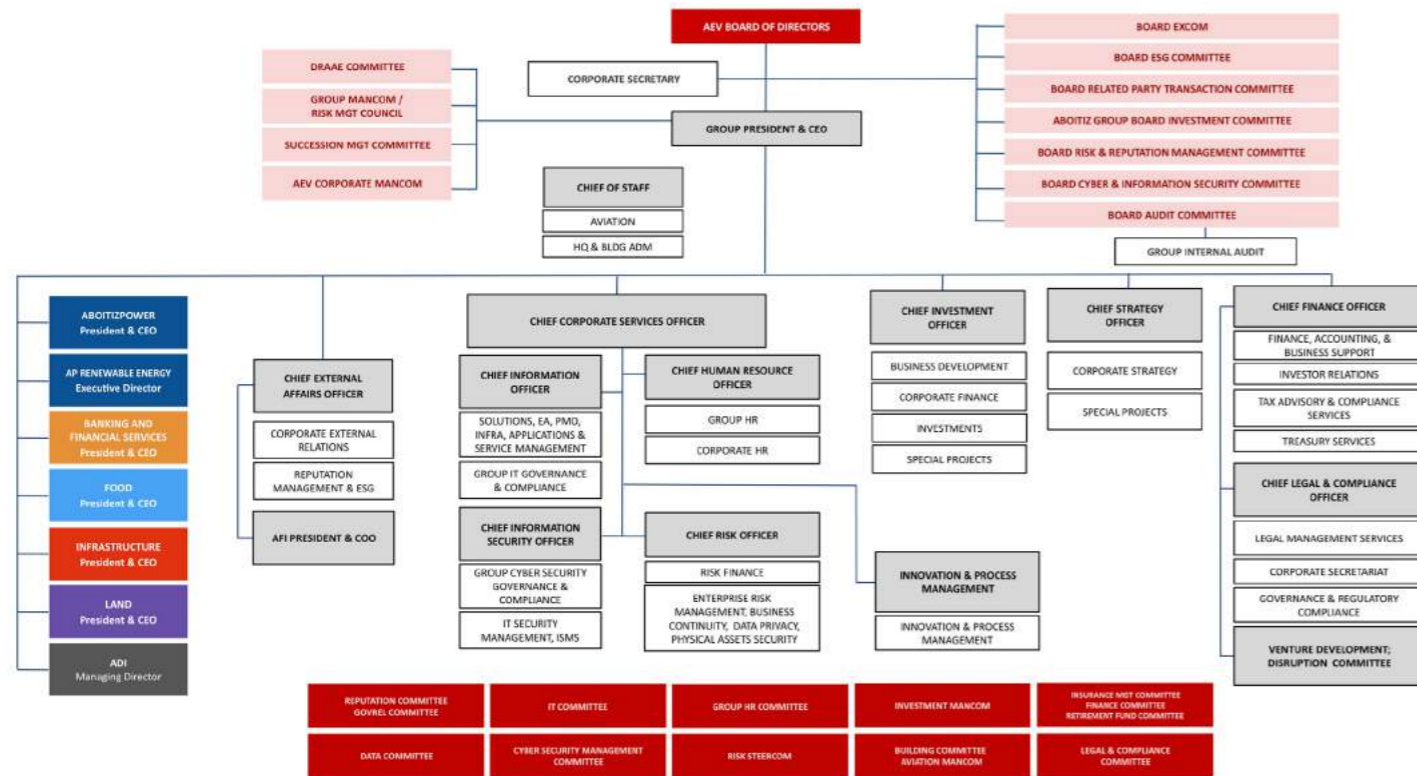
### Aboitiz Governance Framework

Our corporate governance framework, which is deeply rooted in the Aboitiz core values of Integrity, Teamwork, Innovation, and Responsibility, has been institutionalized in the respective AEV and AboitizPower Corporate Governance Manuals (Manual), Codes of Ethics and Business Conduct, and related governance policies and protocols.

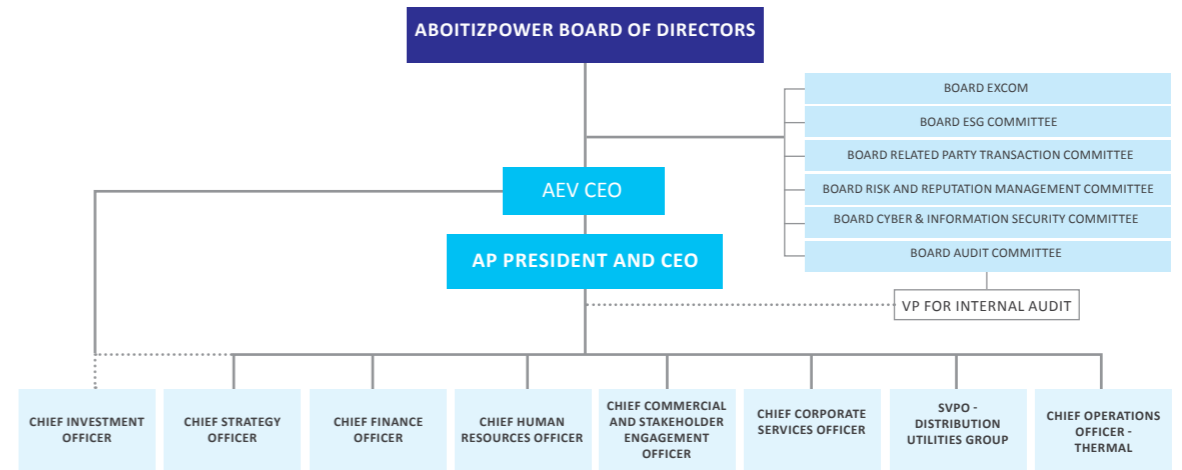
Governance in Aboitiz is driven by a productive collaboration between AEV and AboitizPower's diverse and competent Boards and Board Committees, each supported by a capable and accountable management team and empowered team members.

### AEV Table of Organization

As of January 2022



AboitizPower has SBUs involved in Power Generation, Power Distribution, Retail Electricity Services, and Distributed Energy.



### Aboitiz High Impact Governance

In 2021, the AEV and AboitizPower Boards reviewed the governance framework and implemented the necessary changes to implement effective governance in the Aboitiz Group and ensure that both Boards are able to build on their companies' future prosperity, adapt to the changing business environment, and carry out their strategic direction and growth aspirations.

### Aboitiz High Impact Governance - 3 Program Components

#### Agile Board

- A Board that has the right size, committee structure, and profile that is aligned with the operational requirements and the growth aspirations of the Group,
- A Board that has the right mix of Technical and Behavioral Competencies and are exposed to the business.

#### Engaged Board

- A Board that has a productive working relationship amongst each other and with management.
- A Board that is FAMILIAR not only with the Company's mission, vision, and culture, but also IMMERSED in businesses, operations, initiatives of the Company through collaborations within and outside the confines of the Board room.

#### Supported Board

- A Board that is SUPPORTED by processes and protocols that facilitate the effective discharge of its functions, so that the directors can focus on governing, rather than administrative details.

**BOARD OF DIRECTORS**

The Boards of AEV and AboitizPower perform the crucial role of articulating and reviewing each company’s purpose, vision and mission, and strategies to carry out its goals. They ensure that the strategic direction of each company’s businesses

are well defined, properly managed, and are aligned with the overall strategic goals of the Aboitiz Group. Independent from management, they are committed to provide each company a strategic roadmap towards long-term growth, competitiveness, and building a sustainable business that will thrive for another 100 years.

Board of Directors at a Glance (as of December 31, 2021)		
	AEV	AboitizPower
<b>Chairman</b>	Enrique M. Aboitiz (Non-Executive Director)	Sabin M. Aboitiz (Non-Executive Director)
<b>Vice Chairman</b>	Mikel A. Aboitiz (Non-Executive Director)	Luis Miguel O. Aboitiz (Non-Executive Director)
<b>Lead Independent Director</b>	Romeo L. Bernardo	Raphael P.M. Lotilla
<b>Composition</b>	<ul style="list-style-type: none"> <li>- Seats: 9</li> <li>- Non-Executive Directors: 5</li> <li>- Executive Directors: 1</li> <li>- Independent Directors: 3</li> </ul>	<ul style="list-style-type: none"> <li>- Seats: 9</li> <li>- Non-Executive Directors: 4</li> <li>- Executive Directors: 2</li> <li>- Independent Directors: 3</li> </ul>
<b>Term of Office</b>	1 Year	1 Year
<b>Board Committees</b>	<ul style="list-style-type: none"> <li>- Executive Committee</li> <li>- Audit Committee</li> <li>- Environmental, Social, and Corporate Governance Committee</li> <li>- Risk and Reputation Management Committee</li> <li>- Related Party Transactions Committee</li> <li>- Cyber and Information Security Committee</li> </ul>	<ul style="list-style-type: none"> <li>- Executive Committee</li> <li>- Audit Committee</li> <li>- Environmental, Social, and Corporate Governance Committee</li> <li>- Risk and Reputation Management Committee</li> <li>- Related Party Transactions Committee</li> <li>- Cyber and Information Security Committee</li> </ul>
<b>Age Profile</b>	<ul style="list-style-type: none"> <li>- Average: 62 years old</li> <li>- Youngest: 41 years old</li> <li>- Eldest: 71 years old</li> </ul>	<ul style="list-style-type: none"> <li>- Average: 59 years old</li> <li>- Youngest: 40 years old</li> <li>- Eldest: 76 years old</li> </ul>
<b>Tenure Profile</b>	<ul style="list-style-type: none"> <li>- Average: 10 years</li> <li>- Lowest: 0 years</li> <li>- Highest: 27 years</li> <li>- Independent Directors with more than 9 years tenure: 0</li> </ul>	<ul style="list-style-type: none"> <li>- Average: 2 years</li> <li>- Lowest: 0 years</li> <li>- Highest: 7 years</li> <li>- Independent Directors with more than 9 years tenure: 0</li> </ul>
<b>Gender Profile</b>	<ul style="list-style-type: none"> <li>- Male: 7</li> <li>- Female: 2</li> </ul>	<ul style="list-style-type: none"> <li>- Male: 9</li> <li>- Female: 0</li> </ul>
<b>Shareholdings</b>	<ul style="list-style-type: none"> <li>- Directors owning 5% or more: 0</li> <li>- Independent Directors owning 2% or more: None</li> </ul>	<ul style="list-style-type: none"> <li>- Directors owning 5% or more: None</li> <li>- Independent Directors owning 2% or more: 0</li> </ul>
<b>Limit on Directorships in other PLCs</b>	5 publicly-listed companies	5 publicly-listed companies

**Summary of Changes in the AEV and AboitizPower Boards**

	Resignation	Election / Appointments	Did not Seek Re-election
<b>AEV</b>	-	Justo A. Ortiz (April 2021) Romeo L. Bernardo (April 2021) Joanne G. De Asis (April 2021)	Edwin R. Bautista (April 2021) Raphael P.M. Lotilla (April 2021) Jose C. Vitug (April 2021)
<b>AboitizPower</b>	Mikel A. Aboitiz (Dec 2021)	Sabin M. Aboitiz (April 2021) Luis Miguel O. Aboitiz (April 2021) Edwin R. Bautista (April 2021) Raphael P.M. Lotilla (April 2021) Toshiro Kudama (Dec 2021)	Romeo L. Bernardo (April 2021) Enrique M. Aboitiz (April 2021) Erramon I. Aboitiz (April 2021) Jaime Jose Y. Aboitiz (April 2021)

In 2021, the members of the AEV and AboitizPower Boards of Directors were the following:

AEV		
<p><b>ENRIQUE M. ABOITIZ</b> Chairman – Board of Directors Non-Executive Director</p> <p>Age: 68 Citizenship: Filipino Date of First Appointment: May 10, 1999 Tenure: 22 years</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (C) BOD (100%) (C) Risk (67%) (M) ExCom (100%) (M) ESCG (100%) (M) Cyber (67%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background: - Bachelor of Science in Business Administration, Major in Economics, Gonzaga University, Spokane, Washington, U.S.A.</p>	<p><b>MIKEL A. ABOITIZ</b> Vice Chairman of the Board Non-Executive Director</p> <p>Age: 67 Citizenship: Filipino Date of First Appointment: May 15, 2017 Tenure: 4 years</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (VC) BOD (100%) (M) ExCom (80%) (M) Risk (33%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background: - Bachelor of Science in Business Administration Gonzaga University, Spokane, Washington, U.S.A.</p>	<p><b>ERRAMON I. ABOITIZ</b> Non-Executive Director</p> <p>Age: 65 Citizenship: Filipino Date of First Appointment: May 9, 1994 Tenure: 27 years</p> <p>Committee Memberships: (M) BOD (100%) (C) Risk (100%) (M) ExCom (100%) (M) Audit (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background: - Bachelor of Science in Business Administration, Major in Accounting and Finance, Gonzaga University, Spokane, Washington, U.S.A. - Honorary Doctorate Degree in Management from the Asian Institute of Management - Awardee - Management Man of the Year by the Management Association of the Philippines (2011) - Awardee - Entrepreneur of the Year by Ernst &amp; Young (2011)</p>
<p><b>SABIN M. ABOITIZ</b> President and Chief Executive Officer Executive Director</p> <p>Age: 57 Citizenship: Filipino Date of First Appointment: May 21, 2018 Tenure: 4 years</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (M) BOD (100%) (C) ExCom (100%) (M) Risk (100%) (M) ESCG (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background: - Bachelor of Science in Business Administration, Major in Finance, Gonzaga University, Spokane, U.S.A.</p>	<p><b>ANA MARIA A. DELGADO</b> Non-Executive Director</p> <p>Age: 41 Citizenship: Filipino Date of First Appointment: December 11, 2018 Tenure: 4 years</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (M) BOD (100%) (M) Audit (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background: - Bachelor of Arts in Art History/Painting from Boston College - Master’s Degree in Business Administration, New York University Stern School of Business,</p>	<p><b>JUSTO A. ORTIZ</b> Non-Executive Director</p> <p>Age: 64 Citizenship: Filipino Date of First Appointment: May 9, 1994 Tenure: 24 years (until 2017)</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (M) BOD (100%) (C) Cyber (100%) (M) ExCom (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background: - Member of the Claustro de Profesores and Doctor of Humanities Degree (honoris causa), the University of Santo Tomas (UST) - Economics Honors Program (Magna Cum Laude), Ateneo de Manila University</p>

<p><b>ROMEO L. BERNARDO</b> Lead Independent Director</p> <p>Age: 67 Citizenship: Filipino Date of First Appointment: April 26, 2021 Tenure: 0 year</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (M) BOD (100%) (C) ESCG (100%) (C) RPT (100%) (M) Risk (100%) (M) Audit (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: - Director - Globe Telecom, Inc. - Director - Bank of the Philippine Islands - Independent Director - RFM Corporation - Independent Director - PHINMA, Inc.</p> <p>Educational and Professional Background: - Bachelor of Science in Business Economics (magna cum laude), the University of the Philippines - Master's Degree in Development Economics, Williams College in Williamstown, Massachusetts, U.S.A.</p>	<p><b>JOANNE G. DE ASIS</b> Independent Director</p> <p>Age: 71 Citizenship: Filipino Date of First Appointment: April 26, 2021 Tenure: 0 year</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (M) BOD (100%) (M) Risk (100%) (M) RPT (100%) (M) ESCG (100%) (M) Cyber (100%) (M) Audit (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: - Independent Director - Easycall Communications Philippines, Inc., Philippines</p> <p>Educational and Professional Background: - Bachelor of Arts, Major in Communication Arts, Maryknoll College - Master of Business Administration, the Columbia University in New York, U.S.A. - Executive Management Program, Stanford University Palo Alto California, U.S.A.</p>	<p><b>MANUEL R. SALAK III</b> Independent Director</p> <p>Age: 61 Citizenship: Filipino Date of First Appointment: 21 May 2018 Tenure: 2 years</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (M) BOD (100%) (C) Audit (100%) (M) Risk (100%) (M) RPT (100%) (M) ESCG (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background: - Bachelor of Science in Economics (Honorable Mention), the Ateneo de Manila University - Master's Degree in Business Management, the Asian Institute of Management (AAA Awardee) - Various Executive Management Courses From: • ING Business Manager Program, ING Business School, Hamskerk, Netherlands • Institut Européen d' Administration des Affaires ("INSEAD") Leadership Development Workshop in Singapore • Harvard Business School, U.S.A</p>
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**AboitizPower**

<p><b>SABIN M. ABOITIZ</b> Chairman of the Board</p> <p>Age: 56 years old Citizenship: Filipino Date of First Appointment: April 26, 2021 Tenure: 10 months</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (C) BOD (100%) (C) Risk (100%) (M) ExCom (100%) (M) ESCG (100%) (M) Cyber (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background: - Business Administration, Major in Finance Gonzaga University, Spokane, Washington, U.S.A</p>	<p><b>LUIS MIGUEL O. ABOITIZ</b> Vice Chairman of the Board</p> <p>Age: 57 years old Citizenship: Filipino Date of First Appointment: April 26, 2021 Tenure: 10 months</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (VC) BOD (100%) (M) Risk (100%) (M) ExCom (100%) (M) Audit (100%) (M) Cyber (67%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background: - Bachelor of Science in Computer Science and Engineering, Santa Clara University, California, U.S.A. - Master's degree in Business Administration, University of California, Berkeley, U.S.A.</p>	<p><b>EMMANUEL V. RUBIO</b> Director/President and Chief Executive Officer</p> <p>Age: 57 years old Citizenship: Filipino Date of First Appointment: January 1, 2020 Tenure: 2 years</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (M) BOD (100%) (C) ExCom (100%) (M) Risk (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background: - Bachelor of Science in Industrial Management Engineering minor in Mechanical Engineering, De La Salle University, Manila - Masters in Business Administration, Certificate of Completion, De La Salle University, Manila</p> <p>Certifications: - The LEAD Program, Columbia University - Advanced Management Program, Columbia University - Strategic Management Course, Nanyang Technological University, Singapore - Executive Certificate in Directorship, Singapore Management University – Singapore Institute of Directors</p>
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<p><b>TOSHIRO KUDAMA</b> Non-Executive Director</p> <p>Age: 63 years old Citizenship: Japanese Date of First Appointment: December 22, 2022 Tenure: 2 months</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (M) BOD (M) Audit (M) ExCom</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background: - Bachelor's Degree in Mechanical Engineering, Tokyo Institute of Technology - Master's Degree in Mechanical Engineering, Graduate School of Tokyo Institute of Technology</p>	<p><b>EDWIN R. BAUTISTA</b> Director</p> <p>Age: 61 years old Citizenship: Filipino Date of First Appointment: April 26, 2021 Tenure: 10 months</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (M) BOD (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background: - Bachelor of Science in Mechanical Engineering, De La Salle University, Manila - Advance Management Program, Harvard Business School in Massachusetts, U.S.A.</p>	<p><b>DANEL C. ABOITIZ</b> Director</p> <p>Age: 40 years old Citizenship: Filipino Date of First Appointment: December 11, 2018 Tenure: 3 years</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (M) BOD (91%) (M) ExCom (100%) (M) Audit (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background: - MA, Philosophy &amp; Politics (with Second Honors), University of Edinburgh - Beijing Language and Culture University, Chinese Language</p>
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<p><b>RAPHAEL P.M. LOTILLA</b> Lead Independent Director</p> <p>Age: 63 years old Citizenship: Filipino Date of First Appointment: April 26, 2021 Tenure: 10 months</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (M) BOD (100%) (C) ESCG (100%) (C) RPT (100%) (M) Risk (100%) (M) Audit (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: - Independent Director - ACE Enexor, Inc. - Independent Director - First Metro Investment Corp.</p> <p>Educational and Professional Background: - Bachelor of Science in Psychology/ Bachelor of Arts in History, University of the Philippines – Diliman - Bachelor of Laws, University of the Philippines – Diliman - Master of Laws, University of Michigan Law School, U.S.A.</p>	<p><b>CARLOS C. EJERCITO</b> Independent Director</p> <p>Age: 76 years old Citizenship: Filipino Date of First Appointment: May 19, 2014 Tenure: 7 years</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (M) BOD (100%) (C) Audit (100%) (M) Risk (100%) (M) ESCG (100%) (M) RPT (67%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: None</p> <p>Educational and Professional Background: - Bachelor of Science in Business Administration (cum laude), University of the East - Management Development Program Harvard Business School, Massachusetts, U.S.A.</p>	<p><b>ERIC RAMON O. RECTO</b> Independent Director</p> <p>Age: 58 years old Citizenship: Filipino Date of First Appointment: May 21, 2018 Tenure: 3 years</p> <p>Board and Committee Memberships and % Attendance Record in 2021: (M) BOD (100%) (C) Cyber (100%) (C) RPT (100%) (M) Risk (100%) (M) ESCG (100%) (M) Audit (100%)</p> <p>Directorships in Other Listed Companies Outside the Aboitiz Group: - Chairman - Philippine Bank of Communications - Executive Director - Atok-Big Wedge Co., Inc - Director - DITO CME Holdings Corp. - Director - PH Resorts Group Holdings, Inc.</p> <p>Educational and Professional Background: - Bachelor of Science in Industrial Engineering, University of the Philippines – Diliman - Masters in Business Administration, with concentration in Finance and Operation Management, Johnson Graduate School of Management Cornell University, Ithaca, New York, U.S.A.</p>
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### Board Performance

In 2021, the members of the AEV and AboitizPower Boards conducted the following performance reviews and assessments:

Type of Assessment	Respondents and Scope	Criteria
<b>1. Director Self-Assessment</b> Completed: October 2021	<b>Respondents:</b> Members of the Board <b>Scope:</b> Individual and the collective performance of members of the Board and Board committees.	(1) compliance with best governance practices and principles; (2) participation and contribution to the Board and committee meetings; and (3) performance of their duties and responsibilities as provided in the company's Revised Manuals, Charters, Amended Articles, and Amended By-Laws.
<b>2. Key Officers Evaluation</b> Completed: October 2021	<b>Respondents:</b> Members of the Board <b>Scope:</b> Chairman, Chief Executive Officer, Internal Audit Head, Risk Officer, Corporate Secretary, and Compliance Officer	
<b>3. Director Evaluation</b> Completed: October 2021	<b>Respondents:</b> Executive Officers <b>Scope:</b> Members of the Board and Board Committees	(1) business acumen; (2) independent judgment; (3) familiarity with the business; (4) active participation and effective challenge; (5) professional expertise and network; (6) value contribution; (7) embodiment of Aboitiz core values; and (8) goodwill and reputation.
<b>4. Board and Committee Charter Assessment</b> Completed: December 2021	<b>Respondents:</b> Board and Committee Members	(1) membership and composition; (2) duties and responsibilities; (3) conduct of meetings; and (4) support and resources

In addition, the Corporate Governance Code requires that at least once in every three years, the conduct of the Board performance assessment must be supported by an independent third-party facilitator. AEV and AboitizPower complied with this requirement in 2020 with the engagement of the Good Governance Advocates and Practitioners of the Philippines (GGAPP), an independent association of corporate governance practitioners, to support its Board performance assessment exercise. The results of the assessment, as well as the recommendations from GGAPP, were presented and discussed during the ESCG Committee meeting on February 16, 2021.

#### Board Independence

By virtue of their respective Manuals and Committee charters, the Environmental, Social and Corporate Governance Committees of AEV and AboitizPower were tasked to develop and recommend a set of corporate governance principles, aimed to promote the independence of their respective Boards,

including standards and guidelines applicable to the selection, contribution, and conduct of Board members.

In 2021, the AEV and AboitizPower Boards were composed of a majority of Non-Executive Directors and Independent Directors. AEV has three qualified Independent Directors and five Non-Executive Directors out of its nine Board members. Meanwhile, AboitizPower has three qualified Independent Directors and four Non-Executive Directors out of its nine Board members. In addition, both Boards have each appointed a Lead Independent Director who serves as an intermediary between the Chairman and the other directors whenever necessary.

#### Board Diversity Policy (405-1)

The AEV and AboitizPower Board diversity policies encourage the selection of a diverse mix of highly-competent directors and officers with in-depth knowledge and experience in the core industries

where AEV and AboitizPower are involved. Other factors considered are diversity of business experience, behavioral and technical competencies, background, age, and gender. Both Boards are composed of legal and finance professionals, engineers, former or current CEO/COOs, auditors, and accountants. Many of them have management experience in the private and government sectors, as well as in multilateral agencies.

Recognizing that a sustainable enterprise goes beyond the current generations of leaders, the AEV and AboitizPower Boards appointed Ms. Ana Maria

A. Delgado and Mr. Danel C. Aboitiz, respectively, as Directors in 2018. Ana and Danel are part of a new generation of homegrown leaders who add fresh perspectives to each Board's deliberation. In terms of gender, AEV currently has two female members in the Board of Directors.

#### Attendance at Board and Committee Meetings:

The table below shows the attendance record of AEV and AboitizPower directors for the Board and Board Committee meetings in 2021:

AEV								
	ASM / SSM	BOD	Executive	ESCG	Risk	Audit	RPT	Cyber
<b>Number of Meetings</b>	2	11	5	3	3	6	2	3
Enrique M. Aboitiz	C 2/2	C 11/11	M 5/5	M 3/3	C 2/3	-	-	M 2/3
Mikel A. Aboitiz	VC 2/2	VC 11/11	M 2/5	-	M 1/3	-	-	-
Erramon I. Aboitiz	M 2/2	M 11/11	M 5/5	-	M 3/3	M 6/6	-	-
Sabin M. Aboitiz	M 2/2	M 11/11	C 5/5	M 3/3	M 3/3	-	-	-
Ana Maria A. Delgado	M 2/2	M 11/11	-	-	-	M 6/6	-	-
Justo A. Ortiz	M 2/2	M 9/9	M 4/4	-	-	-	-	C 3/3
Romeo L. Bernardo	M 2/2	M 9/9	-	C 2/2	M 2/2	M 5/5	C 1/1	-
Manuel R. Salak III	M 2/2	M 11/11	-	M 3/3	M 3/3	C 6/6	C 2/2	-
Joanne G. De Asis	M 2/2	M 9/9	M 1/1	M 2/2	M 2/2	M 4/5	M 1/1	M 3/3
Edwin R. Bautista	M 1/1	M 3/3	-	-	-	-	-	-
Raphael P.M. Lotilla	M 1/1	M 3/3	-	C 1/1	M 1/1	M 1/1	M 1/1	-
Jose C. Vitug	M 1/1	M 3/3	-	M 2/2	M 1/1	C 1/1	M 1/1	-

\*C- Chairman; VC – Vice Chairman; M – Member; BOD - Board of Directors; ESCG - Board Environmental, Social, and Corporate Governance Committee; ExCom - Board Executive Committee; Audit - Board Audit Committee; Risk - Board Risk and Reputation Management Committee; RPT - Board Related Party Transactions Committee; Cyber - Board Cybersecurity Committee

AboitizPower								
	ASM / SSM	BOD	Executive	ESCG	Risk	Audit	RPT	Cyber
<b>Number of Meetings</b>	1	10	6	3	3	5	2	3
Sabin M. Aboitiz	-	C 6/6	M 4/4	M 3/3	C 2/1	-	-	M 3/3
Luis Miguel O. Aboitiz	-	VC 6/6	M 4/4	-	M 2/2	M 3/4	-	M 3/3
Toshiro Kudama	-	M 0/0	M 0/0	-	M 0/0	-	-	-
Emmanuel V. Rubio	M 1/1	M 10/10	C 6/6	-	M 3/3	-	-	-
Danel C. Aboitiz	M 1/1	M 9/10	-	-	-	M 5/5	-	-
Edwin R. Bautista	-	M 6/6	M 4/4	-	-	-	-	-
Raphael P.M. Lotilla	-	M 6/6	-	C 2/2	-	M 4/4	M 1/1	-
Eric Ramon O. Recto	M 1/1	M 8/10	-	M 3/3	-	M 5/5	C 2/2	C 2/3
Carlos C. Ejercito	M 2/2	M 10/10	M 2/2	M 3/3	-	C 5/5	M 2/2	-
Erramon I. Aboitiz	C 1/1	M 3/3	M 2/2	M 1/1	-	M 1/1	-	-
Enrique M. Aboitiz	M 1/1	M 3/3	M 2/2	-	C 1/1	-	-	-
Jaime Jose Y. Aboitiz	M 1/1	M 3/3	M 4/4	-	M 1/1	-	-	-
Mikel A. Aboitiz	VC 1/1	VC 3/3	-	M 3/3	-	-	-	-
Romeo L. Bernardo	M 1/1	M 3/3	-	C 1/1	M 1/1	M 1/1	C 1/1	-

\*C- Chairman; VC – Vice Chairman; M – Member; BOD - Board of Directors; ESCG - Board Environmental, Social, and Corporate Governance Committee; ExCom - Board Executive Committee; Audit - Board Audit Committee; Risk - Board Risk and Reputation Management Committee; RPT - Board Related Party Transactions Committee; Cyber - Board Cybersecurity Committee

**Training of Directors – Board Learning Sessions**

AEV and AboitizPower believe that their directors should keep abreast with current industry developments and business trends in order to promote the Group’s competitiveness. It is equally important that all directors are aware of their duties and responsibilities, and are provided with all the information needed to discharge their functions.

The AEV and AboitizPower Manuals require every director to undergo an initial onboarding session upon first appointment to the Board, and to commit to a continuing professional training program (formal and informal) to be kept updated on recent developments in internal policies, relevant laws and regulations, and various business risks relevant to the Group. The Chairmen of both Boards, with the assistance of their respective Compliance Officer, ensure that directors and key officers comply with these requirements.

2021 Aboitiz In-house Annual Corporate Governance Seminar September 8, 2021
<p><b>1. Briefing on the Latest Developments on Cybersecurity</b> <i>Mr. Joel Molinoff, Vice Chairman of Strategic Development of BlueVoyant</i></p> <p><b>2. Operationalizing Data Science and Artificial Intelligence</b> <i>Mr. David Hardoon, Chief Data and Innovation Officer of Aboitiz Data Innovation</i> <i>Senior Advisor – Data Science &amp; Artificial Intelligence of UnionBank</i></p> <p><i>Ms. Julie Dela Cruz, VP - Data Science &amp; Artificial Intelligence, UnionBank</i></p> <p><i>Ms. Adrienne Heinrich, Head - Artificial Intelligence Center of Excellence, UnionBank</i></p> <p><i>Mr. Josh Bosinos, VP - Data Science &amp; Artificial Intelligence, UnionBank</i></p> <p><b>3. Enterprise Agility</b> <i>Mr. Jason Inacio, Partner in McKinsey &amp; Company</i></p> <p><b>4. Capitalizing on ESG Assessments / Initiatives</b> <i>Ms. Courtney Lowrance, Managing Director, Sustainable Banking and Corporation Transitions of Citibank N.A.</i></p>

2021 Virtual Asset Tours
February 17, 2021   <b>Food Group:</b> Pilmico Plant (Iligan)
April 26, 2021   <b>Infrastructure:</b> Apo Agua Bulk Water Supply Facility (Davao)
July 27, 2021   <b>Land Group:</b> Lima Estate (Batangas)
August 31, 2021   <b>Power Group:</b> Therma South Inc. Plant (Cebu)

2021 In-House Virtual Learning Sessions	
January 7, 2021	<b>Renewable Energy Briefer</b> <i>By Ms. Lee Balangue, AboitizPower</i>
January 28, 2021	<b>Short Explainer of Accounting Conventions for Booking Bank Securities Portfolio.... and The Consequences of Each</b> <i>By Mr. Justo Ortiz, UnionBank</i>
March 29, 2021	<b>Exponential Organizations</b> <i>By Mr. Salim Ismail, ExO Works</i>
May 27, 2021	<b>Apocalypse Never</b> <i>By Mr. Michael Shellenberger, Breakthrough Institute</i>
July 14, 2021	<b>Vietnam - Opportunities &amp; Risks</b> <i>Mr. Soren S. Pederson, SSA Marine</i>
August 26, 2021	<b>Blockchain and Use Cases</b> <i>By Mr. Justo Ortiz, UnionBank</i>
September 6, 2021	<b>Authentic Brilliance</b> <i>By Dr. Alan Watkins, Complete</i>
October 26, 2021	<b>Invent and Wander</b> <i>By Mr. Walter Isaacson, Aspen Institute</i>

**2021 IN-HOUSE CORPORATE GOVERNANCE SEMINAR**

SEPTEMBER 8, 2021 | 8:30 A.M. - 12:30 P.M. | zoom

**SPEAKERS**

- Joel Molinoff**  
Vice Chairman of Strategic Development, BlueVoyant
- David Hardoon**  
Chief Data and Innovation Officer, Aboitiz Data Innovation Group, Senior Advisor - Data Science & Artificial Intelligence, UnionBank
- Jason Inacio**  
Partner, McKinsey & Company
- Courtney Lowrance**  
Managing Director, Sustainable Banking and Corporate Transitions, Citibank

together with Ms. Julie Dela Cruz, Ms. Adrienne Heinrich, and Mr. Joshua Bosinos

## Director Compensation

The ESCG Committees of AEV and AboitizPower ensure that the remuneration for directors and key executives is consistent with the Group's culture, strategy, and business policies. Guided by the Aboitiz Compensation Philosophy, factors such as individual and organizational performance, and inflation, among others, are taken into account to ensure that the compensation structure will attract, retain, and engage the best talents to contribute to the success of the business. Each year, the results of the study are presented and discussed during the first meeting of the ESCG Committees of the two companies.

Remuneration	Type of Meeting	Directors / Committee Members	Chairman of the Board / Committee Chairman
Per Diem	Board Meeting	₱150,000.00	₱225,000.00
	Board Committee Meeting (except Audit Committee)	₱100,000.00	₱150,000.00
	Audit Committee	₱100,000.00	₱200,000.00
		<b>Directors</b>	<b>Chairman of the Board</b>
Monthly Allowance		₱150,000.00	₱200,000.00

In compliance with Section 29 of the Revised Corporation Code, the total compensation of each of the Company's directors as of December 31, 2021 is as follows:

AEV Directors	Total Compensation Received as a Director
<b>ENRIQUE M. ABOITIZ</b> Chairman of the Board	₱6,410,000.00
<b>MIKEL A. ABOITIZ</b> Vice-Chairman	₱4,300,000.00
<b>ERRAMON I. ABOITIZ</b> Director	₱5,625,000.00
<b>SABIN M. ABOITIZ*</b> Director	₱5,050,000.00
<b>ANA MARIA A. DELGADO*</b> Director	₱4,050,000.00
<b>JUSTO A. ORTIZ*</b> Director	₱3,700,000.00
<b>ROMEO L. BERNARDO</b> Lead Independent Director	₱3,950,000.00
<b>JOANNE G. DE ASIS</b> Independent Director	₱3,850,000.00
<b>MANUEL R. SALAK III</b> Independent Director	₱5,680,000.00
<b>EDWIN R. BAUTISTA**</b> Director	₱1,200,000.00
<b>RAPHAEL PERPETUO M. LOTILLA**</b> Lead Independent Director	₱1,580,000.00
<b>JOSE C. VITUG**</b> Independent Director	₱1,580,000.00

\*A portion of the director's compensation was paid to their nominating company.

\*\* Not re-elected during the 2021 ASM

AboitizPower Directors	Total Compensation Received as a Director
<b>SABIN M. ABOITIZ<sup>2</sup></b> Chairman of the Board of Directors	₱4,850,000.00
<b>LUIS MIGUEL O. ABOITIZ*</b> Vice Chairman of the Board of Directors	₱3,800,000.00
<b>TOSHIRO KUDAMA<sup>4</sup></b> Director	₱300,000.00
<b>EMMANUEL V. RUBIO*</b> Director/President and Chief Executive Officer	₱4,500,000.00
<b>EDWIN R. BAUTISTA*</b> Director	₱2,400,000.00
<b>DANEL C. ABOITIZ*</b> Director/Chief Commercial and Stakeholder Engagement Officer	₱4,250,000.00
<b>RAPHAEL P.M. LOTILLA*</b> Lead Independent Director	₱3,300,000.00
<b>CARLOS C. EJERCITO</b> Independent Director	₱4,830,000.00
<b>ERIC RAMON O. RECTO</b> Independent Director	₱5,000,000.00
<b>ENRIQUE M. ABOITIZ**</b> Director	₱1,480,000.00
<b>ERRAMON I. ABOITIZ**</b> Director	₱2,290,000.00
<b>JAIME JOSE Y. ABOITIZ<sup>4</sup></b> Director/Executive Vice President and Chief Operating Officer	₱1,300,000.00
<b>MIKEL A. ABOITIZ</b> Director (Resigned effective December 20, 2021)	₱4,250,000.00
<b>ROMEO L. BERNARDO**</b> Independent Director	₱1,350,000.00

<sup>4</sup>Elected during the April 26, 2021 Annual Stockholders' Meeting

\*\* Replaced during the April 26, 2021 Annual Stockholders' Meeting

\*\*\*A portion of the director's compensation was paid to their nominating company.

## BOARD COMMITTEES

The Environmental, Social, and Corporate Governance Committees (ESCG, formerly the Corporate Governance Committee) of AEV and AboitizPower are responsible for ensuring the establishment of a governance mechanism that promotes sustainability practices through proper environmental stewardship, social development, and sound corporate governance. The ESCG Committees also perform the functions of the Nomination and Remuneration Committees. In carrying out their duties and responsibilities, the ESCG Committee is supported by the company's Compliance Officer, Chief External Relations Officer, as well as the Group Chief Human Resources Officer. These officers regularly attend committee meetings to act as resource persons. The chairmen of the ESCG Committees are the Lead Independent Directors.

1. Consisting of the monthly allowance and per diem. Per diem is based on the directors' attendance in the Board and Board Committee meetings, and their Committee memberships for the period January 1 to December 31, 2021.

2. Mr. Sabin M. Aboitiz replaced Mr. Erramon I. Aboitiz on April 26, 2021.

3. Mr. Toshiro Kudama replaced Mr. Mikel Aboitiz on December 20, 2021.

4. Mr. Jaime Jose Y. Aboitiz retired effective January 1, 2022.

**Key Areas of Focus in 2021**

<b>Environmental and Social</b>	<ul style="list-style-type: none"> <li>- Discussed the potential impact of the COP26 outcome on the Group</li> <li>- Monitored the progress of the ongoing Climate Value at Risk study</li> <li>- Monitored the progress of the Group-wide ESG Materiality Re-assessment</li> <li>- Ensured that each of the company's ESG programs are implemented. In the same year, the ESCG Committee amended the Code of Ethics and Business Conduct, and the Whistleblowing Policy to further strengthen the company's commitment to corporate governance, particularly on sustainability and ethical corporate citizenship.</li> </ul>
<b>Compliance</b>	<ul style="list-style-type: none"> <li>- Reviewed and monitored AEV and AboitizPower's compliance with new laws and regulations.</li> <li>- Ensured that the nomination, selection, election, remuneration, and assessment of each company's directors and officers are aligned with the Manuals.</li> </ul>
<b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>- Reviewed and endorsed for Board approval the proposed amendments to the Codes, Whistleblowing Policies, and RPT Policies.</li> <li>- Reviewed and endorsed the implementation the Aboitiz High Impact Governance.</li> <li>- Reviewed and monitored the status of whistleblowing reports.</li> <li>- Endorsed the creation of the Board Information and Cybersecurity Committee and its Charter.</li> </ul>
<b>Nomination and Compensation</b>	<ul style="list-style-type: none"> <li>- Approved the final list of nominees for directors for election after reviewing the all the qualifications as provided in the By-Laws, Revised Manuals, and other relevant SEC rules</li> <li>- Reviewed and endorsed management's proposal to increase the per diems of the Board and Board Committee Chairmen</li> <li>- Reviewed the qualifications of all persons nominated to appointed positions by the Board.</li> <li>- Reviewed and approved the 2021 groupwide merit increase guidelines</li> </ul>

The Audit Committees continued to provide oversight over the AEV and AboitizPower financial reporting policies, practices and controls, and over the internal and external audit functions necessary for making good audit-related decisions. Chaired by independent directors, the Audit Committees are composed of all three independent directors and two non-executive directors. Each company's Chief Financial Officer and Internal Audit Head, who performs the functions of a Chief Audit Executive, are regular attendees and resource persons at committee meetings. At the end of every Audit Committee meeting, Committee Members meet without any executive present.

**Key Areas of Focus in 2021**

<b>Financial Reports</b>	<ul style="list-style-type: none"> <li>- Reviewed, discussed, and approved for public disclosure the 2021 quarterly unaudited consolidated financial statements</li> <li>- Endorsed for approval by the full Board the 2021 annual audited financial statements of AEV and AboitizPower, their subsidiaries and alliances</li> </ul>
<b>External Auditors</b>	<ul style="list-style-type: none"> <li>- Reviewed the performance of SGV as AEV and AboitizPower's external auditor</li> <li>- Endorsed to the Board the appointment of SGV as AEV and AboitizPower's External Auditor for 2021</li> <li>- Reviewed and approved the overall scope and audit plan of SGV</li> <li>- Reviewed and approved the audit plan, fees and terms of engagement which covers non-audit and audit-related services provided by SGV</li> </ul>
<b>Internal Auditors</b>	<ul style="list-style-type: none"> <li>- Reviewed and approved the annual audit program for 2021 which also covers the adequacy of resources, qualifications and competency of the staff and independence of the internal auditor.</li> <li>- Confirmed that the internal audit function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner.</li> <li>- Brought to the attention of the board the seriousness of cybersecurity risks to the Group</li> </ul>
<b>Committee Charter</b>	<ul style="list-style-type: none"> <li>- Updated the Board Audit Committee Charters to improve on each of the company's control performance by having an adequate and effective control system</li> </ul>

*Sufficiency of Internal Control and Compliance System*

The AEV and AboitizPower Audit Committees assist their respective Boards in fulfilling oversight responsibilities over their company's system of internal control. They are responsible for monitoring, overseeing, and evaluating the duties and responsibilities of management, the internal audit activity, and the external auditors as those duties and responsibilities relate to the organization's processes for controlling its operations. In 2021, the President and Chief Executive Officer, Chief Financial Officer, and Internal Audit Head of AEV and AboitizPower attested to the sufficient internal control and compliance system of their respective companies.

*Audit and Non-Audit Fees*

The Independent External Auditor of AEV and AboitizPower is the accounting firm of SyCip Gorres Velayo & Co. (SGV), with Ms. Maria Veronica Andresa R. Pore as current audit partner who has served since 2017. As a policy, the Board Audit Committee makes recommendations to the Board concerning the choice of external auditor and pre-approves audit plans, scope, and frequency before the audit is conducted. Audit services of external auditors for the years 2021 and 2010 were pre-approved by the Board Audit Committees of AEV and AboitizPower. The Committee also reviewed the extent and nature of these services to ensure that the independence of the external auditors is preserved.

The Risk and Reputation Committees exercise oversight functions over each company's enterprise risk management and reputation management, including their respective corporate brands and communication strategies. For a more detailed discussion on the Group's top risks and 2021 key focus areas on risk management, kindly refer to page 307 of this report.

The Related Party Transactions (RPT) Committees of AEV and AboitizPower are composed entirely of independent directors. The RPT Committee has the mandate to ensure that related party transactions are taken at an arm's length basis and within market rates, with sufficient documentation, and coursed through all appropriate levels of necessary approvals.

**Key Areas of Focus in 2021**

<b>RPT Policy and Committee Charter</b>	<ul style="list-style-type: none"> <li>- Reviewed and updated AEV and AboitizPower's RPT Policies and their respective charters to further strengthen the process of reviewing, reporting, and approval of all RPTs, particularly those falling below the SEC-defined materiality threshold</li> </ul>
<b>Completion of RPT Certification</b>	<ul style="list-style-type: none"> <li>- Updated and monitored compliance with the submission of the RPT Certification by directors and key officers of AEV and AboitizPower to comply with relevant BIR regulations on the reporting guidelines for transactions of individuals and juridical entities with related parties</li> <li>- Monitored the compliance of AEV and AboitizPower with BIR's reportorial requirements</li> </ul>
<b>Fairness of RPTs</b>	<ul style="list-style-type: none"> <li>- Continued to ensure that RPTs are taken at an arm's length basis and within market rates, with sufficient documentation, and coursed through the appropriate levels of approval</li> </ul>

The Executive Committees of AEV and AboitizPower, organized in May 2018, are composed of five regular members, with at least two non-executive directors. The committees were formed to assist the Board in the management and oversight of each company's day-to-day operations and strategic decision-making during the intervening period between full Board meetings. The President and CEO of AEV and AboitizPower are the chairmen of their respective Executive Committees.

The Board Information and Cybersecurity Committee was established on March 8, 2021. It assists the Board in providing strategic direction and ensuring the establishment of the company's system of governance (processes, policies, controls and management) on matters relating to information security and cybersecurity.

**Key Areas of Focus in 2021**

<b>Organizational</b>	<ul style="list-style-type: none"> <li>- Organized the governance structure of AEV and AboitizPower on matters involving information and cybersecurity.</li> </ul>
<b>Cybersecurity Strategy</b>	<ul style="list-style-type: none"> <li>- Reviewed the Aboitiz Group cybersecurity programs and maturity roadmap, and their respective implementation strategies.</li> </ul>
<b>Cybersecurity Risks</b>	<ul style="list-style-type: none"> <li>- Reviewed the cybersecurity risk map and key risk treatment plans.</li> </ul>

## GOVERNANCE PRACTICES

### Disclosure and Transparency

The Governance and Compliance Team, as well as the Board Secretariat, of AEV and AboitizPower monitor and timely disclose any changes in the share ownership of their respective directors, executives, and key officers. They also ensure that trading blackouts are implemented at the right time and to appropriate individuals.

Every quarter, AEV and AboitizPower disclose a public ownership report detailing the extent of ownership of their respective controlling shareholders, including the shareholdings of subsidiaries and affiliates, and of directors and key officers. In addition, the two companies disclose a list of their top 100 shareholders every quarter. They also disclose their top 20 shareholders, including record and beneficial shareholders owning more than five percent of their respective outstanding capital stock. Both companies, however, have no control over external shareholders who opt to put their shares under nominee holding companies such as the PCD Nominee Corporation, and are thus unable to make any disclosure on the details of beneficial ownership.

Shareholders with at least 5% Beneficial Ownership of AEV as of December 31, 2021		
Shareholder	Number of Shares Owned (Record and/or Beneficial)	% Ownership
Aboitiz & Company, Inc. (ACO)	2,735,600,915	48.59%
PCD Nominee Corporation (Filipino)	983,627,441	17.47%
Ramon Aboitiz Foundation, Inc. (RAFI)	426,804,093	7.58%
PCD Nominee Corporation (Foreign)	350,013,117	6.22%
<b>Others</b>	<b>1,134,179,891</b>	<b>20.14%</b>
<b>TOTAL</b>	<b>5,630,225,457</b>	<b>100%</b>

Shareholders with at least 5% Beneficial Ownership of AboitizPower as of December 31, 2021		
Shareholder	Number of Shares Owned (Record and/or Beneficial)	% Ownership
Aboitiz Equity Ventures Inc. (AEV)	3,817,195,833	51.87%
PCD Nominee Corporation (Foreign)	2,144,077,764	29.14%
PCD Nominee Corporation (Filipino)	1,098,303,473	14.93%
<b>Others</b>	<b>299,027,237</b>	<b>4.06%</b>
<b>TOTAL</b>	<b>7,358,604,307</b>	<b>100%</b>

All relevant disclosures were filed in a timely manner with the Securities and Exchange Commission (SEC), Philippine Stock Exchange (PSE), and the Philippine Dealing & Exchange Corp. (PDEX). All the 2021 filings and relevant information were filed and disclosed within the period indicated below:

2021 Filings	AEV	AboitizPower
SEC Form 17-A (Annual Report)	April 15, 2021 (within 120 days after year-end)	April 15, 2021 (within 120 days after year-end)
Sustainability Report	April 15, 2021 (part of SEC Form 17-A)	April 15, 2021 (part of SEC Form 17-A)
Notice of ASM	March 7, 2021 (within 49 days from the date of ASM)	March 7, 2021 (within 49 days from the date of ASM)
Notice of SSM	October 15, 2021 (filed and disclosed 56 days from the date of SSM)	None
2020 Audited Financial Statements	March 29, 2021 (as part of the Definitive Information Statement)	March 29, 2021 (as part of the Definitive Information Statement)
SEC Form 17-Q (First Quarter)	May 20, 2021 (beyond 45 days from the end of reporting period, request for extension was filed on May 17, 2021)	May 17, 2021 (within 45 days from the end of reporting period)
SEC Form 17-Q (Second Quarter)	August 13, 2021 (within 45 days from the end of reporting period)	August 13, 2021 (within 45 days from the end of reporting period)
SEC Form 17-Q (Third Quarter)	November 12, 2021 (within 45 days from the end of reporting period)	November 12, 2021 (within 45 days from the end of reporting period)
SEC Form IACGR (Integrated Annual Corporate Governance Report)	June 29, 2021 (within the deadline prescribed by the SEC)	June 29, 2021 (within the deadline prescribed by the SEC)
In-House Corporate Governance Seminar Completion Report	September 17, 2021 (within the prescribed 10 days from the completion of the event)	September 17, 2021 (within the prescribed 10 days from the completion of the event)

### Transactions of Directors and Officers

AEV and AboitizPower disclose the beneficial ownership of their directors and key officers in regular filings of the Statement of Beneficial Ownership, and in the Annual Corporate Governance Report. The Revised General Trading Policies of both companies require the Board of Directors and officers to notify the Office of the Corporate Secretary immediately after they deal in company shares. As of December 31, 2021, the directors and key officers of AEV and AboitizPower own the following shares:

AEV Transactions	Balance as of December 31, 2020	% Ownership	Disposed	Balance as of December 31, 2021
<b>Directors</b>				
<b>Enrique M. Aboitiz</b> Chairman of the Board	1,540,500	415,800	-	1,956,300
<b>Mikel A. Aboitiz</b> Vice Chairman of the Board	95,152,522	143,533	-	95,296,055
<b>Erramon I. Aboitiz</b> Director	78,024,082	51,305	-	78,075,387
<b>Sabin M. Aboitiz</b> Director/President and CEO	25,897,415	3,262,767	-	29,160,182
<b>Ana Maria A. Delgado</b> Director	26,358,785	1,233,270	-	27,592,055
<b>Justo A. Ortiz**</b> Director	1	-	-	1
<b>Romeo L. Bernardo**</b> Lead Independent Director	100	-	-	100
<b>Joanne G. De Asis**</b> Independent Director	100	-	-	100
<b>Manuel R. Salak, III</b> Independent Director	100	-	-	100
<b>Edwin R. Bautista*</b> Director	1,000	-	-	1,000
<b>Raphael P.M. Lotilla*</b> Lead Independent Director	100	-	-	100
<b>Jose C. Vitug*</b> Independent Director	72,120	-	-	72,120
<b>Officers</b>				
<b>Manuel R. Lozano</b> SVP - Chief Financial Officer / Corporate Information Officer	335,015	65,000	-	400,015
<b>Susan V. Valdez</b> SVP - Chief Corporate Services Officer	940,563	150,000	-	1,090,563
<b>Manuel Alberto R. Colayco</b> SVP - Chief Legal and Compliance Officer / Corporate Secretary	64,717	-	-	64,717
<b>Maria Veronica C. So</b> SVP and Group Treasurer	9,617	-	-	9,617
<b>Santanina Apolinaria B. Castro</b> FVP - Risk Management	13,414	-	-	13,414
<b>Christine C. Kempeneers</b> AVP - Data Privacy Officer	0	500	-	500
<b>Maria Lourdes Y. Tanate</b> VP - Group Internal Audit Head	15,784	50,252	-	66,036
<b>Mailene M. de la Torre</b> AVP - Assistant Corporate Secretary	0	-	-	0
<b>Sammy Dave A. Santos</b> Assistant Corporate Secretary	0	-	-	0

\*Not nominated for the 2021-2022 term  
\*\* As of April 26, 2021

AboitizPower Transactions	Balance as of December 31, 2020	% Ownership	Disposed	Balance as of December 31, 2021
<b>Directors</b>				
<b>Sabin M. Aboitiz***</b> Chairman of the Board	20,947,485	-	-	20,947,485
<b>Luis Miguel O. Aboitiz***</b> Vice Chairman of the Board	32,405,404	-	-	32,405,404
<b>Toshiro Kudama**</b> Director	1,000	-	-	1,000
<b>Emmanuel V. Rubio</b> Director/President and Chief Executive Officer	89,130	428,000	-	517,130
<b>Edwin R. Bautista***</b> Director	1,000	-	-	1,000
<b>Danel C. Aboitiz</b> Director/ Chief Commercial and Stakeholder Engagement Officer	4,540,796	2,910,344	-	7,451,140
<b>Raphael P.M. Lotilla***</b> Lead Independent Director	1,000	-	-	1,000
<b>Carlos C. Ejercito</b> Independent Director	1,000	-	-	1,000
<b>Eric Ramon O. Recto</b> Independent Director	1,000	-	-	1,000
<b>Enrique M. Aboitiz*</b> Director	1,138,658	-	-	1,138,658
<b>Erramon I. Aboitiz*</b> Chairman of the Board	86,897,215	-	-	86,897,215
<b>Jaime Jose Y. Aboitiz*</b> Director / Executive Vice President and Chief Operating Officer	10,086,699	-	-	10,086,699
<b>Mikel A. Aboitiz**</b> Director	23,844,160	4,000,600	-	27,844,760
<b>Romeo L. Bernardo*</b> Lead Independent Director	1,000	-	-	1,000
<b>Officers</b>				
<b>Liza Luv T. Montelibano</b> SVP - Chief Financial Officer and Corporate Information Officer	500	19,100	-	19,600
<b>Ma. Consolacion C. Mercado</b> Compliance Officer	0	-	-	0
<b>Manuel Alberto R. Colayco</b> Corporate Secretary	0	-	-	0
<b>Maria Veronica C. So</b> Group Treasurer	0	-	-	0
<b>Mark Louie L. Gomez****</b> Vice President for Risk and Organizational Performance Management and Data Protection Officer	0	-	-	0
<b>Saturnino E. Nicanor, Jr.</b> Group Internal Audit Head	26,896	-	-	26,896
<b>Mailene M. de la Torre</b> Assistant Corporate Secretary	5,000	-	-	5,000
<b>Sammy Dave A. Santos</b> Assistant Corporate Secretary	0	-	-	0

\*Not nominated for the 2021-2022 term

\*\*Mr. Kudama replaced Mr. Aboitiz as a member of the Board of Directors effective December 20, 2022

\*\*\* As of April 26, 2021

\*\*\*\* As of August 27, 2021

### Compliance with Key Governance Policies

In 2021, AEV and AboitizPower updated their respective Codes to align with international best practices and promote the Group's ESG efforts, and its commitment to ethical corporate citizenship. The following policies and guidelines were approved by the AEV and AboitizPower Board of Directors:

- Amended Code of Ethics and Business Conduct to strengthen each company's commitment to sustainability principles, and further elaborate the company's commitment to its stakeholders, particularly on anti-bribery and anti-corruption, trade compliance, and anti-money laundering. Related guidelines on anti-corruption, gift, meals, and entertainment, and business partner due diligence were also approved by senior management to operationalize the amendments to the Codes.
- Amended each company's Whistleblowing Policies. AEV and AboitizPower are evaluating the adoption of a new whistleblowing portal to encourage team members, team leaders, and third parties to report suspected or actual violation of the Codes and company policies. Internal rules and procedures were also further developed to assist and guide in the handling, investigation, and resolution of reports or complaints received, whether via the whistleblowing platform or through any other channel.

<b>Manual on Corporate Governance</b>	<p>The Manuals on Corporate Governance (Manual) of AEV and AboitizPower are the articulation of each company's corporate governance principles. It is a clear statement by AEV and AboitizPower, their Boards of Directors, Management, Employees and Shareholders, that corporate governance is a fundamental component of sound strategic business management. Since the Manuals were first approved, it has since been reviewed and amended by subsequent Board actions in keeping with evolving best practices in the Philippines and the ASEAN Region.</p> <p>There are no reported major deviations from the Revised Manuals as of the date of this report.</p>
<b>Code of Ethics and Business Conduct</b>	<p>Each of the Code of Ethics and Business Conduct ("Code") of AEV and AboitizPower guides how team leaders and team members can live and practice ethical standards in their day-to-day operations. The Codes summarize the fundamental principles and directives through the following commitments:</p> <ol style="list-style-type: none"> <li>1. <b>Commitment to Compliance:</b> Following both the Letter and the Spirit of the Law and Company Policies</li> </ol> <p>Team leaders and team members are expected to know, understand, and comply with the laws, rules, and regulations that are applicable to their respective job responsibilities.</p> <ol style="list-style-type: none"> <li>2. <b>Commitment to Each Other:</b> Dealing with Team Members</li> </ol> <p>Interpersonal relationships in the workplace must be kept professional and free of bias, harassment, or violence. Team leaders and team members are expected to treat each other with respect and dignity at all times, and promote a safe and healthy working environment for everyone.</p>

<b>Code of Ethics and Business Conduct</b>	<p><b>3. Commitment to Our Stakeholders: Dealing with Clients, Suppliers, Business Partners, and the Public</b></p> <p>In dealing with external stakeholders, team leaders and team members are expected to act professionally, fairly, and with integrity in all business dealings. In recognition of the invaluable contribution of their clients, business partners, suppliers, and other stakeholders, AEV and AboitizPower are committed to:</p> <ul style="list-style-type: none"> <li>A. <i>Fair Dealing.</i> Outperform its competition fairly and honestly through superior performance. No one should take advantage of anyone through manipulation, abuse of privileged information, misrepresentation of facts or any unfair dealing practices.</li> <li>B. <i>Gifts and Entertainment.</i> Avoid any actual or perception of inappropriate feeling or expectation of obligation through modesty in giving business gifts or extending hospitality to customers, suppliers, and business partners, and modesty in receiving gifts or special favors from current and potential business partners.</li> <li>C. <i>Bribery and Corruption.</i> Conduct business in an ethical manner including strictly complying with bribery and corruption laws in jurisdictions where the Group operates.  Team leaders and team members are prohibited from engaging in any corrupt behavior including giving or accepting bribes.</li> <li>D. <i>Provide Fair and Truthful Disclosures to the Public.</i> In all public communications, team leaders and team members are expected to communicate complete, timely, and accurate information in strict compliance with existing laws and regulations.</li> <li>E. <i>Trade Compliance.</i> The Group is committed to exercise appropriate due diligence on third parties that the Group does business with, and comply with applicable legal requirements with respect to trade, import, and export considering its international reach.</li> <li>F. <i>Anti-Money Laundering.</i> The Group is committed to comply with anti-money laundering laws to prevent individuals or entities from giving legitimate appearance to funds sourced from criminal activities.</li> </ul> <p><b>4. Commitment to the Group – Advancing and Protecting the Interests of AEV and AboitizPower.</b></p> <p>The Code mandates that every team leader and team member must maintain and protect all proprietary and confidential information in strict confidence. They should:</p> <ul style="list-style-type: none"> <li>A. Refrain from using <b>Corporate Opportunities</b> for personal gain.</li> <li>B. Ensure and Protect <b>Proprietary and Confidential Information</b> in strict confidence except when it has been disclosed as required by the law. The company only processes personal information that is required for business or legal reasons, and maintains appropriate access controls and use limitations.</li> <li>C. Use <b>Company Systems and Assets</b> for legitimate company business and activities only.</li> <li>D. Prevent the <b>Misuse of Inside Information</b> that may have a significant impact on the company.</li> <li>E. Avoid any activity that can lead to <b>Conflicts of Interest</b> with their responsibility on behalf of the company or its clients.</li> <li>F. Maintain <b>Accurate Books and Records</b> in a timely manner.</li> <li>G. Implement proper <b>Records Management</b>. It is the company’s policy to identify, maintain, safeguard, and destroy or retain, as applicable, all records in the company’s possession on a systematic and regular basis.</li> <li>H. Use <b>Digital and Social Media</b> in a responsible manner.</li> </ul>
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<b>Manual on Corporate Governance</b>	<p><b>5. Commitment to the Environment and Communities: Pursuing a sustainable business.</b></p> <p>The Codes mandate that team leaders and team members must do their best to minimize any environmental impact, and integrate social development and environmental stewardship into each of the company’s operations. The Group contributes to local communities through appropriate social and economic development programs, including through Aboitiz Foundation activities.</p> <p>AEV and AboitizPower ensure that the Codes are cascaded to new team members as part of their onboarding processes. In addition, all team members are required to annually review the Codes and affirm that they have read, understood, and will abide by its provisions. To support this process, an e-learning module on the Codes was developed and is rolled out every year.</p> <p>There are no major deviations from the Codes as of the date of this report.</p>																	
	<p>To support the implementation of the Revised Manuals and the Codes, AEV and AboitizPower both have a Whistleblowing Policy. Through their respective policies, allegations of violations of the Revised Manuals, Codes, and other related policies or of other illegal conduct can be reported through an internal whistleblowing portal in the Aboitiz website (<a href="https://aboitiz.com/contact-us/whistleblowing-hotline/">https://aboitiz.com/contact-us/whistleblowing-hotline/</a>), or a dedicated email address (<a href="mailto:whistleblowing.system@aboitiz.com">whistleblowing.system@aboitiz.com</a>).</p> <p>The Group is likewise set to roll out a new externally-managed whistleblowing portal that has multiple language capabilities for website intake. It also has a toll-free hotline to encourage team members, team leaders, and third parties to report suspected or an actual violation of the Revised Manuals, the Codes, company policies, and other illegal conducts.</p> <p>Matters reported through the whistleblowing platform are discussed by the ESCG Committee and, if necessary, by the entire Board of Directors. Whistleblowers have the option to address complaints to any of the following persons:</p> <ul style="list-style-type: none"> <li>A. The team member’s supervisor or business partner’s contact person in the company</li> <li>B. AEV Legal Team</li> <li>C. The Compliance Office of the relevant Business Unit</li> <li>D. The company’s Internal Audit Head</li> <li>E. Chief Legal and Compliance Officer</li> </ul> <p>Once the complaints are submitted through the whistleblowing portal or are received by any of the above-mentioned personnel and officers, the complaint will undergo the Aboitiz Group’s investigation standard operating procedure and escalation process. The Group acknowledges that a key component to an effective whistleblowing policy is the whistleblower’s protection from retaliation. As such, each of AEV and AboitizPower’s Whistleblowing Policy ensures the complete anonymity of the whistleblower and that any person raising a serious concern in good faith will be protected from reprisals or retaliation.</p> <p style="text-align: center;"><b>2021 Summary of Whistleblowing Portal Reports</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #e0e0e0;"> <th></th> <th>Reports Received</th> <th>Invalid Report</th> <th>Valid</th> <th>Closed</th> <th>Ongoing Investigation</th> </tr> </thead> <tbody> <tr> <td style="background-color: #e0e0e0;"><b>Groupwide</b></td> <td style="text-align: center;">8</td> <td style="text-align: center;">0</td> <td style="text-align: center;">8</td> <td style="text-align: center;">8</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="background-color: #e0e0e0;"><b>AboitizPower</b></td> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> <td style="text-align: center;">5</td> <td style="text-align: center;">5</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>		Reports Received	Invalid Report	Valid	Closed	Ongoing Investigation	<b>Groupwide</b>	8	0	8	8	-	<b>AboitizPower</b>	5	0	5	5
	Reports Received	Invalid Report	Valid	Closed	Ongoing Investigation													
<b>Groupwide</b>	8	0	8	8	-													
<b>AboitizPower</b>	5	0	5	5	-													

<p><b>Aboitiz Group Investigation Standard Operating Procedure</b></p>	<p>To further support the Whistleblowing Policies of AEV and AboitizPower, the Aboitiz Group Management Committee approved the Group’s Investigation Standard Operating Procedure (SOP). The SOP outlines the protocols in handling reports on suspected or actual violations of the Codes and other company policies, received via the whistleblowing platform or through other channels.</p> <p>The SOP defines the reporting lines and escalation process to ensure appropriate management action and monitoring, and the protection of the whistleblower from possible reprisals or retaliation.</p>
<p><b>Anti-Corruption Guidelines</b></p>	<p>The Codes mandate all team leaders and team members to conduct business in an ethical manner, including strict compliance with bribery and corruption laws in jurisdictions where the Aboitiz Group and its business units operate. The Group does not tolerate nor condone any act or insinuation of bribery and corruption when dealing with its business partners and stakeholders.</p> <p>In support of this mandate, AEV and AboitizPower adopted new guidelines to combat bribery and corruption in 2021. The guidelines provided measures and protocols to complement existing business processes, monitor compliance or deviations from the Codes, and prohibit bribery and corruption.</p> <p>In addition, the anti-corruption guidelines aim to further strengthen each company’s internal controls and procedures in pursuing its commitment to provide social and economic development programs to targeted communities and beneficiaries.</p>
<p><b>Gifts, Meals, and Entertainment Guidelines</b></p>	<p>In 2021, AEV and AboitizPower adopted new guidelines to supplement the Codes and ensure that team members make the right decisions when giving or accepting gifts, entertainment or travel when conducting business on behalf of the Aboitiz Group. The Group does not tolerate nor condone any act or insinuation of bribery and corruption when dealing with its business partners and stakeholders.</p>
<p><b>Business Partner Due Diligence Guidelines</b></p>	<p>In 2021, AEV and AboitizPower adopted new guidelines to supplement the Codes and prevent and mitigate the risk of dealing or being associated with a business partner involved in fraud, bribery, corruption, or other financial crimes. These guidelines outline the minimum due diligence and monitoring activities to be done on existing and potential business partners of AEV and AboitizPower.</p>
<p><b>General Trading Policy</b></p>	<p>The Revised General Trading Policy supplements the commitment under the Codes to prevent the misuse of inside information, and emphasizes reporting and disclosing material information, and the rule on prohibited insider trading.</p> <p>As listed companies, AEV and AboitizPower are required to report transactions of company shares by its directors and officers. To ensure strict compliance, directors and officers are advised of their disclosure obligations during their onboarding. The respective Compliance Officers of AEV and AboitizPower also send out a monthly reminder to directors and officers to disclose their transactions.</p> <p>The trading policy of AEV and AboitizPower prohibits any misuse of insider information. All team members are mandated to exercise prudence in handling material non-public information in the course of their work, and in relation to the trading or dealing with AEV or AboitizPower shares. Both companies strictly enforce their trading blackout and insider trading policy to curtail opportunistic dealings in company shares. Violations must be reported to the Compliance Officers and the Board ESCG Committees of AEV and AboitizPower. Since the last amendment of the trading policy in 2017, there has been no reported violation and conviction of insider trading, as well as abusive self-dealing by directors, management, and employees.</p> <p>In 2021, there was no reported incident of non-compliance with the General Trading Policy.</p>

<p><b>Related Party Transactions (RPT) Policy</b></p>	<p>In October 2019, the AboitizPower Board approved the RPT Policy in compliance with the SEC Memorandum Circular No. 10 series of 2019. The new rule focuses and regulates only material RPTs or RPTs amounting to 10% or higher of a company’s total assets. The new rule also specified an approval process for material RPTs and mandated publicly listed companies to notify the SEC of their RPTs that breach the threshold. The Board RPT Committee has the mandate to ensure that RPTs are taken at an arms’ length basis and within market rates, with sufficient documentation, and coursed through all appropriate levels of necessary approvals.</p> <p>In 2021, the AEV and AboitizPower Boards amended their respective Revised RPT Policies to further strengthen the review, reportorial, and approval processes of RPTs, particularly those falling below the SEC-defined materiality threshold.</p> <p>In 2021, AEV and AboitizPower did not enter into any material RPTs and there was no reported case of non-compliance with the laws, rules and regulations pertaining to significant or material RPTs.</p>
<p><b>Conflict of Interest Policy</b></p>	<p>AEV and AboitizPower believe that it is the duty of the Board of Directors to advance the Group’s interests and those of the companies’ stakeholders. To this end, both companies have adopted a Policy on Conflict of Interest, which promotes an ethical corporate culture. It prohibits directors, officers, team leaders, and team members from taking advantage of their access to corporate property and proprietary information for personal gain. The policies require the disclosure of relationships, actions, or transactions that may give rise to a conflict of interest.</p> <p>In addition, AEV and AboitizPower directors are required to abstain or inhibit themselves from any Board discussion or decision that affects or has relevance or relation to their personal, business, or professional interests. The directors are also prohibited from engaging in any business that competes with or is antagonistic to the Group. In the event of a perceived or actual conflict of interest, the concerned director must notify the Board, through the Corporate Secretary.</p> <p>Directors must also notify the Board, through the Corporate Secretary, before accepting any directorship outside the Aboitiz Group during their term.</p> <p>In 2021, there was no reported incident of non-compliance with the Conflict of Interest Policy.</p>
<p><b>Data Privacy Policy</b></p>	<p>In 2017, AEV and AboitizPower launched their respective data privacy compliance programs, which include the implementation of the Information Security Management System (ISMS). Since then, both companies have been able to establish a fundamental awareness of data privacy principles and the related ISMS philosophies, through various learning channels including e-learning modules, face-to-face trainings, and forums. They also continue to ensure the implementation of Data Privacy Policies, manuals, and guidelines that are aligned with the Data Privacy Act, including its implementing rules, and supporting National Privacy Commission (NPC) circulars.</p> <p>As the Aboitiz Group continues to operate in a highly digital and fast-changing environment, the Data Protection Teams of its business units, will strive to keep up with the expectations of their Data Subjects, as well as with the evolving guidelines of the NPC. This constant review of requirements, downloading of information, updating of processes, and testing of capabilities aim to ensure that Aboitiz is able to meet stakeholders’ expectations.</p> <p>Inquiries or concerns regarding data privacy and/or data subjects’ rights may be submitted to the Data Privacy Officer through AEV: <a href="mailto:aevdpo@aboitiz.com">aevdpo@aboitiz.com</a> and AboitizPower: <a href="mailto:apdpo@aboitiz.com">apdpo@aboitiz.com</a></p>
<p><b>Disclosure Policy</b></p>	<p>To supplement the implementation of the Manuals and the Codes and in compliance with laws and regulations, AEV and AboitizPower each have their own Disclosure Policy that requires complete, timely, and accurate disclosures to the Securities and Exchange Commission (SEC), the Philippine Stock Exchange (PSE), and the Philippine Dealing &amp; Exchange Corp. (PDEX). The company’s Board Secretariat ensures compliance with the disclosure rules.</p> <p>In 2021, there were no reported cases of non-compliance with the disclosure rules of the SEC, the PSE, and the PDEX.</p>

**Transparency, Communication, and Sustainability Reporting**

The Aboitiz Group’s governance framework includes the timely, complete, and accurate disclosure of all material information regarding AEV and AboitizPower. Information includes earnings results, acquisitions or disposals of assets, Board changes, RPTs, shareholdings of directors, and changes in ownership. In addition, the Group’s Consolidated Annual and Sustainability Report, which is based on GRI Sustainability Reporting standards, sets out its values and governance model. The integrated report links the Group’s strategy and its commitment to a sustainable global economy. Through the report, the Group is able to measure, understand, and communicate its economic, environmental, social and governance performance. From these, goals can then be set, and change managed more effectively.

In 2021, AEV and AboitizPower launched their respective sustainability websites to communicate their ESG efforts to a wider audience. Group-wide ESG initiatives are found at <https://sustainability.aboitiz.com>, while those of AboitizPower can be found at <https://aboitizpower.com/sustainability/sustainability-at-aboitizpower>

**Rights of Shareholders**

Protecting the rights of shareholders is of paramount importance to the company. The goal is to ensure the free exercise of shareholder rights, regardless of the number of shares they own. Among the rights of the company’s shareholders are: (1) to receive notices of and to attend shareholders’ meetings; (2) to participate and vote on the basis of the one-share, one-vote policy; (3) nominate, elect, remove, and replace Board members (including via cumulative voting); (4) call for a special board meeting and propose a meeting agenda, (5) inspect corporate books and records; (6) vote in person, in absentia, or through proxy; (7) receive dividends; and (8) ratify corporate actions.

*Right to Actively Participate at Shareholders Meetings*

AEV and AboitizPower strive to maintain a transparent and fair conduct of their respective Annual and Special Shareholders’ Meetings. They also ensure that accurate and timely information is available to shareholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval. The Definitive Information Statement and the Annual

Report, distributed prior to the shareholders’ meeting and posted on the company’s website, include the highlights and summary of the financial condition of both companies. Stockholders are provided with individual profiles of new and returning directors, as well as a summary of the Board meeting attendance and performance record of Directors.

All shareholders receive notices not less than 28 days from the date of the shareholders’ meeting, and the agenda items to be discussed and decided upon during the meeting.

All shareholders of AEV and AboitizPower are encouraged to participate in the meetings for the opportunity to ask questions or raise issues. Issues and motions raised, agreements and resolutions arrived at, corporate acts approved or disapproved, and voting results are reported in the minutes. Both companies also disclose to PSE, PDEX and the SEC all the items approved at the shareholders’ meeting no later than the next business day. The voting results including quorum and summary of

resolutions approved are made public the next working day in the Investor Relations’ page of the companies’ respective websites. . There are no barriers or impediments preventing shareholders from consulting or communicating with one another, with the Directors, and with the Corporate Secretary.

AEV and AboitizPower continue to exert efforts to broaden the communication channels between them and their institutional and individual stockholders through the Investor Relations Office and Shareholder Relations Office, respectively.

*Right to Dividends*

Every year, AEV and AboitizPower pay dividends in an equitable and timely manner. All shareholders are treated equally, receiving dividends that are proportionate to their shareholdings. The period for paying the dividends is based on trading requirements or constraints of the SEC and PSE.

In the last three years, AEV and AboitizPower have paid the following dividends:

		Declaration Date	Record Date	Payment Date	Dividends per Share	Total Dividends Declared
AEV	2021	March 5, 2021	March 19, 2021	March 31, 2021	PHP0.91 (regular)	PHP5.12bn
	2020	March 6, 2020	March 20, 2020	April 3, 2020	PHP1.30 (regular)	PHP7.32bn
	2019	March 7, 2019	March 21, 2019	April 5, 2019	PHP1.32 (regular)	PHP7.44bn
AboitizPower	2021	March 5, 2021	March 19, 2021	March 31, 2021	PHP0.85 (regular)	PHP6.25bn
	2020	March 6, 2020	March 20, 2020	April 3, 2020	PHP1.18 (regular)	PHP8.68bn
	2019	March 7, 2019	March 21, 2019	April 5, 2019	PHP1.47 (regular)	PHP10.82bn

AEV and AboitizPower believe that the rights and interests of minority shareholders are aligned with those of the controlling shareholders, not only in terms of returns on their investments, but also in the sustainability of the Group’s businesses. Both companies ensure the timely disclosure to shareholders regarding their respective businesses, and that shareholders receive dividends in accordance with established dividend policies. The Board Secretariat has adopted certified Board protocols and procedures under the ISO 9001:2015 Management Board and System to ensure the effectiveness of Board and shareholders’ commitments. This includes coordinating with stock transfer agents to ensure appropriate responses and the timely resolution of shareholders’ queries and requests.



# The Board Audit Committee Report to the Board of Directors

## Aboitiz Equity Ventures Inc.

The Board Audit Committee is pleased to present its report for the financial year ended December 31, 2021.

### Audit Committee Responsibility

In giving effect to its duly approved charter, the Audit Committee assisted the Board of Directors in fulfilling its oversight responsibility to the public, governmental and/or regulatory bodies and other stakeholders in helping:

- Ensure the integrity of the Company's financial reporting processes, including ensuring the integrity of financial reports and other financial information provided by the Company to the public, governmental and/or regulatory bodies;
- Ensure excellence in the Company's control performance by having an adequate and effective internal control system, governance processes and risk management processes and reviewing the performance on the Company's internal audit function;
- Review the annual independent audit of the Company's financial statements and the external auditors' qualifications and independence;
- Ensure compliance with applicable laws and regulations which may represent material financial exposure to the Company; and
- Provide an avenue of communication among the Company's independent auditors, management, the internal auditing department and the Company.

The Committee has established a constructive and collaborative relationship with the Company's senior leadership to give support, but not to pre-empt any responsibility in making final audit-related decisions.

### Committee Membership

The Audit Committee is composed of five (5) members, three (3) of whom are independent directors including its Chairman.

Manuel R. Salak III, Independent Director, is the Chairman of the Committee. Other members of the committee are Romeo L. Bernardo (Independent Director), Joanne De Asis (Independent Director), Erramon I. Aboitiz (Non-Executive Director) and Ana Maria A. Delgado (Non-Executive Director).

### Meetings and Attendance

The Audit Committee carried out its function through its meetings with management, internal auditors, independent external auditors, advisers, and others where appropriate.

The audit charter provides for the Committee to hold at least four (4) regular meetings a year, with the authority to convene special meetings when deemed required. It also holds an annual joint meeting with the Board Risk and Reputation Committee.

In 2021, five (6) meetings were held. The attendance by each member of the committee is as so indicated below:

Member	Mar 3, 2021 Regular Meeting*	Apr 27, 2021 Regular Meeting*	May 18, 2021 Regular Meeting*	July 28, 2021 Regular Meeting*	Oct 29, 2021 Regular Meeting*	Nov 15, 2021 Joint with Risk*
<b>MANUEL R. SALAK III</b> Chairman, Independent Director	✓	✓	✓	✓	✓	✓
<b>ROMEO L. BERNARDO</b> Independent Director	✓	✓	✓	✓	✓	✓
<b>JOANNE DE ASIS</b> Independent Director	✓	✓	✗	✓	✓	✓
<b>ERRAMON I. ABOITIZ, JR.</b> Non-Executive Director	✓	✓	✓	✓	✓	✓
<b>ANA MARIA A. DELGADO</b> Non-Executive Director	✓	✓	✓	✓	✓	✓

\*Attendance via Videocon

Attendees to these meetings also include the Group Internal Audit Head and, by invitation, the Chief Risk Officer, the Chief Financial Officer, Controller and other key leaders whenever deemed necessary or appropriate.

One-on-one sessions with between the Board Audit Committee Chairman and the AEV Group Internal Audit head are held as needed.

### Financial Reports

The Board Audit Committee reviewed, discussed, and approved for public disclosure the 2021 quarterly unaudited consolidated financial statements. The Committee endorsed for approval by the full Board the 2021 annual audited financial statements of Aboitiz Equity Ventures, Inc., its subsidiaries and alliances. Included in the review were the Management Discussion and Analysis of Financial Condition and Results of Operations following prior review and discussion with management, accounting, and the company's independent external auditor, Sycip Gorres Velayo & Co. (SGV)—member practice of Ernst & Young (EY) in the Philippines.

The activities of the Audit Committee are performed in the context—

- That management has the primary responsibility for the financial statements and the financial reporting process; and
- That the company's independent external auditor is responsible for expressing an unqualified opinion on the conformity and consistency of application of the Company's audited financial statements with Philippine Financial Reporting Standards.

### External Auditors

The 2021 overall scope and audit plan of SGV were reviewed and approved during the October 29, 2021 regular Audit Committee meeting. The audit plan, fees and terms of engagement which covers audit-related services provided by SGV were also reviewed and found to be reasonable.

The results of the SGV audits and its assessment of the overall quality of the financial reporting process were presented and discussed during the first Audit Committee meeting the following year, March 2, 2022. SGV presented the effects of changes in relevant accounting standards and presentation of financial statements that impact on the reported results.

Non-audit services were provided by SGV in 2021. The bulk of the fees were related to the AboitizPower and AEV bond issuance. Minimal fees were paid for financial, tax and transfer pricing consulting activities including the the conduct of trainings with regard to the adoption of new accounting standards and regulations.

The Board Audit Committee, after evaluation of the performance of the external auditor in 2021 and finding it to be in accordance with the Standards, favorably endorsed to the full Board the re-appointment of SGV as external auditor for 2022. The full board, in its special meeting held March 4, 2022 approved the re-appointment of SGV with Jhoanna Feliza C. Go as the new signing partner replacing Maria Veronica Andresa R. Pore.

This re-appointment of SGV as the independent external auditor is subject to the final approval of the shareholders of AEV during the Annual General Stockholders meeting scheduled in April 25, 2022.

### Internal Auditors

The Audit Committee is satisfied with the internal audit function and has assessed that it is operating effectively and to generally cover the risks pertinent to the company in its audits. The Committee has reviewed and approved the annual audit program for the year which also covers the adequacy of resources, qualifications and competency of the staff and independence of the internal auditor.

With reference to the IPPF Attribute Standard 1100 which states that "The Internal Audit Activity must be independent, and internal auditors must be objective in performing their work.", the Committee confirms that the function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner. The Committee further confirms that, to the best of its knowledge and belief, the auditors have no personal or other impediments that would prevent them from objectively planning, conducting, reporting, or otherwise participating and reaching independent conclusions in their audit assignments in 2020. Internal audit is organizationally positioned to be independent— functionally reporting to the Board Audit Committee and administratively to the President and Chief Executive Officer.

The Board Audit Committee is satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

The Group Internal Audit (GIA) remains to be the single-point-of-contact for the Audit Committee. It takes the lead in setting the standards, initiatives and overall direction of the group audit teams which, in turn, focus their reviews on the top risks of their respective business units. Except for the banks and other financial business units, information systems and technology-related risks however, still remain to be an area covered by the Aboitiz Equity Ventures, Inc. group information systems auditors.

Based on audit reports and highlights presented to the Committee and with the contribution provided by management and other key leaders on the issues raised to their attention, the Committee concurs with internal audit's assessment that, generally, there is reasonable assurance that the existing system of internal controls, risk management and governance allow for a generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole. Further, with cybersecurity risk considered as one of the top risks of the company, focus is given to continuously improve and further strengthen governance and controls over the implementation of security standards for information systems and related technologies.

In its meeting held March 3, 2021, the Committee brought to the attention of the board the seriousness of cybersecurity risks to the group. The Committee discussed the performance of a full independent external cybersecurity review for AEV in 2021. This was endorsed to the full board and approved in its meeting held March 5, 2021.

Employing the NIST Cybersecurity Framework maturity scale, AEV was assessed as having a balance maturity posture with its current level identified under the Defined phase—capabilities are generally defined, documented and standardized with moderate degrees of improvement over time. Key action items were presented to strengthen security by addressing identified gaps and preparing for evolving threats.

Relatedly, learning sessions with management and the board on cybersecurity have been conducted to further complement initiatives of the company in this area.

#### External Quality Assessment

The Internal Audit team of Aboitiz Equity Ventures, Inc., after undergoing an External Quality Assessment (EQA) review by the authorized validators of the Institute of Internal Auditors (IIA) Philippines that are duly accredited by the Institute of Internal Auditors (IIA) International, received the official EQAR results in 2017.

It is the opinion of the IIA that on the overall, the internal audit team of Aboitiz Equity Ventures, Inc., **"Generally Conforms"** to the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics for internal audit practitioners. **Generally Conforms** is the highest rating awarded in connection with an EQA and the internal audit team has been commended for this achievement.

The EQA, much like any global certification is not required. Acquiring it helps build the reputation not just of internal audit but of Aboitiz as a company that not only conforms, complies and follows but adopts and implements the Standards and best practices of the internal audit function. The EQA certification is valid for 5 years till 2022. Until then, internal audit will ensure that it continually works on its Quality Assurance Improvement Program and apply it across the group.

#### Review of the Audit Charters

Annual review of the audit charters—Board Audit Committee charter and Internal Audit charter—was conducted. Proposed changes to the Board Audit Committee charter were included in the presentation made by the Governance and Compliance team during the February 15, 2022 Board Environmental, Social and Governance Committee meeting. Proposed revisions were subsequently approved during the next full board meeting immediately following the Board ESCG committee meeting. The changes reinforced the oversight responsibilities of the Board Audit Committee in helping ensure excellence in control performance by having an adequate and effective internal control system, governance and risk management processes.

No changes were made to the current Internal Audit charter which was recently updated in April 2021.

The review and updating of the charters are done at least once a year, endorsed by the Audit Committee, approved by the Board and included in the report to the stockholders

#### Self-Assessment

The Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memo Cir. No. 4, series of 2012. The assessment result showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.

#### Risk Management

The partnership between the functions of risk management and internal audit has remained solid. In order to continuously provide objective assurance to the board on the effectiveness of risk management, a joint audit and risk committee meeting is held at least once a year.

Presented in the November 15, 2021 joint meeting are the top strategic risks, emerging risks and project risks that present a significant impact to the Company's ability to execute its plans, strategies and business objectives for the following year. These top risks serve as an input for the preparation of internal audit's master plan for the following year.

The joint meeting between the Board Audit and Risk Committees also provide an avenue to present the annual results of the Risk Management Plan validation reviews conducted by the internal audit teams across the group. The reviews give an assurance to management and the Board on the status of the risk treatments planned to address the identified risks for the year.

After considering, analyzing and reviewing all pertinent information on the integrity of financial reporting, effectiveness of internal controls, risk management, governance and compliance within the Aboitiz group of companies, the Committee is of the view that, in all material aspects, the duties and responsibilities as so outlined in its Charter have been satisfactorily performed.

In behalf of the Board Audit Committee,

(SGD) **Manuel R. Salak III**  
Independent Director  
Board Audit Committee Chairman

## Internal Control and Compliance System Attestation

For the year ended, December 31, 2021

Aboitiz Equity Ventures, Inc.'s (AEV) corporate governance system includes a combination of internal and external mechanisms such as the structure of the board of directors and our committees, the oversight it exercises over management, and the formulation of sound policies and controls.

- The Board of Directors is responsible for providing governance and overseeing the implementation of adequate internal control mechanisms and risk management processes;
- Management is primarily responsible for designing and implementing an adequate (effective and efficient) internal control system and risk management processes as well as in ensuring compliance with statutory and regulatory requirements of the law;
- Management is responsible for developing a system to monitor and manage risks;
- SGV & Co., the Company's external auditor is responsible for assessing and expressing an opinion on the conformity of the audited financial statements with the Philippine Financial Reporting Standards and the overall quality of the financial reporting process;
- Internal Audit adopts a risk-based audit approach in developing an annual audit master plan and conducts reviews to assess the adequacy of the Company's internal control system;
- The Company's Group Internal Audit Head that acts as the equivalent of a Chief Audit Executive reports functionally to the Board Audit Committee to ensure independence and objectivity, allowing Internal Audit to fulfill its responsibilities; and
- Internal Audit activities conform with the International Standards for the Professional Practice of Internal Auditing and are evaluated through an independent Quality Assessment Review conducted every five years.

Based on the above assurance provided by the internal auditors as well as the external auditors as a result of their reviews, we attest that AEV's internal control and compliance system, which covers governance, risk management, and control processes, are generally adequate.

(SGD) **Sabin M. Aboitiz**  
President & Chief Executive Officer

(SGD) **Maria Lourdes Y. Tanate**  
Group Internal Audit Head

## The Board Audit Committee Report to the Board of Directors

Aboitiz Power Corporation

The Board Audit Committee is pleased to present its report for the financial year ended December 31, 2021.

### Board Audit Committee Responsibility

The primary purpose of the Audit Committee is to assist the full Board in fulfilling its responsibility to the public, governmental and/or regulatory bodies in:

- Ensuring the integrity of the Company's financial reporting processes, including ensuring the integrity of financial reports and other financial information provided by the Company to the public, governmental and/or regulatory bodies;
- Ensuring excellence in the Company's control performance by having an adequate and effective internal control system, governance and risk management processes and reviewing the performance of the Company's internal audit function;
- Reviewing the annual independent audit of the Company's financial statements and the external auditors' qualifications and independence;
- Ensuring compliance with applicable laws and regulations which may represent material financial exposure to the Company; and
- Providing an avenue of communication among the Company's independent auditors, the management, the internal audit department and the Company.

The Committee in fulfilling its purpose, will establish a constructive and collaborative relationship with the Company's senior leadership especially the Company CEO, COO, CFO and the heads of the different departments.

### Committee Membership

The Board Audit Committee is composed of five (5) members, three (3) of whom are independent directors including the Chairman.

**Carlos C. Ejercito** (Independent Director) is the Chairman of the Committee. Other members of the committee are **Raphael P.M. Lotilla** (Independent Director), **Eric O. Recto** (Independent Director), **Luis Miguel Aboitiz** (Non-Executive Director), and **Danel C. Aboitiz** (Director).

### Meetings and Attendance

The Board Audit Committee carried out its function through its meetings with management, internal auditors, independent external auditors, advisers and others, where appropriate.

The Audit Committee Charter provided for the committee to hold at least four (4) regular meetings a year, with the authority to convene special meetings, when deemed required. It also holds an annual joint meeting with the Board Risk and Reputation Committee.

In 2021, five (5) meetings were held via videoconferencing. The attendance of the committee members is indicated below:

Member	Mar 3, 2021 Regular Meeting	Apr 27, 2021 Regular Meeting*	July 28, 2021 Regular Meeting*	Oct 28, 2021 Regular Meeting*	Nov 15, 2021 Joint with Risk and Reputation Meeting
<b>CARLOS C. EJERCITO</b> Chairman, Independent Director	✓	✓	✓	✓	✓
<b>ERIC O. RECTO</b> Member, Independent Director	✓	✓	N/A	N/A	N/A
<b>ROMEO L. BERNARDO</b> Member, Independent Director	✓	N/A	✓	✓	✓
<b>RAPHAEL P.M. LOTILLA</b> Member, Director	N/A	✓	✓	✓	✓
<b>DANEL C. ABOITIZ</b> Member, Director	✓	✓	✓	✓	✓
<b>LUIS MIGUEL O. ABOITIZ</b> Member, Non-Executive Director and Chairman of the Board	N/A	✓	✓	✓	✓
<b>ERRAMON I. ABOITIZ</b> Member, Director	✓	N/A	N/A	N/A	N/A

\*Attendance via Videocon

Attendees to these meetings also include the 1AP Group Internal Audit Head, Aboitiz Group Internal Audit Head, and, by invitation, the Chief Risk Officer, Chief Financial Officer, Controller and other key leaders when deemed appropriate.

Regular one-on-one sessions of 1AP Internal Audit Head with the AP Chairman of the Board Audit Committee prior to every scheduled Board Audit Committee meeting are also conducted.

### Financial Reports

The Board Audit Committee reviewed, discussed, and approved for public disclosure the 2021 quarterly unaudited consolidated financial statements and endorsed for approval by the full Board the 2021 annual audited financial statements of Aboitiz Power Corp., its subsidiaries and alliances. Included in the review were the Management Discussion and Analysis of Financial Condition and Results of Operations following prior review and discussion with management, accounting, and the company's independent external auditor, SyCip Gorres Velayo & Co. (SGV) – a member practice of Ernst & Young (EY) in the Philippines.

The activities of the Board Audit Committee are performed in the context –

- That management has the primary responsibility for the financial statements and the financial reporting process; and
- That the company's independent external auditor is responsible for expressing an unqualified opinion on the conformity and consistency of application of the Company's audited financial statements with Philippine Financial Reporting Standards.

### External Auditors

Upon endorsement of the Board Audit Committee to the full Board which, in turn, sought the approval of the shareholders of Aboitiz Power Corp., during its Annual General Stockholders Meeting held last April 26, 2021, SyCip Gorres Velayo & Co. (SGV) was re-appointed as the independent external auditor for 2021 with Maria Veronica Andresa R. Pore as the signing partner for SGV.

The overall scope and audit plan of SGV were reviewed and approved during the October 29, 2021 regular Board Audit Committee meeting. The audit plan, fees and terms of engagement which covers audit-related services provided by SGV were also reviewed and found to be reasonable.

The results of the SGV audits and its assessment of the overall quality of the financial reporting process were presented and discussed during the first Audit Committee meeting the following year, March 2, 2022.

In 2021, the Company did not engage SGV in any non-audit related service.

### Internal Auditors

The Board Audit Committee is satisfied with the internal audit function and had assessed that it is operating effectively and is able to generally cover the relevant risks pertinent to the company in its audits despite the continued remote auditing and work-from-home arrangement given the pandemic. The Committee has reviewed and approved the annual audit program for the year which also covers the adequacy of resources, qualifications and competencies of the staff, and independence of the internal auditors.

With reference to the International Professional Practices Framework (IPPF) Attribute Standard 1100 which states that "The Internal Audit Activity must be independent, and internal auditors must be objective in performing their work.", the Board Audit Committee confirms that the function is executed effectively and internal auditors have conducted their responsibilities objectively and in an unbiased manner. The Committee further confirms that, to the best of its knowledge and belief, the auditors have no personal or other impairments that would prevent them from objectively planning, conducting, reporting, or otherwise participating and reaching independent conclusions in their audit assignments in 2021. Internal audit is organizationally positioned to be independent – functionally reporting to the Board Audit Committee and administratively to the President and Chief Executive Officer.

The Board Audit Committee is satisfied with the content and quality of reports prepared and issued by the internal auditors during the year under review.

The 1AP Group Internal Audit remains to be the single-point-of-contact for the Board Audit Committee. It takes the lead in setting the standards, initiatives and overall direction of the audit team which, in turn, focus its reviews on the top risks of respective business units.

Information systems and technology-related risks, however, still remain to be an area mostly covered by the Aboitiz group IT and information systems auditors in 2021.

In line with the strategic intent of the Group Internal Audit to gradually decentralize the Information Systems Audit starting 2020 to 2022, 1AP internal audit had covered information systems related risks in their 2021 engagements as identified and agreed with Aboitiz Group IT/IS internal audit team.

Based on audit reports and highlights presented to the Board Audit Committee and with the contribution provided by management and other key leaders on the issues raised to their attention, ***the Board Audit Committee concurs with internal audit's assessment that, generally, there is reasonable assurance that the existing system of internal controls, risk management and governance allow for a generally adequate management of identified risks and effectively supports the improvement of the management of the Company as a whole.*** There is a need, however, to further strengthen governance and controls over security standards for information and related technologies particularly in relation to cyber-security risks.

### External Quality Assessment

The 1AP Internal Audit team with offices in Manila and Cebu, after undergoing the External Quality Assessment (EQA) review by the authorized validators of the Institute of Internal Auditors (IIA) Philippines that are duly accredited by the Institute of Internal Auditors (IIA) International, received the official EQAR results early 2017.

It is the opinion of the IIA that on the overall, the internal audit team of Aboitiz Power Corporation, "Generally Conforms" to the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics for internal audit practitioners. Generally Conforms is the highest rating awarded in connection with an EQA and the internal audit team has been commended for this achievement.

Acquiring the EQA global certification helps build the reputation not just of internal audit but of Aboitiz Power Corporation, as a company that not only conforms, complies and follows but adopts and implements the International Standards for the Professional Practice of Internal Auditing. The EQA certification is valid for 5 years until 2022. Until then, 1AP Group Internal Audit ensures that it continually works on its Quality Assurance Improvement Program by doing its interim self-assessment and/or peer reviews annually.

### Review of the Audit Charters

Annual review and updating of the Board Audit Committee Charter was conducted. No further changes were effected in 2021 after the changes effected and approved in November 2020 regular board meeting and after the 2021 annual review and discussions. The existing Board Audit Committee charter reinforced the oversight responsibilities of the board audit committee in ensuring excellence in control performance by having an adequate and effective internal control system, governance and risk management processes. It likewise includes among its oversight duties and responsibilities the establishment of a fraud response plan.

The review and updating of the Internal Audit Team Charter are also done annually, and approved by the Board Audit Committee.

### Self-Assessment

The Board Audit Committee conducted its annual self-assessment in accordance with the guidelines of SEC Memo Circular No. 4, series of 2012. The assessment results showed that it fully complied with the requirements set forth in the Audit Charter and met the necessary and most important requirements set by global standards and best practices.

### Risk Management

The partnership between the functions of risk management and audit has remained solid. In order to continuously provide objective assurance to the Board on the effectiveness of risk management, a Joint Audit and Risk & Reputation Committee meeting is held at least once a year.

Presented in the joint Board Audit and Risk & Reputation Committee meeting last November 15, 2021 are the top strategic risks that present a significant impact to the Company's ability to execute its plans and strategies as well as to achieve its business objectives.

These top risks are among the relevant factors in consideration for the preparation of the internal audit's master plan for the following year.

Results of the 2021 series of existence and effectiveness validation review by internal audit on risk management or treatment plans identified and implemented by the different business units across AP as of October 2021 were likewise presented in the November 15, 2021 joint meeting. Assurance is given when results of the review show that majority of the risk management or treatment plans were generally acted upon (done) or being addressed (in-progress), and generally effective for those subjected to deep-dive reviews in 2021.

After considering, analyzing and reviewing all pertinent information to the integrity of financial reporting, adequacy of internal controls, risk management, governance and compliance within Aboitiz Power Corp. and its affiliated companies, the Committee is of the view that, in all material aspects, the duties and responsibilities as so outlined in its Charter have been satisfactorily performed.

In behalf of the Board Audit Committee,

(SGD) **Carlos C. Ejercito**  
Chairman, Independent Director  
Board Audit Committee Chairman

## Aboitiz Power Corporation

### **Internal Control and Compliance System Attestation**

For the year ended, December 31, 2021

Aboitiz Power Corporation (AP) corporate governance system includes a combination of internal and external mechanisms such as the structure of the board of directors and our committees, the oversight it exercises over management, and the formulation of sound policies and controls.

- The Board of Directors is responsible for providing governance and in overseeing the effective implementation of adequate internal control mechanism and risk management processes;
- Management is primarily responsible for designing and implementing an adequate (effective and efficient) internal control system and risk management processes as well as in ensuring compliance with legal requirements (statutory and regulatory);
- Management is responsible for developing a system to monitor and manage risks;
- SGV & Co., the Company's external auditor is responsible for assessing and expressing an opinion on the conformity of the audited financial statement with Philippine Financial Reporting Standards and the overall quality of the financial reporting process;
- Internal Audit adopts a risk-based audit approach in developing an annual audit master plan and conducts reviews to assess the adequacy of the Company's internal control system;
- The Company's Resident Internal Audit Head that acts as the equivalent of a Chief Audit Executive and reports functionally to the Board Audit Committee to ensure independence and objectivity, allowing internal audit to fulfil its responsibilities; and
- Internal Audit activities conform to the International Standards for the Professional Practice of Internal Auditing and are continuously evaluated annually through self- assessment and peer reviews as well as through an independent Quality Assessment Review conducted every five years.

Based on the above assurance provided by the internal auditors as well as the external auditors as a result of their reviews, we attest that Aboitiz Power Corporation's internal control and compliance system, which covers governance, risk and control processes, are generally adequate.

(SGD) **Emmanuel V. Rubio**  
President & Chief Executive Officer

(SGD) **Saturnino E. Nicanor, Jr.**  
AP Internal Audit Head

# Group Awards 2021

COMPANY	AWARDS	CATEGORY
Aboitiz Equity Ventures Inc.	Stevie Awards for Great Employers	Gold Stevie — Employer of the Year for the Conglomerates Silver Stevie — Achievement in Employee Engagement
	HR Asia	Winner — HR Asia Best Companies to Work for in Asia 2021
	Agora Awards	Outstanding Achievement in Advocacy Marketing in Support of the UN SDGs
	2021 Europa Awards	Finalist — Smart and Safer Mobility Award for BEST Bus
	Forbes World's Best Employers 2021	Ranked 665th among the World's Best Employers.
AP Renewables Inc - MakBan	Bitin Elementary School	Certificate of Appreciation
	DOE - SHAPES (Safety and Health Association of the Philippines Energy Sector Inc.)	Bronze Corporate Safety and Health Excellence Award
AP Renewables Inc. - Tiwi	Department of Education (Tiwi)	Certificate of Appreciation
	DOE - SHAPES (Safety and Health Association of the Philippines Energy Sector Inc.)	Platinum Corporate Safety and Health Excellence Award
Cotabato Light and Power Company	Cotabato City Local Government Unit	Safety Seal
	Ministry of Basic, Higher and Technical Education (MBHTE) Schools Division of Cotabato City	Certificate of Recognition
	Ministry of Environment, Natural Resources and Energy (MENRE-BARMM)	Plaque of Recognition
	Ministry of Labor and Employment (MOLE BARMM)	Most Compliant Private Company/Establishment
	Ministry of Labor and Employment (MOLE BARMM)	Safety Seal
Davao Light and Power Co., Inc.	CABANTIAN ELEMENTARY SCHOOL	Plaque of Recognition
	City Government of Davao	Certificate of Appreciation
	City Government of Davao	Resolution No. 0575T-1 - Partner in the Adopt-A-School Program
	City Government of Davao	Top Taxpayer 2021
	COMMANDER 1003rd Infantry (RAPTOR) Brigade 10th Infantry (AGILA) Division, Philippine Army	Plaque of Appreciation
	Davao City DCPO-City Mobile Force Company (CMFC)	Plaque of Appreciation
	Department of Labor and Employment Region XI	Certificate of Appreciation
	DOLE XI	Safety Seal
	DOLE XI	Safety Seal
EnerZones	Department of Education (National)	Plaque of Appreciation to Balamban EnerZone
	Department of Education (National)	Plaque of Appreciation to Lima EnerZone
	Department of Education (National)	Plaque of Appreciation to Mactan EnerZone
	Department of Education (National)	Plaque of Appreciation to Subic EnerZone
	DOLE	Balamban EnerZone Safety Seal
	DOLE	Lima EnerZone Safety Seal
	DOLE	Mactan EnerZone Safety Seal
	DOLE	Malvar EnerZone Safety Seal
	DOLE	Subic EnerZone Safety Seal
	Subic Bay Metropolitan Authority (SBMA) -Law Enforcement Dept.	Certificate of Appreciation

COMPANY	AWARDS	CATEGORY
Hedcor Bukidnon Inc.	British Standards Group Philippines	ISO 14001:2015 (Environmental Management System) recertification
Hedcor Bukidnon Inc.	Department of Labor and Employment	Safety Seal
Hedcor Inc	Department of Labor and Employment	Safety Seal
Hedcor Inc	2021 Europa Awards	Finalist - Clean and Efficient Energy Award
Hedcor Inc (Ampohaw Hydro)	Wholesale Electricity Spot Market (WESM)	Top 3 exemplary compliant run-of-river hydro in Forecast Accuracy Standard (FAS) category
Hedcor Inc (Sal-angan Hydro)	Wholesale Electricity Spot Market (WESM)	Top 2 exemplary compliant run-of-river hydro in Forecast Accuracy Standard (FAS) category
Hedcor Sabangan Inc (Hedcor Sabangan)	Wholesale Electricity Spot Market (WESM)	Top 1 exemplary compliant run-of-river hydro in Forecast Accuracy Standard (FAS) category
Luzon Hydro Corporation	Department of Labor and Employment	Safety Seal
Oil BU: Cebu Private Power Corporation	DENR EMB-7	Certificate of Recognition
	Department of Labor and Employment-VII	Safety Seal
Oil BU: East Asia Utilities Corporation	Department of Labor and Employment-VII	Safety Seal
	DENR EMB-7	Certificate of Recognition
Oil BU: Therma Marine Inc.	Municipality of Maco	Top 1 Real Property Tax Payer for Year 2021; Top 2 Business Tax Payer for Year 2021
	Municipality of Nasipit	Top 1 Real Property Tax Payer for Year 2021; Top 2 Business Tax Payer for Year 2021
Visayan Electric Co., Inc.	City Government of Cebu	Mayor's Special Award
Oil BU: Therma Marine Inc. - Nasipit	Department of Labor and Employment-XI	Safety Seal
Oil BU: Therma Marine Inc. -Maco	Department of Labor and Employment-XI	Safety Seal
Oil BU: Therma Mobile Inc.	Navotas City	Top 1 Real Property Tax Payer for Year 2021
San Carlos Sun Power Inc.	San Carlos Bioenergy, Inc.	Certificate of Appreciation
San Carlos Sun Power Inc.	TUV Rheinland	IMS Surveillance Audit
SNAP-Benguet	Department of Labor and Employment	Safety Seal
SNAP-Benguet	"DOE, Safety and Health Association of the Philippine Energy Sector (or SHAPES)	Exemplary Safety and health practices during the 17th Energy Safety and Health Conference hosted by DOE and SHAPES  Corporate Safety and Health Excellence Award category, SNAP-Benguet's Ambuklao and Binga plants bagged the Titanium Award
SNAP-Magat	Department of Education	The Gawad Ka-Brigada Award
	Department of Labor and Employment	Safety Seal
	"DOE, Safety and Health Association of the Philippine Energy Sector (or SHAPES)	Exemplary Safety and health practices during the 17th Energy Safety and Health Conference hosted by DOE and SHAPES  Magat and Maris Hydroelectric Power Plants received the Gold and Silver Awards, respectively
Therma South, Inc.	City Government of Davao	Top 1 Real Property Tax Payer for Year 2021; Top 2 Tax Payer for Year 2021
Visayan Electric Co. Inc	Department of Labor and Employment-XI	Safety Seal
	Department of Education Cuanos Elementary School	Certificate of Appreciation
Visayan Electric Co. Inc	Department of Education Inayagan Elementary School	Certificate of Appreciation

# Group Awards 2021

COMPANY	AWARDS	CATEGORY	
Visayan Electric Co. Inc	Department of Education Simeon Ayuda Elementary School	Certificate of Appreciation	
	Department of Education Tolotolo Elementary School	Certificate of Appreciation	
	Department of Education Upper Tunghaan Elementary School	Certificate of Recognition	
	DOLE	Safety Seal	
	Mandaue Chamber of Commerce	Plaque of Appreciation	
	RD 7, NEDA	Plaque of Appreciation	
Union Bank of the Philippines	Asiamoney Cash Management Survey 2020	1st for Best Service in the Philippines among domestic banks	
	4th Asia YWN Marketing Excellence Award	Asia's Top Outstanding Women Marketeer of the Year (Ana Delgado)	
	The Asset Sustainable Capital Markets Country Awards 2020	Best Local Currency Bond (Union Bank of the Philippines 6.8 billion pesos tier 2 capital securities)	
		Best Structured Finance Deal (HC Consumer Finance (Philippines) 8 billion pesos senior secured syndicated term loan facility)	
	18th Philippine Quill Awards	International Communication - "No One Gets Left Behind"	
		"Human Resources and Benefits Communication - ""#Fit4U Future-Proofing UnionBank's Human Capital"""	
		Change Communication - "The Transformate Power of Communication"	
		Corporate Social Responsibility - "UnionBank Digital Heroes and Heroines Pay it Forward"	
		Communication, Training and Education - "Future Proofing the Philippine Talent Pool"	
		Publications - "UnionBank Uplifts: When Employees Go Beyond Altruism to Co-Create Innovations for a Better World"	
		Marketing, Advertising and Brand Communication - "UB Project Applause" with FCB Manila	
	BAI Global Innovation Awards 2020	Honorable Mention — UBX SeekCap	
	Global Brands Magazine Awards 2021	Best Bank for Customer Experience, Southeast Asia 2021	
	Frost & Sullivan Awards 2021	Excellence In Customer Experience - Banking Industry Philippines - Mobile Experience Experience	
	The Digital Banker - Digital CX Awards 2021	Winner — Outstanding Leadership in Customer Experience - Team (UB Business Banking Squad)	
	The Digital Banker - Digital CX Awards 2021	"Winner — Outstanding Innovation in Digital CX - Fixed Income (Bonds.PH)"	
		Highly Acclaimed: Outstanding Blockchain Initiative for Customer Experience (Bonds.PH)	
		Highly Acclaimed: Outstanding Blockchain Initiative for Customer Experience (Bonds.PH)	
	The Asset Triple A Digital Awards 2021	Digital Bank of the Year	
		Best Blockchain Project (Bonds.PH)	
		Best Corporate Payment Project (Mobile Check Deposit for Business)	
		Best Financial Artificial Intelligence Project (Online Sellers Model)	
		Digital Team of the Year - Regional (Blockchain Center of Excellence Team led by Cathy Casas)	

COMPANY	AWARDS	CATEGORY
Union Bank of the Philippines	The Asian Banker - Excellence in Retail Financial Services Awards 2021	Best SME Loan/Financing Product (SeekCap)
	The Asian Banker - BankQuality Consumer Survey on Retail Banks 2021	Most Recommended Retail Bank in the Philippines and in Asia Pacific
		Most Helpful Bank during COVID-19 in the Philippines and 6th in Asia Pacific
	Global Banking and Finance Review	Best Bank Transformation, South East Asia 2021
		Fastest Growing Fintech Company, South East Asia 2021
	The European Magazine Awards 2021	CTO of the Year "Chief Technology Officer of the Year 2021" (Henry R. Aguda)
		Best Bank in the Philippines 2021
	The Asian Banker - Excellence in Retail Financial Services Awards 2021	Best Bank for Financial Inclusion Program 2021 (South East Asia)
		Best Retail Bank in the Philippines 2021
	Global Business Review Magazine	Best CTO Of The Year Philippines 2021 – Mr. Henry R. Aguda
		Best Universal Bank South East Asia 2021
	Asiamoney Private Banking Awards 2021	Best for Wealth Transfer/Succession Planning
	The Digital Banker - Global Private Banking Innovation Awards 2021	Winner: Best Private Bank for Succession Planning
		Winner: Best Private Bank - Philippines
	2021 IABC Gold Quill Awards	Gold Quill Award of Merit (Heroes2021)
	Asian Banking and Finance - Retail Banking Awards 2021	SME Bank of the Year - Philippines 2021
		Financial Inclusion Initiative of the Year 2021
		Credit Card Initiative of the Year 2021
	Global Brands Magazine Awards 2021	Best Digital Payment Facilitator - Philippines 2021 (Bux)
	The Asian Banker Financial Technology Innovation Awards 2021	Best Process Automation Implementation (Corporate DAO)
		Best Data Management Initiative (Data Vault)
		Best Mobile Banking Technology Implementation (SME Business Banking)
		Chief Technology and Information Officer of the Year (Henry R. Aguda)
Asiamoney Best Bank Awards Philippines 2021	Best Bank for SMEs	
Retail Banker International Asia Trailblazer Awards 2021	Winner — Asia Trailblazer of the Year 2021 (Institution)	
	Winner — Best Remittances Initiative (Send Money via Remittance Center)	
	Winner- Dynamic Third-Party Collaboration (Financial Supply Chain)	
	Winner- Excellence in Graduate Employment Programme (HR Lead Management Program)	
	Highly Commended Achievement- Best Retail Bank Philippines	
Private Banker International Global Wealth Awards 2021	Highly Commended Achievement- Excellence in Employee Engagement	
	Highly Commended Achievement- Best Next-Generation Offering	

# Group Awards 2021

COMPANY	AWARDS	CATEGORY
Union Bank of the Philippines	International Banker	Best Banking CEO of the Year Asia 2021
		Best Innovation in Retail Banking Philippines 2021
	Stevie Awards for Great Employers	Silver Stevie: Employer of the Year Banking 2021
		Bronze Stevie: Chief Human Resources of the Year 2021 (Michelle Rubio)
	CFA Society Philippines' 2021 Best Managed Funds of the Year	Peso Balanced Fund (for UnionBank PHP Balanced Fund)
	IDC Future Enterprise Philippines Awards 2021	Best in Future of Connectness Philippines (Agency Banking Project)
		Best in Future of Trust Philippines (Project Ethics)
	Global SME Finance Awards 2021	Platinum Award - Product Innovation of the Year (UnionBank GlobalLinker)
		Honorable Mention Award (SME Business Banking)
	IDC Future Enterprise Asia Pacific Awards 2021	Best in Future of Trust Philippines (Project Ethics)
	Asiamoney Cash Management Survey 2021	1st for Best Service in the Philippines among domestic banks
	The Digital Banker - Global Retail Banking Innovation Awards 2021	Winner: Outstanding Financial Inclusion in Response to COVID-19 (Send Cash via Remittance)
		Winner: Best Graduate Employment Program (LEAD)
		Winner: Best Retail Bank - Philippines
	Asian Business Review - Technology Excellence Awards 2021	Winner: Digital Banker of the Year - Asia (Henry Aguda)
		AI - Financial Technology - Philippines (DSAI Project Ethics)
		E-Commerce - Financial Technology - Philippines (UBX Sentro Online Store Builder)
	Infosys Finacle Innovation Award 2021	The API Marketplace in the Business Model Innovation (Fintech Group)
		Send Money via Remittance Center in the COVID Response Innovation (AJ)
		Bonds.PH in the Modern Technologies-led Innovation (Cathy C)
	Informatica CDO Awards 2021	Global CDO Award Honoree (Henry R. Aguda)
		Mobile Check Deposit in the Product Innovation (AJ)
	BAI Global Innovation Awards 2021	Global CDO Award Honoree (Henry R. Aguda)
	Cloudera Data Impact Awards 2021	FINALIST: Compliance & Risk Management Innovation (Credit Card Scoring Model)
	Cloudera Data Impact Awards 2021	Winner: Data for Good (Credit Card Scoring Model)
		Highest Debit Cards Growth 2021
		Highest Prepaid Cards Growth 2021
		Highest Commercial Payment Volume Growth 2021
		Highest E-Commerce Payment Volume Growth - Issuing 2021
		Top Consumer Debit Issuer 2021
Top Consumer Prepaid Issuer 2021		
Visa Annual Awards 2021	Highest E-Commerce Payment Volume Growth - Acquiring 2021	
	Highest E-Commerce Payment Volume Growth - Acquiring 2021	

COMPANY	AWARDS	CATEGORY
Union Bank of the Philippines	The Asset Benchmark Research Awards 2021	Rank 3 among Top sellside firms in the secondary market, Government bonds (PHP)
		Rank 4 among Top Investment Houses in Asian Local Currency Bonds in the Philippines - UBP Trust
	Capital Finance International (CFI.co)	Best MSME Growth Bank - Philippines - Bangko Kabayan
One Food Group	Philippines Technology Excellence Awards 2021	Philippines Technology Excellence Award for Digital - Banking - City Savings Bank, Inc
		2021 Europa Awards
Aboitiz InfraCapital (Economic Estates)	16th PropertyGuru Asia Property Awards	Best Industrial Developer (Asia)
		Best Industrial Development Country Winner (Philippines) for LIMA Estate
	Department of Human Settlements and Urban Development Region IV-A	Outstanding Developer (Industrial Estates category)
	9th PropertyGuru Philippines Property Awards	Best Industrial Developer
		Best Industrial Development for LIMA Estate
Special Recognition in ESG		
Department of Environment and Natural Resources - Environmental Management Bureau	Special Recognition in Sustainable Design and Construction	
	Best Available Practices In Solid Waste Management 2020	
AboitizLand	Philippine Property Awards - November 2021	Winner - Best Housing Development in the Philippines - Seafront Residences
		Winner - Best Housing Development in Luzon - Seafront Residences
		Winner - Best Affordable Housing Development in Visayas - Amoa
	Highly Commended - Best Housing Development in Luzon - The Villages at Lipa	
Asia Property Awards - December 2021	Country Winner - Best Housing Development - Seafront Residences	
Aboitiz Data Innovation	Cloudera Data Impact Awards 2021	Data for Good
	IDC Future Enterprise Awards 2021	Best in Future of Trust, Asia Pacific
		Best in Future of Trust, Philippines
	Philippines Technology Excellence Awards 2021	AI - Financial Technology
	The Asset Triple A Digital Awards 2021	Best Financial Artificial Intelligence Project
BAI Global Innovation Awards 2021	Compliance & Risk Management Innovation (Finalist)	
Aboitiz Foundation Inc.	2021 LCF CSR Guild Awards	Finalist — Outstanding CSR Project in Disaster Resilience - Project: Building Resilient Communities Project

# Board of Directors



**ENRIQUE M. ABOITIZ**  
Chairman of the Board



**MIKEL A. ABOITIZ**  
Vice Chairman of the Board



**JUSTO A. ORTIZ**  
Director



**ROMEO L. BERNARDO**  
Independent Director



**ANA A. DELGADO**  
Director



**SABIN M. ABOITIZ**  
Director



**MANUEL R. SALAK III**  
Independent Director



**JOANNE G. DE ASIS**  
Independent Director



**ERRAMON I. ABOITIZ**  
Director

# Corporate Officers

Aboitiz Equity Ventures Inc.



**Sabin M. Aboitiz**  
President  
Chief Executive Officer



**Manuel R. Lozano**  
Senior Vice President  
Chief Financial Officer



**Susan V. Valdez**  
Senior Vice President  
Chief Corporate Services Officer



**Robert McGregor**  
Executive Director  
Chief Investment Officer



**Christopher P. Beshouri**  
Executive Director  
Chief Strategy Officer



**Matthew P. Kolling**  
Executive Director  
À Head of Venture Development



**Manuel Alberto R. Colayco**  
Senior Vice President  
Chief Legal and Compliance Officer  
Corporate Secretary



**David Jude L. Sta. Ana**  
Senior Vice President  
Chief External Affairs Officer



**Juan Alfonso D. Suarez**  
Senior Vice President  
Chief Human Resource Officer



**Maria Veronica C. So**  
Senior Vice President  
Group Treasurer



**Beverly B. Tolentino**  
First Vice President  
CSU Finance Planning and Projects



**Marlita M. Villacampa**  
First Vice President  
Controller for Accounting and  
Operations Services



**Ana Liza M. Aleta**  
First Vice President  
Chief Information Officer



**Santanina Apolinaria B. Castro**  
First Vice President  
Chief Risk Officer



**Christopher M. Camba**  
First Vice President  
Corporate External Relations



**Joseph Y. Tugonon**  
First Vice President  
Tax Advisory and  
Compliance



**Charmaine Rose A. Valmonte**  
First Vice President  
Chief Information  
Security Officer



**Ana Margarita N. Hontiveros**  
First Vice President  
Chief Reputation and  
Sustainability Officer



**Marc Daniel K. Dy**  
First Vice President  
Corporate Finance

# Business Unit Heads

Aboitiz Equity Ventures Inc.



**Emmanuel V. Rubio**  
President  
Chief Executive Officer  
Aboitiz Power Corporation



**Edwin R. Bautista**  
President  
Chief Executive Officer  
Union Bank of the Philippines



**Lorenzo T. Ocampo**  
President  
Chief Executive Officer  
City Savings Bank, Inc.



**Adrian Alfonso T. Ocampo**  
President  
Chief Executive Officer  
PETNET, Inc.



**Tristan Roberto C. Aboitiz**  
President  
Chief Executive Officer  
Food Group Philippines



**Eric Nojac**  
Senior Vice President  
Chief Operating Officer  
Food Group International



**Cosette V. Canilao**  
President  
Chief Executive Officer  
Aboitiz InfraCapital, Inc.



**David L. Rafael**  
President  
Chief Executive Officer  
Aboitiz Land, Inc.



**Dr. David R. Hardoon**  
Managing Director,  
Aboitiz Data Innovation

## Management Directory (2021-2022)

Aboitiz Equity Ventures Inc.

### BOARD OF DIRECTORS

<b>Enrique M. Aboitiz</b> Chairman of the Board	<b>Erramon I. Aboitiz</b> Director	<b>Ana A. Delgado</b> Director	<b>Joanne de Asis</b> Independent Director	<b>Manuel R. Salak III</b> Independent Director
<b>Mikel A. Aboitiz</b> Vice Chairman of the Board	<b>Sabin M. Aboitiz</b> Director	<b>Justo A. Ortiz</b> Director	<b>Romeo L. Bernardo</b> Independent Director	

### CORPORATE OFFICERS

<b>Sabin M. Aboitiz</b> President Chief Executive Officer	<b>Julie Ann T. Diongzon</b> Vice President Treasury Services Group	<b>Lehua L. Cabrera</b> Vice President Labor Relations and Compliance	<b>Lorene A. Anacta</b> Assistant Vice President Brand, Creatives and Corporate Communications	<b>Kenneth M. Lim</b> Assistant Vice President Solutions
<b>Manuel R. Lozano</b> Senior Vice President Chief Financial Officer	<b>Marc Daniel K. Dy</b> First Vice President Corporate Finance	<b>Raul N. Imperial</b> Vice President Risk Management	<b>Camille Angela Marie A. Aquino</b> Assistant Vice President Strategy	<b>Lorna Grace C. Mamaril</b> Assistant Vice President Funding (Project Finance)
<b>Susan V. Valdez</b> Senior Vice President Chief Corporate Services Officer	<b>Ana Margarita N. Hontiveros</b> First Vice President Chief Reputation and Sustainability Officer	<b>Richel C. Mahayag</b> Vice President Finance	<b>Ann Brynhilde A. Arribas</b> Assistant Vice President IT Governance and Compliance	<b>Pascualito Timothy D. Masion</b> Assistant Vice President Infrastructure
<b>Robert McGregor</b> Executive Director Chief Investment Officer	<b>Matthew P. Kolling</b> First Vice President Executive Director, AI Head of Venture Development	<b>Anthony L. Noel</b> Vice President Corporate External Relations	<b>Maricar D. Bautista</b> Assistant Vice President Media Relations	<b>Charlene M. Martin</b> Assistant Vice President HR Technology and Innovation
<b>Christopher P. Beshouri</b> Executive Director Chief Strategy Officer	<b>Beverly B. Tolentino</b> First Vice President CSU Finance Planning and Projects	<b>Mary Geraldine P. Onganon</b> Vice President Chief of Staff	<b>Rebecca A. Bautista</b> Assistant Vice President Business Process and Digitalization	<b>Olyzza O. Mellomida</b> Assistant Vice President Accounting
<b>David Jude L. Sta. Ana</b> Senior Vice President Chief External Affairs Officer	<b>Joseph Y. Tugonon</b> First Vice President Tax Advisory & Compliance	<b>Aylmerita C. Penaloza</b> Vice President Funding and Trade Solutions	<b>Florimon G. Bernardo</b> Assistant Vice President Litigation and Dispute Resolution	<b>Ruth Clarissa S. Nartatez</b> Assistant Vice President Total Rewards
<b>Manuel Alberto R. Colayco</b> Senior Vice President Chief Legal and Compliance Officer Corporate Secretary	<b>Charmaine Rose A. Valmonte</b> First Vice President Chief Information Security Officer	<b>Francisco Victor G. Salas</b> Vice President Investor Relations	<b>Ma Cristina L. Calumpang</b> Assistant Vice President Treasury Operations	<b>Nikki Ella M. Olaya</b> Assistant Vice President Corporate Finance
<b>Juan Alfonso D. Suarez</b> Senior Vice President Chief Human Resource Officer	<b>Marlita M. Villacampa</b> First Vice President Controller for Accounting and Operations Services	<b>Percival Vincent P. Tan</b> Vice President Corporate External Relations	<b>Maria Mirchelle P. De Guzman</b> Assistant Vice President Corporate External Relations	<b>Bethuel V. Tanupan</b> Assistant Vice President Tax Advisory and Compliance Services
<b>Maria Veronica C. So</b> Senior Vice President Group Treasurer	<b>Samel A. Aboitiz</b> Vice President AEV Finance, ACO Treasurer, AP Coal Finance and Accounting	<b>Maria Elizabeth L. Tan Chong</b> Vice President Corporate Human Resource	<b>Mailene M. De La Torre</b> Assistant Vice President Corporate Secretary	<b>Andy G. Torrado</b> Assistant Vice President Physical Assets Security
<b>Ana Liza M. Aleta</b> First Vice President Chief Information Officer	<b>Timothy Joseph P. Abay</b> Vice President Financial Planning & Analysis	<b>Maria Lourdes Y. Tanate</b> Vice President Group Internal Audit	<b>Golda May D. Gabriel</b> Assistant Vice President Investment Planning and Monitoring	<b>Aldrin Bernard M. Valentona</b> Assistant Vice President Cybersecurity Architect and Operations Lead
<b>Christopher M. Camba</b> First Vice President Corporate External Relations	<b>Judee Lyn R. Aguilar</b> Vice President Legislative Liaison	<b>Martin John S. Yasay</b> Vice President Corporate External Relations	<b>Christine C. Kempeneers</b> Assistant Vice President Risk Management and AEV Data Privacy Officer	<b>Nicole Andrea S. Yazon</b> Assistant Vice President Strategy
<b>Santanina Apolinaria B. Castro</b> First Vice President Chief Risk Officer	<b>Pagan N. Arches-Reyes</b> Vice President Contracts and Special Projects	<b>Carla Diana P. Alcala</b> Assistant Vice President Corporate External Relations (Legislature)	<b>Mark Joseph L. Lagatao</b> Assistant Vice President Senior Data Architect	<b>Remeliza Z. Villanueva</b> Assistant Vice President Information Systems Audit

### BOARD COMMITTEES

#### Board Environmental, Social, and Corporate Governance Committee

<b>Romeo L. Bernardo</b> Independent Director Chairman of the Committee	<b>Joanne de Asis</b> Independent Director Member of the Committee	<b>Enrique M. Aboitiz</b> Chairman of the Board (Non-Executive) Member of the Committee	<b>Sabin M. Aboitiz</b> Director (Executive) Member of the Committee	<b>Manuel R. Salak III</b> Independent Director Member of the Committee
<b>Manuel Alberto R. Colayco</b> Chief Legal and Compliance Officer Ex-Officio Member of the Committee	<b>Susan V. Valdez</b> Chief Corporate Services Officer Ex-Officio Member of the Committee	<b>David Jude L. Sta. Ana</b> Chief External Affairs Officer Ex-Officio Member of the Committee		

#### Board Audit Committee

<b>Manuel R. Salak III</b> Independent Director Chairman of the Committee	<b>Ana Maria A. Delgado</b> Director (Non-Executive) Member of the Committee	<b>Erramon I. Aboitiz</b> Director (Non-Executive) Member of the Committee	<b>Romeo L. Bernardo</b> Independent Director Member of the Committee	<b>Joanne de Asis</b> Independent Director Member of the Committee
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#### Board Risk and Reputation Management Committee

<b>Enrique M. Aboitiz</b> Chairman of the Board (Non-Executive) Chairman of the Committee	<b>Mikel A. Aboitiz</b> Vice-Chairman of the Board (Non-Executive) Member of the Committee	<b>Erramon I. Aboitiz</b> Director (Non-Executive) Member of the Committee	<b>Sabin M. Aboitiz</b> Director (Executive) Member of the Committee	<b>Romeo L. Bernardo</b> Independent Director Member of the Committee
<b>Manuel R. Salak III</b> Independent Director Member of the Committee	<b>Joanne de Asis</b> Independent Director Member of the Committee	<b>Manuel R. Lozano</b> Chief Financial Officer Ex-Officio Member of the Committee	<b>Santanina Apolinaria B. Castro</b> Risk Management Ex-Officio Member of the Committee	

#### Board Related Party Transactions Committee

<b>Romeo L. Bernardo</b> Independent Director Chairman of the Committee	<b>Joanne de Asis</b> Independent Director Member of the Committee	<b>Manuel R. Salak III</b> Independent Director Member of the Committee
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#### Board Cyber & Information Security Committee

<b>Justo A. Ortiz</b> Director (Non-Executive) Chairman of the Committee	<b>Joanne de Asis</b> Independent Director Member of the Committee	<b>Enrique M. Aboitiz</b> Director (Non-Executive) Member of the Committee	<b>Susan V. Valdez</b> Chief Corporate Services Officer Ex-Officio Member of the Committee	<b>Charmaine R.A. Valmonte</b> Chief Information Security Officer Ex-Officio Member of the Committee
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#### Board Executive Committee

<b>Sabin M. Aboitiz</b> Director (Non-Executive) Chairman of the Committee	<b>Erramon I. Aboitiz</b> Director (Non-Executive) Vice Chairman of the Committee	<b>Mikel A. Aboitiz</b> Vice-Chairman of the Board (Non-Executive) Member of the Committee	<b>Enrique M. Aboitiz</b> Chairman of the Board (Non-Executive) Member of the Committee	<b>Justo A. Ortiz</b> Director (Non-Executive) Member of the Committee
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<b>Manuel R. Lozano</b> Chief Financial Officer Ex-Officio Member of the Committee	<b>Robert McGregor</b> Chief Investment Officer Ex-Officio Member of the Committee	<b>Christopher P. Beshouri</b> Chief Strategy Officer Ex-Officio Member of the Committee
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# Board of Directors



**SABIN M. ABOITIZ**  
Chairman of the Board



**LUIS MIGUEL O. ABOITIZ**  
Vice Chairman of the Board



**EDWIN R. BAUTISTA**  
Independent Director



**RAPHAEL P. M. LOTILLA**  
Independent Director



**DANEL C. ABOITIZ**  
Director



**EMMANUEL V. RUBIO**  
Director



**TOSHIRO KUDAMA**  
Director



**CARLOS C. EJERCITO**  
Independent Director



**ERIC RAMON O. RECTO**  
Independent Director

# Corporate Officers

Aboitiz Power Corporation



**Emmanuel V. Rubio**  
President  
Chief Executive Officer



**Robert McGregor**  
Executive Vice President  
Chief Investment Officer



**Liza Luv T. Montelibano**  
Senior Vice President  
Chief Financial Officer



**Felino M. Bernardo**  
Chief Operating Officer  
Thermal Generation  
Business Group



**Alexander B. Co**  
Chief Operating Officer  
Renewable Generation  
Business Group



**Dennis B. Jordan**  
Deputy Chief Operating Officer  
GNDP and GMEC  
Aboitiz Power Corporation



**Carlos Ramon C. Aboitiz**  
Senior Vice President  
Chief Corporate Services Officer



**Danel C. Aboitiz**  
Senior Vice President  
Chief Commercial and Stakeholder  
Engagement Officer



**Juan Alejandro A. Aboitiz**  
Senior Vice President  
Commercial Operations  
Business Unit Head



**Anton Mari G. Perdices**  
Senior Vice President  
Chief Operating Officer  
Distribution Business Group



**Maria Racquel J. Bustamante**  
First Vice President  
Chief Financial Officer  
Generation Business Group



**Jeihan S. Borlaza**  
First Vice President  
Chief Financial Officer  
Distribution Business Group



**James Arnold D. Villaroman**  
Senior Vice President  
Chief Strategy Officer



**Ana Liza M. Aleta**  
First Vice President  
Information Systems Group



**Dennis Edward A. De La Serna**  
First Vice President  
Regulatory Affairs



**Maria Luisa A. Inofre**  
First Vice President  
Chief Human Resources  
Officer



**David J. Smith**  
Executive Director  
Aboitiz Renewables, Inc.



**Lee Hazel T. Balangue**  
First Vice President  
Philippine Development  
Aboitiz Renewables, Inc.



**Ruby O. Jaucian**  
First Vice President  
Chief Human Resources Officer  
Aboitiz Renewables, Inc.



**Marie Natalie Bernadeth  
J. Collado**  
First Vice President  
Chief Finance Officer  
Aboitiz Renewables, Inc.

# Business Unit Heads

Aboitiz Power Corporation



**Rolando M. Pacquiao**  
President  
Chief Operating Officer  
Hedcor



**Celso C. Caballero III**  
President  
Chief Operating Officer  
Coal Business Unit



**Ronaldo S. Ramos**  
President  
Chief Operating Officer  
Oil Business Unit



**Joseph S. Yu**  
President  
Chief Executive Officer  
SN Aboitiz Power



**Jeffrey R. Estrella**  
President  
Chief Operating Officer  
AP Renewables Inc.



**Raul C. Lucero**  
President  
Chief Operating Officer  
Visayan Electric Company, Inc.



**Dante T. Pollescas**  
President  
Chief Operating Officer  
EnerZones



**Valentin S. Saludes III**  
President  
Chief Operating Officer  
Cotabato Light & Power Company



**Rodger S. Velasco**  
President  
Chief Operating Officer  
Davao Light and Power Company, Inc.

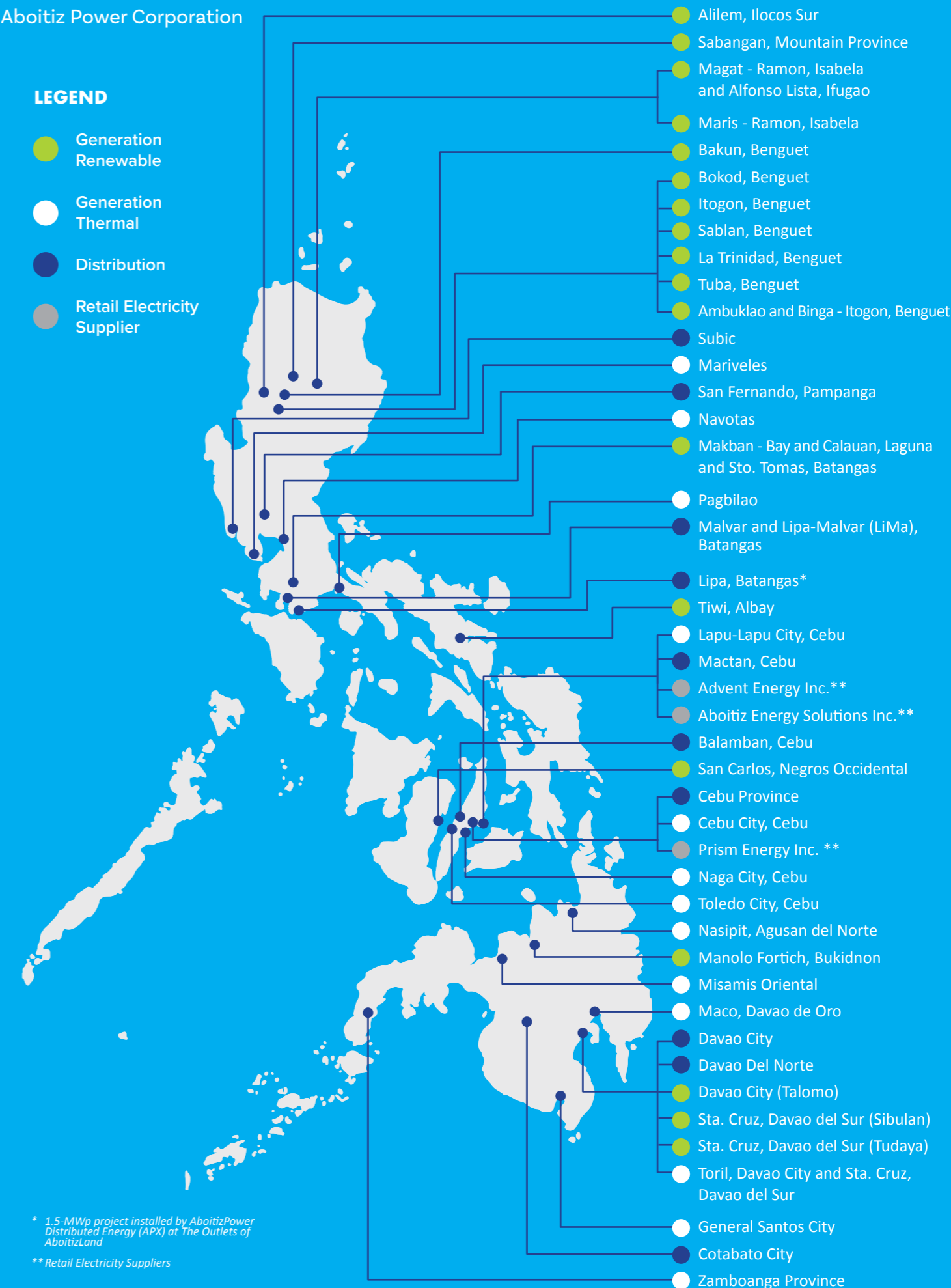
## Map of Operations

102-3, 102-4

Aboitiz Power Corporation

### LEGEND

- Generation Renewable
- Generation Thermal
- Distribution
- Retail Electricity Supplier



\* 1.5-MWp project installed by AboitizPower Distributed Energy (APX) at The Outlets of AboitizLand

\*\* Retail Electricity Suppliers

## BOARD OF DIRECTORS

<b>Sabin M. Aboitiz</b> Chairman of the Board	<b>Emmanuel V. Rubio</b> Director	<b>Danel C. Aboitiz</b> Director	<b>Raphael P. M. Lotilla</b> Lead Independent Director	<b>Eric Ramon O. Recto</b> Independent Director
<b>Luis Miguel O. Aboitiz</b> Vice-Chairman of the Board	<b>Edwin R. Bautista</b> Director	<b>Toshiro Kudama</b> Director	<b>Carlos C. Ejercito</b> Independent Director	

## CORPORATE OFFICERS

<b>Emmanuel V. Rubio</b> President Chief Executive Officer	<b>Mark Louie L. Gomez</b> Vice President Risk and Organizational Performance Management	<b>Law Carlo C. Lopez</b> Vice President Stakeholder Relations and Compliance	<b>Gedeon L. Gavan, Jr.</b> Assistant Vice President Finance - Distribution Utilities	<b>Wilyn P. Yaptenco</b> Assistant Vice President Enterprise Systems
<b>Robert McGregor</b> Executive Vice President Chief Investment Officer	<b>Nemeley F. Jabla</b> Vice President Energy Trading	<b>Rafael B. Macabiog</b> Vice President Project Management Office	<b>Ashvind Gobinathan</b> Assistant Vice President Project Management	<b>Kathleen M. Aujero</b> Assistant Vice President Human Resources Business Partner
<b>Juan Alejandro A. Aboitiz</b> Senior Vice President Head of Commercial Operations Business Unit	<b>Cherry A. Javier</b> Vice President Industry Affairs	<b>Rendell Y. Ng</b> Vice President Commercial and Financial Aboitiz Renewables, Inc.	<b>Celeni Kristine G. Guinto</b> Assistant Vice President Regulatory Affairs - Legal	<b>Ramo S. Gavis</b> Assistant Vice President Project Control, Governance, and Turnover
<b>Liza Luv T. Montelibano</b> Senior Vice President Chief Financial Officer	<b>Jason D. Magnaye</b> Vice President External Relations	<b>Rolando V. Vergara Jr.</b> Vice President Project Development and Land Acquisition and Conversion	<b>Joan Margareth C. Hao</b> Assistant Vice President Business Process and Quality Management	<b>Servillano D. Haboc</b> Assistant Vice President Stakeholder Relations and Compliance
<b>James Arnold D. Villaroman</b> First Vice President Chief Strategy Officer	<b>Ma. Consolacion C. Mercado</b> Vice President Legal Energy and Compliance	<b>Anthony Matthew N. Co</b> Vice President Finance and Investments Aboitiz Renewables, Inc.	<b>Janelle Paola C. Jacinto</b> Assistant Vice President Corporate Branding and Communication	<b>Rodolfo P. Laguna Jr.</b> Assistant Vice President Hydro and Wind Project Execution
<b>David J. Smith</b> Executive Director Aboitiz Renewables, Inc.	<b>Jose Alfonso C. Miras</b> Vice President Strategy	<b>Rienzi O. Zano</b> Vice President Sales Aboitiz Renewables, Inc.	<b>Vanessa Lyle P. Kinney-Borja</b> Assistant Vice President Total Rewards, Systems, and Analytics	<b>Jeffrey Jon D. Mecitas</b> Assistant Vice President Market Strategy
<b>Anton Mari G. Perdices</b> Senior Vice President Distribution Utilities Business Group	<b>Saturnino E. Nicanor Jr.</b> Vice President Audit	<b>Jokin P. Aboitiz</b> Vice President Corporate Services Distribution Utilities	<b>Ma. Katrina Patricia G. Mercado</b> Assistant Vice President Strategy	<b>Joejry T. Paulo</b> Assistant Vice President Solar Project Execution
<b>Ana Liza M. Alela</b> First Vice President Information Systems Group	<b>Angeli A. Parcia</b> Vice President Head of Wholesale	<b>Reynold B. Felix</b> Vice President Customer Services Distribution Utilities	<b>Thomas William D. McWalter</b> Assistant Vice President International Business Development	<b>Juris Prime G. Sadornas</b> Assistant Vice President Storage Project Execution
<b>Maria Racquel J. Bustamante</b> First Vice President Chief Financial Officer Generation	<b>Catherine D. Pasilaban</b> Vice President Wholesale Sales	<b>Mark A. Valencia</b> Vice President Chief Technology Officer	<b>Jose Felipe V. Moleno</b> Assistant Vice President Regulatory Compliance and True-Up Rate Implementation	<b>Judito Angelo C. Tadeo</b> Assistant Vice President Land Acquisition and Conversion
<b>Dennis Edward A. De La Serna</b> First Vice President Regulatory Affairs	<b>Katrina M. Platon</b> Vice President Regulatory Affairs Distribution Utilities	<b>Sabrina Marie K. Abis</b> Assistant Vice President Commercial Operations - Retail Sales	<b>Maila Angela T. Ong</b> Assistant Vice President Legislative Affairs	<b>Andrew Jason B. Tan</b> Assistant Vice President Business Development, Aboitiz Renewables, Inc.
<b>Maria Luisa Inofre</b> First Vice President Chief Human Resources Officer	<b>Lemuel P. Quilos</b> Vice President Information Technology	<b>Dary P. Aran</b> Assistant Vice President Accounting	<b>Katherine Corinne C. Patron</b> Assistant Vice President Talent Attraction	<b>Allan K. Vargas</b> Assistant Vice President Quality Assurance/Quality Control and Design Review Aboitiz Renewables, Inc.
<b>Lee Hazel T. Balangue</b> First Vice President Philippine Development Aboitiz Renewables, Inc.	<b>Rowena V. Romero</b> Vice President Regulatory Affairs - Generation	<b>Ruby Jean N. Buenviaje</b> Assistant Vice President Talent Optimization, Culture and Engagement	<b>Joey C. Rivera</b> Assistant Vice President Accounting - Energy and Retail Electricity Services	<b>Belen B. Catanduanes</b> Assistant Vice President Human Resources, Distribution Utilities
<b>Ruby O. Jaucian</b> First Vice President Chief Human Resources Officer Aboitiz Renewables, Inc.	<b>Raymond Carl R. Roseus</b> Vice President Industry Relations	<b>Robert Alexander U. Camay</b> Assistant Vice President Governance and Compliance	<b>Wilfredo A. Rodolfo III</b> Assistant Vice President External Relations	<b>Ronald G. Chan</b> Assistant Vice President Information Technology Communications
<b>Marie Natalie Bernadeth J. Collado</b> First Vice President Chief Financial Officer Aboitiz Renewables, Inc.	<b>Doris Sharry P. Salazar</b> Vice President Commercial and Emerging Markets	<b>Anafior L. Candelaria</b> Assistant Vice President Asset Management	<b>Gerard Joseph B. Roxas</b> Assistant Vice President Power System Planning and Energy Economics	<b>Sasha S. Jamero</b> Assistant Vice President Controller - Power Distribution Group
<b>Jeihan S. Borlaza</b> First Vice President Chief Financial Officer Distribution Utilities	<b>Ronald Francis A. Suarez</b> Vice President Reputation Management	<b>Marciano R. Cleofas</b> Assistant Vice President Industry Development	<b>Jerwin I. Santos</b> Assistant Vice President Digital	<b>Dexter A. Ompad</b> Assistant Vice President Business Process, Risk and Strategic Performance Management
<b>Charito E. Balita</b> Vice President Innovation and Digital Transformation	<b>James Byron P. Yu</b> Vice President Head of Retail	<b>Juan Pascual C. Cosare</b> Assistant Vice President Audit	<b>Dennis R. Siaton</b> Assistant Vice President Regulatory Affairs - Distribution Utilities	<b>Clovis B. Racho</b> Assistant Vice President Procurement and Logistics
<b>Mary Ann D. Ballesteros</b> Vice President Project Execution	<b>David Mikel T. Aboitiz</b> Vice President Commercial Strategy, Sales and Engagement	<b>Lee Ann K. De Leon</b> Assistant Vice President Commercial Operations	<b>Paul B. Sorino</b> Assistant Vice President Regulatory Affairs - Legal	<b>Dennis S. Verallo</b> Assistant Vice President Utility Economics
<b>Katrina Michaela D. Calleja</b> Vice President Chief of Staff	<b>Iara Victoria B. Arcilla</b> Vice President International Development	<b>Daphne Karina J. De Pedro</b> Assistant Vice President Human Resource Business Partner	<b>Cheryl D. Sta. Ana</b> Assistant Vice President Finance	
<b>Richard A. Cruz</b> Vice President Safety, Health, Environment and Security	<b>Darlene C. Arguelles</b> Vice President Storage Project Development	<b>Bryan H. Diosma</b> Assistant Vice President External Relations	<b>Rene T. Sta. Maria, Jr.</b> Assistant Vice President IT Architecture	
<b>Myla M. Espineda</b> Vice President Finance	<b>Lyrna L. Esmeralda-Hewitt</b> Vice President Business Development	<b>Annabel N. Gatdula</b> Assistant Vice President IT Project Portfolio Management	<b>Roberto N. Vidal</b> Assistant Vice President Tariffs and Technical Compliance	

## BOARD COMMITTEES

### Board Environmental, Social, and Corporate Governance Committee

<b>Raphael P.M. Lotilla</b> Independent Director Chairman of the Committee	<b>Luis Miguel O. Aboitiz</b> Director (Non-Executive) Member of the Committee	<b>Sabin M. Aboitiz</b> Director (Non-Executive) Member of the Committee	<b>Carlos C. Ejercito</b> Independent Director Member of the Committee	<b>Eric Ramon O. Recto</b> Independent Director Member of the Committee
<b>Susan V. Valdez</b> Chief Corporate Services Officer <i>Ex-Officio</i> Member of the Committee	<b>David Jude L. Sta. Ana</b> Chief External Affairs Officer (AEV) <i>Ex-Officio</i> Member of the Committee	<b>Ma. Consolacion C. Mercado</b> Compliance Officer <i>Ex-Officio</i> Member of the Committee		

### Board Audit Committee

<b>Carlos C. Ejercito</b> Independent Director Chairman of the Committee	<b>Raphael P.M. Lotilla</b> Independent Director Member of the Committee	<b>Eric Ramon O. Recto</b> Independent Director Member of the Committee	<b>Danel C. Aboitiz</b> Director (Executive) Member of the Committee	<b>Luis Miguel O. Aboitiz</b> Director (Non-Executive) Member of the Committee
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### Board Risk and Reputation Management Committee

<b>Sabin M. Aboitiz</b> Director (Non-Executive) Chairman of the Committee	<b>Toshiro Kudama</b> Director (Non-Executive) Member of the Committee	<b>Emmanuel V. Rubio</b> Director (Executive) Member of the Committee	<b>Carlos C. Ejercito</b> Independent Director Member of the Committee	<b>Eric Ramon O. Recto</b> Independent Director Member of the Committee
<b>Raphael P.M. Lotilla</b> Independent Director Member of the Committee	<b>Liza Luv T. Montelibano</b> Chief Financial Officer <i>Ex-Officio</i> Member of the Committee	<b>Mark Louie L. Gomez</b> Risk and Organizational Performance Management <i>Ex-Officio</i> Member of the Committee		

### Board Related Party Transactions Committee

<b>Eric Ramon O. Recto</b> Independent Director Chairman of the Committee	<b>Carlos C. Ejercito</b> Independent Director Member of the Committee	<b>Raphael P.M. Lotilla</b> Independent Director Member of the Committee		
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### Board Cyber and Information Security Committee

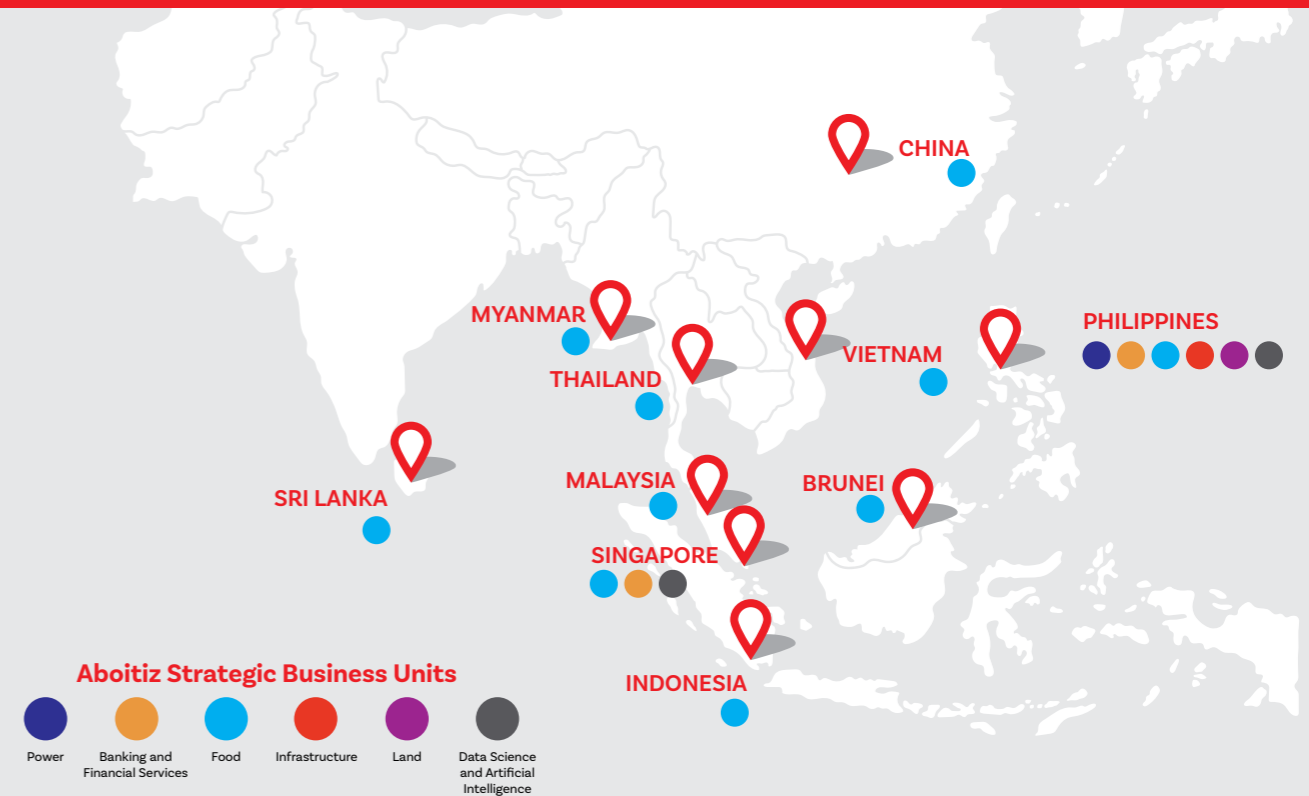
<b>Eric Ramon O. Recto</b> Independent Director Chairman of the Committee	<b>Luis Miguel O. Aboitiz</b> Independent Director Member of the Committee	<b>Sabin M. Aboitiz</b> Independent Director Member of the Committee	<b>Emmanuel V. Rubio</b> Director (Executive) Member of the Committee	<b>Carlos Ramon C. Aboitiz</b> Chief Corporate Services Officer <i>Ex-Officio</i> Member of the Committee
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### Board Executive Committee

<b>Emmanuel V. Rubio</b> Director (Executive) Chairman of the Committee	<b>Sabin M. Aboitiz</b> Director (Non-Executive) Member of the Committee	<b>Toshiro Kudama</b> Director (Non-Executive) Member of the Committee	<b>Danel C. Aboitiz</b> Director (Executive) Member of the Committee	<b>Luis Miguel O. Aboitiz</b> Director (Non-Executive) Member of the Committee
<b>Liza Luv T. Montelibano</b> Chief Financial Officer <i>Ex-Officio</i> Member of the Committee	<b>Robert McGregor</b> Chief Investment Officer <i>Ex-Officio</i> Member of the Committee	<b>Christopher P. Beshouri</b> Chief Strategy Officer <i>Ex-Officio</i> Member of the Committee		

# Aboitiz Group Presence in Asia

## Map of Operations



Check [www.aboitz.com](http://www.aboitz.com) for the detailed map of operations of all Aboitiz business units.

# Board of Trustees and Advisers



**SABIN M. ABOITIZ**  
Chairman of the Board



**SUSAN V. VALDEZ**  
Trustee



**TRISTAN C. ABOITIZ**  
Trustee



**DAVID JUDE L. STA ANA**  
Trustee



**DAVID L. RAFAEL**  
Trustee



**MA. AURORA F. TOLENTINO**  
Independent Trustee



**MANUEL R. LOZANO**  
Trustee, Treasurer



**EMMANUEL V. RUBIO**  
Trustee



**COSETTE V. CANILAO**  
Trustee



**CARLOS RAMON C. ABOITIZ**  
Adviser



**JUAN ALFONSO D. SUAREZ**  
Adviser



# GT2025<sup>∞</sup>

THE **GREAT TRANSFORMATION** BEGINS WITH YOU AND ME



**With our Great Transformation, Aboitiz is making an ambitious, aggressive, and accelerated push to modernize our traditional legacy business of the last one hundred years into a techglomerate that operates with the agility, efficiency, and innovation of a successful startup.**



**Sabin M. Aboitiz**, *President and CEO, Aboitiz Group*

The **Great Transformation 2025 (GT2025)** will be a story of unprecedented accelerated growth powered by Transformed People and guided by our Massive Transformative Purpose of becoming a techglomerate that operates and dominates much like a life-changing startup for the benefit of our stakeholders and the eternal growth and success of our company.

The Group's highest aspiration right now is to completely redefine what it means to be a Philippine techglomerate, by implementing the transformations required to enable our 100-year-old company to start thinking and performing with the intelligence, technology, and culture of tomorrow's most innovative and disruptive startups.

Sparked by a cultural revolution of the mind, the entire organization – from our people and processes to our products and profits – will experience a paradigm shift to an exponentially smarter, faster, and better approach towards achieving our goals.

This is the story of our Great Transformation, and it has already begun.

**[Click here to learn more about the Aboitiz Great Transformation Journey](#)**

# BOARDSPEAK

## How do you envision Aboitiz's great transformation as a sustainable enterprise?

“ Our urgent need for the Great Transformation signals that we did not evolve earlier. Change and evolution are happening at an accelerating pace and we cannot accept any more delays beyond what is reasonable. Agility thrives on continuous course correction depending on how fast we need to move. Further reading and education with discussion for thought to evolve are necessary to be able to innovate, disrupt, or adapt on time. May we control some of the forces of evolution through this exciting new direction. ”

- Endika M. Aboitiz -

“ The main purpose of the Great Transformation itself is Sustainability. The reason it needs to take place is to ensure that we not only survive the rapidly approaching future, but lead and succeed in it through agile adaptability, continuous course-correction, long-term foresight, and disruptive innovation. This can only start with the opening of our minds and the transformation of our people and culture. Once that happens, the rest follow, and only then can we be truly sustainable, not just as a company, but as the world. ”

- Sabin M. Aboitiz -

“ To be truly sustainable Aboitiz cannot rely on its successes in the past. We need to adapt and reinvent ourselves to be more relevant in the future. I see it as not a nice-to-have, but more a necessity for our survival. ”

- Erramon I. Aboitiz -

“ Culture will ultimately determine how well our strategies are executed - a culture that is agile, cooperative and forward looking that delivers sustainable value creation over time ”

- Mikel A. Aboitiz -

“ In a time of great and constant change, the success of an organization depends heavily on its agility of thinking and action and its sustained ability to reinvent itself with the times. The Great Transformation is a call to all in the Aboitiz Group to live these truths as we write the future chapters of the Aboitiz Story together. ”

- Ana Maria A. Delgado -

“ Aboitiz's Great Transformation galvanized UnionBank's sustainability mission to Tech Up communities in three key areas - digital transformation, sustainable finance, and inclusive prosperity. Our strategic partnerships with the Aboitiz Group shall continue to spark innovations that contribute to nation building and elevating lives. ”

- Edwin R. Bautista -

“ I congratulate our leadership for embarking on this great transformation journey for our company. It is clear to me that we all need to develop, in ourselves and together, the qualities that will enable us to navigate successfully in turbulent waters: Agility, Boldness, Outspokenness (radical candor), Innovativeness, Teamwork, Industry, and Zeal. These qualities spell Aboitiz! ”

- Romeo L. Bernardo -

“ The enormity & relentless pace of global change give a sense of urgency to the group's great transformation goal. In this context, sustainability in terms of increasingly producing more with less has an inherently business logic and demands leadership not only at the top but across the entire enterprise to attain. ”

- Raphael P.M. Lotilla -

“ Integration of optimized power generation mix, DX based distribution network and retail services will enhance our sustainable growth and Aboitiz as an energy leader in the country, we are responsible for seeking to create lower carbon society. ”

- Toshiro Kudama -

“ Aboitiz's Great Transformation reinforces the group's commitment to sustainability and its related benefits for customers, team members, and the various communities it serves. It starts with refocused mindsets, shared accountability, and a collective vision with clear execution steps to take Aboitiz to the next level achieving higher shareholder value with matching responsibility to society. ”

- Manuel R. Salak III -

“ We clearly recognize the need for this transformation. It is a sine qua non for our continued success as an organization. But more than that, we have an earnest desire to make the most positive contributions to the publics we serve - from our customers to our shareholders - which we can best achieve with the changes we are pursuing. ”

- Carlos C. Ejercito -

“ The transition will be complex and challenging. We will have to choose the right technology and the right time to build. If too soon the technology might still be unproven or expensive; if too late the sites might already be taken up by competitors. Every company is confronted with these challenges. We have the team in place to ensure that we do it right. ”

- Luis Miguel O. Aboitiz -

“ We envision Aboitiz's great transformation as having the resilience and agility to deliver results in a constantly changing business environment. As its energy arm, we are committed to supporting this transformation with our growth strategy to drive the energy transition towards decarbonization while supporting economic growth and promoting environmental sustainability. We are confident that this strategy, anchored in our values and our strong culture of digitalization and continuous improvement, will help bring Aboitiz into the next century. ”

- Emmanuel V. Rubio -

“ AboitizPower is in a unique position to participate in the transformation of the Philippine energy landscape which is quickly evolving to advance energy affordability, energy security, and energy sustainability. We look forward to the opportunities that will arise from the electrification of transportation, distributed energy resources, improved efficiency in the distribution sector, and the rebalancing of our national generation mix. #abc ”

- Danel C. Aboitiz -

# BOARDSPEAK

## How do you envision Aboitiz's great transformation as a sustainable enterprise?

“The Aboitiz Group has evolved and done extremely well through the years. It is widely known for its strong adherence to professionalism and, although rather aggressive in its core businesses, it still continues to be judicious in its vetting process.”

- Jose C. Vitug -

“Sustainability is only truly achieved with genuine care. Businesses can endure the decades for their speed of innovation, understanding of the market, and financial astuteness, but names like Aboitiz that become timeless brands are the ones built on a sincere and lasting connection to the people we serve. Working with the community, protecting the environment, and continuously creating value for Aboitiz's customers and shareholders have grown strong roots for our enterprise. Our earnest desire to keep earning the trust given to us by past and present generations remains the unchanging strategy that will take Aboitiz and the communities it serves well into new eras of success.”

- Carlos C. Ejercito -

“We clearly recognize the need for this transformation. It is a sine qua non for our continued success as an organization. But more than that, we have an earnest desire to make the most positive contributions to the publics we serve - from our customers to our shareholders - which we can best achieve with the changes we are pursuing.”

- Eric Ramon O. Recto -

“We will be more data-driven in addressing local issues that have national impact, for example, education for Filipinos, as well as global issues like working to curb the amount of plastic waste that end up in the ocean. Lastly, working with stakeholders to ensure that they are transforming along with us to ensure that we continue to advance business and communities well into the future.”

- Tristan Roberto C. Aboitiz -

“While we continue to increase the share of CSR 2.0 in all our programs, which means we co-create more sustainable, resilient & safe host communities, we also want to start focusing on CSR 3.0, which means partnering with groups who can collectively create positive long term impact on business and communities through national policies & programs in certain sectors. This is truly aligned to our brand promise of Advancing Business & Communities.”

- Susan V. Valdez -

“I see the Aboitiz Great Transformation as the key to accelerating our journey toward greater sustainability. In an era where stakeholders expectations are sky high and changing all the time; this will be the differentiator that allows us to be prepared, and thrive, during uncertain times. This will also give us the confidence that we have the competitive advantage and disruptive mindset to help identify opportunities to unlock innovations, build new ecosystems and develop productive collaborations.”

- Manuel R. Lozano -

“The Aboitiz Great Transformation is about building a future proof organization that is agile and disruptive. It is founded on cross functional collaboration and disciplined experimentation, which will lead to exponential growth. With it comes complexity and connectedness which could threaten sustainability. However, implementing bold moves that build trust among all stakeholders will help us navigate and overcome challenges.”

- Cosette V. Canilao -

“We are taking steps in the Great Transformation as we use all the latest, proven, and available technology in various aspects of construction, planning, design, sales, and customer engagement to increase Abotizland's competitive advantage, decrease its carbon footprint and promote biodiversity. We will continue to develop sustainable projects that promote healthier living in cleaner environments.”

- David L. Rafael -

“I believe that Aboitiz is a great company. It demands a lot of its people and of itself. As long as it continues along the path of valuing people, planet and profits together, and constantly striving to balance all three, it will transform itself into a truly world-class business entity. There is no magic road to transformation...it is always through hard work, focus, and clarity about what is truly important that an entity transforms in deeper ways.”

- Maria Aurora F. Tolentino -

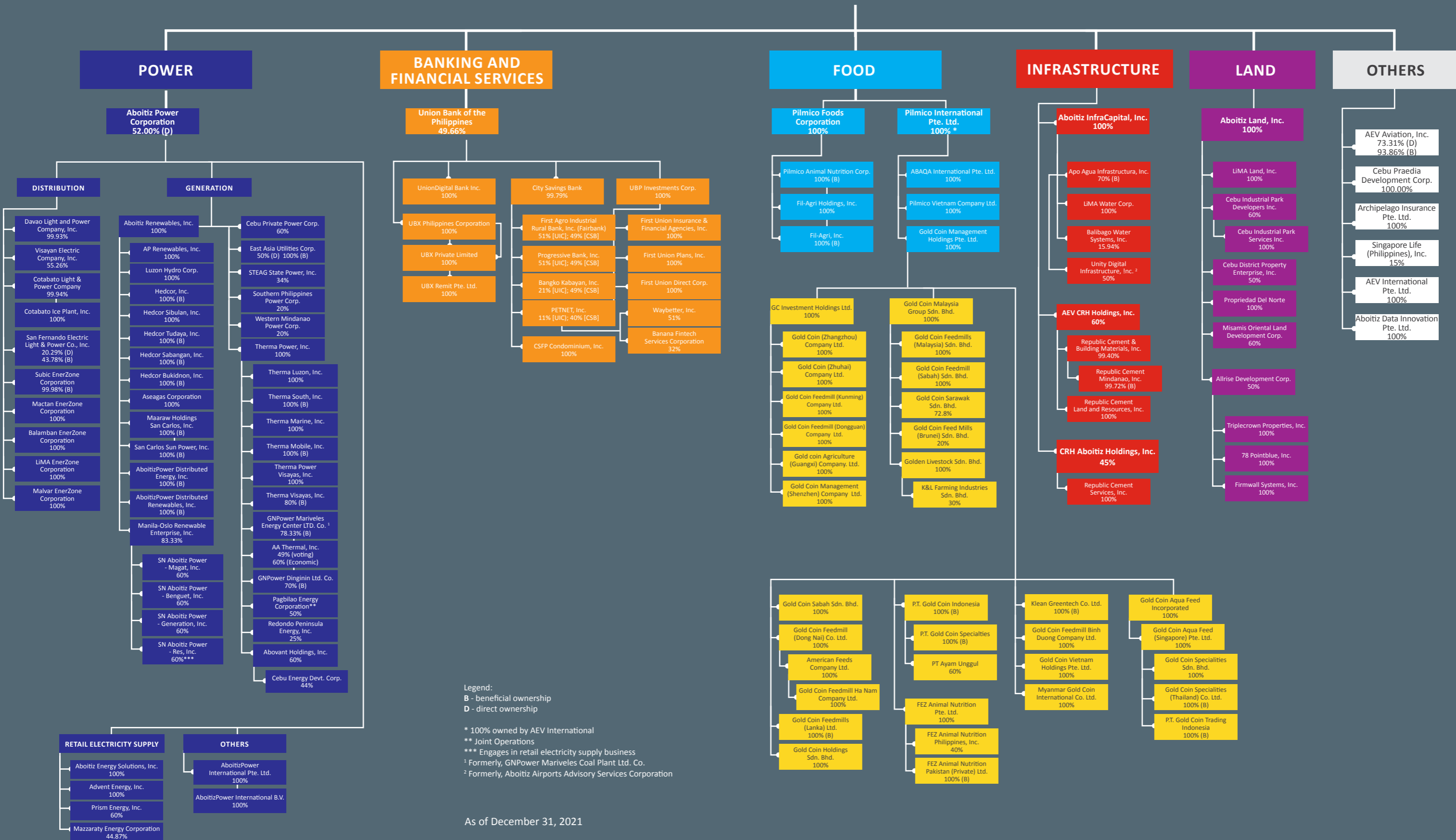
“The only constant thing is change. The Aboitiz Group today is different from its beginnings over a hundred years ago and it will be different 50-100 years down the road. People and businesses will have to change and their success depends on how they respond to that change. An open mindset is key. The one sure constant is the drive to change for a better world by Advancing Business and Communities. By continuing to be a responsible and well-run business, we play a key role in economic growth and development at the national, local and personal level, providing the needed support for businesses to grow, generating revenues and creating jobs and improving the quality of life.”

- David Jude L. Sta. Ana -

“The Aboitiz Great Transformation accelerates our efforts and heightens our commitment to further evolve into an exemplary sustainable enterprise. This transformation enables Aboitiz to advance business and communities longer and better where sustainability is central to this aspiration.”

- Alfie D. Suarez -

# Corporate Structure



# Statement of Management's Responsibility for Financial Statements

Aboitiz Equity Ventures Inc.

SECURITIES & EXCHANGE COMMISSION  
 SEC Building, EDSA Greenhills  
 Mandaluyong, Metro Manila

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Aboitiz Equity Ventures Inc.** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2021** and **2020**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such audit.

(sgd.)  
**ENRIQUE M. ABOITIZ JR.**  
 Chairman of the Board

(sgd.)  
**SABIN M. ABOITIZ**  
 President & Chief Executive Officer

(sgd.)  
**MANUEL R. LOZANO**  
 Senior Vice President - Chief Financial Officer

Signed this **4<sup>th</sup>** day of **March, 2022**.

Republic of the Philippines)  
 Taguig City ) S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Passport/CTC	Date/Place Issued
Enrique M. Aboitiz Jr.	P [REDACTED]	
Sabin M. Aboitiz	P [REDACTED]	
Manuel R. Lozano	P [REDACTED]	

who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this **23rd** day of **March** 2022.

Doc. No. 505 ;  
 Page No. 102 ;  
 Book No. XVIII ;  
 Series of 2022.



*[Signature]*  
**Atty. Stella Marie G. Sacdalan**  
 Notary Public for Taguig City  
 Notarial Comission No. 99  
 Until June 30, 2022  
 NAC Tower, 32<sup>nd</sup> St. Bonifacio Global City, Taguig City  
 PTR No. A-5401958, January 11, 2022, Taguig City  
 IBP OR No. 183968, February 2, 2022  
 Roll No. 63289  
 MCLE Compliance No. VII-0012445

# Independent Auditor's Report

## Aboitiz Equity Ventures Inc.

The Board of Directors and Stockholders  
Aboitiz Equity Ventures, Inc.  
32<sup>nd</sup> Street, Bonifacio Global City,  
Taguig City, Metro Manila  
Philippines

### Opinion

We have audited the consolidated financial statements of Aboitiz Equity Ventures, Inc. and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2021 and 2020, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### Impairment Testing of Goodwill

Under PFRSs, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2021, the goodwill attributable to several cash-generating units (CGUs) amounted to ₱57.6 billion or 8% of total assets, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to uncertainty on the estimation process due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically discount and growth rates, revenue assumptions, and material price inflation.

The Group's disclosures about goodwill are included in Note 14 to the consolidated financial statements.

### Audit Response

We involved our internal specialist in assessing the methodologies and assumptions used. These assumptions include discount and growth rates, revenue assumptions, and material price inflation. We compared the key assumptions used, such as growth rate and revenue assumptions against the historical performance of the CGUs, industry outlook and other relevant external data, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amount of goodwill.

### Revenue Recognition of Distribution Utilities

The distribution utilities' revenue from the sale of electricity amounting to ₱44.4 billion accounts for 20% of the Group's consolidated revenues and is material to the Group. This matter is significant to the audit because the revenue recognized depends on the electric consumption captured, the rates applied across different customers, and the systems involved in the billing process. Electric consumption captured is based on the meter readings taken on various dates for the different types of customers (i.e., industrial, commercial, and residential customers) within the franchise areas of operations of the distribution utilities.

The Group's disclosures related to this matter are provided in Notes 2 and 26 to the consolidated financial statements.

### Audit Response

We obtained an understanding and evaluated the design and tested the controls over the billing and revenue process which includes the capture and accumulation of meter data in the billing system and calculation of billed amounts, and uploading of billed amounts from the billing system to the financial reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in billing statements.

### Recoverability of Certain Segments of Property, Plant and Equipment

Based on the assessment of the Group as of December 31, 2021, certain segments of its property, plant and equipment totaling ₱8.4 billion, may be impaired due to the existence of impairment indicators. As such, the Group assessed the recoverable amount of these segments of property and equipment and

this requires significant judgment and involves estimation and assumptions about future electricity generation levels and costs as well as external inputs such as fuel prices, electricity prices and discount rates. In addition, because of the coronavirus pandemic, there is heightened level of uncertainty on the future economic outlook and market forecast. Hence, we consider such assessment as a key audit matter in our audit.

The disclosures about the recoverability of certain segments of property, plant and equipment are included in Note 13 to the consolidated financial statements.

#### *Audit Response*

We involved our internal specialist in assessing the methodologies and assumptions used. These assumptions include future electricity generation levels and costs, as well as external inputs such as fuel prices, electricity prices and discount rates. We compared the key assumptions used against the historical performance of certain segments of property, plant and equipment, industry outlook and other relevant external data, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amounts of certain segments of property, plant and equipment.

#### **Accounting for Investment in an Associate**

The Group has an investment in Union Bank of the Philippines (UBP), which is a universal bank that is publicly listed in the Philippine Stock Exchange and accounted for under the equity method. For the year ended December 31, 2021, the Group's share in the net income of UBP amounted to ₱6.4 billion and accounts for 19% of the Group's consolidated net income. The Group's share in UBP's net income is significantly affected by the level of provisioning of its loans and receivables applying the expected credit loss (ECL) model. This matter is significant to our audit because the application of the ECL model requires significant management judgment and estimates.

The Group's disclosures on investments in associates are in Notes 2 and 10 to the consolidated financial statements.

#### *Audit Response*

We obtained the financial information of UBP for the year ended December 31, 2021 and recomputed the Group's share in net income of UBP and assessed the disclosures of the investment in associate in the consolidated financial statements.

We obtained an understanding of the methodologies and models used for UBP's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments*, to reflect an unbiased and probability-weighted outcome, and to consider the time value of money and the best available forward-looking information. We also inspected and considered the results of the model validation on the risk rating performed by management's specialist.

We (a) assessed UBP's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default and significant increase in credit risk criteria against historical analysis of accounts, credit risk management policies and practices in place, and management's assessment of the impact of the coronavirus pandemic on the counterparties; (c) tested UBP's application of internal credit risk rating system, including the impact of the coronavirus pandemic on the borrowers, by reviewing the ratings of sample credit exposures; (d) tested loss given default by

inspecting historical recoveries and related costs, write-offs and collateral valuations, and the effects of credit enhancements provided by any party; (e) tested exposure at default considering outstanding commitments and repayment scheme; (f) checked the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of UBP's lending portfolios and broader industry knowledge, including the impact of the coronavirus pandemic; and (g) tested the effective interest rate used in discounting the ECL.

Further, we checked the data used in the ECL models by reconciling data from source system reports to the data warehouse and from the data warehouse to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets of debt financial assets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis. We also assessed the assumptions used where there are missing or insufficient data.

We recalculated impairment provisions on a sample basis. We involved our internal specialists in the performance of the above procedures.

#### **Consolidation Process**

Aboitiz Equity Ventures, Inc. owns a significant number of domestic and foreign entities at varying equity interests. We considered the consolidation process as a key audit matter because it required significant auditor attention, particularly on the following areas: (a) fair value adjustments arising from business combinations, (b) numerous intercompany transactions, (c) alignment of accounting policies of the investees with the Group's policy on property, plant and equipment and investment properties, (d) translation of investees' foreign-currency-denominated financial information to the Group's functional currency and (e) other equity adjustments.

The Group's disclosures on the basis of consolidation are in Note 2 to the consolidated financial statements.

#### *Audit Response*

We obtained an understanding of the Group's consolidation process and the related controls, the process for identifying related parties and related party transactions, as well as the reconciliation of intercompany balances. We also checked the entities included in the consolidation and reviewed the eliminating entries recorded, including fair value adjustments. In addition, we reviewed the foreign currency translation adjustments, as well as the alignment of accounting policies on property, plant and equipment and investment properties.

#### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

#### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Maria Veronica Andresa R. Pore.

SYCIP GORRES VELAYO & CO.

*Maria Veronica Andresa R. Pore*

Maria Veronica Andresa R. Pore

Partner

CPA Certificate No. 90349

Tax Identification No. 164-533-282

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 0662-AR-4 (Group A)

November 21, 2019, valid until November 20, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-071-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854348, January 3, 2022, Makati City

March 4, 2022

## Independent Auditor's Report on Supplementary Schedules

Aboitiz Equity Ventures Inc.

The Board of Directors and Stockholders  
Aboitiz Equity Ventures, Inc.  
32<sup>nd</sup> Street, Bonifacio Global City  
Taguig City, Metro Manila  
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Equity Ventures, Inc. and Subsidiaries as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

*Maria Veronica Andresa R. Pore*

Maria Veronica Andresa R. Pore  
Partner

CPA Certificate No. 90349

Tax Identification No. 164-533-282

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 0662-AR-4 (Group A)

November 21, 2019, valid until November 20, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-071-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854348, January 3, 2022, Makati City

March 4, 2022

## Independent Auditor's Report on Components of Financial Soundness Indicators

Aboitiz Equity Ventures Inc.

The Board of Directors and Stockholders  
Aboitiz Equity Ventures, Inc.  
32<sup>nd</sup> Street, Bonifacio Global City  
Taguig City, Metro Manila  
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Equity Ventures, Inc. and Subsidiaries as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

*Maria Veronica Andresa R. Pore*

Maria Veronica Andresa R. Pore  
Partner

CPA Certificate No. 90349

Tax Identification No. 164-533-282

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 0662-AR-4 (Group A)

November 21, 2019, valid until November 20, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-071-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854348, January 3, 2022, Makati City

March 4, 2022

# Consolidated Balance Sheets

## Aboitiz Equity Ventures Inc.

(Amounts in Thousands)

	December	
	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	₱147,534,035	₱65,966,411
Trade and other receivables (Note 5)	48,020,420	38,026,254
Inventories (Note 6)	31,992,459	24,685,885
Derivative assets (Note 37)	1,383,903	—
Other current assets (Notes 7 and 8)	25,418,264	18,702,683
<b>Total Current Assets</b>	<b>254,349,081</b>	<b>147,381,233</b>
<b>Noncurrent Assets</b>		
Property, plant and equipment (Notes 13 and 18)	220,018,207	219,538,095
Investments and advances (Note 10)	154,815,613	145,416,644
Intangible assets (Note 14)	74,338,411	67,776,489
Investment properties (Notes 15 and 31)	12,227,553	10,937,685
Deferred income tax assets - net (Note 32)	1,976,548	2,041,497
Trade receivables - net of current portion (Note 5)	366,651	1,398,791
Derivative assets - net of current portion (Note 37)	75,718	—
Net pension assets (Note 30)	293,168	115,023
Other noncurrent assets (Notes 8 and 16)	15,145,672	14,550,470
<b>Total Noncurrent Assets</b>	<b>479,257,541</b>	<b>461,774,694</b>
<b>TOTAL ASSETS</b>	<b>₱733,606,622</b>	<b>₱609,155,927</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Trade and other payables (Notes 17, 35 and 40)	₱45,779,404	₱35,611,592
Bank loans (Note 18)	35,415,424	29,330,883
Current portions of:		
Long-term debts (Note 19)	18,608,778	17,417,474
Long-term obligation on Power Distribution System (PDS) (Note 14)	40,000	40,000
Lease liabilities (Notes 13 and 22)	8,291,721	7,283,183
Derivative liabilities (Note 37)	1,180,048	982,348
Income tax payable	382,223	1,006,445
<b>Total Current Liabilities</b>	<b>109,697,598</b>	<b>91,671,925</b>

(Forward)

	December	
	2021	2020
<b>Noncurrent Liabilities</b>		
Noncurrent portions of:		
Long-term debts (Note 19)	₱253,069,865	₱243,623,606
Lease liabilities (Notes 22)	25,964,507	32,485,663
Trade payables (Notes 17 and 35)	982,617	1,657,982
Long-term obligation on PDS (Note 14)	125,532	143,436
Customers' deposits (Note 20)	7,374,767	6,990,008
Decommissioning liability (Note 21)	5,686,224	5,008,033
Deferred income tax liabilities - net (Note 32)	2,270,797	2,399,529
Net pension liability (Note 30)	493,293	574,217
Derivative liabilities - net of current portion (Note 37)	174,664	1,001,529
<b>Total Noncurrent Liabilities</b>	<b>296,142,266</b>	<b>293,884,003</b>
<b>Total Liabilities</b>	<b>405,839,864</b>	<b>385,555,928</b>
<b>Equity Attributable to Equity Holders of the Parent</b>		
Capital stock (Note 23)	5,694,600	5,694,600
Additional paid-in capital (Note 23)	13,013,197	13,013,197
Equity reserve (Notes 2 and 9)	29,491,200	(6,215,026)
Accumulated other comprehensive income (Note 25)	(235,375)	(3,959,403)
Retained earnings (Notes 10 and 24)		
Appropriated	9,200,000	9,200,000
Unappropriated	188,162,793	165,976,675
Treasury stock at cost (Note 23)	(647,672)	(647,672)
	<b>244,678,743</b>	<b>183,062,371</b>
<b>Non-controlling Interests</b>	<b>83,088,015</b>	<b>40,537,628</b>
<b>Total Equity</b>	<b>327,766,758</b>	<b>223,599,999</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱733,606,622</b>	<b>₱609,155,927</b>

See accompanying Notes to Consolidated Financial Statements.

## Consolidated Statements of Income

Aboitiz Equity Ventures Inc.

(Amounts in Thousands, Except Earnings Per Share Amounts)

	Years Ended December 31		
	2021	2020	2019
<b>REVENUES</b>			
Sale of:			
Power (Note 26)	₱134,043,812	₱109,867,394	₱124,605,660
Goods	83,065,597	71,286,473	69,625,434
Real estate (Notes 15 and 26)	5,234,842	3,541,272	4,116,175
Service fees	716,387	551,455	1,153,570
Sale of swine at fair value (Note 8)	578,149	1,310,621	1,529,743
Others (Note 35)	290,632	168,613	126,886
	<b>223,929,419</b>	<b>186,725,828</b>	<b>201,157,468</b>
<b>COSTS AND EXPENSES</b>			
Cost of generated and purchased power (Notes 27, 28, 35 and 40)	74,996,207	54,871,109	71,361,850
Cost of goods sold (Notes 6 and 28)	73,589,095	61,518,767	61,177,948
Operating expenses (Notes 28, 35, 38 and 39)	39,896,091	37,113,892	33,657,639
Cost of real estate sales (Note 6)	2,346,942	1,748,270	2,305,141
	<b>190,828,335</b>	<b>155,252,038</b>	<b>168,502,578</b>
<b>OPERATING PROFIT</b>	<b>33,101,084</b>	<b>31,473,790</b>	<b>32,654,890</b>
Share in net earnings of associates and joint ventures (Note 10)	17,245,643	9,019,033	11,502,090
Interest income (Notes 4, 35 and 36)	530,851	1,007,236	1,574,268
Interest expense (Notes 22 and 36)	(17,042,156)	(17,917,087)	(17,048,359)
Other income (expense) - net (Notes 5, 31 and 35)	3,142,294	4,809,275	5,517,803
<b>INCOME BEFORE INCOME TAX</b>	<b>36,977,716</b>	<b>28,392,247</b>	<b>34,200,692</b>
<b>PROVISION FOR INCOME TAX</b> (Note 32)	<b>2,808,253</b>	<b>7,583,258</b>	<b>4,758,404</b>
<b>NET INCOME</b>	<b>₱34,169,463</b>	<b>₱20,808,989</b>	<b>₱29,442,288</b>
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the parent	₱27,309,623	₱15,433,613	₱22,036,129
Non-controlling interests	6,859,840	5,375,376	7,406,159
	<b>₱34,169,463</b>	<b>₱20,808,989</b>	<b>₱29,442,288</b>
<b>EARNINGS PER SHARE</b> (Note 33)			
Basic and diluted, for net income for the year attributable to equity holders of the parent	<b>₱4.85</b>	<b>₱2.74</b>	<b>₱3.91</b>

See accompanying Notes to Consolidated Financial Statements.

## Consolidated Statements of Comprehensive Income

Aboitiz Equity Ventures Inc.

(Amounts in Thousands)

	Years Ended December 31		
	2021	2020	2019
<b>NET INCOME ATTRIBUTABLE TO:</b>			
Equity holders of the parent	₱27,309,623	₱15,433,613	₱22,036,129
Non-controlling interests	6,859,840	5,375,376	7,406,159
	<b>34,169,463</b>	<b>20,808,989</b>	<b>29,442,288</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be reclassified to consolidated statements of income:</i>			
Movement in cumulative translation adjustments	2,534,198	(464,398)	361,632
Movement in cash flow hedges, net of tax	2,416,469	600,291	(2,390,491)
Share in movement in cumulative translation adjustments of associates and joint ventures (Note 10)	809,328	(513,559)	(505,502)
Share in movement in net unrealized mark-to- market losses on FVOCI investments of associates (Note 10)	(734,752)	(10,116)	(2,382)
Movement in net unrealized mark-to-market gains (losses) on FVOCI investments (Note 25)	(3,127)	(126)	2,992
	<b>5,022,116</b>	<b>(387,908)</b>	<b>(2,533,751)</b>
<i>Items that will not be reclassified to consolidated statements of income:</i>			
Share in movement in actuarial gains (losses) on defined benefit plans of associate and joint ventures, net of tax (Note 10)	235,055	(531,153)	(394,994)
Movement in actuarial gains (losses) on defined benefit plans, net of tax (Note 30)	333,096	(607,051)	(185,103)
	<b>568,151</b>	<b>(1,138,204)</b>	<b>(580,097)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱39,759,730</b>	<b>₱19,282,877</b>	<b>₱26,328,440</b>
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the parent	₱31,521,732	₱14,122,232	₱19,415,184
Non-controlling interests	8,237,998	5,160,645	6,913,256
	<b>₱39,759,730</b>	<b>₱19,282,877</b>	<b>₱26,328,440</b>

See accompanying Notes to Consolidated Financial Statements.

# Consolidated Statements of Changes in Equity

Aboitiz Equity Ventures Inc.

## FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019 (Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to equity holders of the parent									
	Capital Stock: Common (Note 23)	Additional Paid-in Capital (Note 23)	Equity Reserve (Notes 2 and 9)	Accumulated Comprehensive Income (Note 10)	Retained Earnings		Treasury Stock (Note 23)	Non-controlling Interest	Total	Total
					Appropriated (Note 24)	Unappropriated (Note 24)				
Balances at January 1, 2021	₱5,694,600	₱13,013,197	(₱6,215,026)	(₱3,959,403)	₱9,200,000	₱165,976,675	(₱647,672)	₱40,537,628	₱183,062,371	₱223,599,989
Net income for the year	—	—	—	4,212,109	—	27,309,623	—	6,859,840	27,309,623	34,169,463
Other comprehensive income	—	—	—	4,212,109	—	—	—	1,378,158	4,212,109	5,590,287
Total comprehensive income for the year	—	—	—	4,212,109	—	27,309,623	—	8,237,998	31,521,732	39,759,750
Cash dividends - ₱0.91 per share (Note 24)	—	—	—	—	—	(5,123,505)	—	—	(5,123,505)	(5,123,505)
Sale of non-controlling interest (Note 9)	—	—	35,498,196	(488,081)	—	—	—	36,987,711	35,010,115	71,997,826
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	(1,624,383)	—	(1,624,383)
Acquisition of non-controlling interests	—	—	208,030	—	—	—	—	(1,105,703)	208,030	(897,673)
Changes in non-controlling interests	—	—	—	—	—	—	—	54,764	—	54,764
Balances at December 31, 2021	₱5,694,600	₱13,013,197	(₱6,215,026)	(₱235,375)	₱9,200,000	₱188,162,793	(₱647,672)	₱83,088,015	₱244,678,743	₱327,766,758
Balances at January 1, 2020	₱5,694,600	₱13,013,197	(₱6,077,683)	(₱2,648,022)	₱4,200,000	₱162,864,330	(₱655,246)	₱40,713,904	₱176,481,176	₱217,195,080
Net income for the year	—	—	—	—	—	15,433,613	—	5,375,376	15,433,613	20,808,989
Other comprehensive loss	—	—	—	(1,311,381)	—	—	—	(214,731)	(1,311,381)	(1,526,112)
Total comprehensive income (loss) for the year	—	—	—	(1,311,381)	—	15,433,613	—	5,160,645	14,122,232	19,282,877
Cash dividends - ₱1.30 per share (Note 24)	—	—	—	—	—	(7,321,268)	—	—	(7,321,268)	(7,321,268)
Acquisition of treasury shares	—	—	—	—	—	—	(82,426)	—	(82,426)	(82,426)
Appropriation during the year	—	—	—	—	5,000,000	(5,000,000)	—	—	—	—
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	(4,607,417)	—	(4,607,417)
Acquisition of non-controlling interests	—	—	(137,343)	—	—	—	—	1,373	(137,343)	(135,970)
Changes in non-controlling interests	—	—	—	—	—	—	—	(730,877)	—	(730,877)
Balances at December 31, 2020	₱5,694,600	₱13,013,197	(₱6,215,026)	(₱3,959,403)	₱9,200,000	₱165,976,675	(₱647,672)	₱40,537,628	₱183,062,371	₱223,599,989

(Forward)

	Attributable to equity holders of the parent									
	Capital Stock: Common (Note 23)	Additional Paid-in Capital (Note 23)	Equity Reserve (Notes 2 and 9)	Accumulated Comprehensive Income (Note 10)	Retained Earnings		Treasury Stock (Note 23)	Non-controlling Interest	Total	Total
					Appropriated (Note 24)	Unappropriated (Note 24)				
Balances at January 1, 2019	₱5,694,600	₱15,013,197	₱3,833,143	(₱27,077)	₱4,200,000	₱146,263,487	(₱565,246)	₱43,692,474	₱174,412,104	₱218,104,578
Net income for the year	—	—	—	(2,620,945)	—	22,036,129	—	7,406,159	22,036,129	29,442,288
Other comprehensive loss	—	—	—	(2,620,945)	—	—	—	(492,903)	(2,620,945)	(3,113,848)
Total comprehensive income (loss) for the year	—	—	—	(2,620,945)	—	22,036,129	—	6,913,256	19,415,184	26,328,440
Cash dividends - ₱1.32 per share (Note 24)	—	—	—	—	—	(7,435,286)	—	—	(7,435,286)	(7,435,286)
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	(5,235,131)	—	(5,235,131)
Acquisition of non-controlling interests	—	—	(9,910,826)	—	—	—	—	(1,395,615)	(9,910,826)	(11,306,441)
Changes in non-controlling interests	—	—	—	—	—	—	—	(3,261,080)	—	(3,261,080)
Balances at December 31, 2019	₱5,694,600	₱13,013,197	(₱6,077,683)	(₱2,648,022)	₱4,200,000	₱162,864,330	(₱655,246)	₱40,713,904	₱176,481,176	₱217,195,080

See accompanying Notes to Consolidated Financial Statements.

# Consolidated Statements of Cash Flows

## Aboitiz Equity Ventures Inc.

(Amounts in Thousands)

	Years Ended December 31		
	2021	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	₱36,977,716	₱28,392,247	₱34,200,692
Adjustments for:			
Interest expense (Note 36)	17,042,156	17,917,087	17,048,359
Depreciation and amortization (Note 28)	12,962,612	12,696,823	11,536,837
Net unrealized foreign exchange losses (gains)	281,255	(1,972,048)	(1,951,509)
Impairment loss (recovery) on property, plant and equipment (Notes 13, 14 and 16)	340,597	113,683	(245,489)
Write-off of project development costs	369,918	56,410	71,802
Loss (gain) on sale/disposal of:			
Property, plant and equipment and other assets (Notes 13 and 31)	(560,857)	27,097	301,228
Fair value through profit or loss (FVTPL) and FVOCI investments (Note 3)	(120,941)	(15,622)	(834)
Investment in a subsidiary (Note 9)	44,258	—	(4,382)
Unrealized mark-to-market losses on derivatives	851,375	4,848	3,889
Unrealized mark-to-market loss (gains) on FVTPL investments	4,727	(79,501)	(57,998)
Dividend income (Note 31)	(2,984)	(4,827)	(10,651)
Net unrealized valuation gains on investment property (Notes 15 and 31)	(976,228)	(401,410)	(1,829,732)
Interest income (Note 36)	(530,851)	(1,007,236)	(1,574,268)
Share in net earnings of associates and joint ventures (Note 10)	(17,245,643)	(9,019,033)	(11,502,090)
Operating income before working capital changes	49,437,110	46,708,518	45,985,854
Decrease (increase) in:			
Trade and other receivables	(9,466,903)	(12,509,152)	(7,383,477)
Inventories	(7,327,478)	(1,112,332)	967,350
Pension asset	2,348	(5,165)	—
Other current assets	(1,132,632)	4,455,492	960,381
Increase (decrease) in:			
Trade and other payables	7,773,934	4,605,102	6,339,593
Pension liability	65,169	2,207	(15,156)
Customers' deposits	401,496	277,376	513,105
Net cash flows generated from operations	39,753,044	42,422,046	47,367,650
Income and final taxes paid	(3,434,010)	(6,087,298)	(4,610,604)
Net cash flows from operating activities	36,319,034	36,334,748	42,757,046
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash dividends received (Note 10)	10,491,079	5,366,853	4,948,019
Interest received	528,326	989,728	1,724,033
Proceeds from sale of:			
FVTPL and FVOCI investments	800,415	358,705	506,419
Property, plant and equipment	89,136	285,176	85,015

(Forward)

	Years Ended December 31		
	2021	2020	2019
Acquisition through business combination, net of cash acquired	₱—	₱—	(₱368,169)
Additions to:			
Short-term cash deposits	(6,026,045)	(960,460)	—
FVTPL and FVOCI investments	(1,805,670)	(2,446,260)	(554,485)
Property, plant and equipment and investment properties (Notes 13 and 15)	(10,484,632)	(7,648,918)	(12,575,634)
Investments in and advances to associates (Note 10)	(2,678,043)	(2,762,715)	(28,281,257)
Increase in intangible assets (Note 14)	(4,297,612)	(2,292,307)	(2,934,395)
Decrease (increase) in other noncurrent assets	2,695,661	(2,507,868)	(2,432,692)
Proceeds from sale of common shares and redemption of preferred shares of associates and joint ventures (Note 10)	609,000	—	—
Net cash flows used in investing activities	(10,078,385)	(11,618,066)	(39,883,146)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from availing of long-term debts - net of transaction costs (Note 19)	54,556,816	62,231,716	44,962,947
Net proceeds from (settlements of) bank loans	4,554,571	3,613,747	(1,261,449)
Acquisition of treasury shares (Note 23)	—	(82,426)	—
Proceeds from sale of non-controlling interest (Note 9)	71,997,886	—	—
Acquisition of non-controlling interests (Note 2)	(897,673)	(165,196)	(13,114,048)
Cash dividends paid to non-controlling interest	(1,624,383)	(4,607,417)	(5,235,131)
Cash dividends paid to equity holders of the parent (Note 24)	(5,123,505)	(7,321,268)	(7,435,286)
Interest paid	(13,242,432)	(13,478,788)	(10,400,954)
Payments of:			
Long-term debts (Note 19)	(47,621,110)	(36,674,074)	(15,494,718)
Lease liabilities, including accretion of interest	(9,611,197)	(7,862,233)	(7,638,946)
Net cash flows from (used in) financing activities	52,988,973	(4,345,939)	(15,617,585)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>79,229,622</b>	<b>20,370,743</b>	<b>(12,743,685)</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<b>2,338,002</b>	<b>(828,995)</b>	<b>135,319</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>65,966,411</b>	<b>46,424,663</b>	<b>59,033,029</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)</b>	<b>₱147,534,035</b>	<b>₱65,966,411</b>	<b>₱46,424,663</b>

See accompanying Notes to Consolidated Financial Statements.

# Investor Information

## Aboitiz Equity Ventures Inc.

### Head Office:

NAC Tower, 32nd Street, Bonifacio Global City,  
Taguig City, Metro Manila 1634 Philippines  
Tel (632) 8886-2800 | Fax (632) 8886-2407

### Cebu Office:

Aboitiz Corporate Center,  
Gov. Manuel A. Cuenco Avenue,  
Kasambagan, Cebu City 6000 Philippines  
Tel (6332) 411-1800 | Fax (6332) 231-4037

### Common Stock

The Company's common stock is listed and traded in the Philippine Stock Exchange.

### Stockholders' Meeting

The Company's regular stockholders' meeting is held on the fourth Monday of April of every year.

### Stockholder Services and Assistance

Stock Transfer Service, Inc. (STSI) serves as the Company's stock transfer agent.

For matters concerning dividend payments, account status, lost or damaged stock certificates, change of address, please write or call:

#### STOCK TRANSFER SERVICE, INC.

Unit 34-D Rufino Pacific Tower,  
6784 Ayala Avenue, Makati City 1226, Philippines  
Telephone No.: (632) 8403-3798 | (632) 8403-2410  
(632) 8403-2412

#### Contact Person:

Mr. Michael C. Capoy  
mccapoy@stocktransfer.com.ph  
aboitiz.shareholder.services@aboitiz.com

AEV welcomes inquiries from institutional investors, analysts, and the financial community.

Please call or write:

### Investor Relations

Aboitiz Equity Ventures Inc.  
Mr. Judd Salas  
Mobile No. +63 917 301-3469

Email: aev\_investor@aboitiz.com  
Website: www.aboitiz.com



## Statement of Management's Responsibility for Financial Statements

### Aboitiz Power Corporation

#### SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA Greenhills  
Mandaluyong, Metro Manila

#### STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Aboitiz Power Corporation is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2021, 2020 and 2019 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process. The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

(sgd.)

**SABIN M. ABOITIZ**  
Chairman of the Board

(sgd.)

**EMMANUEL V. RUBIO**  
President & Chief Executive Officer

(sgd.)

**LIZA LUV T. MONTELIBANO**  
SVP & Chief Financial Officer/Corporate Information Officer

Signed this 4<sup>th</sup> day of March 2022

## Independent Auditor's Report

### Aboitiz Power Corporation

Republic of the Philippines)  
City of Taguig ) S.S.

Before me, a notary public in and for the city named above, personally appeared:

Name	Passport	Date/Place Issued
SABIN M. ABOITIZ	P [REDACTED]	July 19, 2021; DFA Manila
EMMANUEL V. RUBIO	P [REDACTED]	September 13, 2019; DFA Manila
LIZA LUV T. MONTELIBANO	P [REDACTED]	May 7, 2018, DFA Manila

who are personally known to me and to me known to be the same persons who presented the foregoing instrument and signed the instrument in my presence, and who took an oath before me as to such instrument.

Witness my hand and seal this MAR 04 2022.

Doc. No. 34;

Page No. 69;

Book No. IV;

Series of 2021

RACHEL GINAYA W. COPANUT-PANGWI  
NOTARY PUBLIC UNTIL June 30, 2022/TAGUIG CITY  
Not. Com. Appt. No. 10 (2020-2021)  
PTR No. A-5334323/1-4-22, Taguig City  
IBP O.R. No. 165796/10-14-2021, RSM  
MCLE Comp. No. VI-0019686/3-1-2019  
ROLL No. 61627

The Board of Directors and Stockholders  
Aboitiz Power Corporation  
32<sup>nd</sup> Street, Bonifacio Global City  
Taguig City, Metro Manila  
Philippines

#### Opinion

We have audited the consolidated financial statements of Aboitiz Power Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2021 and 2020, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

#### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### **Impairment Testing of Goodwill**

Under PFRSs, the Group is required to annually test the amount of goodwill for impairment. As of December 31, 2021, the goodwill attributable to several cash-generating units (CGUs) amounted to ₱41.16 billion or 10% of total consolidated assets, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and is based on assumptions which are subject to uncertainty on the estimation process due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically discount and growth rates, revenue assumptions, and material price inflation.

The Group's disclosures about goodwill are included in Note 12 to the consolidated financial statements.

#### **Audit Response**

We involved our internal specialist in assessing the methodologies and assumptions used. We compared the key assumptions used, such as growth rate and revenue assumptions against the historical performance of the CGUs, industry outlook and other relevant external data, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

### **Revenue Recognition of Distribution Utilities**

The distribution utilities' revenue from the sale of electricity amounting to ₱44.38 billion for the year ended December 31, 2021 accounts for 33% of the Group's consolidated revenues and is material to the Group. This matter is significant to the audit because the revenue recognized depends on the electric consumption captured, the rates applied across different customers, and the systems involved in the billing process. Electric consumption captured is based on the meter readings taken on various dates for the different types of customers (i.e., industrial, commercial, and residential customers) within the franchise areas of operations of the distribution utilities.

The Group's disclosures related to this matter are provided in Notes 3 and 20 to the consolidated financial statements.

#### **Audit Response**

We obtained an understanding and evaluated the design and tested the controls over the billing and revenue process which includes the capture and accumulation of meter data in the billing system and calculation of billed amounts, and uploading of billed amounts from the billing system to the financial reporting system. We performed a test calculation of the rates using the Energy Regulatory Commission-approved rates and formulae, then compared them with the rates used in billing statements.

### **Recoverability of Certain Segments of Property, Plant and Equipment**

Based on the assessment of the Group as of December 31, 2021, certain segments of its property, plant and equipment totaling ₱8.4 billion, may be impaired due to the existence of impairment indicators. As such, the Group assessed the recoverable amount of these segments of property, plant and equipment and this requires significant judgment and involves estimation and assumptions about future electricity generation levels and costs as well as external inputs such as fuel prices, electricity prices and discount rates. In addition, because of the coronavirus pandemic, there is heightened level of uncertainty on the future economic outlook and market forecast. Hence, we consider such assessment as a key audit matter in our audit.

The disclosures about the recoverability of certain segments of property, plant and equipment are included in Note 11 to the consolidated financial statements.

#### **Audit Response**

We involved our internal specialist in assessing the methodologies and assumptions used. We compared the key assumptions used against the historical performance of certain segments of property, plant and equipment, industry outlook and other relevant external data, taking into consideration the impact associated with the coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amounts of certain segments of property, plant and equipment.

### **Consolidation Process**

Aboitiz Power Corporation owns a significant number of domestic and foreign entities at varying equity interests. We considered the consolidation process as a key audit matter because it required significant auditor attention, particularly on the following areas: (a) fair value adjustments arising from business combinations, (b) numerous intercompany transactions, (c) alignment of accounting policies of the investees with the Group's policy on property, plant and equipment and investment properties, (d) translation of investees' foreign-currency-denominated financial information to the Group's functional currency and (e) other equity adjustments.

The Group's disclosures on the basis of consolidation are in Note 3 to the consolidated financial statements.

#### **Audit Response**

We obtained an understanding of the Group's consolidation process and the related controls, the process for identifying related parties and related party transactions, as well as the reconciliation of intercompany balances. We also checked the entities included in the consolidation and reviewed the eliminating entries recorded, including fair value adjustments. In addition, we reviewed the foreign currency translation adjustments, as well as the alignment of accounting policies on property, plant and equipment and investment properties.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Maria Veronica Andresa R. Pore.

SYCIP GORRES VELAYO & CO.

*Maria Veronica Andresa R. Pore*

Maria Veronica Andresa R. Pore  
Partner

CPA Certificate No. 90349

Tax Identification No. 164-533-282

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 0662-AR-4 (Group A)

November 21, 2019, valid until November 20, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-071-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854348, January 3, 2022, Makati City

March 4, 2022

## Independent Auditor's Report on Supplementary Schedules

### Aboitiz Power Corporation

The Board of Directors and Stockholders  
Aboitiz Power Corporation  
32<sup>nd</sup> Street, Bonifacio Global City  
Taguig City, Metro Manila  
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation and Subsidiaries as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

*Maria Veronica Andresa R. Pore*

Maria Veronica Andresa R. Pore  
Partner

CPA Certificate No. 90349

Tax Identification No. 164-533-282

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 0662-AR-4 (Group A)

November 21, 2019, valid until November 20, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-071-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854348, January 3, 2022, Makati City

March 4, 2022

## Independent Auditor's Report on Components of Financial Soundness Indicators

### Aboitiz Power Corporation

The Board of Directors and Stockholders  
Aboitiz Power Corporation  
32<sup>nd</sup> Street, Bonifacio Global City  
Taguig City, Metro Manila  
Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Aboitiz Power Corporation and Subsidiaries as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRSs. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

*Maria Veronica Andresa R. Pore*

Maria Veronica Andresa R. Pore  
Partner

CPA Certificate No. 90349

Tax Identification No. 164-533-282

BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024

SEC Partner Accreditation No. 0662-AR-4 (Group A)

November 21, 2019, valid until November 20, 2022

SEC Firm Accreditation No. 0001-SEC (Group A)

Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions

BIR Accreditation No. 08-001998-071-2020, December 3, 2020, valid until December 2, 2023

PTR No. 8854348, January 3, 2022, Makati City

March 4, 2022

## Consolidated Balance Sheets

### Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

	December 31	
	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 5)	₱57,130,243	₱38,699,545
Trade and other receivables (Note 6)	26,820,071	22,017,309
Inventories (Note 7)	9,574,613	6,308,200
Derivative assets (Note 33)	1,383,903	—
Other current assets (Note 8)	9,511,107	10,479,648
<b>Total Current Assets</b>	<b>104,419,937</b>	<b>77,504,702</b>
<b>Noncurrent Assets</b>		
Investments and advances (Note 9)	64,952,728	61,828,801
Property, plant and equipment (Notes 11 and 34)	203,239,825	203,451,243
Intangible assets (Note 12)	46,015,496	44,279,386
Derivative assets - net of current portion (Note 33)	75,718	—
Net pension assets (Note 26)	87,146	50,410
Deferred income tax assets (Note 28)	1,441,768	1,539,020
Other noncurrent assets (Note 13)	7,183,001	9,271,556
<b>Total Noncurrent Assets</b>	<b>322,995,682</b>	<b>320,420,416</b>
<b>TOTAL ASSETS</b>	<b>₱427,415,619</b>	<b>₱397,925,118</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Short-term loans (Note 15)	₱18,625,546	₱13,184,103
Current portions of:		
Long-term debts (Note 16)	18,419,227	15,813,523
Lease liabilities (Note 34)	8,106,781	7,104,181
Long-term obligation on power distribution system	40,000	40,000
Derivative liabilities (Note 33)	219,030	787,273
Trade and other payables (Note 14)	22,744,322	18,371,798
Income tax payable	264,647	722,715
<b>Total Current Liabilities</b>	<b>₱68,419,553</b>	<b>₱56,023,593</b>

(Forward)

	December 31	
	2021	2020
<b>Noncurrent Liabilities</b>		
Noncurrent portions of:		
Long-term debts (Note 16)	₱163,618,747	₱160,067,119
Lease liabilities (Note 34)	25,667,098	32,158,796
Long-term obligation on power distribution system	125,532	143,436
Derivative liabilities - net of current portion (Note 33)	174,664	1,001,529
Customers' deposits (Note 17)	7,200,341	6,798,845
Decommissioning liability (Note 18)	5,686,224	5,008,033
Deferred income tax liabilities (Note 28)	585,440	745,214
Net pension liabilities (Note 26)	302,812	294,086
Other noncurrent liabilities (Note 39k)	54,505	1,099,394
<b>Total Noncurrent Liabilities</b>	<b>203,415,363</b>	<b>207,316,452</b>
<b>Total Liabilities</b>	<b>271,834,916</b>	<b>263,340,045</b>
<b>Equity Attributable to Equity Holders of the Parent</b>		
Paid-in capital (Note 19a)	19,947,498	19,947,498
Share in other comprehensive income (loss) of associates and joint ventures (Note 9)	185,183	(576,692)
Cumulative translation adjustments (Note 33)	1,917,151	(1,067,593)
Cash flow hedge reserve (Note 33)	917,353	(1,379,180)
Actuarial losses on defined benefit plans (Note 26)	(1,072,629)	(1,239,612)
Equity reserve	(7,175,742)	(7,175,742)
Retained earnings (Note 19b)		
Appropriated	20,060,000	33,660,000
Unappropriated (Notes 9 and 19c)	113,172,268	84,989,900
	<b>147,951,082</b>	<b>127,158,579</b>
<b>Non-controlling Interests</b>	<b>7,629,621</b>	<b>7,426,494</b>
<b>Total Equity (Note 19c)</b>	<b>155,580,703</b>	<b>134,585,073</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱427,415,619</b>	<b>₱397,925,118</b>

See accompanying Notes to Consolidated Financial Statements.

## Consolidated Statements of Income

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands, Except Earnings Per Share Amounts)

	Years Ended December 31		
	2021	2020	2019
<b>OPERATING REVENUES</b>			
Sale of power (Notes 20 and 31):			
Generation	₱70,008,135	₱51,750,660	₱55,895,587
Distribution	44,375,529	41,872,331	46,120,403
Retail electricity supply	19,874,964	16,476,713	22,805,450
Technical, management and other fees (Note 31)	100,593	276,945	813,717
<b>OPERATING REVENUES</b>	<b>134,359,221</b>	<b>110,376,649</b>	<b>125,635,157</b>
<b>OPERATING EXPENSES</b>			
Cost of purchased power (Notes 21 and 31)	41,496,499	31,409,251	35,835,144
Cost of generated power (Note 22)	33,499,708	23,461,858	35,526,706
Depreciation and amortization (Notes 11, 12 and 34)	11,202,273	10,973,364	9,895,695
General and administrative (Note 23)	9,540,775	8,663,373	8,155,366
Operations and maintenance (Note 24)	10,410,170	8,988,916	7,366,372
	<b>106,149,425</b>	<b>83,496,762</b>	<b>96,779,283</b>
<b>FINANCIAL INCOME (EXPENSES)</b>			
Interest income (Notes 5 and 31)	343,233	653,076	1,291,703
Interest expense and other financing costs (Notes 15, 16, 32 and 34)	(13,590,365)	(14,253,528)	(14,047,646)
	<b>(13,247,132)</b>	<b>(13,600,452)</b>	<b>(12,755,943)</b>
<b>OTHER INCOME (EXPENSES)</b>			
Share in net earnings of associates and joint ventures (Note 9)	9,479,696	2,675,136	3,813,962
Other income (expenses) - net (Note 27)	213,565	4,928,563	3,483,387
	<b>9,693,261</b>	<b>7,603,699</b>	<b>7,297,349</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>24,655,925</b>	<b>20,883,134</b>	<b>23,397,280</b>
<b>PROVISION FOR INCOME TAX</b> (Note 28)	<b>2,110,710</b>	<b>6,061,912</b>	<b>3,215,498</b>
<b>NET INCOME</b>	<b>₱22,545,215</b>	<b>₱14,821,222</b>	<b>₱20,181,782</b>
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the parent	₱20,837,182	₱12,577,676	₱17,322,677
Non-controlling interests	1,708,033	2,243,546	2,859,105
	<b>₱22,545,215</b>	<b>₱14,821,222</b>	<b>₱20,181,782</b>
<b>EARNINGS PER COMMON SHARE</b> (Note 29)			
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	₱2.83	₱1.71	₱2.35

See accompanying Notes to Consolidated Financial Statements.

## Consolidated Statements of Comprehensive Income

Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

	Years Ended December 31		
	2021	2020	2019
<b>NET INCOME ATTRIBUTABLE TO:</b>			
Equity holders of the parent	₱20,837,182	₱12,577,676	₱17,322,677
Non-controlling interests	1,708,033	2,243,546	2,859,105
	<b>22,545,215</b>	<b>14,821,222</b>	<b>20,181,782</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Movement in cumulative translation adjustments	2,990,011	(2,749,926)	751,169
Movement in cash flow hedges	2,355,803	764,459	(2,518,667)
Share in movement in cumulative translation adjustment of associates and joint ventures	753,960	(530,557)	(474,624)
Share in net unrealized valuation losses on fair value through other comprehensive income (FVOCI) investments of an associate (Note 9)	—	(3,125)	—
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	<b>6,099,774</b>	<b>(2,519,149)</b>	<b>(2,242,122)</b>
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>			
Share in actuarial gain (loss) on defined benefit plans of associates and joint ventures, net of tax	7,915	23,047	(44,028)
Actuarial gain (loss) on defined benefit plans, net of tax (Note 26)	168,827	(327,505)	(329,029)
Net other comprehensive gain (loss) not to be reclassified to profit or loss in subsequent periods	<b>176,742</b>	<b>(304,458)</b>	<b>(373,057)</b>
Total other comprehensive income (loss) for the period, net of tax	<b>6,276,516</b>	<b>(2,823,607)</b>	<b>(2,615,179)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱28,821,731</b>	<b>₱11,997,615</b>	<b>₱17,566,603</b>
<b>ATTRIBUTABLE TO:</b>			
Equity holders of the parent	₱27,047,317	₱10,298,742	₱14,947,290
Non-controlling interests	1,774,414	1,698,873	2,619,313
	<b>₱28,821,731</b>	<b>₱11,997,615</b>	<b>₱17,566,603</b>

See accompanying Notes to Consolidated Financial Statements.

# Consolidated Statements of Changes in Equity

Aboitiz Power Corporation and Subsidiaries

## FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019 (Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to Equity Holders of the Parent										
	Share in Other Comprehensive Income (Loss) of Associates		Paid-in Capital (Note 19a)	Cumulative Translation Adjustments	Cash Flow Hedge Reserve	Actuarial Losses on Defined Benefit Plans (Note 26)	Equity Reserve	Retained Earnings (Note 19b)		Non-controlling Interests	Total
	and Joint Ventures (Note 9)	Adjustments						Appropriated	Unappropriated		
Balances at January 1, 2021	₱576,692	(₱1,067,593)	₱19,947,498	(₱1,379,180)	(₱1,239,612)	(₱7,175,742)	₱84,989,900	₱7,426,494	₱134,585,073	22,545,215	
Net income for the year	—	—	—	—	—	—	20,837,182	1,708,033	—	—	
Other comprehensive income	761,875	—	—	—	—	—	—	—	—	761,875	
Share in other comprehensive income of associates and joint ventures	761,875	—	—	—	—	—	—	—	—	761,875	
Movement in cumulative translation adjustments	—	2,984,744	—	—	—	—	—	—	5,267	2,990,011	
Movement in cash flow hedges	—	—	—	2,296,533	—	—	—	—	59,270	2,355,803	
Actuarial gain on defined benefit plans, net of tax	—	—	—	—	166,983	—	—	—	1,844	168,827	
Total comprehensive income for the year	761,875	2,984,744	—	2,296,533	166,983	—	20,837,182	1,774,414	—	28,821,731	
Reversal of appropriation	—	—	—	—	—	—	(13,600,000)	—	—	—	
Cash dividends - ₱0.85 per share (Note 19b)	—	—	—	—	—	—	(6,254,814)	—	—	(6,254,814)	
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	(1,586,998)	—	(1,586,998)	
Change in non-controlling interests	—	—	—	—	—	—	—	15,711	—	15,711	
Balances at December 31, 2021	₱185,183	(₱1,917,151)	₱19,947,498	(₱1,379,180)	(₱1,072,629)	(₱7,175,742)	₱113,172,268	₱7,629,621	₱155,580,703	—	

	Attributable to Equity Holders of the Parent										
	Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures		Paid-in Capital (Note 19a)	Cumulative Translation Adjustments	Cash Flow Hedge Reserve	Actuarial Losses on Defined Benefit Plans (Note 26)	Equity Reserve	Retained Earnings (Note 19b)		Non-controlling Interests	Total
	and Joint Ventures (Note 9)	Adjustments						Appropriated	Unappropriated		
Balances at January 1, 2020	(₱66,057)	(₱1,229,557)	₱19,947,498	(₱2,223,810)	(₱923,833)	(₱7,175,742)	₱81,095,377	₱8,100,021	₱133,643,011	14,821,222	
Net income for the year	—	—	—	—	—	—	12,577,676	2,243,546	—	—	
Other comprehensive income (loss)	(510,635)	—	—	—	—	—	—	—	—	(510,635)	
Share in other comprehensive loss of associates and joint ventures	(510,635)	—	—	—	—	—	—	—	—	(510,635)	
Movement in cumulative translation adjustments	—	(2,297,150)	—	—	—	—	—	—	(452,776)	(2,749,926)	
Movement in cash flow hedges	—	—	—	844,630	—	—	—	—	(80,171)	764,459	
Actuarial loss on defined benefit plans, net of tax	—	—	—	—	(315,779)	—	—	—	(11,726)	(327,505)	
Total comprehensive income (loss) for the year	(510,635)	(2,297,150)	—	844,630	(315,779)	—	12,577,676	1,698,873	—	11,997,615	
Cash dividends - ₱1.18 per share (Note 19b)	—	—	—	—	—	—	(8,683,153)	—	—	(8,683,153)	
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	—	(2,350,216)	—	(2,350,216)	
Change in non-controlling interests	—	—	—	—	—	—	—	(22,184)	—	(22,184)	
Balances at December 31, 2020	(₱576,692)	(₱1,067,593)	₱19,947,498	(₱1,379,180)	(₱1,239,612)	(₱7,175,742)	₱84,989,900	₱7,426,494	₱134,585,073	—	

## Consolidated Statements of Cash Flows

### Aboitiz Power Corporation and Subsidiaries

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent						Total
	Share in Other Comprehensive Income (Loss) of Associates and Joint Ventures (Note 9)	Cumulative Translation Adjustments	Cash Flow Hedge Reserve	Benefit Plans (Note 26)	Actuarial Losses on Defined Plans (Note 26)	Equity Reserve (Note 26)	
Balances at January 1, 2019	₱19,947,498	₱312,802	₱213,114	(₱587,267)	(₱1,113,564)	₱34,060,000	₱8,823,681
Net income for the year	—	—	—	—	—	17,322,677	2,859,105
Other comprehensive income (loss)	—	—	—	—	—	—	—
Share in other comprehensive loss of associates and joint ventures	(518,652)	916,755	—	—	—	—	(518,652)
Movement in cumulative translation adjustments	—	—	—	—	—	—	(165,586)
Movement in cash flow hedges	—	—	(2,436,924)	—	—	—	(81,743)
Actuarial loss on defined benefit plans, net of tax	—	—	—	(336,566)	—	—	7,537
Total comprehensive income (loss) for the year	(518,652)	916,755	(2,436,924)	(336,566)	—	17,322,677	2,619,313
Reversal of appropriation	—	—	—	—	—	12,300,000	—
Appropriations during the period	—	—	—	—	—	(11,900,000)	—
Acquisition of non-controlling interest (Note 9)	—	—	—	—	(6,062,178)	—	(710,830)
Cash dividends - ₱1.47 per share (Note 19b)	—	—	—	—	—	(10,817,148)	(6,773,008)
Cash dividends paid to non-controlling interests	—	—	—	—	—	—	(10,817,148)
Change in non-controlling interests	—	—	—	—	—	—	(2,580,724)
Balances at December 31, 2019	₱19,947,498	₱1,229,557	(₱2,223,810)	(₱923,833)	(₱7,175,742)	₱33,660,000	₱8,100,021

See accompanying Notes to Consolidated Financial Statements.

#### Years Ended December 31

	2021	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	₱24,655,925	₱20,883,134	₱23,397,280
Adjustments for:			
Interest expense and other financing costs (Note 32)	13,590,365	14,253,528	14,047,646
Depreciation and amortization (Notes 11 and 12)	11,202,273	10,973,364	9,895,695
Share in net earnings of associates and joint ventures (Note 9)	(9,479,696)	(2,675,136)	(3,813,962)
Net unrealized foreign exchange loss (gain)	1,816,579	(2,022,493)	(1,950,762)
Interest income (Notes 5 and 31)	(343,233)	(653,076)	(1,291,703)
Impairment loss (recovery) on property, plant and equipment, goodwill and other assets (Notes 11, 12, 13 and 27)	340,597	113,683	(245,489)
Write-off of project development costs (Notes 12 and 27)	298,031	7,240	31,431
Losses on disposal of property, plant and equipment (Note 27)	214,032	88,227	304,631
Unrealized fair valuation loss (gain) on derivatives and financial assets at FVTPL (Note 33)	(18,333)	4,848	1,424
Unrealized fair valuation gains on investment property (Note 27)	—	(115,829)	(126,842)
Gain on sale of financial assets at FVTPL	—	—	(1,251)
Operating income before working capital changes	42,276,540	40,857,490	40,248,098
Decrease (increase) in:			
Trade and other receivables	(4,134,879)	(8,521,328)	(5,765,526)
Inventories	(3,266,413)	323,829	58,424
Other current assets	1,102,850	2,857,713	2,780,992
Increase (decrease) in:			
Trade and other payables	2,427,336	632,050	5,230,984
Long-term obligation on power distribution system	(40,000)	(40,000)	(40,000)
Customers' deposits	401,496	277,376	513,105
Net cash generated from operations	38,766,930	36,387,130	43,026,077
Income and final taxes paid	(2,439,894)	(4,605,461)	(3,669,115)
Net cash flows from operating activities	36,327,036	31,781,669	39,356,962
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash dividends received (Note 9)	8,355,017	3,238,926	3,784,671
Decrease (increase) in other noncurrent assets	1,553,457	(636,579)	(2,109,404)
Interest received	314,490	654,133	1,421,536
Proceeds from redemption of shares (Note 9)	14,413	6,939	5,340
Proceeds from sale of property, plant and equipment	10,360	8,851	63,555
Net collection of advances (Note 9)	5,549	2,035	—
Acquisitions through business combinations, net of cash acquired	1,251	—	—
Disposal of assets at FVTPL	—	—	101,251

(Forward)

	Years Ended December 31		
	2021	2020	2019
<b>Additions to:</b>			
Property, plant and equipment (Note 11)	<b>(₱8,254,307)</b>	(₱5,428,730)	(₱9,675,816)
Intangible assets - service concession rights (Note 12)	<b>(27,673)</b>	(39,957)	(60,625)
Additional investments (Note 9)	<b>(954,386)</b>	(2,332,591)	(27,591,092)
Net cash flows from (used in) investing activities	<b>1,018,171</b>	(4,526,973)	(34,060,584)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceeds from long-term debt (Note 16)	<b>39,737,724</b>	20,967,211	33,246,916
Net availments (payments of) short-term loans (Note 15)	<b>5,352,163</b>	1,888,223	(934,625)
Cash dividends paid (Note 19b)	<b>(6,254,588)</b>	(8,682,746)	(10,817,148)
Payments of:			
Long-term debt (Note 16)	<b>(37,179,837)</b>	(19,905,432)	(11,819,230)
Lease liabilities (Note 34)	<b>(9,401,915)</b>	(7,632,923)	(7,424,990)
Interest	<b>(9,770,209)</b>	(10,032,413)	(7,273,246)
Payment of dividends to non-controlling interests	<b>(1,586,998)</b>	(2,515,930)	(2,580,724)
Acquisition of non-controlling interest (Note 9)	<b>—</b>	—	(6,773,008)
Net cash flows used in financing activities	<b>(19,103,660)</b>	(25,914,010)	(14,376,055)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>18,241,547</b>	1,340,686	(9,079,677)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND EQUIVALENTS</b>	<b>189,151</b>	(75,070)	170,565
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>38,699,545</b>	37,433,929	46,343,041
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)</b>	<b>₱57,130,243</b>	₱38,699,545	₱37,433,929

See accompanying Notes to Consolidated Financial Statements.

# Investor Information

## Aboitiz Power Corporation

### Head Office:

NAC Tower, 32nd Street, Bonifacio Global City,  
Taguig City, Metro Manila 1634, Philippines  
Tel (63-2) 8886-2800 | Fax (63-2) 8886-2407

### Cebu Office:

Aboitiz Corporate Center,  
Gov. Manuel A. Cuenco Avenue  
Kasambagan, Cebu City 6000, Philippines  
Tel (6332) 411-1800 | Fax (6332) 231-4037

### Common Stock

The Company's common stock is listed and traded in the Philippine Stock Exchange.

### Stockholders' Meeting

The Company's regular stockholders' meeting is held on the fourth Monday of April of every year.

### Stockholder Services and Assistance

Stock Transfer Service, Inc. (STSI) serves as the Company's stock transfer agent.

For matters concerning dividend payments, account status, lost or damaged stock certificates, change of address, please write or call:

### STOCK TRANSFER SERVICE, INC.

Unit 34-D Rufino Pacific Tower,  
6784 Ayala Avenue, Makati City 1226, Philippines  
Telephone No.: (632) 8403-3798 | (632) 8403-2410 | (632) 8403-2412  
Contact person:  
Mr. Michael C. Capoy  
mccapoy@stocktransfer.com.ph  
aboitiz.shareholder.services@aboitiz.com

AboitizPower welcomes inquiries from institutional investors, analysts, and the financial community.

Please call or write:

### Investor Relations

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Mr. Judd Salas  
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Email: ap\_investor@aboitiz.com  
Website: www.aboitzpower.com



# GRI Content Index

## Aboitiz Equity Ventures Inc.



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

Category	Aspects	Relevant section	Material concerns	Within organization	Outside organization	Relevance outside the organization
Environment	Energy	Power and Infrastructure	Energy Conservation Renewable Energy Generation	✓		
	Water		Efficient use of Water Maintain the standard quality of water are discharge	✓		
	Waste		Recycling of waste Proper Disposal	✓	✓	Dispose the waste through accredited recycler
	Compliance to Environmental Laws		Meet the environmental regulations	✓		
	Biodiversity		Minimize the impact on Biodiversity	✓		
	GHG Emission		To be carbon neutral	✓		
Society	Community	Corporate Social Responsibility, Banking, Land and Food	Be the neighbor of Choice	✓		
	Disaster Resilience		Increase the capacity of local government and communities in disaster preparedness	✓		
Product Responsibility	Product and Service Labeling	Power and Food	Transparency of Products and Services	✓		
	Customer Privacy		Client Information Security / Privacy	✓		
	Compliance		Compliance to Regulatory Requirements	✓		
Labor Practices	Employment	Talent Management	Attract, retain, and optimize A-People	✓		
	Training and Development			✓		
	Health and Safety			✓		
Economic	Financial Return	Power, Banking, Infrastructure, Land, Report of the CEO, Report of the CFO	Grow Profitably	✓		
	Financial Growth					

Disclosures	Section	Page No.	UNGC Principles	Remarks
<b>GRI 101: Foundation 2016</b>				
<b>GRI 102: General Disclosures 2016</b>				
<b>Organizational Profile</b>				
102-1	Name of the organization	Cover Page/Our Businesses	10	
102-2	Activities, brands, products, and services	Our Businesses	10-13	
102-3	Location of headquarters	Investor Information	196, 241, 249, 278, 297	
102-4	Location of operations	Our Businesses	10-13, 194, 241, 249, 278, 297	
102-5	Ownership and legal form	Corporate Structure	258-259	
102-6	Markets served	Our Businesses	10-13	
102-7	Scale of the organization	Our Businesses	10-13	
102-8	Information on employees and other workers	Management Approach: Talent Management, Appendices	194-195, 304-306	
102-9	Supply Chain	Management Approach: Supply Chain Management in Aboitiz Group	156-158	Principle 1,2,4,5,7
102-10	Significant changes to the organization and its supply chain	Management Approach: Supply Chain Management in Aboitiz Group	156-158	Principle 1,2,4,5,7
102-11	Precautionary Principle or approach	Management Approach: Supply Chain Management in Aboitiz Group	156-158	Principle 7
102-12	External initiatives	Management Approach: Aboitiz Sustainability Programs	163-166	
102-13	Membership of associations	Appendix of Table	306	Principle 1,4,9
<b>Strategy</b>				
102-14	Statement from senior decision-maker	Chairmen's Message, President & CEO's Message	20-23; 24-31	Statement of continued support by the CEO to UNGC and renewal of the company's ongoing commitment to the initiatives and its principles
102-15	Key impacts, risks, and opportunities	Management Approach: Risk Management: Supporting Business Growth and Sustainability	174-179	Governance on the company's UNGC Commitments
<b>Ethics and Integrity</b>				
102-16	Values, principles, standards, and norms of behavior	About the Theme, The Aboitiz Way	4-5, 138	10 Business Principles
102-17	Mechanisms for advice and concerns about ethics	Corporate Governance	196-197	Principle 1,2,6,7,10
<b>Governance</b>				
102-18	Governance structure	Corporate Governance	196-197	
102-19	Delegating authority	Corporate Governance	196-201	
102-20	Executive-level responsibility for economic, environmental, and social topics	ABC Stories, Management Approach: Transitioning Pathways towards Sustainability	52-53, 66-69, 78-79, 90-93, 106-107, 108-123, 132-133, 154-155	Governance on the company's UNGC Commitments
102-21	Consulting stakeholders on economic, environmental, and social topics	Corporate Governance	154-155	Principle 1,2,7,8,9

Disclosures	Section	Page No.	UNGC Principles	Remarks
102-22	Composition of the highest governance body and its committees	Corporate Governance	196-197, 207-209	
102-23	Chair of the highest governance body	Corporate Governance	196-197, 207-209	
102-24	Nominating and selecting the highest governance body	Corporate Governance	207-208	
102-25	Conflicts of interest	Corporate Governance	213-214	
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance	207-208	
102-27	Collective knowledge of highest governance body	Corporate Governance	196-201	
102-28	Evaluating the highest governance body's performance	Corporate Governance	202-207	
102-29	Identifying and managing economic, environmental, and social impacts	Corporate Governance	154-173	
102-30	Effectiveness of risk management processes	Management Approach: Risk Management: Support ng Business Growth and Sustainability	174-179	
102-31	Review of economic, environmental, and social topics	Corporate Governance	298	
102-32	Highest governance body's role in sustainability reporting	Corporate Governance	207-208	
102-33	Communicating critical concerns	Corporate Governance	215-216	
102-34	Nature and total number of critical concerns	Corporate Governance	215-216	
102-35	Remuneration policies	Corporate Governance	206-208	
102-36	Process for determining remuneration	Corporate Governance	206-208	
102-37	Stakeholders' involvement in remuneration	Corporate Governance	206-208	
102-38	Annual total compensation ratio	Corporate Governance	206-208	
102-39	Percentage increase in annual total compensation ratio	Corporate Governance	206-208	
<b>Stakeholder engagement</b>				
102-40	List of stakeholder groups	Management Approach: Key Dialogue Channels for Stakeholders	155	
102-41	Collective bargaining agreements	Appendix of Table	305	
102-42	Identifying and selecting stakeholders	Management Approach: Dialogue and value creation for stakeholders	154-155	
102-43	Approach to stakeholder engagement	Management Approach: Dialogue and value creation for stakeholders	154-155	
102-44	Key topics and concerns raised	Management Approach: Key Dialogue Channels for Stakeholders	154-155	
<b>Reporting practice</b>				
102-45	Entities included in the consolidated financial statements	About the Report: Reporting Period, Boundaries and Standards, Scope and Materiality	8-9	
102-46	Defining report content and topic Boundaries	Reporting Boundaries and Scope	8	
102-47	List of material topics	Management Approach: Sustainability Policy and Framework	137, 150-151, 298	
102-48	Restatements of information	Restatements and Improvements	9	
102-49	Changes in reporting	About the Report: Reporting Period, Boundaries and Standards, Scope and Materiality	6-9	
102-50	Reporting period	About the Report	6	January 1, 2021 - December 31, 2021
102-51	Date of most recent report	About the Report	6	April 1, 2021
102-52	Reporting cycle	About the Report	6	Annual
102-53	Contact point for questions regarding the report	AEV/AP Investor Information	278, 297	

Disclosures	Section	Page No.	UNGC Principles	Remarks
102-54	Claims of reporting in accordance with the GRI Standards	About the Report: GRI Standards	7	This report has been prepared in accordance with the GRI Standards: Core Option
102-55	GRI content index	GRI Content Index	299-302	
102-56	External assurance			No external assurance for this report
<b>GRI 103: Management Approach 2016</b>				
103-1	Explanation of the material topic and its Boundary	Management Approach: Transitioning Pathways towards Sustainability	134-149, 298	
103-2	The management approach and its components	Management Approach: Transitioning Pathways towards Sustainability	134-195	
103-3	Evaluation of the management approach	Management Approach: Transitioning Pathways towards Sustainability	134-195	
<b>GRI 201: Economic Performance 2016</b>				
201-1	Direct economic value generated and distributed	AEV/AP Consolidated Statements of Income	260-277, 279-296	
201-2	Financial implications and other risks and opportunities due to climate change	Management Approach: Risk Management's Role in the Great Aboitiz Transformation Journey	174-178	
201-3	Defined benefit plan obligations and other retirement plans	Pension Benefits	AEV Disclosure 20-15 (Separate Report; Still for updating)	
201-4	Financial assistance received from government			No financial assistance received from the Government
<b>GRI 202: Market Presence 2016</b>				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage			Undisclosed
202-2	Proportion of senior management hired from the local community			Undisclosed
<b>GRI 203: Indirect Economic Impacts 2016</b>				
203-1	Infrastructure investments and services supported	Infrastructure	80-93	
203-2	Significant indirect economic impacts	Corporate Social Responsibility	108-123	Principle 1
<b>GRI 204: Procurement Practices 2016</b>				
204-1	Proportion of spending on local suppliers	Consolidated Statements of Income	AEV Disclosure 20-15 (Separate Report; Still for updating)	
<b>GRI 205: Anti-corruption 2016</b>				
205-1	Operations assessed for risks related to corruption	Corporate Governance	216	Principle 3,10
205-2	"Communication and training about anti-corruption policies and procedures"	Corporate Governance	213-216	Principle 3,10
205-3	Confirmed incidents of corruption and actions taken	Corporate Governance	215-216	
<b>GRI 206: Anti-competitive Behavior 2016</b>				
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Corporate Governance	213-216	Principle 7,10
<b>GRI 302: Energy 2016</b>				
302-1	Energy consumption within the organization	Appendix of Table	306	Principle 8,9
<b>GRI 303: Water and Effluents 2018</b>				
303-1	Interactions with water as a shared resource	Infrastructure: Water Business	90-93	Principle 8
303-5	Water consumption	Appendix of Table	306	Principle 8
<b>GRI 304: Biodiversity 2016</b>				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Ecosystem-based Biodiversity Management	163-166	Principle 8
304-2	Significant impacts of activities, products, and services on biodiversity	Ecosystem-based Biodiversity Management	163-166	Principle 8

Disclosures		Section	Page No.	UNGC Principles	Remarks
304-3	Habitats protected or restored	Ecosystem-based Biodiversity Management	163-166	Principle 8	
304-3	Habitats protected or restored	Ecosystem-based Biodiversity Management	163-166	Principle 8	
<b>GRI 305: Emissions 2016</b>					
305-1	Direct (Scope 1) GHG emissions	Appendix of Table	306	Principle 8	
305-2	Energy indirect (Scope 2) GHG emissions	Appendix of Table	306	Principle 8	
305-4	GHG emissions intensity	Appendix of Table	306	Principle 8	
<b>GRI 306: Waste 2020</b>					
306-2	Management of significant waste-related impacts	Appendix of Table	306	Principle 8	
<b>GRI 401: Employment 2016</b> <span style="float: right;">Principle 1,2</span>					
401-1	New employee hires and employee turnover	Appendix of Table	306	Principle 3,4,5,6	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Appendix of Table		Principle 3,4,5,6	Undisclosed
401-3	Parental leave			Principle 3,4,5,6	Undisclosed
<b>GRI 402: Labor/Management Relations 2016</b>					
402-1	Minimum notice periods regarding operational changes	Effect of Existing or Probable Governmental Regulations	AEV Disclosure 20-IS (Separate report; Still for updating)	Principle 3,4,5,6	
<b>GRI 403: Occupational Health and Safety 2018</b>					
403-1	Occupational health and safety management system	Integrated Management through better processes and systems/ Certifications/ Occupational Health and Safety (OSH)/Certifications	160-162, 173	Principle 1,2	
403-2	Hazard identification, risk assessment, and incident investigation	Integrated Management through better processes and systems/ Certifications/ Occupational Health and Safety (OSH)/Certifications	160-162, 173	Principle 1,2	
403-3	Occupational health services	Integrated Management through better processes and systems/ Certifications/ Occupational Health and Safety (OSH)/Certifications	160-162, 173	Principle 1,2	
403-4	Worker participation, consultation, and communication on occupational health and safety	Integrated Management through better processes and systems/ Certifications/ Occupational Health and Safety (OSH)/Certifications	160-162, 173	Principle 1,2	
403-5	Worker training on occupational health and safety	Integrated Management through better processes and systems/ Certifications/ Occupational Health and Safety (OSH)/Certifications	160-162, 173	Principle 1,2	
403-6	Promotion of worker health	Integrated Management through better processes and systems/ Certifications/ Occupational Health and Safety (OSH)/Certifications	160-162, 173	Principle 1,2	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Integrated Management through better processes and systems/ Certifications/ Occupational Health and Safety (OSH)/Certifications	162-164, 175	Principle 1,2	
403-8	Workers covered by an occupational health and safety management system	Integrated Management through better processes and systems/ Certifications/ Occupational Health and Safety (OSH)/Certifications	162-164, 175	Principle 1,2	
403-9	Work-related injuries	Our Sustainability Focus Areas and Metrics	150-151	Principle 1,2	

Disclosures		Section	Page No.	UNGC Principles	Remarks
403-10	Work-related ill health	Our Sustainability Focus Areas and Metrics	150-151	Principle 1,2	
<b>GRI 404: Training and Education 2016</b>					
404-1	Average hours of training per year per employee	Management Approach: Talent Management	305	Principle 2,6	
404-2	Programs for upgrading employee skills and transition assistance programs	Management Approach: Talent Management	186-189	Principle 2,6	
404-3	Percentage of employees receiving regular performance and career development reviews			Principle 2,6	All employees receive performance review annually
<b>GRI 405: Diversity and Equal Opportunity 2016</b>					
405-1	Diversity of governance bodies and employees	Talent Analytics ; Corporate Governance	194-195, 202-203	Principle 2,6	
405-2	Ratio of basic salary and remuneration of women to men			Principle 2,6	Employees wage are based on position level and not by gender
<b>GRI 406: Non-discrimination 2016</b>					
406-1	Incidents of discrimination and corrective actions taken			Principle 2,6	No reported incidents of discrimination and corrective actions taken in the reporting year
<b>GRI 408: Child Labor 2016</b>					
408-1	Operations and suppliers at significant risk for incidents of child labor	Effect of Existing or Probable Governmental Regulations	AEV Disclosure 20-IS (Separate report; Still for updating)	Principle 4,5	
<b>GRI 409: Forced or Compulsory Labor 2016</b>					
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Effect of Existing or Probable Governmental Regulations	AEV Disclosure 20-IS (Separate report; Still for updating)	Principle 4	
<b>GRI 411: Rights of Indigenous Peoples 2016</b>					
411-1	Incidents of violations involving rights of indigenous peoples			Principle 1,2,6	No reported incidents of violations involving rights of indigenous peoples in the reporting year
<b>GRI 413: Local Communities 2016</b>					
413-1	Operations with local community engagement, impact assessments, and development programs	Corporate Social Responsibility	108-123	Principle 1,2,6	
413-2	Operations with significant actual and potential negative impacts on local communities			Principle 1,2,6	Our operations have no significant actual and potential negative impact on the local communities

# Appendix of Tables

## Focus Areas & Metrics

People	2019	2020	2021
<b>Team Member and Engagement</b>			
No. of team members employed	37,815	37,188	35,057
Team member satisfaction rating result	46%	-	51% / 88%
Average training hours per team member (hours)	-	17	18
No. of volunteered hours (hours)	50,478 hours	10,547 hours	28,756 hours
Retention rate	85%	86%	86%
<b>Corporate Social Responsibility</b>			
No. of direct and group beneficiaries	747,582	445,697	998,634
Amount of CSR fund allocation in millions (PhP)	382 million	423 million	327 million
No. of CSR projects	1,785 projects	1,519 projects	1,235 projects
<b>Customer Focus</b>			
Customer satisfaction rating	94%	91%	88%
No. of customers served	9,561,417	9,644,126	13,651,405
<b>Disaster Resilience</b>			
No. of individuals trained in capacity-building training and stakeholders served in disaster relief and recovery efforts	1,986	145,982	319,055

Planet	2019	2020	2021
<b>Carbon Emissions Reduction</b>			
Carbon emissions in tCO <sub>2</sub> e <sup>1</sup>	5,039,101	4,009,700	9,612,073
Carbon productivity (PhP million revenue/tCO <sub>2</sub> e)	0.07	0.06	0.06
No. of trees planted in millions (cumulative, in millions)	7.5	11.7	12
<b>Resource Efficiency</b>			
Water consumption in m <sup>3</sup> (Municipal Water / Private Water Utilities)	5,052,206	2,708,008	1,351,179
Water consumption in m <sup>3</sup> (Ground Water)	-	-	2,651,982
Water consumption in m <sup>3</sup> (Surface Water)	-	-	206,312
Energy consumption in MWh	772,611	990,946	15,824,632
<b>Waste Management</b>			
Tons of solid waste recycled	1,239	2,476	4,344
<b>Renewable Energy</b>			
RE source, net sellable capacity (cumulative, in MW)	1,242	1,248	1,249
Ratio of RE to non-RE source	27% RE, 73% NRE	27% RE, 73% NRE	27% RE, 73% NRE

<sup>1</sup> - Recalculated due to increase in data coverage

Profit	2019	2020	2021
<b>Financial Return</b>			
Total shareholder return (5 years)	22%	5%	18%
Return on equity	13.0%	9.0%	15%
<b>Financial Growth</b> (PhP billion)			
Net Income after tax	22.0 billion	15.4 billion	27.3 billion
EBITDA	60.2 billion	57.7 billion	67.1 billion

	2020	2021
<b>Work-Force</b>		
Corporate Center	271	285
Power	2,940	3,049
Banking	6,990	7,290
Food	3,575	3,561
Land	193	226
Infrastructure	174	285
Others	23,045	20,361
Total Work-Force	37,188	35,057

## Gender Distribution

	Male	Female	Male	Female
Corporate Center	129	142	142	143
Power	2,119	821	2,164	885
Banking	3,072	3,916	3,264	4,026
Food	2,809	778	2,709	852
Land	77	116	85	141
Infrastructure	109	72	149	136

## New Hires and Turnover

	New Hires	Turnover	New Hires	Turnover
Corporate Center	18	129	34	22
Power	357	462	376	257
Banking	669	908	1,359	1,028
Food	439	555	774	620
Land	13	149	76	39
Infrastructure	35	14	123	24

## Geographical Distribution

	Luzon	Visayas	Mindanao	Luzon	Visayas	Mindanao
Corporate Center	227	40	4	238	43	4
Power	1,364	722	854	1,479	724	846
Banking	5,192	1,271	525	5,664	1,103	523
Food	503	73	293	549	82	305
Land	115	78	0	132	94	0
Infrastructure	91	34	56	177	41	67

## Age Distribution

	Below 30	30-50	Over 50	Below 30	30-50	Over 50
Corporate Center	60	175	36	51	184	50
Power	853	1,700	387	854	1,729	466
Banking	2,645	3,933	410	2,664	4,149	477
Food	901	2,351	335	1,011	2,234	316
Land	77	110	6	95	125	6
Infrastructure	62	107	9	89	176	20

Percent of team members in a collective bargaining agreement	Corporate Center	Power	Banking	Food	Land	Infrastructure
	0%	13%	28%	27%	0%	0%

### New Hires Profile 401-1

Male	15	231	769	189	24	56
Female	19	145	615	124	52	67
Below 30	13	235	874	174	49	56
30 to 50	19	120	491	132	27	61
Above 50	2	21	19	7	0	3
Luzon	33	220	1,095	212	46	89
Visayas	1	76	164	23	30	13
Mindanao	0	80	125	78	0	21
Staff	9	287	727	204	48	46
Supervisor	7	40	364	88	28	40
Manager	14	36	240	15	0	26
AVP and Up	4	13	53	6	0	11

2019	2020	2021
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### Materials and Waste 306-2

Solid Waste in tons	1,239	2,476	4,344
Hazardous Waste in tons	2,305	2,861	47,537
Fuel oil in liters	19,676,454	32,527,599	98,031,096

### Energy Consumption (GJ)

Energy Consumption in GJ			
Corporate Center	10,270	5,282	4,118
Power	2,433,971	2,343,046	28,413,605
Banking	23,609	39,978	10,004
Food	254,464	594,372	28,518,196
Land	13,594	361,809	1,516
Infrastructure	45,493	222,921	21,236
<b>Total</b>	<b>2,781,401</b>	<b>3,567,407</b>	

### Water Consumption (Cubic Meters) 303-5

Water consumption (in cubic meters)			
Corporate Center	12,469	2,458	2,220
Power	691,784	1,202,619	846,687
Banking	90,870	53,194	73,986
Food	1,344,007	1,394,732	3,211,319
Land	99,248	26,343	34,598
Infrastructure	2,813,828	28,662	40,662
<b>Total</b>	<b>5,052,206</b>	<b>2,708,008</b>	<b>4,209,473</b>

2019 <sup>1</sup>	2020 <sup>1</sup>	2021 <sup>2</sup>
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### Greenhouse Gas Emissions (Scope) 302-1, 305-1, 305-2, 305-4

Emissions in tons CO2e			
Scope 1	4,516,098	3,192,918	3,921,842
Scope 2	523,003	816,782	5,690,231
<b>Total</b>	<b>5,039,101</b>	<b>4,009,700</b>	<b>9,612,073</b>

<sup>1</sup> - Data coverage includes AboitizPower Distribution Units (8 entities)

<sup>2</sup> - Data coverage includes Food Group International (7 countries, first year to report) and AboitizPower Distribution Units (8 entities)

### Membership and Associations

<b>Corporate Center</b>	<ul style="list-style-type: none"> <li>Business for Sustainable Development</li> <li>Philippines Business Coalition for Women Empowerment</li> </ul>	<ul style="list-style-type: none"> <li>League of Corporate Foundations</li> <li>United Global Compact Network</li> </ul>
<b>Power</b>	<ul style="list-style-type: none"> <li>Philippine Independent Power Producers Association, Inc.</li> <li>International Compliance Association</li> </ul>	<ul style="list-style-type: none"> <li>Philhydro Association Inc.</li> </ul>
<b>Food</b>	<ul style="list-style-type: none"> <li>Philippine Association of Feed Millers, Inc.</li> <li>People Management Association of the Philippines</li> </ul>	<ul style="list-style-type: none"> <li>Philippine Association of Flour Millers, Inc.</li> <li>United Swine Producers Association</li> </ul>
<b>Infrastructure</b>	<ul style="list-style-type: none"> <li>Cagayan de Oro Chamber of Commerce and Industry</li> <li>Cebu Chamber of Commerce &amp; Industry</li> </ul>	<ul style="list-style-type: none"> <li>Davao City Chamber of Commerce and Industry, Inc.</li> <li>Philippine Ecozones Association</li> </ul>
<b>Land</b>	<ul style="list-style-type: none"> <li>Subdivision and Housing Developers Association</li> </ul>	<ul style="list-style-type: none"> <li>Chamber of Real Estate and Builders' Association, Inc.</li> </ul>



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